

State of Rhode Island Annual Comprehensive Financial Report

Fiscal year ended June 30, 2021



Daniel J. McKee, Governor

Department of Administration

James Thorsen, Director of Administration

Office of Accounts and Control

Dorothy Pascale, CPA, State Controller

2021

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Introductory Section



State of Rhode Island
Annual Comprehensive Financial Report
Fiscal year ended June 30, 2021

2021



STATE OF RHODE ISLAND
DEPARTMENT OF ADMINISTRATION

Office of Accounts and Control

Dorothy Pascale, CPA, State Controller
One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-2271
Fax: (401) 222-6437
Dorothy.Z.Pascale@doa.ri.gov

January 28, 2022

To the Citizens, Governor, and Members of the General Assembly of the State of Rhode Island:

In accordance with Section 35-6-1 of the General Laws, I am pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the State of Rhode Island for the fiscal year ended June 30, 2021.

INTRODUCTION TO REPORT

Responsibility: This report was prepared by the State's Department of Administration - Office of Accounts and Control. Responsibility for the accuracy, completeness and fairness of the presentation rests with management. To the best of our knowledge and belief, the accompanying information accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board. Furthermore, we believe this report includes all disclosures necessary to enable the reader to gain an understanding of the State's financial activities.

Independent Auditors: The State's basic financial statements have been audited by the Office of the Auditor General as required by Section 35-7-10 of the General Laws. The Independent Auditor's Report is included in the Financial Section of this report.

Internal Control Structure: Management of the State is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that the assets of the State are protected from loss, theft, or misuse and that adequate accounting data is compiled to allow for preparation of financial statements in conformity with GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. Managers in all branches and components of government are required to maintain comprehensive internal control systems, to regularly evaluate the effectiveness and adequacy of these systems by internal reviews, and to make an annual submission regarding these internal controls in accordance with the Financial Integrity and Accountability Act.

Financial Reporting Entity: The State Reporting Entity includes the primary government and its discretely presented component units. The primary government of the State of Rhode Island includes all funds, departments and other agencies that make up its legal entity. In addition to these primary government activities, this report includes information related to discretely presented component units for which the primary government is financially accountable. Although such information is provided in this report, the MD&A and basic financial statements focus on the primary government and its activities. Separately issued financial statements are available from the discretely presented component units and should be

read to obtain a better understanding of their financial conditions. Additional information on all discretely presented component units can be found in Note 1B to the financial statements.

Management's Discussion and Analysis (MD&A): The MD&A immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A also includes information on a number of important factors that are expected to affect future operations of our State. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE STATE

Government Structure: As shown in the organizational chart that follows this transmittal letter, State government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the State's Constitution, which can be amended only by a majority vote of the State's citizens, and in the Rhode Island General Laws, which can be amended only by the General Assembly. State government services provided to citizens include building and maintaining roads; providing public safety, health and environmental protection services to protect the general health and welfare of the State's citizens; assisting adults, children and families through difficult times resulting from abuse, neglect, illness or unemployment; promoting an attractive business climate to encourage economic development; and protecting natural resources for conservation and recreational activities. The State also provides significant support to its three institutions of higher education and to the public schools.

Budgetary Information - Annual and Long-term: Preparation and submission of the budget is governed by both the State's Constitution and Rhode Island General Laws. The budget, as enacted by the General Assembly, contains a complete plan of appropriations supported by estimated revenues. The budget contains appropriations for certain governmental funds including the General Fund, Intermodal Surface Transportation Fund, Temporary Disability Fund and the RI Capital Plan Fund. Estimated general revenues are determined by a consensus of the Revenue Estimating Conference (Conference), which is made up of the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor. The Conference was established to provide a stable and accurate method of financial planning and budgeting to facilitate the adoption of a balanced budget wherein appropriations and expenditures do not exceed anticipated revenues, as is required by the Constitution of Rhode Island. Appropriations for restricted and dedicated revenue sources are supported by estimates submitted by the respective State agencies. The legal level of budgetary control is the line item.

The State maintains a State Budget Reserve and Cash Stabilization Account (the Reserve) within the General Fund. According to the State's Constitution, general revenue appropriations in the General Fund cannot exceed 97% of available general revenue sources. These sources consist of the current fiscal year's budgeted general revenue plus the General Fund available balance from the prior fiscal year. Excess revenue is transferred to the Reserve. If the balance in the Reserve exceeds 5% of the total general revenues and opening surplus, the excess is transferred to the Rhode Island Capital Plan Fund to be used for capital projects. The Reserve, or any portion thereof, may be appropriated in the event of an emergency involving the health, safety or welfare of the citizens of the State or in the event of an unanticipated general revenue deficit in any given fiscal year caused by a general revenue shortfall, such appropriations to be approved by a majority of each chamber of the General Assembly.

During fiscal 2021 the global pandemic continued to require an unprecedented public health response, restrictions in certain segments of the economy to ensure compliance with social distancing mandates, and significant federal funding to provide states and others with the financial support needed during the public health crisis.

A five-year financial projection is prepared annually as part of the Governor's budget submission pursuant to Section 35-3-1 of the Rhode Island General Laws. The five-year financial projection includes tables that

present anticipated revenues and expenditures for the ensuing five fiscal years. Also included are tables that provide detail on the planning values used in these projections. The planning values reflect policy assumptions, as well as economic and demographic forecasts.

The purpose of the five-year forecast is to provide a baseline fiscal outlook for the State. Although the forecast may be utilized as a benchmark in assessing the affordability and desirability of alternative policy options, caution should be exercised in the interpretation of the forecast.

Economic Conditions and Outlook: Rhode Island's seasonally adjusted unemployment rate in October 2021 was 5.4%. The rate has decreased by 1.9 percentage points from the rate recorded in October 2020 and is 12 percentage points below the COVID-19 pandemic related peak unemployment rate of 17.4% that was reached in April 2020, when Rhode Island employment dropped by 108,000 jobs from its February 2020 employment peak. As of October 2021, Rhode Island had regained 80,000, or 74.1%, of the jobs lost to the pandemic. The State's unemployment rate was above the U.S. unemployment rate of 4.6% for October 2021. During the period between November 2020 and October 2021, the Rhode Island unemployment rate was above the national unemployment rate, except for the month of June, in which the state unemployment rate was equal to the national rate.

In its testimony presented at the November 2021 Revenue Estimating Conference, IHS Markit (IHS) noted that Rhode Island's economy is projected to expand over the fiscal 2022 – fiscal 2027 period. Rhode Island non-farm employment growth is forecasted at 4.9% for fiscal 2022, 3.2% for fiscal 2023, 1.3% for fiscal 2024, 0.7% for fiscal 2025 and 0.3% and 0.2% for fiscal 2026 and 2027, respectively. According to this forecast, Rhode Island non-farm employment will recover all jobs lost to the pandemic contraction in fiscal 2024. With respect to nominal personal income, growth is projected at -0.1% in fiscal 2022, with this decrease primarily due to a sharp decline in the transfer payments component of personal income which includes enhanced unemployment compensation payments and economic impact (stimulus) payments that were included in the fiscal 2020 nominal personal income figures. Nominal personal income growth accelerates to 4.7% in fiscal 2023, before plateauing in fiscal 2024 at 4.9%. Nominal personal income growth in fiscal 2025 is projected at 4.9%, 4.8% in fiscal 2026, and 4.7% in fiscal 2027. Wage and salary growth is projected to accelerate to 8.1% in fiscal 2022 vs. the 2.7% wage and salary growth rate attained in fiscal 2021. Fiscal 2023 is also expected to experience strong wage and salary growth at 6.6% before gradually slowing further. Wage and salary growth is projected at 5.2% in fiscal 2024, 4.7% in fiscal 2025, 4.5% in fiscal 2026, and 4.4% in fiscal 2027. Finally, the unemployment rate is expected to decline to 5.0% for fiscal 2022 and will continue its descent to 3.9% in fiscal 2023 and 3.8% in fiscal 2025 before increasing slightly to 4.0% in fiscal 2026 and 4.1% fiscal 2027.

The Rhode Island Department of Labor and Training (DLT) testified at the November 2021 Revenue Estimating Conference that the state reached record-breaking employment in February 2020, with an estimated 507,200 Rhode Island based jobs. As noted above, in March and April 2020, Rhode Island lost 108,000 jobs due to the shutdown of the state's economy at the onset of the COVID-19 pandemic, 21.3% of its total employment, the largest percentage loss in New England. In May 2020, Rhode Island began the process of reopening the state's economy. Between April and November 2020, the State had regained 64,400 jobs, nearly 60% of the jobs lost. Through September 2021, 75.1% of the total jobs lost had been regained. Nearly 57% of the job gains through September 2021 occurred in the sectors that were most negatively impacted by the social distancing orders that were central to the State's strategy in fighting the pandemic – accommodations and food services gained 25,100 jobs, health care and social assistance gained 11,700 jobs and retail trade increased by 9,300 jobs.

Lower wage industries, defined as industries with average annual wages less than \$40,000, were impacted much more by the State's action with respect to the pandemic than those with higher average wages, and thus nearly 52% of the jobs recovered have been in low-wage industries, while one-third have been in mid-wage industries and about 15% have been in higher wage industries.

Additional Federal Funding Supports: During fiscal 2021, the federal American Rescue Plan Act (ARPA) awarded the State of Rhode Island \$1.13 billion through the State Fiscal Recovery Fund included in the act. The State has opted to utilize a small portion of the funding in fiscal 2022 with significantly more to be appropriated within the fiscal 2023 State budget. The State has until December 31, 2024 to obligate its ARPA funding. In general, ARPA provides that states utilize the funding for certain purposes including but not limited to responding to the pandemic and its negative health and economic impacts; providing bonus pay to essential workers; preventing cuts in public services caused by pandemic-induced revenue losses and investing in water, sewer, or broadband infrastructure.

The federal Infrastructure Investment and Jobs Act (IIJA), a 5-year transportation funding package, provides RIDOT with an additional \$576 million of federal funds over a five-year period to expedite 100 projects valued at \$2.1 billion in the state Transportation Improvement Program. State matching funding will be combined with the federal funds to accelerate these improvements. Funding from the IIJA in total is expected to approximate \$1.7 billion for transportation infrastructure and bridge replacement in the State. In addition, the IIJA provides funding for significant investments in the state's airports, transit systems, electric vehicle charging networks, high-speed internet coverage, and drinking water infrastructure, as many of the infrastructure improvements targeted by the act.

Economic Development Incentives: The State offers a variety of economic development incentives designed to achieve job growth, stimulate business expansion, retain and attract businesses, promote workforce development, and other programs to promote economic prosperity in the State. Additional details of these programs can be found in Note 12 to the financial statements. All economic incentive programs are authorized by the General Assembly and developed and administered through several state agencies including the Executive Office of Commerce, the Department of Revenue, and the Rhode Island Commerce Corporation to name a few. Additional Information regarding the State's economic development initiatives can be found at <https://dor.ri.gov/revenue-analysis/reports> and <https://commerceri.com/>.

Major Initiatives: The following section highlights several notable initiatives contained in the enacted budget that may have an impact on revenue and/or expenditure trends in FY 2022 and beyond. The FY 2022 Budget was enacted by the General Assembly and signed into law by the Governor on July 6, 2021.

Several changes were authorized in the 2021 session of the General Assembly that will impact future general revenues. These include:

- Decoupling from the federal tax treatment of forgiven Paycheck Protection Act (PPP) loans, thereby imposing a tax on forgiven loan amounts over \$250,000. This initiative was adopted to offset the negative revenue impact caused by the ability of entities to deduct expenses paid for using PPP loans, which was codified in the federal Consolidated Appropriations Act, 2021. The budget assumed that, on net, these changes would cost the state \$78.5 million across FY 2021 and FY 2022.
- Reauthorizing the hospital licensing fee in FY 2022 at 5.725% of hospital patient revenue, yielding \$170.2 million in additional revenue.
- Adding a second tier to the real estate conveyance tax for residential property sale amounts over \$800,000, with revenue from this new tier (approximately \$4.3 million annually) dedicated solely to the newly established Housing Production Fund.
- Increasing the cap on motion picture production tax credits in CY 2022 only from \$20 million to \$30 million. This is expected to increase credit usage in FY 2023 and beyond.

There were also several notable expenditure changes and initiatives. They include:

- The FY 2021 final enacted budget included approximately \$225.0 million in general revenue savings from the allocation of allowable payroll costs for Public Health, Public Safety, and other eligible employees deemed substantially dedicated to the pandemic response to the federal

Coronavirus Relief Fund. These savings are non-recurring in FY 2022 and therefore required the restoration of general revenue funding.

- The FY 2022 enacted budget provided an additional \$15.0 million for one of the state's signature economic development programs, the Rebuild Rhode Island Tax Credit, which provides tax credits to qualifying real estate development projects that are designed to stimulate job creation, retention, and general business activity in the state. The FY 2022 budget also extends the sunset dates on a multitude of key development programs, including, but not limited to, the Rebuild Rhode Island Tax Credit, the Rhode Island Tax Increment Financing program, the First Wave Closing Fund, the Rhode Island Small Business Assistance Program, and the Rhode Island Wavemaker Fellowship.
- The FY 2022 enacted budget contained a significant overhaul of the state's current housing strategy, establishing the position of Deputy Secretary of Commerce and Housing, an annual requirement for the formulation of an integrated housing report, a new housing incentive program for municipalities, and an allocation of \$25.0 million in general revenues to initially capitalize the newly created Housing Production Fund under the auspices of the Rhode Island Housing and Mortgage Finance Corporation and the Rhode Island Housing Resources Commission.
- The FY 2021 Revised Appropriations Act (Article 5 of the FY 2022 Appropriations Act) provides a transfer of \$50.0 million from general revenue fund balance to the state's Information Technology Investment Fund (ITIF) for the procurement of a modern Enterprise Resource Planning (ERP) system encompassing Human Resources Information, Payroll, and Financial Management. This system, with a planned implementation timeframe of FY 2022 through FY 2027, will replace existing systems that are antiquated; non-integrated business applications with an integrated, cloud-based ERP system.
- The FY 2021 Revised Appropriations Act (Article 5 of the FY 2022 Appropriations Act) provides a transfer of \$17.0 million from general revenue fund balance to the state's Information Technology Investment Fund (ITIF) for the procurement of a modern, comprehensive child welfare information system at the Department of Children, Youth, and Families. The present system, known as the Rhode Island Child Information System (RICHIST), is a 20-year-old client-server data system built within a now-obsolete development environment.
- The FY 2022 enacted budget provided \$9.4 million in additional general revenue resources for the Department of Children, Youth, and Families to significantly augment agency staffing levels in conformance with the Department's recently filed accreditation plan.
- The FY 2022 enacted budget includes several expansionary initiatives in the human services function, including the restoration of the inpatient upper payment limit reimbursement to hospitals, a general revenue increase of \$6.1 million, previously eliminated in fiscal year 2020; increasing the Graduate Medical Education payment to hospitals, a general revenue increase of \$1.0 million; and financed Pay for Success, a general revenue increase of \$6.0 million, a five-year pilot program to provide supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. Additionally, the fiscal 2022 budget includes state savings associated with additional federal support through an enhanced Federal Medical Assistance Percentage (FMAP) afforded to states pursuant to the Families First Coronavirus Response Act of 2020.
- The FY 2022 enacted budget fully finances the eleventh year of Rhode Island's Education Funding Formula, now fully phased-in since FY 2021, with total formula aid expenditures of \$1.0 billion, or \$36.9 million above the FY 2021 final enacted level.

- The FY 2022 enacted budget continues the motor vehicle tax phase-out that was enacted in the 2017 session of the General Assembly. The legislation phases out the local excise tax by lowering values, increasing the minimum exemption and lowering tax rates. The FY 2022 enacted budget includes \$139.7 million to reimburse lost revenues to cities and towns.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Rhode Island for the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This is the tenth consecutive year that Rhode Island has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our ACFR for the fiscal year ended June 30, 2021 continues to meet the Certificate of Achievement Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The audited financial statements within the ACFR have received an unmodified opinion from the independent auditors. We are proud of this fact as well as of the GFOA award, as they are not guaranteed from year to year.

In closing I wish to express my great appreciation to the many individuals who, assisted and contributed to the preparation of this report while still facing the challenges of a global pandemic. It all could not have been accomplished without the professionalism, hard work and dedication demonstrated by the entire staff of the Office of Accounts and Control, the Office of the Auditor General, and the staffs of numerous other State agencies. I also would like to thank the Governor and members of the General Assembly for their interest and support in planning and conducting the financial operations of the State in a very responsible and progressive manner.

Respectfully submitted,



Dorothy Z. Pascale, CPA
State Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Rhode Island

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

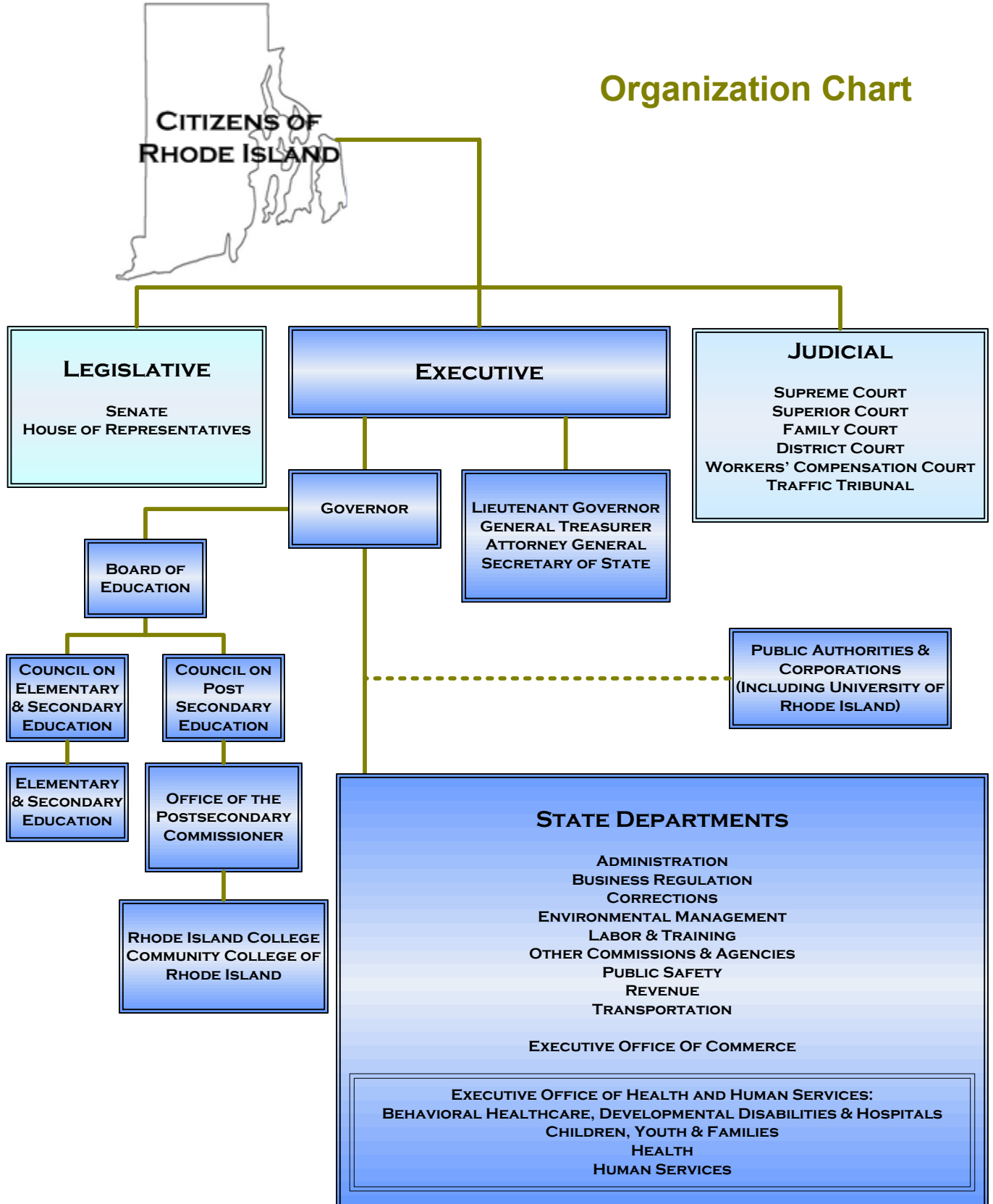
June 30, 2020

Christopher P. Morill

Executive Director/CEO

State of Rhode Island

Organization Chart



As of June 30, 2021

STATE OF RHODE ISLAND
OFFICIALS OF STATE GOVERNMENT
June 30, 2021

EXECUTIVE BRANCH

Governor
Daniel J. McKee

Lieutenant Governor
Sabina Matos

Secretary of State
Nellie M. Gorbea

General Treasurer
Seth M. Magaziner

Attorney General
Peter F. Neronha

LEGISLATIVE BRANCH

Senate
President of the Senate
Dominick J. Ruggiero

House of Representatives
Speaker of the House
K. Joseph Shekarchi

JUDICIAL BRANCH

Chief Justice of the Supreme Court
Paul A. Suttell

Financial Section



State of Rhode Island
Annual Comprehensive Financial Report
Fiscal year ended June 30, 2021

2021



Office of the Auditor General

State of Rhode Island - General Assembly
Dennis E. Hoyle, CPA - Auditor General

oag.ri.gov

33 Broad Street • Suite 201 • Providence, RI • 02903-4177
tel: 401.222.2435 • fax: 401.222.2111

INDEPENDENT AUDITOR'S REPORT

Finance Committee of the House of Representatives and Joint Committee on Legislative Services
General Assembly, State of Rhode Island:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Rhode Island (the State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of:

- the Tobacco Settlement Financing Corporation, a blended component unit which represents less than 1% of the assets and deferred outflows and the revenues of the governmental activities and less than 1% of the assets and the revenues of the aggregate remaining fund information;
- the Convention Center Authority, a major fund, which represents 37% of the assets and deferred outflows and less than 1% of the revenues of the business-type activities;
- the Ocean State Investment Pool - an investment trust fund, and the HealthSource RI, Rhode Island Higher Education Savings, and ABLE private-purpose trust funds, which collectively represent 29% of the assets and 22% of the revenues, including additions, of the aggregate remaining fund information; and
- all the component units comprising the aggregate discretely presented component units.

The financial statements for these entities were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the governmental activities, the business-type activities, the aggregate discretely presented component units, the Convention Center Authority major fund, and the aggregate remaining fund information, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Finance Committee of the House of Representatives
Joint Committee on Legislative Services

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2021, and the respective 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.

Matters of Emphasis

As described in Note 10 – *Restatements – Net Position/Fund Balances* – the State restated certain beginning fund balances and net position which included the effects of the State's implementation of GASB Statement No. 84 – *Fiduciary Activities* during fiscal 2021.

As described in Note 17 – *Contingencies* – fraudulent unemployment benefit claims increased significantly due to unemployment resulting from the global pandemic and new federally funded benefit programs implemented to meet those needs. The State has identified a substantial amount of unemployment benefits paid in fiscal years 2020 and 2021 as fraudulent.

As described in Note 2 – *Cash, Cash Equivalents, Investments, and Funds in Trust* – the fair values of certain investments included within the fiduciary funds - pension and other employee benefit trusts, which represent 29% of the assets of the pension and other employee benefit trusts and 19% of the assets of the aggregate remaining fund information, have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or general partners.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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

Finance Committee of the House of Representatives
Joint Committee on Legislative Services

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.

Other Information

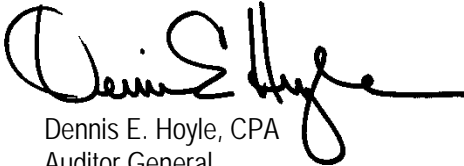
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

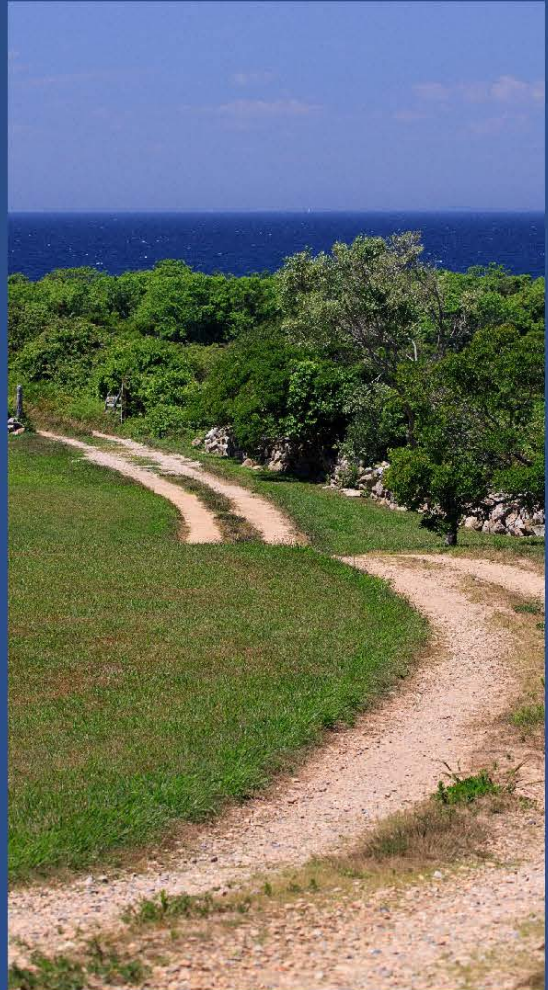
In accordance with *Government Auditing Standards*, we will issue our report dated January 28, 2022 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be included in the State's 2021 *Single Audit Report*. 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 State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Dennis E. Hoyle, CPA
Auditor General

January 28, 2022

Management's Discussion and Analysis



State of Rhode Island
Fiscal Year Ended
June 30, 2021



As managers of the State financial records, we offer readers of the State of Rhode Island's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2021. We present this information in conjunction with the information included with our letter of transmittal, which can be found preceding this narrative, and with the State's financial statements which follow. To gain a thorough understanding of the State financial condition, we encourage readers to consider the information presented here in conjunction with the financial statements, notes and required supplemental information which follow this narrative document. All amounts unless otherwise indicated are expressed in thousands.

Highlighted Impacts of the Pandemic

- General Fund federal grant revenue increased \$1.5 billion compared to fiscal 2020, reflecting increased federal support to address the effects of the pandemic.
- A significant year-over-year spending increase of \$600.1 million within the Health and Human Services function is primarily attributable to the significant inflow of federal funds to address the overwhelming need for supplemental nutritional benefits, child care benefits, vaccine and testing supplies, site operations, and extended Medicaid supported expenses.
- Certain pandemic related costs totaling \$212.7 million were supported by general revenue pending reimbursement by FEMA.

Financial Highlights - Primary Government

Government-wide Financial Statements

- **Net Position:** The total assets plus deferred outflows of resources of the State were greater than total liabilities plus deferred inflows of resources at June 30, 2021 by \$342.9 million. This amount is presented as "net position" on the Statement of Net Position for the Total Primary Government. Of this amount \$0.9 billion was reported as restricted net position, \$4.0 billion as net investment in capital assets and \$4.6 billion was reported as a deficit unrestricted net position.
- **Changes in Net Position:** The net increase to the primary government net position of \$659.6 million, was attributable to an increase in governmental activities of \$787.4 million, offset by a decrease to net position of \$127.8 million during the fiscal year for business-type activities. The increase to governmental activities was largely due to the positive operating surplus of \$509.3 million within the General Fund. The decrease to the business-type activities was primarily due to the Employment Security Fund operating at a \$134.3 million deficit during fiscal 2021.

Governmental Funds

- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$1.9 billion, an increase of \$587.3 million compared with the restated previous fiscal year.
- As of June 30, 2021, the General Fund reported an ending fund balance of \$897.3 million, an increase of \$509.3 million (131.3%) as compared to the prior year restated fund balance.
- Total General Fund expenditures were \$1.3 billion greater than fiscal 2020 due to greater spending across a number of categories the most significant of which are discussed below.
 - The year-over-year increase of approximately \$563.9 million to the General Government function is mostly attributable to a number of new programmatic initiatives to assist individuals and businesses impacted by the pandemic. These programs, mostly funded with pandemic-related federal assistance, provided relief through supplemental

unemployment benefits (\$250 million), payments to municipalities (\$130 million), small business (\$87 million) and various others.

- The significant year-over-year increase of \$600.1 million in Health and Human Services function spending is attributable to the continued impact of the pandemic on the State's social services programs. The number of individuals covered by Medicaid continued to increase throughout fiscal 2021 resulting in approximately \$190 million in additional spending. Other social service programs that experienced additional spending to address specific pandemic related challenges included child care benefits (\$20 million), additional provider relief to cover additional compensation to workers in health fields significantly impacted by the pandemic (\$40 million), and expanded Supplemental Nutrition Assistance Program benefits (\$100 million). The Department of Health (DOH), in addition, to expanding pandemic related testing during fiscal 2021, also experienced increased expenditures for Coronavirus vaccine administration. DOH's expenditures increased by more than \$250 million in fiscal 2021, most of which related directly to pandemic response activities.

Proprietary Funds

- Rhode Island Lottery transferred \$301.8 million to the General Fund to support general revenue expenditures during the fiscal year, an increase of \$17.9 million in comparison with the previous fiscal year. However, the transferred amount remained significantly reduced from the pre-pandemic fiscal 2019 transfer of \$397.3 million.
- Unemployment benefits processed through the Employment Security Fund totaled \$2.1 billion, an increase of approximately \$700 million over fiscal 2020. The benefit increase was attributable to persistent unemployment during the pandemic and supplemental benefits for the unemployed funded by federal grants. Federal grants funded \$1.7 billion of the benefits paid in fiscal 2021, an increase of \$700 million over fiscal 2021. The Employment Security Fund ended the fiscal year with a net position of \$231.4 million, a decrease of \$134.3 million from the prior fiscal year. This decrease approximates the reduction of the Employment Security Trust Fund for fiscal 2021 which funded the benefits for unemployed workers not covered by specific pandemic related unemployment assistance during the fiscal year.
- The Rhode Island Convention Center Authority ended the fiscal year with a deficit net position of \$31.4 million. This was an increase of \$7.0 million to the net position when compared with the prior year restated balance. The Authority has historically had a negative net position. The amount of debt related to capital assets has exceeded the net book value of the capital assets and the depreciable life of the assets are shorter than the related debt repayment terms which promotes this negative position.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the State of Rhode Island's basic financial statements. The State's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the State through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the State of Rhode Island.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the State's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the State's financial status as a whole.

The two government-wide statements report the State's net position and how it has changed. Net position is the difference between the total of the State's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the State's financial condition.

- The **Statement of Net Position** presents all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as "net position." Over time, increases and decreases in the government's net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.
- The **Statement of Activities** presents information indicating how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses for some items are reported in this statement that will not result in cash flows until future fiscal periods - for example, uncollected taxes and earned but unused vacation leave. Additionally, this statement presents a comparison between direct expenses and program revenues for each function of the government.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) discretely presented component units.

- The governmental activities include most State basic services such as public safety, parks and recreation, and general administration. Taxes, intergovernmental transfers, and federal grants finance most of these activities.
- The business-type activities are those that the State charges customers to provide. These include the operations of the Rhode Island Lottery, Rhode Island Convention Center Authority, and the Employment Security Trust Fund.
- The discretely presented component units are entities that are legally separate from the State, but for which the State is financially accountable. These entities are listed in Note 1. The financial information for these entities is presented separately from the financial information presented for the primary government.

Fund Financial Statements

The fund financial statements provide a more detailed look at the State's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Rhode Island uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, (General Laws). All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These are explained below:

- **Governmental funds:** The majority of State basic services are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus is near-term inflows and outflows of spendable resources, as well as on spendable resources available at the end of the fiscal year. Such information helps determine whether there are more or fewer financial resources that can be expended in the near future to finance the State's programs.

Governmental funds include the general fund, special revenue, capital projects, debt service, and permanent funds. Generally accepted accounting principles (GAAP) designate the general fund as a major fund, the criteria for determining if any of the other governmental funds are major funds are detailed in Note 1 C. Each major fund is presented in a separate column on the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are combined in a single aggregated column on these financial statements. Individual fund data for each of these nonmajor governmental funds can be found in the other supplementary information section of this ACFR.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities in the government-wide financial statements.

- **Proprietary funds:** Services for which the State charges customers a fee are generally reported as proprietary funds. The State maintains two categories of proprietary funds - enterprise funds and internal service funds (ISFs). Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Similar to the government-wide statements, proprietary funds use the accrual basis of accounting. The State has three enterprise funds - the Lottery Fund, the Rhode Island Convention Center Authority (RICCA) Fund, and the Employment Security Fund. These funds are each presented in separate columns on the basic proprietary fund financial statements. The (ISFs) are reported as governmental activities on the government-wide statements, since the services they provide predominantly benefit governmental activities. The (ISFs) are reported within the basic proprietary fund financial statements in a single combined column. Individual fund data is provided in the form of combining statements and can be found within the supplementary information section of this ACFR.
- **Fiduciary funds:** Resources accounted for as fiduciary funds are held for the benefit of parties outside the State government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the State's programs. These funds, which include the pension and other postemployment benefits trusts, an external investment trust, private-purpose trusts and custodial funds, are reported using accrual accounting. Individual fund data for fiduciary funds can be found at the supplementary information section of this ACFR.

Discretely Presented Component Units

Discretely presented component units are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These discretely presented component units serve or benefit those outside of the primary government. The State distinguishes between major and nonmajor component units. The criteria for distinguishing between major and nonmajor component units are discussed in Note 1 B.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds financial statements.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information, including information concerning the State pension and other postemployment benefit obligations. This section also includes a budgetary comparison schedule for each of the State's major governmental funds that have a legally enacted budget.

Other Supplementary Information

This section includes the combining financial statements for nonmajor governmental funds, internal service funds and fiduciary funds. It can be found immediately following the Required Supplementary Information section.

Government-Wide Financial Analysis

Net Position

Net position may serve as a useful indicator of a government's financial position. The State's combined net position for governmental and business-type activities totaled \$342.9 million at the end of fiscal 2021, compared to a deficit of \$316.7 million for the restated prior fiscal year. Governmental activities reported an unrestricted deficit net position of \$4,595.4 million.

A portion of the State's net position reflects its investment in capital assets less any related outstanding debt that was needed to acquire or construct the assets. The State uses these capital assets such as land, buildings, equipment and infrastructure to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

Additionally, a portion of the State's net position represents resources that are subject to external use restrictions.

State of Rhode Island Net Position as of June 30, 2021 and 2020
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020*	2021	2020*	2021	2020*
Current and other assets	\$ 4,639,013	\$ 3,601,750	\$ 286,594	\$ 410,974	\$ 4,925,607	\$ 4,012,724
Capital assets	4,957,871	4,788,465	157,631	169,746	5,115,502	4,958,211
Total assets	9,596,884	8,390,215	444,225	580,720	10,041,109	8,970,935
Deferred outflows of resources	712,407	722,392	11,697	12,683	724,104	735,075
Long-term liabilities outstanding	6,944,261	7,065,884	208,570	223,803	7,152,831	7,289,687
Other liabilities	2,927,800	2,492,893	66,642	61,675	2,994,442	2,554,568
Total liabilities	9,872,061	9,558,777	275,212	285,478	10,147,273	9,844,255
Deferred inflows of resources	273,477	177,487	1,573	968	275,050	178,455
Net position (deficit):						
Net investment in capital assets	4,049,759	3,845,461	(29,662)	(31,295)	4,020,097	3,814,166
Restricted	709,429	460,163	231,685	366,561	941,114	826,724
Unrestricted	(4,595,435)	(4,929,281)	(22,886)	(28,309)	(4,618,321)	(4,957,590)
Total net position (deficit)	\$ 163,753	\$ (623,657)	\$ 179,137	\$ 306,957	\$ 342,890	\$ (316,700)

*Restated

As indicated above, the State reported a deficit balance in unrestricted net position of \$4.6 billion as of June 30, 2021. Several factors, which are discussed below, contributed to this deficit.

As required by generally accepted accounting principles (GAAP) the State recognizes the net pension liability for the pension plans it has funding responsibility. In addition, the State has recognized the net other post-employment benefit (OPEB) liability or asset for the retiree health care plans for which it has funding responsibility. Recognition of these liabilities has had a significant adverse impact to unrestricted net position. At June 30, 2021 the net pension liability related to governmental activities was \$3.7 billion and the net pension liability related to business-type activities was \$21.7 million. In addition, the net OPEB liability related to governmental activities was \$341.9 million and the net OPEB liability related to business-type activities was \$3.4 million.

Another significant contributing factor creating the deficit to unrestricted net position is the use of general obligation bond proceeds (which are reported as debt of the primary government) for other than the primary government's direct capital purposes. In these instances, proceeds are transferred to municipalities, discretely presented component units and non-profit organizations within the State to fund specific projects.

Examples of these uses of general obligation bond proceeds include, but are not limited to, the following:

- Certain transportation projects funded with bond proceeds that do not meet the State's criteria for capitalization as infrastructure;
- Construction of facilities at the State's university and colleges, which are reported as capital assets of those discretely presented component units;
- Water resources projects including the acquisition of sites for future water supply resources, various water resources planning initiatives, and funding to upgrade local water treatment facilities;

- Environmental programs to acquire, develop, and rehabilitate local recreational facilities and ensure that open space is preserved;
- Facility projects funded through Rhode Island Health and Educational Building Corporation (RIHEBC); and
- Historical preservation initiatives designed to protect and preserve historical buildings as well as to provide funding for cultural facilities.

Lastly, the State also has the following non-capital related debt outstanding:

- Tobacco Settlement Asset-Backed Bonds and Accreted Interest - The Tobacco Settlement Financing Corporation (TSFC), a blended component unit, has issued Tobacco Asset-Backed Bonds that were used to purchase the State's future rights in the Tobacco Settlement Revenues under the Master Settlement Agreement, the Consent Decree and Final Judgment. The bonds are secured solely by and are payable solely from the tobacco receipts sold to the TSFC. Other monies of the TSFC do not constitute a general, legal, or moral obligation to the State or any political subdivision thereof and the State has no obligation to satisfy any deficiency or default of any payment of the bonds. As of June 30, 2021 approximately \$580.9 million of principal and \$137.0 million of accreted interest are included in the State calculation of debt.
- Historic Tax Credit Bonds - The R.I. Commerce Corporation (RICC), on behalf of the State, issued revenue bonds under the Historic Structures Tax Credit Financing Program. The bonds do not constitute a debt, liability, or obligation to the State or any political subdivision thereof. The State is obligated under a Payment Agreement to make payments to the trustee. This obligation is subject to annual appropriations by the General Assembly. The proceeds of the bonds are being used to provide funds for redemption of Historic Structures Tax Credits. As of June 30, 2021, approximately \$88.5 million of such bonds are outstanding.
- The State has entered into certain capital lease agreements, known as Certificates of Participation (COPS). The proceeds of which are sometimes used to benefit certain entities outside of the primary government, for example, by the State's university and colleges for energy conservation projects or by local school districts to improve technology infrastructure on a state-wide basis. Obligation of the State to make payments under COPS is subject to and dependent upon annual General Assembly appropriations. As of June 30, 2021, approximately \$137.4 million of net obligations are outstanding.

In the above instances, the primary government records a liability for the outstanding debt, but no related capitalized asset is recorded. A cumulative deficit to unrestricted net position results from financing these types of projects.

Changes in Net Position

Governmental Activities

The State's overall net position related to governmental activities increased by almost \$787.4 million for fiscal 2021.

Total revenues and transfers of \$10.3 billion increased by \$1.91 billion compared to fiscal 2020. This increase to revenue primarily resulted from a significant influx of federal assistance (reported as operating grants) to help the State respond to the pandemic. Tax revenues increased by a total of \$450.6 million during fiscal 2021 with personal income and sales and use taxes increasing \$209.5 million and \$193.6 million respectively, over the prior year.

The State's expenses, which cover a wide range of services, increased by \$1.2 billion. The most notable increases were directly related to the State's response to the pandemic and were primarily categorized as General Government or Health and Human Services.

The increase in Health and Human Services expenses is attributable to two factors. The Department of Human Services saw increased spending of over \$100 million, primarily due to additional federal funding for the Supplemental Nutrition Assistance Program. The Rhode Island Department of Health experienced increased spending of \$283.7 million primarily for pandemic related activities such as laboratory testing, contact tracing and vaccine supplies.

General Government expenses increased by approximately \$485.6 million during fiscal 2021 over the prior year. The increase is largely attributable to a number of programs associated with the recovery from the global pandemic, examples include supplemental unemployment benefits (\$250 million), payments to municipalities (\$130 million) and small businesses (\$87 million).

Business-Type Activities

- The Employment Security Fund net position decreased as a result of benefits paid significantly exceeding premium revenue. Benefits paid from the fund totaled \$2.1 billion and total operating revenue were \$1.9 billion, which included \$1.7 billion of federal grants to fund these benefits.
- The RI Lottery's transfer to the General Fund was up 6.3% compared to fiscal 2020. However, Lottery revenue remains lower than pre-pandemic levels due to the operational restrictions at the State licensed casinos, i.e., closure of the casinos from November 29, 2020 to December 21, 2020 and a reduction of player seating capacity of 50% the rest of the fiscal year.

Fiscal Year Ended June 30, 2021

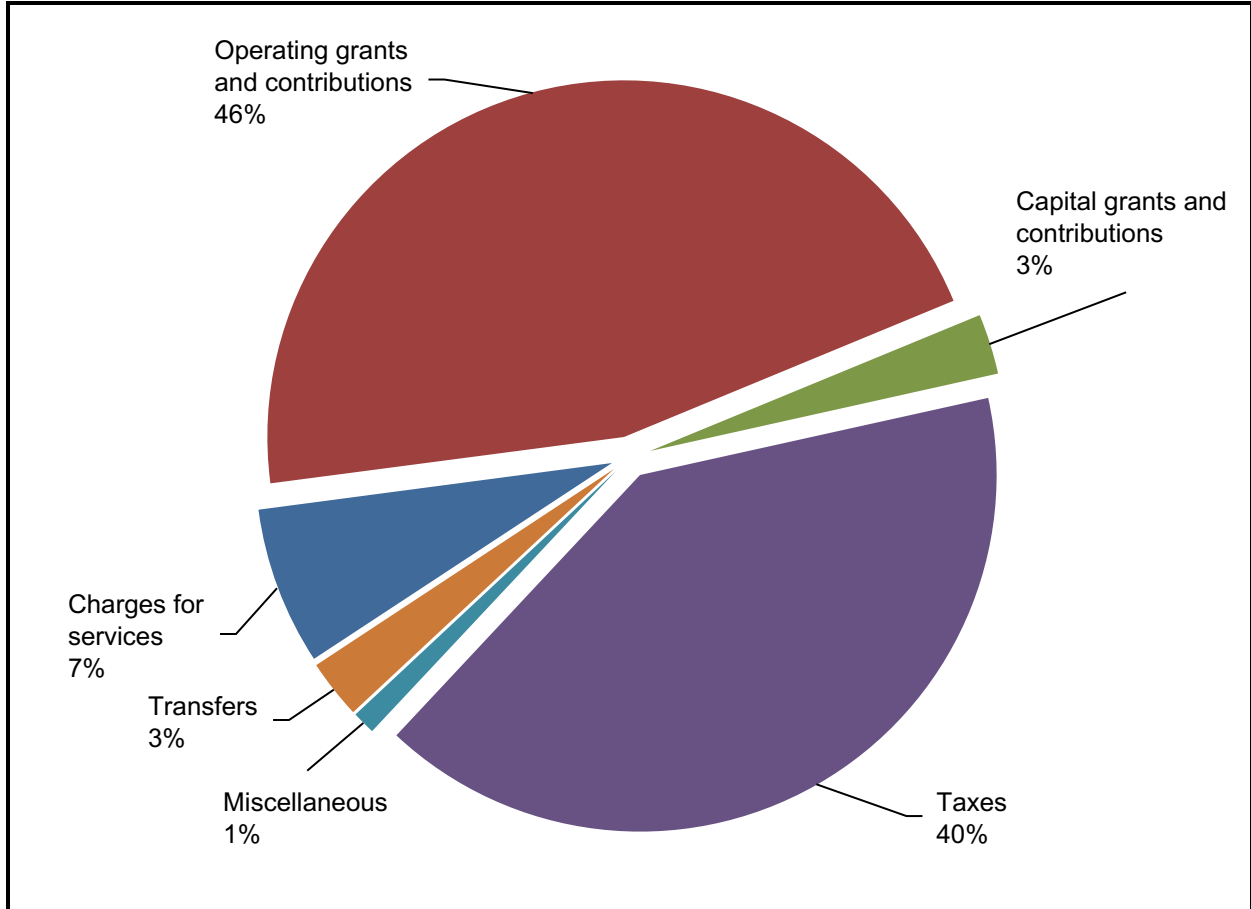
A more detailed analysis of changes in revenues and program expenses for both governmental activities and business-type activities is as follows:

State of Rhode Island Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 735,112	\$ 797,486	\$ 1,305,481	\$ 1,113,028	\$ 2,040,593	\$ 1,910,514
Operating grants and contributions	4,697,836	3,159,368	1,693,345	1,010,408	6,391,181	4,169,776
Capital grants and contributions	282,976	288,421	—	—	282,976	288,421
General revenues:						
Taxes	4,143,930	3,693,329	—	—	4,143,930	3,693,329
Interest and investment earnings	3,110	12,884	156	764	3,266	13,648
Miscellaneous	109,667	142,310	15,271	14,148	124,938	156,458
Gain on sale of capital assets	8,326	—	—	—	8,326	—
Total revenues	<u>9,980,957</u>	<u>8,093,798</u>	<u>3,014,253</u>	<u>2,138,348</u>	<u>12,995,210</u>	<u>10,232,146</u>
Program expenses:						
General government	1,399,797	914,244	—	—	1,399,797	914,244
Health and human services	4,959,473	4,361,236	—	—	4,959,473	4,361,236
Education	1,929,835	1,802,009	—	—	1,929,835	1,802,009
Public safety	610,263	586,841	—	—	610,263	586,841
Natural resources	96,158	103,506	—	—	96,158	103,506
Transportation	375,266	365,022	—	—	375,266	365,022
Interest and other charges	98,595	102,687	—	—	98,595	102,687
Lottery	—	—	773,867	600,854	773,867	600,854
Convention Center	—	—	33,499	46,544	33,499	46,544
Employment Security	—	—	2,058,867	1,424,693	2,058,867	1,424,693
Total expenses	<u>9,469,387</u>	<u>8,235,545</u>	<u>2,866,233</u>	<u>2,072,091</u>	<u>12,335,620</u>	<u>10,307,636</u>
Excess (deficiency) before transfers	511,570	(141,747)	148,020	66,257	659,590	(75,490)
Transfers (net)	<u>275,840</u>	<u>251,466</u>	<u>(275,840)</u>	<u>(251,466)</u>	<u>—</u>	<u>—</u>
Change in net position	787,410	109,719	(127,820)	(185,209)	659,590	(75,490)
Net position (deficit) - Beginning	(609,814)	(719,533)	306,186	491,395	(303,628)	(228,138)
Cumulative effect of prior period adjustments	<u>(13,843)</u>	<u>—</u>	<u>771</u>	<u>—</u>	<u>(13,072)</u>	<u>—</u>
Net position (deficit) - Beginning, as restated	<u>(623,657)</u>	<u>(719,533)</u>	<u>306,957</u>	<u>491,395</u>	<u>(316,700)</u>	<u>(228,138)</u>
Net position (deficit) - Ending	<u>\$ 163,753</u>	<u>\$ (609,814)</u>	<u>\$ 179,137</u>	<u>\$ 306,186</u>	<u>\$ 342,890</u>	<u>\$ (303,628)</u>

Chart 1 depicts the State's sources of revenues from Governmental Activities for the fiscal year ended June 30, 2021.

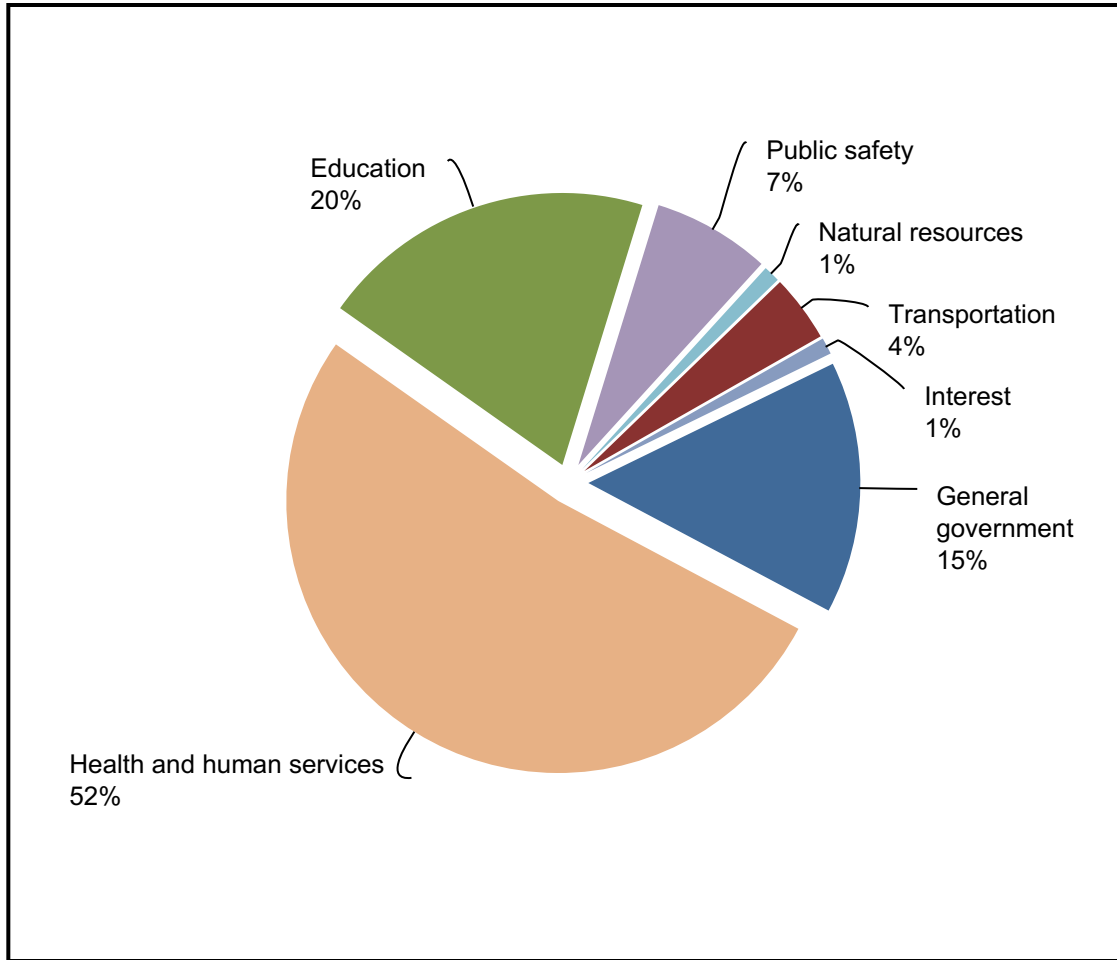
Chart 1 - Revenues and Transfers - Governmental Activities



The relative mix of revenue and transfers by source for governmental activities remained fairly consistent during fiscal 2021 versus the prior fiscal year. Taxes continued to represent one of the largest sources of revenue at 40% of the total. However, operating grants and contributions represented the greatest revenue source in fiscal year 2021 at 46%. The proportion of total revenue derived from operating grants and contributions increased in fiscal 2021 due to the influx of federal assistance as a result of the pandemic.

Chart 2 depicts the purposes for which program expenses related to Governmental Activities were expended during the fiscal year ended June 30, 2021.

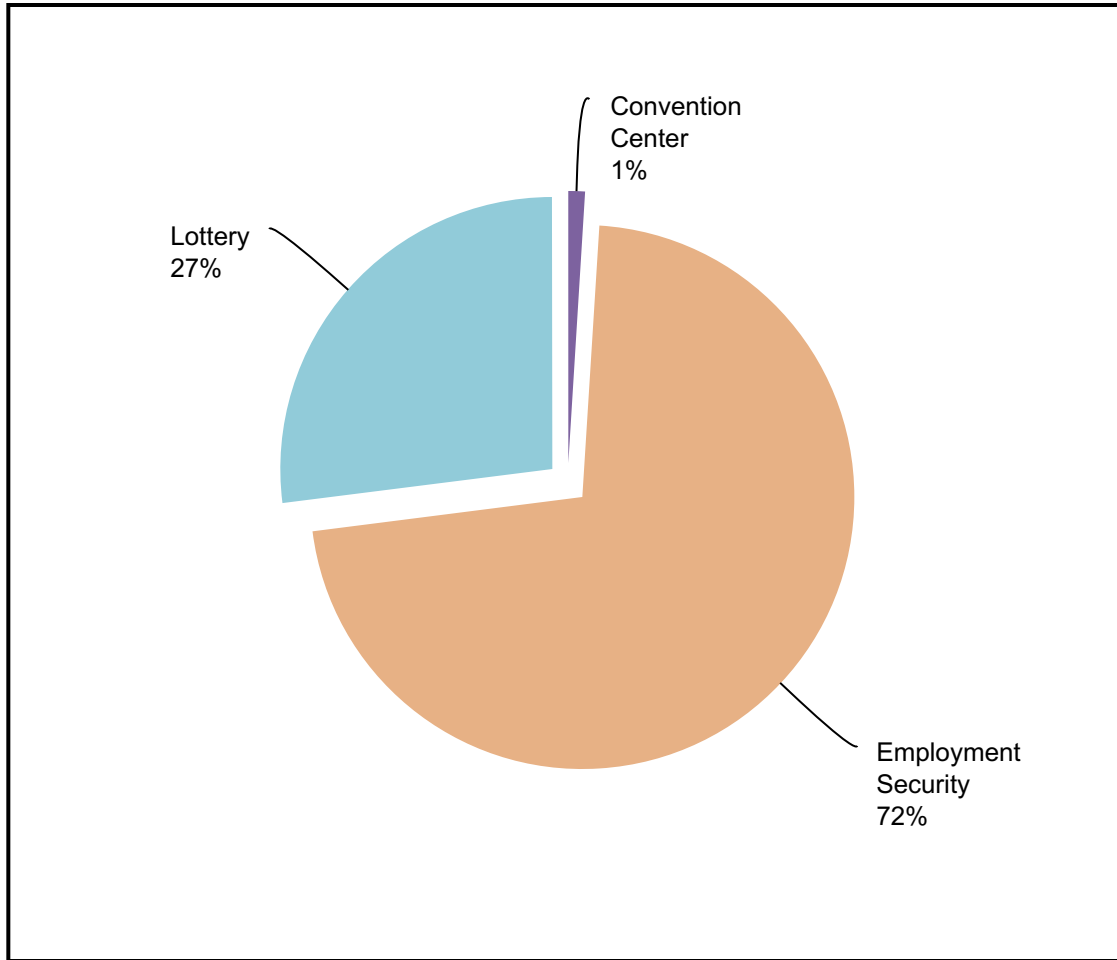
Chart 2 - Program Expenses - Governmental Activities



The relative mix of program expenses for governmental activities remained about the same in fiscal 2021 as for the prior fiscal year. There was an increase to General Government services from 11% to 15% in 2021 consistent with an increase of overall expenditures incurred in response to the COVID-19 public health emergency.

Chart 3 depicts the program expenses related to Business Type Activities during the fiscal year ended June 30, 2021.

Chart 3 - Program Expenses - Business Type Activities



There was an increase to the Employment Security expenses due to the increased demand for unemployment benefits resulting from continuing negative economic effects from the COVID-19 pandemic.

Financial Analysis Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information about near-term inflows, outflows, and balances of spendable resources. Such information is useful when assessing the State financing requirements. At the end of the current fiscal year, the governmental funds reported a combined ending fund balance of approximately \$1.9 billion, an increase of \$587.3 million from June 30, 2020. A breakdown of the components follows (expressed in thousands):

	2021	2020 (restated)	2021 vs 2020 Change	Percent
Governmental Funds				
Nonspendable	\$ 1,712	\$ 8,092	\$ (6,380)	(78.8)%
Restricted	1,204,880	984,317	220,563	22.4 %
Unrestricted				
Committed	50,403	57,907	(7,504)	(13.0)%
Assigned	292,564	6,851	285,713	4,170.4 %
Unassigned	319,425	224,550	94,875	42.3 %
Total	<u>\$ 1,868,984</u>	<u>\$ 1,281,717</u>	<u>\$ 587,267</u>	45.8 %

Governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned primarily based on the extent to which the State is bound to honor constraints about how specific funds may be spent. More information about each category is presented below:

- Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.
- Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by constitutional provisions or by law through enabling legislation enacted by the General Assembly.
- Committed fund balance - amounts that can only be used for specific purposes determined by the enactment of legislation by the General Assembly, and that remain binding unless removed in the same manner. The underlying action that imposed the limitation must occur no later than the close of the fiscal year and must be binding unless repealed by the General Assembly.
- Assigned fund balance - amounts that are constrained by stated intent that they be used for specific purposes. The intent is generally established by legislation enacted by the General Assembly and is implemented at the direction of the Governor.
- Unassigned fund balance - within the General Fund, the residual classification for amounts not contained in the other classifications. Other than the General Fund, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Significant changes in fund balance:

- Restricted - net increase of \$220.6 million is primarily related to unspent proceeds legislatively approved for various capitol projects, including \$50 million for a new ERP system. The increase was offset to an extent by reductions in prior year GARVEE bond proceeds.

- Committed - net decrease of \$7.5 million is primarily attributable to a decrease in the RI Highway Maintenance Account within the Intermodal Surface Transportation Fund. This account, which is funded by a variety of motor vehicle and license related fees, was created by the General Assembly in the 2014 session to address the State's highway and bridge infrastructure improvement needs.
- Assigned - net increase of \$285.7 million is primarily resulted from an increase in the amount of assigned fund balance allocated to fund the subsequent year's budget.
- Unassigned - net increase of \$94.9 million is primarily was due to more favorable actual operating results in fiscal 2021 than were expected when the fiscal 2021 budget was enacted.

General Fund

The General Fund is the primary operating fund of the State. The fund balance of the General Fund consisted of the following (expressed in thousands):

	2021	2020 (restated)	2021 vs 2020 Change	Percent
Nonspendable	\$ 1,538	\$ 7,918	\$ (6,380)	(80.6)%
Restricted	276,172	141,229	134,943	95.5 %
Unrestricted				
Committed	8,135	6,791	1,344	19.8 %
Assigned	291,985	6,851	285,134	4,161.9 %
Unassigned	319,425	225,138	94,287	41.9 %
Total	<u>\$ 897,255</u>	<u>\$ 387,927</u>	<u>\$ 509,328</u>	131.3 %

Revenues and other sources of the General Fund totaled \$9.5 billion in fiscal 2021, an increase of \$1.85 billion or 24.3% from the previous year. The revenues from various sources and the change from the previous year are shown in the following table (expressed in thousands):

	2021	2020	Increase (decrease) from 2020	
			Amount	Percent
Revenues				
Taxes:				
Personal income	\$ 1,606,554	\$ 1,398,121	\$ 208,433	14.9 %
Sales and use	1,524,014	1,326,149	197,865	14.9 %
General business	496,345	463,786	32,559	7.0 %
Other	61,165	70,037	(8,872)	(12.7)%
Subtotal	<u>3,688,078</u>	<u>3,258,093</u>	<u>429,985</u>	13.2 %
Federal grants	4,649,167	3,128,124	1,521,043	48.6 %
Restricted revenues	305,523	349,753	(44,230)	(12.6)%
Licenses, fines, sales, and services	378,662	406,489	(27,827)	(6.8)%
Other general revenues	66,626	105,916	(39,290)	(37.1)%
Subtotal	<u>5,399,978</u>	<u>3,990,282</u>	<u>1,409,696</u>	35.3 %
Total revenues	<u>9,088,056</u>	<u>7,248,375</u>	<u>1,839,681</u>	25.4 %
Other sources				
Transfer from Lottery	301,803	283,871	17,932	6.3 %
Other transfers	65,941	75,627	(9,686)	(12.8)%
Total revenues and other sources	<u>\$ 9,455,800</u>	<u>\$ 7,607,873</u>	<u>\$ 1,847,927</u>	24.3 %

Significant Drivers of Revenue

Fiscal 2021 personal income taxes increased 14.9% from fiscal 2020 levels as pandemic restrictions eased. Personal income tax withholding payments rose to \$1.3 billion in fiscal 2021, up 4.7% compared to fiscal 2020. The growth in withholding payments in fiscal years 2021 and 2020 were likely enhanced by the \$600 Pandemic Unemployment Compensation payments made to unemployment insurance recipients; the Federal Emergency Management Agency's \$300 Lost Wages Supplemental Payment Assistance payments made to unemployment recipients during the weeks August 1, 2020 through September 5, 2020; and the Federal Emergency Management Agency's \$300 Lost Wages Supplemental Payment Assistance payments made to unemployment recipients during January – May 2021.

The State's unemployment rate increased to 8.4% in fiscal 2021, according to IHS Markit, up 2.1 percentage points from the 6.2% rate realized in fiscal 2020. The fiscal 2021 unemployment rate is the highest fiscal year unemployment rate since 2014. Nominal personal income growth eased slightly to a still strong 5.6% in fiscal 2021 from 6.5% growth in fiscal 2020 which was boosted by growth in transfer payments as a result of not only Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation payments but also the \$1,200 per person CARES Act Economic Impact Payments (EIP). General sales and use tax revenues posted an increase of 14.9% in fiscal 2021 over fiscal 2020. Fiscal 2021 use tax payments paid at the time of registration of a new motor vehicle increased by 34.8%, up from a negative 5.6% rate of growth between fiscal 2019 and fiscal 2020. The strong increase in fiscal 2021 sales and use tax was likely attributable to a shift in consumption expenditures from in-person taxable sales to remote (on-line) taxable sales and a rise in the purchase of taxable items associated with home improvement projects.

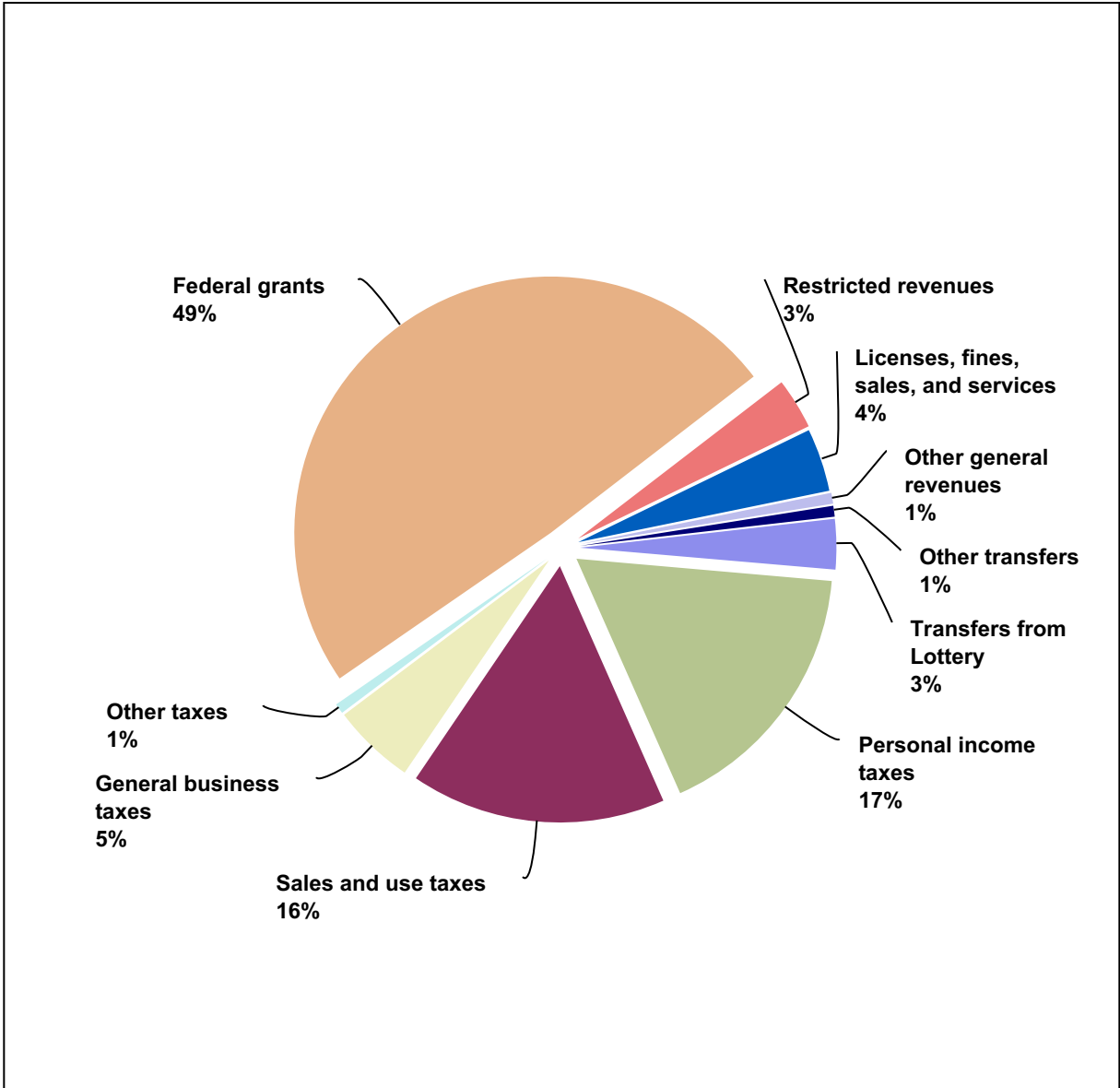
General business tax revenues increased by 7.0% in fiscal 2021, driven by large gains in business corporation taxes, of 35.9%. This increase was offset by year-over-year decreases to financial institutions tax of 21.9%, public utilities gross earnings tax of 13.6% and the health care provider assessment of 17.6%.

Other taxes declined by 12.7% from fiscal 2020. The decrease is attributable to estate and transfer tax revenues, which declined \$12.3 million, or 22.3%, from fiscal 2020. Realty transfer tax revenues rose 27.6% over fiscal 2020 levels, indicating ongoing strength in the housing market.

Finally, the R.I. Lottery's transfer to the General Fund was up 6.3% for fiscal 2021 compared to fiscal 2020. The Casinos were mostly operational during fiscal year 2021.

Chart 4 illustrates the fiscal 2021 General Fund Revenue and transfers.

Chart 4 - Revenues and Other Sources - General Fund



Expenditures and transfers out totaled \$8.95 billion in fiscal 2021, an increase of \$1.37 billion, or 18.07%, from the previous year. Changes in expenditures and other uses by function from the previous year are shown in the following tabulation (expressed in thousands):

	2021	2020	Increase (decrease) from 2020	
			Amount	Percent
General government	\$ 1,141,313	\$ 577,417	\$ 563,896	97.66 %
Health and human services	4,925,442	4,325,361	600,081	13.87 %
Education	1,839,019	1,662,174	176,845	10.64 %
Public safety	587,243	578,721	8,522	1.47 %
Natural resources	85,374	83,703	1,671	2.00 %
Debt Service:				
Principal	139,023	143,503	(4,480)	(3.12)%
Interest	64,095	62,348	1,747	2.80 %
Total expenditures	8,781,509	7,433,227	1,348,282	18.14 %
Transfers out	164,963	143,909	21,054	14.63 %
Total expenditures and transfers out	<u>\$ 8,946,472</u>	<u>\$ 7,577,136</u>	<u>\$ 1,369,336</u>	18.07 %

Significant Drivers of Expenditures

The year-over-year increase of approximately \$563.9 million to the General Government function is primarily attributable to significant inflow of federal stimulus grants specifically targeted to address the impact of the COVID-19 pandemic. The federal money addressed a wide range of governmental operations, such as the administrative costs of various federal pandemic unemployment assistance programs, enhanced unemployment benefits, support to Rhode Island small businesses, additional aid to Rhode Island municipalities via the Municipal COVID Relief Fund, workforce development programs, and various housing and rental support programs.

The year-over-year increase of \$600.1 million to the Health and Human Services function is attributable to several distinct factors, including an increase of approximately \$186.9 million attributable to the significant inflow of federal grants targeted to address the impact of the COVID-19 pandemic. Of this total, an increase of \$110.4 million was evidenced in the Department of Health (RIDOH) for various direct pandemic management activities, such as community mitigation, testing administration, laboratory processing, contact tracing, and vaccination programming. It must also be noted that RIDOH experienced a highly atypical year-over-year expenditure increase of \$168.1 million, separate and apart from the increase generated by the major federal COVID response grants. This increase is largely attributable to expenditures supported by general revenue pending FEMA approval.

In addition, expenditures within the Medical Assistance (Medicaid) program at the Executive Office of Health and Human Services increased by \$253.5 million. Though it has no effect on total program expenses, the Medicaid program benefited from heightened federal financial participation via a full-year of the FFCRA-enhanced Federal Medical Assistance Percentage (FMAP) in fiscal 2021, relative to only two quarters of said enhancement in fiscal 2020.

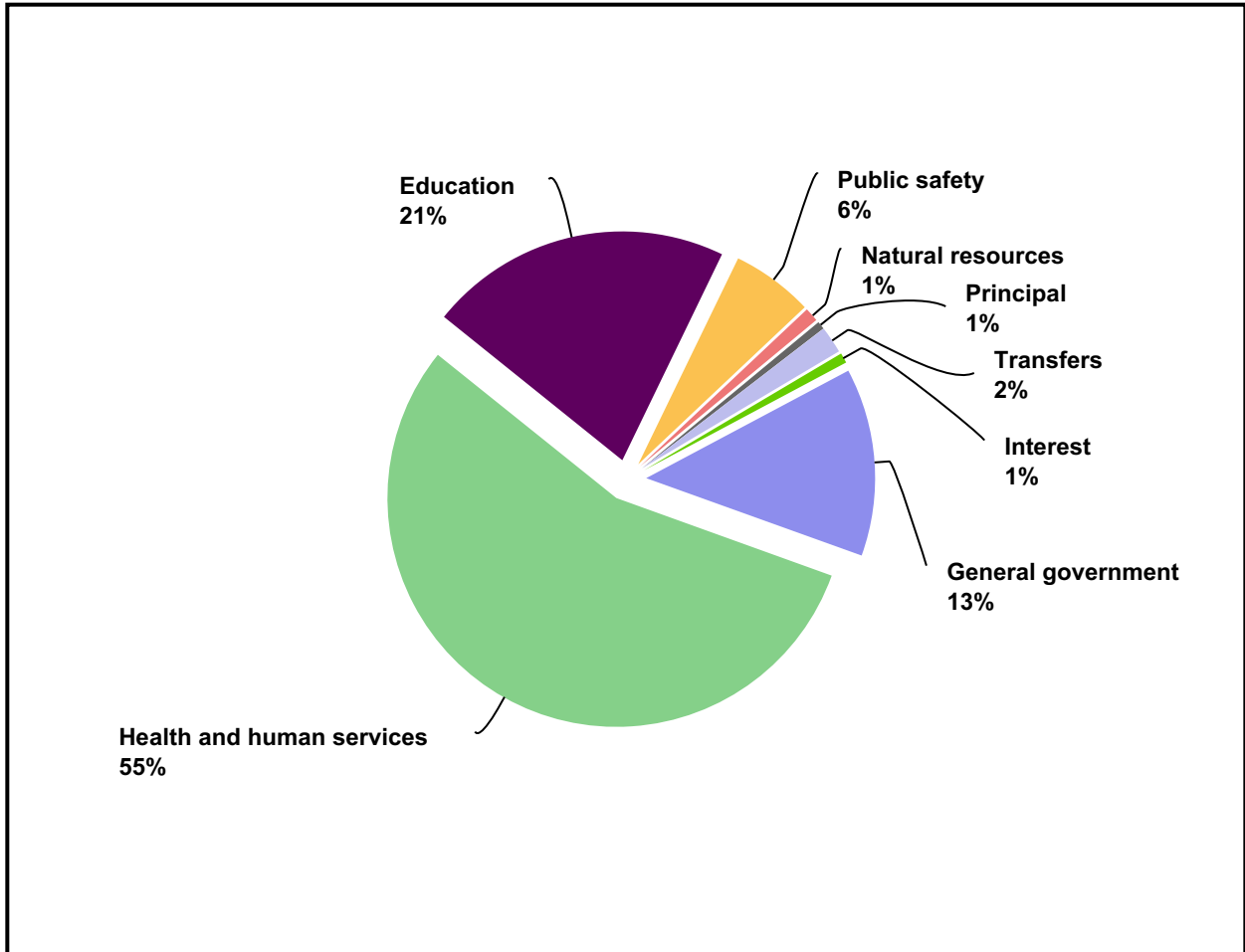
Irrespective of the major federal COVID response grants, the Department of Human Services saw increased spending of \$74.6 million, primarily due to an increase in federal funds expenditures for SNAP, LIHEAP, and various other federal grants administered by the Department. The year-over-year increase at DHS for the major federal COVID response grants totaled approximately \$57.1 million, concentrated within the areas of the Child Care and Development Block Grant, the Community Services Block Grant, enhanced SNAP benefits, nutrition services for the elderly, and veteran's services.

The year-over-year increase to the Education function expenditures of \$176.8 million is primarily the result of \$86.5 million more in additional funding for education aid to local school districts and state schools via the education aid funding formula; a \$4.0 million increase to the state's contribution to teacher retirement costs,

and a net increase of \$7.7 million to state support for Rhode Island's public higher education institutions. Also driving this year-over-year education function increase is the major federal COVID response grants, which totaled approximately \$63.4 million. They were comprised mainly of increases to direct grants for school nutrition and food service programs, increased allocations from the Coronavirus Relief Fund for supplemental education aid to local education agencies and K-12 reopening activities, and the segment of the workforce development program known as "Back to Work RI" administered by the Office of the Postsecondary Commissioner.

Chart 5 depicts the General Fund expenditures and other uses for fiscal 2021.

Chart 5 - Expenditures and Other Uses - General Fund



Intermodal Surface Transportation Fund

The Intermodal Surface Transportation Fund (IST) is a special revenue fund that accounts for the collection of gasoline tax, motor vehicle registration and licensing fees, tolls, federal grants, Rhode Island Capital Plan funds, and bond proceeds that are used for maintenance, upgrading, and construction of the State's surface transportation systems. It also accounts for the proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, the I-195 Redevelopment District Commission bonds, and related expenditures. The components of the fund balance of the IST fund are as follows (expressed in thousands):

	2021	2020	Increase (decrease) from 2020	
			Change	Percent
Restricted	\$ 223,404	\$ 320,289	\$ (96,885)	(30.25)%
Unrestricted				
Committed	41,835	50,717	(8,882)	(17.51)%
Assigned	579	—	579	100.00 %
Unassigned (deficit)	—	(588)	588	(100.00)%
Total	<u>\$ 265,818</u>	<u>\$ 370,418</u>	<u>\$ (104,600)</u>	<u>(28.24)%</u>

The net decrease of \$96.9 million in the restricted portion of the fund balance is primarily related to GARVEE bond proceeds used by the State as the pace of bridge and highway improvements being made under the State's RhodeWorks initiative rose significantly this year. The net decrease of \$8.9 million in the committed portion of the unrestricted fund balance resulted from multiple factors including a decrease in the RI Highway Maintenance Account.

General Fund Budgetary Highlights - General Revenue Sources

According to the State's Constitution, general revenue appropriations of the general fund cannot exceed 97% of available general revenue sources. These sources consist of the current fiscal year's budgeted general revenue plus the general fund undesignated fund balance from the prior fiscal year. Excess revenue is transferred to the State Budget Reserve Account which is in the General Fund. If the balance in the Reserve exceeds 5% of the total general revenues and opening surplus, the excess is transferred to the R.I. Capital Plan Fund to be used for capital projects. The current fiscal year's general revenue estimates are established by the State's revenue estimating conference. If actual general revenue is less than the projection, appropriations have to be reduced or additional revenue sources must be identified. Certain agencies have federal programs that are entitlements, which continue to require State funds to match the federal funds. Agencies may get additional appropriation from the General Assembly, provided a need is established.

Pandemic related adjustments to general revenue receipt estimates resulted in a significant increase of \$161.6 million between the original budget and the final budget. General revenue appropriations decreased from the original budget by \$170.6 million. Some significant changes between the preliminary and final estimated general revenues and the enacted and final general revenue appropriations (expressed in thousands) are listed below.

General Fund Budgetary Highlights

General Revenue Sources

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual*	Final Budget vs. Actual Variance
Revenues and other sources:				
Taxes:				
Personal income	\$ 1,450,400	\$ 1,540,516	\$ 1,615,512	\$ 74,996
General business	458,200	424,012	500,507	76,495
Sales and use	1,390,800	1,475,100	1,524,014	48,914
Other taxes	73,900	61,200	61,165	(35)
Departmental revenue	390,000	398,928	402,688	3,760
Other sources:				
Lottery transfer	272,500	288,900	301,803	12,903
Unclaimed property	10,300	15,600	16,270	670
Miscellaneous	10,325	13,800	9,620	(4,180)
Total revenues and other sources	<u>4,056,425</u>	<u>4,218,056</u>	<u>4,431,579</u>	<u>213,523</u>
Expenditures and other uses:				
General government	586,510	618,763	628,517	9,754
Health and Human services	1,613,907	1,487,142	1,574,987	87,845
Education	1,525,091	1,524,789	1,522,546	(2,243)
Public safety	382,412	306,874	307,538	664
Natural resources	45,350	45,081	45,051	(30)
Total expenditures and other uses	<u>4,153,270</u>	<u>3,982,649</u>	<u>4,078,639</u>	<u>95,990</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ (96,845)</u>	<u>\$ 235,407</u>	<u>\$ 352,940</u>	<u>\$ 117,533</u>

*See Notes on the General Fund Budgetary Comparison Schedule

The favorable variance between the fiscal 2021 actual revenues and the fiscal 2021 final budget for personal income taxes was largely attributable to a stronger than expected recovery from the pandemic induced economic decline in 2020.

Actual fiscal 2021 general business taxes ended the year \$76.5 million above the final enacted budget but just \$42.3 million more than the original budget due to actual public utilities gross earnings tax and health care provider assessment revenues coming in a combined \$23.0 million lower than the estimated amount included in the original budget. At the time of final enactment in June 2021, the revenue estimates for these items had been reduced such that the difference between actual fiscal 2021 revenues and final enacted fiscal 2021 revenues for these items was a negative \$7.2 million. Actual business corporation tax revenues ended the year \$50.5 million higher than the original estimate, and \$86.2 million higher than the final enacted budget amount.

Sales and use and excise tax revenues received in fiscal 2021 were \$133.3 million more than estimated sales and use tax revenues included in the fiscal 2021 original budget, led by a surplus in sales and use tax revenues of \$128.7 million. The excess in sales and use tax revenues was reduced when compared to the final enacted fiscal 2021 budget with actual sales and use tax revenues coming in \$48.9 million above the estimate.

The strength in sales and use tax revenues in fiscal 2021 is likely the result of the state's successful efforts in getting remote sellers to collect and remit the sales tax on taxable sales made into the state and stronger than expected retail sales during the COVID-19 pandemic.

Actual fiscal 2021 other tax revenues were substantively lower than in the original budget but only slightly below the final budget estimate. In the case of the former, the difference was \$12.7 million while in the case of the latter, the difference was \$35.0 thousand. The receipt of estate and transfer tax payments are difficult to predict in number and amount. Compared to the final enacted budget, estate and transfer tax payments exceeded expectations by \$86.7 thousand, versus a shortfall of \$15.1 million compared to the original budget. In addition, actual realty transfer tax revenues in fiscal 2021 ended up slightly less than expected in the final budget by \$125.4 thousand but exceeded the amount included in the original budget by \$2.4 million.

Finally, the actual fiscal 2021 Lottery transfer to the General Fund was \$12.9 million above the revenue estimate contained in the final budget and was \$29.3 million above the estimated Lottery transfer to the General Fund contained in the fiscal 2021 original budget. The surplus compared to the final budget was largely driven by higher than expected transfers of net terminal income from video lottery terminals installed at Twin River and Tiverton. The final fiscal 2021 transfer of net terminal income from video lottery terminals ended up \$8.4 million above the final enacted estimate and was \$31.4 million above the fiscal 2021 original budget. This large increase in the transfer of net terminal income resulted from better than expected performance after the closure of the State's two casinos for nearly three months as a result of the COVID-19 pandemic in the prior fiscal year. The transfer revenues generated by traditional lottery products was \$9.9 million more than contained in the fiscal 2021 original budget, and \$2.4 million more than the revenue estimate in the final budget. All lottery components exceeded estimated budget amounts for both the original budget and final budget.

The negative expenditure variance for the General Government function of approximately \$9.8 million was primarily due to the categorization of certain COVID-19 pandemic-related expenses as general revenue expenses in anticipation of Federal Emergency Management Agency (FEMA) reimbursements received during fiscal 2022. Pandemic-related expenses re-categorized totaled approximately \$25.1 million, which was not budgeted as a general revenue expense in the final fiscal 2021 enacted budget. This deficit was offset by \$15.3 million in surpluses across several General Government agencies, the largest of which was \$5.9 million in the General Assembly. The General Assembly typically ends the fiscal year with a surplus, which under Rhode Island law is mostly reappropriated to fiscal 2022. The next largest surplus was \$4.0 million in the Department of Revenue, split mostly between the Division of Taxation and the Division of Motor Vehicles, which both experienced higher turnover savings from vacant positions than expected and also witnessed significant operating surpluses, particularly within the Division of Taxation's Tax Compliance Improvement Program (TCIP). The Department of Labor and Training concluded fiscal 2021 with a surplus totaling \$1.5 million, largely attributable to unexpended state appropriations for various workforce development initiatives, most notably within the Real Jobs Rhode Island program.

The negative variance for the Health and Human Services function of \$87.8 million was fully attributable to \$177.2 million in COVID-19 pandemic-related expenses re-categorized as general revenue expenses in anticipation of Federal Emergency Management Agency (FEMA) reimbursements in fiscal 2022. Again, these constitute unbudgeted general revenue expenses relative to the final fiscal 2021 enacted budget. The vast majority of these expenditures, or \$176.8 million, are housed within the Department of Health, which closed with an overall general revenue deficit totaling \$174.7 million. Offsetting surpluses occurred within several major health and human services agencies, including the Departments of Human Services (\$2.5 million); Children, Youth and Families (\$3.3 million); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (\$68.2 million). The surplus within DHS is primarily due to unexpended appropriations in support of the operations of the Rhode Island Veteran's Home, which received significantly heightened federal support via FEMA while simultaneously experiencing a decline in patient/resident census. The DCYF surplus was primarily in the Child Welfare program and is generally due to lower caseloads than assumed in the final enacted budget, coupled with attendant savings in contract services and personnel expenses. Finally, the highly significant surplus within BHDDH is primarily the result of surpluses in two major programs: \$13.1 million in services for the developmentally disabled, which incurred lower caseload expenditures than budgeted, and \$45.8 million at the state-run Eleanor Slater Hospital, which arose mainly due to unanticipated federal financial participation for retroactive hospital billing combined with a rate settlement receivable recorded in the amount of \$3.4 million.

The positive variance to the Education function of approximately \$2.2 million is driven by a surplus of \$2.3 million in the Department of Elementary and Secondary Education. Approximately \$0.8 million of this surplus

stems from savings in both the Early Childhood Demonstration and the Multilingual Learners “categorical” aid programs, due largely to decreased enrollment demand during the ongoing COVID-19 pandemic. Additionally, a favorable variance of \$1.5 million is evidenced in the Teacher Retirement program, which finances 40% of the employer cost of annual retirement contributions for public school teachers enrolled in the Employees’ Retirement System of Rhode Island (ERSRI). While this surplus reflects lower aggregate fiscal 2021 ERSRI billings than were estimated as part of the final enacted budget, the relative variance represents only 1.3% of appropriated program financing.

As with the General Government function, the negative variance in the Public Safety function of \$0.7 million is entirely due to the categorization of certain COVID-19 pandemic-related expenses as general revenue expenses in anticipation of Federal Emergency Management Agency (FEMA) reimbursements in fiscal 2022. Pandemic-related expenses re-categorized totaled approximately \$10.4 million, which was not budgeted as a general revenue expense in the final enacted budget. Without these expenses, the Public Safety function would have had a surplus of \$9.7 million. COVID-19 pandemic-related expenses incurred by the Rhode Island Emergency Management Agency (RIEMA) totaled \$10.3 million of the re-categorized expenses. Irrespective of these re-categorizations, the Departments of Public Safety and Corrections closed fiscal 2021 with surpluses of \$2.5 million and \$2.0 million, respectively. However, while the surplus in Corrections is primarily due to unexpended appropriations in non-personnel operating categories, the surplus in Public Safety is almost wholly attributable to turnover savings stemming from continuing unfilled vacancies at both the State Police and Security Services divisions. Finally, the Judiciary ended the year with a surplus of \$2.8 million, which under Rhode Island law is carried forward to fiscal 2022.

Capital Assets and Debt Administration

Capital Assets

The State investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$5.1 billion, net of accumulated depreciation of \$4.0 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, computer systems, and construction in progress. The total increase in the State investment in capital assets for the current fiscal year was approximately 3.17% of net book value. This increase is primarily related to investments for the construction and rehabilitation of highways and bridges as well as other infrastructure, and new buildings.

Actual expenditures to purchase or construct capital assets were \$413.5 million for the year. Of this amount, \$375.5 million was used to construct or reconstruct highways. Depreciation charges for the year totaled \$263.8 million.

State of Rhode Island Capital Assets as of June 30, 2021 and 2020 (Expressed in Thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Capital assets not being depreciated or amortized						
Land	\$ 395,488	\$ 391,363	\$ 46,808	\$ 46,808	\$ 442,296	\$ 438,171
Works of Art	4,385	4,385	—	—	4,385	4,385
Intangibles	183,456	182,036	—	—	183,456	182,036
Construction in progress	704,362	660,498	2,799	4,931	707,161	665,429
Total capital assets not being depreciated or amortized	1,287,691	1,238,282	49,607	51,739	1,337,298	1,290,021
Capital assets being depreciated or amortized						
Land improvements	8,331	8,331	—	—	8,331	8,331
Buildings	891,818	891,078	277,708	276,453	1,169,526	1,167,531
Building improvements	529,424	510,132	—	—	529,424	510,132
Equipment	371,266	361,788	51,318	48,608	422,584	410,396
Intangibles	344,315	341,738	175	175	344,490	341,913
Infrastructure	5,273,433	4,948,464	—	—	5,273,433	4,948,464
	7,418,587	7,061,531	329,201	325,236	7,747,788	7,386,767
Less: Accumulated depreciation or amortization	3,748,407	3,511,348	221,177	207,229	3,969,584	3,718,577
Total capital assets being depreciated or amortized	3,670,180	3,550,183	108,024	118,007	3,778,204	3,668,190
Total capital assets (net)	\$ 4,957,871	\$ 4,788,465	\$ 157,631	\$ 169,746	\$ 5,115,502	\$ 4,958,211

Additional information about the State's capital assets can be found at Note 5 to the financial statements.

Debt Administration

According to the State's Constitution, the General Assembly has no power to incur State debts in excess of \$50 thousand without the consent of the people (voters), except in the case of war, insurrection or invasion, or to pledge the faith of the State to the payment of obligations of others without such consent.

At the end of the current fiscal year, the State governmental activities had total bonded debt outstanding of \$2.6 billion, of which \$1.3 billion is general obligation debt, \$647.1 million is special obligation debt and \$580.9 million is debt of the blended component units. Additionally, accreted interest of \$137.0 million has been recognized for debt of one blended component unit, which is not scheduled to be paid until 2052. On an overall basis the state total bonded debt decreased by \$32.7 million during fiscal 2021. This decrease consists of a \$48.4 million increase in general obligation debt, a decrease of \$57.7 million in special obligation debt, and a decrease of \$23.4 million in the blended component unit debt.

The general obligation debt is supported by the full faith and credit of the State. Other obligations subject to annual appropriation by the R.I. General Assembly totaling \$214.5 million and \$1.3 billion are supported by pledged revenue. These obligations are discussed in the financial statement Notes 7 and 13.

During April 2021 the State issued \$136 million of general obligation bonds with interest rates of 0.25% - 5.00%, maturing from 2023 through 2041. The premium paid on these bonds was \$14.9 million. In accordance with certain bond statutes, net premiums of \$8.8 million were transferred to RI Infrastructure Bank to provide municipalities with low-cost financial assistance for road and bridge projects and \$5.8 million was transferred to the Rhode Island Capital Plan Fund.

The State also issued \$87.7 million of general obligation refunding bonds with interest rates of 1.00% - 5.00%, maturing from 2022 through 2034. The premium paid on these bonds was \$1.9 million. These bonds, combined with the premium, were deposited in an irrevocable trust to advance refund \$80.7 million of series 2011A, 2012A, 2013A, 2013B, and 2014B bonds with interest rates between 3.000% and 5.058%. The refunding resulted in a \$8.2 million reduction of debt service and a \$8 million economic gain (difference between the present value of the debt service payments on the old and new debt). The advanced refunding resulted in a deferred loss (difference between the reacquisition price and the net carry amount of the old debt) of approximately \$2.7 million that was recorded as a deferred outflow of resources.

The State's assigned general obligation bond ratings are as follows: AA (Stable) by Standard & Poor's Ratings Services (S&P), Aa2 (Stable) by Moody's Investor Service, Inc., and AA (Stable) by Fitch Ratings. The State does not have any debt limitation.

Bonds authorized by the voters that remain unissued as of June 30, 2021 amounted to \$576 million; other obligations that are authorized but unissued totaled \$208.8 million and are described at Note 7 of the financial statements. State long-term debt information can also be found in the notes to the financial statements of this report.

Economic Outlook and Fiscal 2022 Budget

The first quarter report for fiscal 2022 prepared by the State Budget Office contains estimates of annual expenditures based upon analysis of expenditures through the first quarter, as well as caseload and medical assistance expenditure estimates and revenue estimates adopted at the November 2021 Caseload and Revenue Estimating Conferences. The fiscal 2022 balance, based upon these assumptions, is estimated to reflect a \$618.4 million general revenue surplus at year end in the General Fund.

The first quarter report for fiscal 2022 reported expenditures revised downward by \$86.5 million, primarily in the Human Service functional area. The extension of the enhanced Federal Medical Assistance Percentage rendered a savings of \$39.0 million. In addition, there was a decrease of \$41.8 million of expenditures within various programs subject to the November 2021 Caseload Estimating Conference. All changes recommended by the Governor in the fiscal 2022 enacted appropriations, or adopted revenues, will be incorporated in the supplemental appropriations bill, which must be submitted to the General Assembly early 2022.

The November Revenue Estimating Conference's estimates reflect recent revenue trends and expected collections based upon the current economic forecast. Consensus estimates of general revenue receipts were increased by \$273.6 million, up from \$4.41 billion to \$4.68 billion compared with the enacted fiscal 2022 estimate. The largest factor is an expected increase to taxes of \$259.8 million. The transfer from the Rhode Island Lottery is also expected to increase by \$17.4 million. These increases are offset by anticipated decreases to the enacted estimate of departmental revenues and other sources of \$3.1 million.

Conditions Expected to Affect Future Operations

American Rescue Plan - State Fiscal Recovery Funding

Funding to the State from the American Rescue Plan Act's State Fiscal Recovery funds will allow large-scale, sustainable investments in the climate, blue and green economies, workforce, public health care, housing, and more. The 2023 budget proposal includes a wide array of proposals to use these funds to begin investing in the State's recovery from the pandemic and provides important resources to assist the State in managing the continuing challenges of the on-going pandemic. Use of the funding will be appropriated by the General Assembly. The significance of the amount of recovery funding represents an unprecedented opportunity to make significant investments designed to benefit the State's overall economy for several years.

Lottery Revenue

Net operations of the Rhode Island Lottery (Lottery) represent the State's third-largest revenue source. The following factors currently exist that will impact future operations:

- *Continuing impacts to revenue caused by the COVID-19 pandemic* – The State's two licensed casinos and related Lottery revenue will continue to be impacted as the State manages the public health emergency.
- *Changes in gaming technology* – Lottery continues to utilize new gaming technology to expand product offerings. Planned expansions of newly implemented mobile sports betting and iLottery gaming products allow patrons to play Lottery games utilizing mobile applications and the internet. Facilitating access to Lottery games, especially during the public health emergency, may offset some of the negative impacts that have resulted from the pandemic.
- *Competition from casinos in nearby states* – Efforts to compete effectively with casino offerings in nearby states will undoubtedly persist and continue to involve enhanced player incentives and ensuring new games and gambling options are offered to patrons.

In June 2021, the Rhode Island General Assembly enacted legislation authorizing the State Lottery Division to extend contracts for services and products with IGT Global Solutions Corporation (IGT) through June 30, 2043. The State Lottery Division may amend the IGT master contract to June 30, 2043, including agreements related to online gaming, the video lottery central computer system, the video lottery technology provider license, instant tickets and related vending machine agreement, and the website services agreement. Of most significance, the executed contract extensions will require IGT to pay \$27 million (up-front payment) to be the exclusive provider to the Division of its products and services under the contract; amend the online lottery agreement rates of compensation (online and instant games); and obligate IGT to capital investment, employment, and compensation pay requirements.

The legislation also authorizes the State Lottery Division to agree to contract extensions through June 30, 2043 with the Bally's Corporation (owner and operator of the Lottery's licensed gaming facilities) or an affiliate (Bally's) in exchange for constructing a 50,000 square foot addition to the Lincoln Gaming Facility and leasing commercial space in the City of Providence. The extension would mandate a \$100 million investment by Bally's relating to the Lincoln expansion and improvements. In addition, the Bally's extension will require Bally's to enter into a Joint Venture with IGT for the right to be the exclusive Technology Provider of video lottery terminals (VLT) from the date of the Joint Venture to June 30, 2043.

Finalization of contracts reflecting the newly authorized provisions are in process but have not been executed.

Pension Benefits

The State's financial statements include the net pension liability for the various defined benefit pension plans covering state employees and teachers. Please see Note 18 to the financial statements for information about each of the state's pension plans.

Future operations will continue to be affected by the actuarially calculated amounts required to responsibly fund pensions consistent with statutory and actuarial requirements. Similarly, the overall net position will continue to be affected by market conditions affecting the fair value of assets accumulated for future pension benefits and the accounting measures reflecting the changes in those pension liabilities from year to year.

In addition to the comprehensive pension reform measures adopted in prior years, the State continues to responsibly manage its pension liabilities through investment management and adoption of appropriate actuarial assumptions.

Transportation Funding Initiative

In order to address Rhode Island's continuing issues with deteriorating roads and bridges, an initiative, called RhodeWorks, was enacted by the General Assembly in 2016. RhodeWorks calls for investing an additional \$1 billion above current plans in transportation infrastructure to fix more than 150 structurally deficient bridges and make repairs to another 500 bridges to prevent them from becoming structurally deficient. The plan also refocuses efforts to expand transit. The plan is financed by 1) user fees on large commercial trucks, 2) \$300 million of new GARVEE debt that will be repaid with federal funds, and 3) \$129 million of federal funds made available sooner by restructuring existing federally-funded debt. The plan is expected to save nearly \$1 billion over 10 years by addressing transportation infrastructure problems on a more proactive basis. Since RhodeWorks was enacted in 2016, DOT has overseen 233 projects including completion of 183 bridges.

In addition, as more fully described in Note 23, Subsequent Events, the federal Infrastructure Investment and Jobs Act (IIJA), a 5-year infrastructure funding package, is expected to provide \$1.7 billion for transportation infrastructure to the State. This new funding will expedite 100 projects valued at \$2.1 billion in the state Transportation Improvement Program. State matching funds will be combined with the federal funds to accelerate these improvements. In addition, the IIJA provides funding for significant investments in the State's airports, transit systems, electric vehicle charging networks, high-speed internet coverage, and drinking water infrastructure, as many of the infrastructure improvements targeted by the act. This unprecedented infrastructure investment will greatly assist the State in addressing current transportation infrastructure deficiencies while also allowing the State to make new investments modernizing the infrastructure that supports telecommunications, power grids, clean energy initiatives and other vital infrastructure.

Information Technology Security and Cybersecurity

The State relies upon a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats and potential attacks on its computing and other digital networks and systems. To mitigate the risk of impact to State operations and damage from cybersecurity incidents or cyber-attacks, the State has prioritized and increased investments in multiple forms of cybersecurity and operational safeguards based on strategies developed by the State's Chief Information Security Officer that align with the well-defined cybersecurity and risk management frameworks.

Statewide School Construction Funding

Voters approved a \$250 million Statewide School Construction Bond, a new funding mechanism designed to provide upfront funding for local school construction projects. Pursuant to RIGL 45-38.2-4(e)(2), funding is based on a set percentage of foundational housing aid awarded. Local education agencies with Necessity of School Construction approvals will be offered 15% of the state share of their approval on a pay-as-you-go basis for projects that have not completed and for projects that have not issued permanent financing (bonds) through RIHEBC. The State has authorized school project awards approximating \$186 million of the \$250 million to date in conjunction with this program. This commitment will help our state to create learning environments that support the attainment of the academic, social, emotional, career readiness, and citizenship knowledge, skills, and competencies necessary to be successful in the 21st century.

Requests for Information

This report is designed to provide a general overview of the State finances and accountability for the State citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be sent to Tara Mello, Associate Controller at tara.m.mello@doa.ri.gov. The State's Annual Comprehensive Financial Report may be found on the State Controller's home page, <http://controller.admin.ri.gov/index.php>. Requests for additional information related to component units should be addressed to the entities as listed in Note 1 of the financial statements.

Basic Financial Statements



State of Rhode Island

Fiscal Year Ended

June 30, 2021



State of Rhode Island
Statement of Net Position
June 30, 2021
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Total	
Assets and deferred outflows of resources				
Current assets:				
Cash and cash equivalents	\$ 2,881,971	\$ 39,093	\$ 2,921,064	\$ 410,478
Funds on deposit with fiscal agent	273,826	158,089	431,915	—
Investments	—	—	—	3,383
Receivables (net)	900,181	75,939	976,120	128,544
Restricted assets:				
Cash and cash equivalents	50,448	3,465	53,913	811,409
Investments	—	—	—	160,580
Receivables (net)	—	—	—	106,342
Other assets	—	—	—	51,032
Due from primary government	—	—	—	36,417
Due from component units	14,847	—	14,847	2,054
Internal balances	613	(613)	—	—
Due from other governments and agencies	406,309	8,719	415,028	4,203
Inventories	1,537	913	2,450	7,637
Other assets	6,019	814	6,833	16,704
Total current assets	4,535,751	286,419	4,822,170	1,738,783
Noncurrent assets:				
Investments	—	—	—	322,915
Receivables (net)	33,265	—	33,265	108,072
Due from other governments and agencies	21,955	—	21,955	—
Restricted assets:				
Cash and cash equivalents	—	—	—	72,432
Investments	—	—	—	796,977
Receivables (net)	—	—	—	1,110,548
Other assets	—	—	—	1,322,489
Due from component units	36,816	—	36,816	923
Net OPEB Asset	11,226	—	11,226	—
Capital assets - nondepreciable	1,287,691	49,607	1,337,298	350,794
Capital assets - depreciable (net)	3,670,180	108,024	3,778,204	2,076,393
Other assets	—	175	175	199,162
Total noncurrent assets	5,061,133	157,806	5,218,939	6,360,705
Total assets	9,596,884	444,225	10,041,109	8,099,488
Deferred outflows of resources	712,407	11,697	724,104	95,865

(Continued)

State of Rhode Island
Statement of Net Position
June 30, 2021
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Total	
Liabilities and deferred inflows of resources				
Current Liabilities:				
Accounts payable	\$ 889,121	\$ 27,254	\$ 916,375	\$ 79,147
Notes payable	—	—	—	74,861
Due to primary government	—	—	—	14,847
Due to component units	36,417	—	36,417	2,054
Due to other governments and agencies	—	642	642	—
Accrued expenses	—	5,894	5,894	—
Unearned revenue	1,522,595	—	1,522,595	42,411
Other current liabilities	205,291	2,821	208,112	457,460
Current portion of long-term debt	274,376	17,204	291,580	147,794
Obligation for unpaid prize awards	—	12,827	12,827	—
Total current liabilities	2,927,800	66,642	2,994,442	818,574
Noncurrent Liabilities:				
Due to primary government	—	—	—	36,816
Net pension liability	2,310,286	21,652	2,331,938	305,265
Net pension liability-special funding situation	1,361,982	—	1,361,982	—
Net OPEB liability	341,930	3,420	345,350	161,726
Unearned revenue	—	2,022	2,022	4,908
Due to component units	—	—	—	923
Notes payable	—	—	—	182,524
Loans payable	—	—	—	13,130
Obligations under capital leases	113,816	—	113,816	1,011
Compensated absences	13,089	317	13,406	26,340
Bonds payable	2,716,748	180,975	2,897,723	2,789,443
Other liabilities	86,410	184	86,594	431,562
Total noncurrent liabilities	6,944,261	208,570	7,152,831	3,953,648
Total liabilities	9,872,061	275,212	10,147,273	4,772,222
Deferred inflows of resources	273,477	1,573	275,050	63,255
Net position (deficit)				
Net investment in capital assets	4,049,759	(29,662)	4,020,097	1,669,844
Restricted for:				
Capital Projects	148,694	—	148,694	—
Debt	71,558	299	71,857	392,560
Employment security programs	173,570	231,386	404,956	—
Other	315,433	—	315,433	1,113,114
Nonexpendable	174	—	174	156,468
Unrestricted	(4,595,435)	(22,886)	(4,618,321)	27,890
Total net position	\$ 163,753	\$ 179,137	\$ 342,890	\$ 3,359,876

(Concluded)

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Statement of Activities
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Totals	
Primary government:								
Governmental activities:								
General government	\$ 1,399,797	\$ 253,378	\$ 704,971	\$ 3,296	\$ (438,152)	\$ —	\$ (438,152)	\$ —
Health and human services	4,959,473	306,969	3,270,278	4,938	(1,377,288)	—	(1,377,288)	—
Education	1,929,835	40,478	315,048	86	(1,574,223)	—	(1,574,223)	—
Public safety	610,263	41,677	315,918	6,693	(245,975)	—	(245,975)	—
Natural resources	96,158	34,447	24,196	4,143	(33,372)	—	(33,372)	—
Transportation	375,266	58,163	67,425	263,820	14,142	—	14,142	—
Interest and other charges	98,595	—	—	—	(98,595)	—	(98,595)	—
Total governmental activities	9,469,387	735,112	4,697,836	282,976	(3,753,463)	—	(3,753,463)	—
Business-type activities:								
State Lottery	773,867	1,074,012	—	—	—	300,145	300,145	—
Convention Center	33,499	4,521	—	—	—	(28,978)	(28,978)	—
Employment Security	2,058,867	226,948	1,693,345	—	—	(138,574)	(138,574)	—
Total business-type activities	2,866,233	1,305,481	1,693,345	—	—	132,593	132,593	—
Total primary government	\$ 12,335,620	\$ 2,040,593	\$ 6,391,181	\$ 282,976	(3,753,463)	132,593	(3,620,870)	—
Component units:	\$ 1,579,505	\$ 713,104	\$ 842,873	\$ 143,936				120,408
General Revenues:								
Taxes:								
Personal income					1,609,848	—	1,609,848	—
General business					497,284	—	497,284	—
Sales and use					1,522,519	—	1,522,519	—
Gasoline					143,345	—	143,345	—
Other					370,934	—	370,934	—
Interest and investment earnings					3,110	156	3,266	117,076
Miscellaneous revenue					109,667	15,271	124,938	43,487
Net gain (loss) on sale of capital assets					8,326	—	8,326	(2,316)
Transfers (net)					275,840	(275,840)	—	—
Total general revenues and transfers					4,540,873	(260,413)	4,280,460	158,247
Change in net position					787,410	(127,820)	659,590	278,655
Net position (deficit) - beginning as restated					(623,657)	306,957	(316,700)	3,081,221
Net position- ending					\$ 163,753	\$ 179,137	\$ 342,890	\$ 3,359,876

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Balance Sheet
Governmental Funds
June 30, 2021
(Expressed in Thousands)

	<u>General</u>	<u>Intermodal Surface Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 2,416,779	\$ 60,751	\$ 367,436	\$ 2,844,966
Funds on deposit with fiscal agent	—	216,443	57,383	273,826
Restricted cash equivalents	—	—	50,448	50,448
Receivables (net)	819,079	17,037	89,557	925,673
Due from other funds	—	133	139,820	139,953
Due from component units	—	211	—	211
Due from other governments and agencies	355,401	60,476	—	415,877
Loans to other funds	24,208	—	33,031	57,239
Other assets	1,571	—	—	1,571
Total assets	<u>\$ 3,617,038</u>	<u>\$ 355,051</u>	<u>\$ 737,675</u>	<u>\$ 4,709,764</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Accounts payable	790,760	71,331	11,085	873,176
Due to other funds	144,239	—	383	144,622
Due to component units	21,125	—	5,077	26,202
Loans from other funds	33,031	—	15,008	48,039
Unearned revenue	1,521,331	—	—	1,521,331
Other liabilities	176,578	8,280	211	185,069
Total liabilities	<u>2,687,064</u>	<u>79,611</u>	<u>31,764</u>	<u>2,798,439</u>
Deferred inflows of resources	<u>32,719</u>	<u>9,622</u>	<u>—</u>	<u>42,341</u>
Fund Balances				
Nonspendable	1,538	—	174	1,712
Restricted	276,172	223,404	705,304	1,204,880
Unrestricted				
Committed	8,135	41,835	433	50,403
Assigned	291,985	579	—	292,564
Unassigned	319,425	—	—	319,425
Total fund balances	<u>897,255</u>	<u>265,818</u>	<u>705,911</u>	<u>1,868,984</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,617,038</u>	<u>\$ 355,051</u>	<u>\$ 737,675</u>	<u>\$ 4,709,764</u>

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2021
(Expressed in Thousands)

Fund balance - total governmental funds \$ 1,868,984

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in the governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets	8,703,013	
Accumulated depreciation	(3,748,407)	
	4,954,606	4,954,606

Deferred outflows of resources 712,407

Bonds, notes, certificates of participation, accrued interest, net pension liabilities and other liabilities are not due and payable in the current period and therefore are not recorded in the governmental funds.

Compensated absences	(80,408)	
Bonds payable	(2,676,703)	
Net premium/discount on Bonds	(212,395)	
Obligations under capital leases	(128,046)	
Premium on Certificates of Participation	(9,398)	
Interest payable	(21,874)	
Net pension liabilities	(3,672,268)	
Net OPEB liabilities	(341,930)	
Other liabilities	(83,737)	
	(7,226,759)	(7,226,759)

Other long-term assets and unearned revenue are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Receivables	12,309	
Due from component units	41,236	
Net OPEB asset	11,226	
Unavailable revenue	42,341	
	107,112	107,112

Deferred inflows of resources (273,477)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net position of the internal service funds is reported with governmental activities.

Net position - total governmental activities		20,880
		\$ 163,753

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	General	Intermodal Surface Transportation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,688,078	\$ 218,124	\$ 234,991	\$ 4,141,193
Licenses, fines, tolls, sales, and services	378,662	58,596	1,677	438,935
Departmental restricted revenue	305,523	—	—	305,523
Federal grants	4,649,167	326,705	—	4,975,872
Income from investments	1,976	543	554	3,073
Other revenues	64,650	1,520	48,325	114,495
Total revenues	9,088,056	605,488	285,547	9,979,091
Expenditures:				
Current:				
General government	1,141,313	—	197,007	1,338,320
Health and human services	4,925,442	—	—	4,925,442
Education	1,839,019	—	323	1,839,342
Public safety	587,243	—	—	587,243
Natural resources	85,374	—	—	85,374
Transportation	—	583,658	3,284	586,942
Capital outlays	—	—	131,900	131,900
Debt service:				
Principal	139,023	41,571	24,859	205,453
Interest and other charges	64,095	29,864	24,999	118,958
Total expenditures	8,781,509	655,093	382,372	9,818,974
Excess (deficiency) of revenues over (under) expenditures	306,547	(49,605)	(96,825)	160,117
Other financing sources (uses):				
Issuance of bonds and notes	—	—	135,900	135,900
Issuance of refunding bonds	—	—	87,660	87,660
Debt issuance premiums	—	—	16,755	16,755
Transfers in	367,744	29	149,023	516,796
Payment to advance refunded bonds escrow agent	—	—	(89,005)	(89,005)
Transfers out	(164,963)	(55,024)	(20,969)	(240,956)
Total other financing sources (uses)	202,781	(54,995)	279,364	427,150
Net change in fund balances	509,328	(104,600)	182,539	587,267
Fund balances - beginning (as restated)	387,927	370,418	523,372	1,281,717
Fund balances - ending	<u>\$ 897,255</u>	<u>\$ 265,818</u>	<u>\$ 705,911</u>	<u>\$ 1,868,984</u>

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

Net change in fund balances - total governmental funds \$ 587,267

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Current year acquisitions are therefore deducted from expenses on the Statement of Activities, less current year depreciation expense and revenue resulting from current year disposals.

Capital outlay	435,027	
Depreciation expense	<u>(249,056)</u>	
		185,971

Bond, note, and certificate of participation proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Position. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal paid on debt	205,334	
Debt defeased in refunding	80,700	
Accrued interest and other charges	2,264	
Proceeds from sale of debt	(223,560)	
Refunding loss deferral	2,763	
Deferral of premium/discount	(16,755)	
Amortization of premium/discount	43,467	
Accreted interest	(13,917)	
Amortization of refunding gains/losses	<u>(5,789)</u>	
		74,507

Revenues, expense reductions, and (expenses) in the Statement of Activities that do not provide (use) current financial resources are not reported as revenues (expenditures) in the governmental funds. In the current period, the net adjustments consist of:

Compensated absences	3,833	
Pension expenses, net of related deferred outflows	(67,334)	
OPEB expenses, net of related deferred outflows	27,690	
Program expenses	(17,881)	
Program and miscellaneous revenue	(6,000)	
Operating and capital grant revenue	4,540	
General revenue - taxes	<u>2,738</u>	
		(52,414)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities. (7,921)

Change in net position - total governmental activities \$ 787,410

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Statement of Net Position
Proprietary Funds
June 30, 2021
(Expressed in Thousands)

	Business-type Activities- Enterprise Funds			Governmental Activities	
	R.I.			Totals	Internal Service Funds
	R.I. Lottery	Convention Center	Employment Security		
Assets and deferred outflows of resources					
Current assets:					
Cash and cash equivalents	\$ 33,584	\$ 3,037	\$ 2,472	\$ 39,093	\$ 37,005
Restricted cash and cash equivalents	—	3,465	—	3,465	—
Funds on deposit with fiscal agent	—	—	158,089	158,089	—
Receivables (net)	4,817	245	70,877	75,939	7,811
Due from other funds	1	958	1,786	2,745	5,544
Due from other governments and agencies	—	—	8,719	8,719	—
Loans to other funds	—	—	—	—	—
Inventories	913	—	—	913	1,537
Other assets	396	418	—	814	4,661
Total current assets	39,711	8,123	241,943	289,777	56,558
Noncurrent assets:					
Capital assets - nondepreciable	—	49,607	—	49,607	—
Capital assets - depreciable (net)	346	107,678	—	108,024	3,265
Other assets	—	175	—	175	—
Total noncurrent assets	346	157,460	—	157,806	3,265
Total assets	40,057	165,583	241,943	447,583	59,823
Deferred outflows of resources	7,029	4,668	—	11,697	—
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	14,723	3,772	8,759	27,254	18,552
Due to other funds	3,358	—	—	3,358	262
Due to other governments and agencies	—	—	642	642	—
Loans from other funds	—	—	—	—	9,200
Accrued expenses	5,894	—	—	5,894	—
Unearned revenue	625	2,296	—	2,921	—
Other current liabilities	2,650	129	42	2,821	10,929
Bonds payable	—	13,995	—	13,995	—
Compensated absences	288	—	—	288	—
Obligation for unpaid prize awards	12,827	—	—	12,827	—
Total current liabilities	40,365	20,192	9,443	70,000	38,943
Noncurrent liabilities:					
Net pension liability	21,652	—	—	21,652	—
Net OPEB liability	3,420	—	—	3,420	—
Unearned revenue	625	283	1,114	2,022	—
Bonds payable	—	180,975	—	180,975	—
Compensated absences	317	—	—	317	—
Other noncurrent liabilities	—	184	—	184	—
Total noncurrent liabilities	26,014	181,442	1,114	208,570	—
Total liabilities	66,379	201,634	10,557	278,570	38,943
Deferred inflows of resources	1,573	—	—	1,573	—
Net Position (Deficit)					
Net investment in capital assets	346	(30,008)	—	(29,662)	3,265
Restricted for:					
Debt	—	299	—	299	—
Employment insurance programs	—	—	231,386	231,386	—
Unrestricted	(21,212)	(1,674)	—	(22,886)	17,615
Total net position (deficit)	\$ (20,866)	\$ (31,383)	\$ 231,386	\$ 179,137	\$ 20,880

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Business-type Activities- Enterprise Funds			Governmental Activities	
	R.I.			Internal	
	R.I. Lottery	Convention Center	Employment Security	Totals	Service Funds
Operating revenues:					
Charges for services	\$ —	\$ 4,242	\$ —	\$ 4,242	\$ 433,525
Employer premiums	—	—	214,516	214,516	—
Lottery sales	295,942	—	—	295,942	—
Video lottery, net	345,066	—	—	345,066	—
Table games	79,459	—	—	79,459	—
Sports book	352,995	—	—	352,995	—
Federal grants	—	—	1,693,345	1,693,345	—
Miscellaneous	550	279	12,432	13,261	—
Total operating revenues	1,074,012	4,521	1,920,293	2,998,826	433,525
Operating expenses:					
Personnel services	12,224	3,558	—	15,782	55,952
Supplies, materials, and services	260,910	5,853	—	266,763	384,967
Prize awards, net of prize recoveries	500,595	—	—	500,595	—
Depreciation and amortization	138	14,007	—	14,145	562
Benefits paid	—	—	2,058,867	2,058,867	—
Total operating expenses	773,867	23,418	2,058,867	2,856,152	441,481
Operating income (loss)	300,145	(18,897)	(138,574)	142,674	(7,956)
Nonoperating revenues (expenses):					
Interest revenue	155	1	—	156	34
Other nonoperating revenues (expenses)	1,003	9,997	4,271	15,271	1
Interest expense	—	(10,081)	—	(10,081)	—
Total nonoperating revenue (expenses)	1,158	(83)	4,271	5,346	35
Income (loss) before transfers	301,303	(18,980)	(134,303)	148,020	(7,921)
Transfers in	—	25,963	—	25,963	—
Transfers out	(301,803)	—	—	(301,803)	—
Change in net position	(500)	6,983	(134,303)	(127,820)	(7,921)
Net position (deficit) - beginning as restated	(20,366)	(38,366)	365,689	306,957	28,801
Net position (deficit) - ending	\$ (20,866)	\$ (31,383)	\$ 231,386	\$ 179,137	\$ 20,880

The notes to the financial statements are an integral part of this statement.

**State of Rhode Island
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021**

	Business-type Activities- Enterprise Funds			Governmental Activities	
	R.I. Lottery	R.I. Convention Center	Employment Security	Totals	Internal Service Funds
Cash flows from operating activities:					
Cash received from gaming activities	\$ 1,077,135	\$ —	\$ —	\$ 1,077,135	\$ —
Cash received from customers	—	4,337	—	4,337	444,681
Cash received from employer premiums	—	—	201,246	201,246	—
Cash received from grants	—	—	1,688,242	1,688,242	—
Cash received for other program benefits	—	—	219,669	219,669	—
Cash payments for gaming activities	(747,206)	—	—	(747,206)	—
Cash payments to suppliers	(5,638)	(6,494)	—	(12,132)	(385,898)
Cash payments to employees	(11,235)	(3,275)	—	(14,510)	(54,111)
Cash payments for benefits - Employment Security Fund	—	—	(2,041,954)	(2,041,954)	—
Cash payments for benefits – other	—	—	(219,669)	(219,669)	—
Other operating revenue (expense)	—	8,842	(10,229)	(1,387)	(268)
Net cash provided by (used for) operating activities	313,056	3,410	(162,695)	153,771	4,404
Cash flows from noncapital financing activities:					
Loans from other funds	—	—	—	—	(4,701)
Loans to other funds	—	—	—	—	2,236
Repayment of loans to other funds	—	—	—	—	(214)
Repayment of loans from other funds	—	—	—	—	1,538
Transfers in	—	26,346	1,217	27,563	—
Transfers out	(301,308)	—	(51)	(301,359)	—
Net transfers from (to) fiscal agent	—	—	161,643	161,643	—
Net cash provided by (used for) noncapital financing activities	(301,308)	26,346	162,809	(112,153)	(1,141)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds	—	32,170	—	32,170	—
Principal paid on capital obligations	—	(13,360)	—	(13,360)	—
Refunded bond escrow agent	—	(32,013)	—	(32,013)	—
Interest paid on capital obligations	—	(8,759)	—	(8,759)	—
Acquisition of capital assets	(12)	(6,196)	—	(6,208)	(780)
Net cash provided by (used for) capital and related financing activities	(12)	(28,158)	—	(28,170)	(780)
Cash flows from investing activities:					
Interest on investments	155	1	—	156	37
Net cash provided by investing activities	155	1	—	156	37
Net increase (decrease) in cash and cash equivalents	11,891	1,599	114	13,604	2,520
Cash and cash equivalents, July 1	21,693	4,903	2,358	28,954	34,485
Cash and cash equivalents, June 30	\$ 33,584	\$ 6,502	\$ 2,472	\$ 42,558	\$ 37,005
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	300,145	(18,897)	(138,574)	142,674	(7,956)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	138	14,007	—	14,145	563
Other revenue (expense) and transfers in (out)	377	8,856	(16,748)	(7,515)	1
Net changes in assets and liabilities:					
Receivables, net	185	260	(13,270)	(12,825)	11,570
Inventory	38	—	—	38	680
Deferred outflows of resources	289	—	—	289	—
Prepaid items	42	41	—	83	—
Due to / due from transactions	66	—	2,232	2,298	—
Accounts and other payables	7,998	(399)	8,759	16,358	(4,748)
Accrued expenses	766	—	8	774	4,294
Net pension liability	802	—	—	802	—
Net OPEB liability	(571)	—	—	(571)	—
Deferred inflows of resources	605	—	—	605	—
Unearned revenue	1,433	(458)	(5,102)	(4,127)	—
Prize awards payable	743	—	—	743	—
Total adjustments	12,911	22,307	(24,121)	11,097	12,360
Net cash provided by (used for) operating activities	\$ 313,056	\$ 3,410	\$ (162,695)	\$ 153,771	\$ 4,404

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021
(Expressed in Thousands)

	Pension and Other Employee Benefit Trusts	Investment Trust Ocean State Investment Pool	Private Purpose Trusts	Custodial Funds
Assets				
Cash and cash equivalents	\$ 15,472	\$ —	\$ 8,852	\$ —
Deposits held as security for entities doing business in the State	—	—	—	57,104
Receivables				
Contributions	19,228	—	—	—
Due from State for teachers	24,092	—	—	—
Due from other plans	1,331	—	—	—
Other	1,101	—	—	21,259
Miscellaneous	—	—	3,783	—
Total receivables	45,752	—	3,783	21,259
Prepaid expenses	2,806	—	—	—
Investments, at fair value				
Equity in short-term investment fund	—	55,412	—	—
Equity in pooled trusts	11,037,830	—	—	—
Other investments	1,620,178	—	5,411,505	—
Total investments	12,658,008	55,412	5,411,505	—
Total assets	12,722,038	55,412	5,424,140	78,363
Liabilities				
Accounts payable	5,398	4	13,680	—
Due to other plans	1,331	—	—	—
Incurred but not reported claims	1,005	—	—	—
Other	6,463	—	—	—
Unclaimed Property Claims	—	—	—	1,529
Deposits held for others	—	—	—	508
Total liabilities	14,197	4	13,680	2,037
Net position				
Restricted for:				
Pension benefits	12,175,165	—	—	—
Other postemployment benefits	532,676	—	—	—
External investment pool participants	—	55,408	—	—
Tuition savings program	—	—	5,403,888	—
Individuals, organizations and other governments	—	—	—	76,326
Other	—	—	6,572	—
Total fiduciary net position	\$ 12,707,841	\$ 55,408	\$ 5,410,460	\$ 76,326

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Pension and Other Employee Benefit Trusts	Investment Trust Ocean State Investment Pool	Private Purpose Trusts	Custodial Funds
Additions				
Contributions				
Member contributions	\$ 215,711	\$ —	\$ —	\$ —
Employer contributions	535,293	—	—	—
New employer contributions	1,232	—	—	—
Supplemental employer contributions	197	—	—	—
State contributions for teachers	112,623	—	—	—
Interest on service credits purchased	98	—	—	—
Service credit transfers	18,269	—	—	—
From program participants	—	119,640	373,071	—
Total contributions	<u>883,423</u>	<u>119,640</u>	<u>373,071</u>	<u>—</u>
Other income	<u>1,630</u>	<u>—</u>	<u>—</u>	<u>—</u>
Investment income				
Increase (Decrease) in fair value of investments	2,804,885	—	606,743	(2,540)
Interest	49,731	104	—	—
Dividends	72,779	—	148,986	—
Other investment income	956	—	—	—
	<u>2,928,351</u>	<u>104</u>	<u>755,729</u>	<u>(2,540)</u>
Less: investment expense	188,040	77	—	—
Net investment income (loss)	<u>2,740,311</u>	<u>27</u>	<u>755,729</u>	<u>(2,540)</u>
Unclaimed Property	—	—	—	35,571
Deposits for patients, clients and inmates	—	—	—	10,080
Miscellaneous	—	—	—	6,815
Total additions	<u>3,625,364</u>	<u>119,667</u>	<u>1,128,800</u>	<u>49,926</u>
Deductions				
Retirement benefits	975,612	—	—	—
Death benefits	3,781	—	—	—
Distributions	32,261	143,556	—	—
Program participant redemptions	—	—	866,769	—
Refund of contributions	4,811	—	—	—
Administrative expense	10,832	—	20,920	—
Service credit transfers	18,269	—	—	—
OPEB benefits	30,984	—	—	—
Payments and transfers of Unclaimed Property	—	—	—	31,577
Payments made on behalf of individuals in State care	—	—	—	9,306
Miscellaneous	—	—	—	6,382
Total deductions	<u>1,076,550</u>	<u>143,556</u>	<u>887,689</u>	<u>47,265</u>
Change in net position restricted for:				
Pension benefits	2,420,221	—	—	—
Other postemployment benefits	128,593	—	—	—
External investment pool participants	—	(23,889)	—	—
Tuition Savings Program	—	—	239,028	—
Other	—	—	2,083	2,661
Fiduciary net position - beginning (as restated)	<u>10,159,027</u>	<u>79,297</u>	<u>5,169,349</u>	<u>73,665</u>
Fiduciary net position - ending	<u>\$ 12,707,841</u>	<u>\$ 55,408</u>	<u>\$ 5,410,460</u>	<u>\$ 76,326</u>

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Combining Statement of Net Position
Component Units
June 30, 2021
(Expressed in Thousands)

	<u>RIAC</u>	<u>RICC</u>	<u>I-195 RDC</u>	<u>RIPTA</u>	<u>RITBA</u>
Assets and deferred outflows of resources					
Current Assets:					
Cash and cash equivalents	\$ 79,151	\$ 7,962	\$ 476	\$ 10,536	\$ 506
Investments	—	—	—	2,969	—
Receivables (net)	7,299	1,742	—	5,637	92
Restricted assets:					
Cash and cash equivalents	22,931	98,922	9,185	—	12,913
Due from primary government	—	—	—	—	—
Investments	—	2,196	—	—	7,547
Receivables (net)	—	44	—	—	—
Other assets	—	—	—	—	6,388
Due from primary government	—	15,423	—	9,380	1,898
Due from other governments	—	—	13	—	—
Due from other component units	—	151	—	—	—
Inventories	—	—	—	1,727	24
Other assets	211	167	54	1,223	241
Total current assets	<u>109,592</u>	<u>126,607</u>	<u>9,728</u>	<u>31,472</u>	<u>29,609</u>
Noncurrent Assets:					
Investments	—	455	—	3,060	—
Receivables (net)	—	7,529	—	—	—
Restricted assets:					
Cash and cash equivalents	42,453	6,982	—	—	10,995
Investments	9,583	6,920	—	—	96,560
Receivables (net)	5,314	165	—	—	—
Other assets	—	924	—	—	—
Capital assets - nondepreciable	71,703	521	—	29,175	3,064
Capital assets - depreciable (net)	445,957	327	—	107,515	234,006
Due from other component units	—	—	—	—	—
Other assets, net of amortization	128	—	487	2,620	—
Total noncurrent assets	<u>575,138</u>	<u>23,823</u>	<u>487</u>	<u>142,370</u>	<u>344,625</u>
Total assets	<u>684,730</u>	<u>150,430</u>	<u>10,215</u>	<u>173,842</u>	<u>374,234</u>
Deferred outflows of resources	<u>883</u>	<u>322</u>	<u>—</u>	<u>26,637</u>	<u>—</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Component Units
June 30, 2021
(Expressed in Thousands)

	<u>RIAC</u>	<u>RICC</u>	<u>I-195 RDC</u>	<u>RIPTA</u>	<u>RITBA</u>
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	7,248	1,444	197	6,722	464
Notes payable	—	—	—	—	—
Due to primary government	—	—	—	2,295	8,932
Due to other component units	235	—	—	—	—
Unearned revenue	1,314	3,287	255	280	6,025
Other liabilities	9,082	10,193	857	9,079	8,568
Current portion of compensated absences	—	—	—	46	—
Current portion of long-term debt	18,163	1,249	1,790	—	6,220
Total current liabilities	<u>36,042</u>	<u>16,173</u>	<u>3,099</u>	<u>18,422</u>	<u>30,209</u>
Noncurrent liabilities:					
Due to primary government	45	—	—	8,025	—
Due to other component units	923	—	—	—	—
Unearned revenue	—	3,530	—	—	—
Notes payable	—	—	—	—	—
Loans payable	—	—	—	—	—
Obligations under capital leases	863	—	—	—	—
Net pension liability	1,697	305	—	78,513	—
Net OPEB liability	264	48	—	73,871	—
Other liabilities	—	1,803	—	9,602	—
Compensated absences	—	—	—	303	—
Bonds payable	253,315	7,808	31,990	—	206,594
Total noncurrent liabilities	<u>257,107</u>	<u>13,494</u>	<u>31,990</u>	<u>170,314</u>	<u>206,594</u>
Total liabilities	<u>293,149</u>	<u>29,667</u>	<u>35,089</u>	<u>188,736</u>	<u>236,803</u>
Deferred inflows of resources	<u>364</u>	<u>498</u>	<u>—</u>	<u>9,315</u>	<u>—</u>
Net position (deficit)					
Net investment in capital assets	265,518	849	487	127,697	51,908
Restricted for:					
Debt	15,733	—	8,253	—	85,688
Other	39,848	111,782	869	4,055	—
Other nonexpendable	—	—	—	—	—
Unrestricted	71,001	7,956	(34,483)	(129,324)	(165)
Total net position (deficit)	<u>\$ 392,100</u>	<u>\$ 120,587</u>	<u>\$ (24,874)</u>	<u>\$ 2,428</u>	<u>\$ 137,431</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Component Units
June 30, 2021
(Expressed in Thousands)

	URI	RIC	CCRI	Other Component Units	Totals
Assets and deferred outflows of resources					
Current Assets:					
Cash and cash equivalents	\$ 163,863	\$ 25,490	\$ 22,005	\$ 100,489	\$ 410,478
Investments	—	—	—	414	3,383
Receivables (net)	66,025	11,407	8,091	28,251	128,544
Restricted assets:					
Cash and cash equivalents	—	—	500	666,958	811,409
Due from primary government	—	—	—	—	—
Investments	—	—	—	150,837	160,580
Receivables (net)	—	—	—	106,298	106,342
Other assets	—	—	71	44,573	51,032
Due from primary government	1,067	736	565	7,348	36,417
Due from other governments	—	—	—	4,190	4,203
Due from other component units	1,421	—	—	482	2,054
Inventories	3,161	—	461	2,264	7,637
Other assets	2,881	720	3,561	7,646	16,704
Total current assets	<u>238,418</u>	<u>38,353</u>	<u>35,254</u>	<u>1,119,750</u>	<u>1,738,783</u>
Noncurrent Assets:					
Investments	270,519	42,808	6,073	—	322,915
Receivables (net)	22,310	1,441	—	76,792	108,072
Restricted assets:					
Cash and cash equivalents	3,378	653	—	7,971	72,432
Investments	—	—	—	683,914	796,977
Receivables (net)	395	—	—	1,104,674	1,110,548
Other assets	26,796	1,183	70	1,293,516	1,322,489
Capital assets - nondepreciable	12,812	16,516	5,017	211,986	350,794
Capital assets - depreciable (net)	849,042	176,326	76,401	186,819	2,076,393
Due from other component units	—	—	—	923	923
Other assets, net of amortization	2,599	—	—	193,328	199,162
Total noncurrent assets	<u>1,187,851</u>	<u>238,927</u>	<u>87,561</u>	<u>3,759,923</u>	<u>6,360,705</u>
Total assets	<u>1,426,269</u>	<u>277,280</u>	<u>122,815</u>	<u>4,879,673</u>	<u>8,099,488</u>
Deferred outflows of resources	<u>30,334</u>	<u>9,818</u>	<u>8,049</u>	<u>19,822</u>	<u>95,865</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Component Units
June 30, 2021
(Expressed in Thousands)

	URI	RIC	CCRI	Other Component Units	Totals
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	22,427	10,220	7,492	22,933	79,147
Notes payable	—	151	—	74,710	74,861
Due to primary government	1,677	1,775	—	168	14,847
Due to other component units	1,421	—	—	398	2,054
Unearned revenue	15,188	4,115	2,977	8,970	42,411
Other liabilities	16,375	132	—	393,134	447,420
Current portion of compensated absences	1,543	4,138	3,713	600	10,040
Current portion of long-term debt	13,268	1,009	304	105,791	147,794
Total current liabilities	<u>71,899</u>	<u>21,540</u>	<u>14,486</u>	<u>606,704</u>	<u>818,574</u>
Noncurrent liabilities:					
Due to primary government	17,589	11,157	—	—	36,816
Due to other component units	—	—	—	—	923
Unearned revenue	—	—	—	1,378	4,908
Notes payable	—	328	—	182,196	182,524
Loans payable	248	—	—	12,882	13,130
Obligations under capital leases	11	—	—	137	1,011
Net pension liability	115,632	40,248	31,746	37,124	305,265
Net OPEB liability	34,020	17,633	13,834	22,056	161,726
Other liabilities	7,823	1,589	—	410,745	431,562
Compensated absences	20,507	1,787	804	2,939	26,340
Bonds payable	265,733	11,905	637	2,011,461	2,789,443
Total noncurrent liabilities	<u>461,563</u>	<u>84,647</u>	<u>47,021</u>	<u>2,680,918</u>	<u>3,953,648</u>
Total liabilities	<u>533,462</u>	<u>106,187</u>	<u>61,507</u>	<u>3,287,622</u>	<u>4,772,222</u>
Deferred inflows of resources	<u>24,115</u>	<u>10,623</u>	<u>6,869</u>	<u>11,471</u>	<u>63,255</u>
Net position (deficit)					
Net investment in capital assets	596,737	166,518	80,476	379,654	1,669,844
Restricted for:					
Debt	—	—	—	282,886	392,560
Other	172,725	12,993	4,421	766,421	1,113,114
Other nonexpendable	123,932	29,443	3,093	—	156,468
Unrestricted	5,632	(38,666)	(25,502)	171,441	27,890
Total net position (deficit)	<u>\$ 899,026</u>	<u>\$ 170,288</u>	<u>\$ 62,488</u>	<u>\$ 1,600,402</u>	<u>\$ 3,359,876</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.

State of Rhode Island
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	RIAC	RICC	I-195 RDC	RIPTA	RITBA	URI	RIC	CCRI	Other Component Units	Totals
Expenses	\$ 71,150	\$ 141,941	\$ 3,310	\$ 133,744	\$ 33,454	\$ 593,805	\$ 157,215	\$ 132,850	\$ 312,036	\$ 1,579,505
Program revenues:										
Charges for services	43,538	6,799	543	18,334	19,353	336,427	61,340	33,840	192,930	713,104
Operating grants and contributions	12,466	141,123	3,004	114,531	—	267,954	97,949	110,685	95,161	842,873
Capital grants and contributions	26,882	—	—	19,920	14,273	7,689	13,459	3,304	58,409	143,936
Total program revenues	82,886	147,922	3,547	152,785	33,626	612,070	172,748	147,829	346,500	1,699,913
Net (expenses) revenues	11,736	5,981	237	19,041	172	18,265	15,533	14,979	34,464	120,408
General revenues:										
Interest and investment earnings	129	1,498	10	(1)	27	54,876	8,620	1,323	50,594	117,076
Miscellaneous revenue	28	40,303	—	—	186	—	664	—	2,306	43,487
Gain (Loss) on sale of capital assets									(2,316)	(2,316)
Total general revenue	157	41,801	10	(1)	213	54,876	9,284	1,323	50,584	158,247
Change in net position	11,893	47,782	247	19,040	385	73,141	24,817	16,302	85,048	278,655
Net position (deficit) - beginning as restated	<u>380,207</u>	<u>72,805</u>	<u>(25,121)</u>	<u>(16,612)</u>	<u>137,046</u>	<u>825,885</u>	<u>145,471</u>	<u>46,186</u>	<u>1,515,354</u>	<u>3,081,221</u>
Net position (deficit) - ending	<u>\$ 392,100</u>	<u>\$ 120,587</u>	<u>\$ (24,874)</u>	<u>\$ 2,428</u>	<u>\$ 137,431</u>	<u>\$ 899,026</u>	<u>\$ 170,288</u>	<u>\$ 62,488</u>	<u>\$ 1,600,402</u>	<u>\$ 3,359,876</u>

The notes to the financial statements are an integral part of this statement.

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Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the State of Rhode Island (the State) and its component units have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds of the State and its component units. GASB defines component units as legally separate organizations for which the elected officials of the primary government (such as the State) are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the State are such that exclusion from the State's financial statements would cause the statements to be misleading.

GASB has set forth criteria to be considered in determining financial accountability. The primary government (the State) is financially accountable if it appoints a voting majority of the entity's governing body **and** (1) it is able to impose its will on that entity **or** (2) there is a potential for the entity to provide specific financial benefits to, or to impose specific financial burdens on, the State. Also, the State is financially accountable if an entity is fiscally dependent on the State and there is the potential for the entity to provide specific financial benefits to, or to impose specific financial burdens on, the State, regardless of the State's appointment power over the governing body.

In accordance with GAAP, entities such as local school districts, charter schools, and other local authorities that may only partially meet the criteria for inclusion in this report have not been included. The State's financial support for the public education system is reported in the General Fund.

Blended Component Units

A component unit is reported as part of the primary government and blended into the appropriate funds in any of the following circumstances:

- The component unit provides services entirely or almost entirely to the primary government, or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it; or
- The component unit's governing body is substantively the same as the governing body of the primary government and (a) there is a financial benefit or burden relationship between the primary government and the component unit, or (b) management of the primary government has operational responsibility for the component unit; or
- The component unit's total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government.

For each blended component unit the potential exists for a financial burden or benefit to be imposed on the State as a result of the existence of the component unit. Also, for the blended component units included in the State's ACFR, the State, generally acting through the Governor, appoints a voting majority of the component units' governing boards.

The following component units are reported as part of the primary government in both the fund and government-wide financial statements.

Rhode Island Convention Center Authority (RICCA)

The RICCA was established by State law as a single purpose building authority to finance the development of convention and other event facilities in Providence, RI. RICCA is responsible for the management and operations of the R.I. Convention Center, Dunkin' Donuts Center and the Veterans Memorial Auditorium Arts and Cultural Center located in Providence. RICCA is dependent upon annual State appropriations of lease revenue by the General Assembly to fund debt service on its outstanding bonds; therefore RICCA's total debt outstanding, including leases, is expected to be repaid entirely with the resources of the State. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Convention Center Authority, One LaSalle Square, Providence, RI 02903 or at www.riconvention.com.

Tobacco Settlement Financing Corporation (TSFC)

TSFC was organized in June 2002 as a public corporation by the State. TSFC is legally separate and provides services exclusively to the State through the purchase of its future tobacco settlement revenues. TSFC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.

The Corporation recognizes receivables and revenue with respect to Tobacco Settlement Revenues (TSRs) based on the domestic shipment of cigarettes. The Corporation accrues at June 30th for TSRs that are derived from estimated sales of cigarettes from January 1 to June 30. This accrual is estimated based upon the historical TSR payments for the prior three fiscal years.

The GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* (the Statement), effective for financial statement periods beginning on or after December 15, 2006. The Statement required restatement of prior period financial statements, except for the deferral requirements relative to sales of future revenues which were permitted to be applied prospectively.

As allowed under GASB Statement No. 48, the Corporation and the State elected to not retroactively apply the deferral requirements to its 2002 and 2007 TSR sales completed prior to the effective date. In accordance with accounting standards in effect at the time of the 2002 and 2007 TSR sales, the State fully recognized the amount received for its sale of future TSRs to the TSFC as revenue in those years.

For more detailed information, a copy of the financial statements can be obtained by writing to the Tobacco Settlement Financing Corporation, One Capitol Hill, Providence, RI 02908.

Rhode Island Public Rail Corporation (RIPRC)

This corporation was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the State. Currently its primary purpose, as outlined in the State's General Laws, is to provide indemnity for rail service operating within the State. The State is fully responsible for reimbursing RIPRC for all costs associated with the purchase of such insurance coverage. RIPRC provides services exclusively to the State. Separately issued financial statements are not available for RIPRC.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading.

For each discretely presented component unit the potential exists for a financial burden or benefit to be imposed on the State as a result of the existence of the component unit. For the discretely presented component units included in the State's ACFR, the State, generally acting through the Governor, appoints

a voting majority of the component units' governing boards. These discretely presented component units primarily serve or benefit those outside of the primary government.

The State distinguishes between major and nonmajor component units based upon the nature and significance of the component unit's relationship to the State. The factors underlying this determination include the type and dollar value of services provided to the citizens of the State, the presence of significant transactions with the State, and a significant benefit or burden relationship with the State.

Discretely presented component units, grouped by major and nonmajor categories, are as follows:

Major Component Units

Rhode Island Airport Corporation (RIAC)

This corporation was created in 1992 and its purpose is to undertake the management, operation, maintenance and improvements of the six airports in the State. Revenues of RIAC include airline and concession contract revenues, federal grants, licenses, and permits. RIAC leases the land on which the State's largest airport is located from the State and reimburses the State annually for general obligation proceeds utilized for certain airport projects. For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, Rhode Island Airport Corporation, 2000 Post Road, Warwick, RI 02886 or at www.pvdairport.com.

Rhode Island Commerce Corporation (RICC)

This corporation was created in 1995 and its purpose is to promote and encourage the preservation, expansion, and sound development of new and existing industry, business, commerce, agriculture, tourism, and recreational facilities in the State, so as to promote economic development. RICC has the power to issue tax-exempt bonds to accomplish its corporate purpose. RICC has one component unit, the Small Business Loan Fund Corporation, which was created for the purpose of granting secured and unsecured loans to Rhode Island's small business community. RICC's activities are largely supported by State appropriations and RICC has used its debt issuance authority to finance various economic development initiatives on behalf of the State. For more detailed information, a copy of the financial statements can be obtained by writing to the Director of Finance and Administration, R.I. Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, RI 02908, or at www.commerceri.com.

I-195 Redevelopment District Commission (I-195 RDC)

This commission was created in 2011 by the Rhode Island General Assembly, to oversee, plan, implement, and administer the development of land reclaimed from the Interstate 195 relocation project and the Washington Bridge project. The I-195 RDC issued debt and utilized the proceeds to reimburse the State for the fair value of the land acquired. The State appropriates amounts to the I-195 RDC for debt service and operating assistance until sufficient land sale proceeds are available to fund these expenses. For more detailed information, a copy of the financial statements can be obtained by writing to the Executive Director, I-195 Redevelopment District, 315 Iron Horse Way, Suite 101, Providence, RI 02908, or at www.195district.com.

Rhode Island Public Transit Authority (RIPTA)

This authority was established in 1964 to acquire any mass motor bus transportation system that has filed a petition to discontinue its service, provided that the Authority has determined it to be in the public interest to continue such service. Revenues of RIPTA include passenger revenue, a portion of the tax on gasoline and operating assistance grants from the State and federal governments. In addition to significant operating assistance, the State has also forgiven certain debt service obligations owed to the State as a means to provide additional financial assistance to the Authority. For more detailed information, a copy of the financial statements can be obtained by writing to the Finance Department, R.I. Public Transit Authority, 705 Elmwood Avenue, Providence, RI 02907, or at www.ripta.com.

Rhode Island Turnpike and Bridge Authority (RITBA)

This authority was created by the General Assembly, with powers to construct, acquire, maintain and operate bridge projects as defined by law. RITBA is responsible for the maintenance and operation of the Claiborne Pell, Mount Hope, Jamestown, and Sakonnet River Bridges which are a vital segment of the State's infrastructure. In addition, the Authority is responsible for the collection of toll revenue from the users of the Claiborne Pell Bridge and provides back office functions for the State's truck tolling initiative that began on June 11, 2018. Title relating to the Jamestown and Sakonnet River bridges has remained with the State, thus those capital assets are reported within the primary government on the State's government-wide financial statements. The Claiborne Pell and Mount Hope bridges are reported as capital assets of RITBA. For more detailed information, a copy of the financial statements can be obtained by writing to the Executive Director, R.I. Turnpike and Bridge Authority, P.O. Box 437, Jamestown, RI 02835-0437, or at www.ritba.org.

University and Colleges

The State's University and Colleges include the University of Rhode Island (URI), Rhode Island College (RIC) and the Community College of Rhode Island (CCRI). The Council on Postsecondary Education is vested with the responsibility of providing oversight for Rhode Island College (RIC) and the Community College of Rhode Island (CCRI), along with the Office of the Postsecondary Commissioner. URI is governed by the URI Board of Trustees. The university and colleges are funded through State appropriations, tuition, federal grants, and private donations and grants. For more detailed information, a copy of the financial statements can be obtained by writing to Office of the Controller, University of Rhode Island, 75 Lower College Road, Kingston, RI 02881; Office of the Controller, Rhode Island College, 600 Mount Pleasant Avenue, Providence, RI 02908; and Office of the Controller, Community College of Rhode Island, 400 East Avenue, Warwick, RI 02886-1805. The financial statements can also be viewed at www.riopc.edu.

Nonmajor Component Units

Central Falls School District

The Central Falls School District (the District) is governed by a seven member board of trustees that is appointed by the State's Board of Education (Board). As a result of the enactment of Chapter 312 of Rhode Island Public Laws of 1991, the State assumed responsibility for the administration and operational funding of the District effective July 1, 1991. In June 2002, Chapter 16-2 of the Rhode Island General Laws established the board of trustees to govern the District in a manner consistent with most local school committees. In addition, the Commissioner of Elementary and Secondary Education and the Board have oversight over the development and approval of the District's operating budget and for other significant operating decisions and contracts. The District, which provides elementary and secondary education to residents of the City of Central Falls, is funded primarily through State appropriations and federal grant funds. For more detailed information, a copy of the financial statements can be obtained by writing to the Central Falls School District, 949 Dexter Street – Lower Level, Central Falls, RI 02863-1715.

Division of Higher Education Assistance (DHEA)

DHEA was established on July 1, 2015 by an Act of the Rhode Island General Assembly for purpose of administering programs of post-secondary student financial assistance assigned by law to the Division. For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, Office of Postsecondary Commissioner, Division of Higher Education Assistance, 560 Jefferson Boulevard, Warwick, RI 02886, or at www.riopc.edu.

Rhode Island Housing and Mortgage Finance Corporation (RIHMFC)

This corporation, established in 1973, was created in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and

health care facilities in the State. It has the power to issue notes and bonds to achieve its corporate purpose. Certain debt issued by RIHMFC is secured in part by capital reserve funds. The General Assembly may, but is not required to, appropriate funding of any deficiencies in such reserves. For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, R.I. Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, RI 02903-1721, or at www.rihousing.com.

Rhode Island Industrial Facilities Corporation (RIIFC)

The purpose of this corporation is to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects which further industrial development in the State. All bonds and notes issued by RIIFC are payable solely from the revenues derived from leasing or sale by RIIFC of its projects. The bonds and notes do not constitute a debt or pledge of the faith and credit of RIIFC or the State and, accordingly, have not been reported in the accompanying financial statements. Certain obligations of RIIFC are secured by mortgages which are insured by the Rhode Island Industrial-Recreational Building Authority for which the State's full faith and credit is pledged. For more detailed information, a copy of the financial statements can be obtained by writing to the Director of Finance and Administration, R.I. Industrial Facilities Corporation, 315 Iron Horse Way, Suite 101, Providence, RI 02908, or at www.commerceri.com.

Rhode Island Industrial-Recreational Building Authority (RIIRBA)

This authority is authorized to insure first mortgages and first security agreements granted by financial institutions and the Rhode Island Industrial Facilities Corporation for companies conducting business in the State. RIIRBA's insurance of first mortgages and first security agreements is backed by a pledge of the full faith and credit of the State. For more detailed information, a copy of the financial statements can be obtained by writing to the Director of Finance and Administration, R.I. Industrial-Recreational Building Authority, 315 Iron Horse Way, Suite 101, Providence, RI 02903, or at www.commerceri.com.

Rhode Island Resource Recovery Corporation (RIRRC)

This corporation was established in 1974 in order to provide and/or coordinate solid waste management services to municipalities and persons within the State. RIRRC has the power to issue negotiable bonds and notes to achieve its corporate purpose. RIRRC coordinates and administers a statewide recycling program and has periodically transferred amounts to the State's general fund as operating assistance. The State is one of several potentially responsible parties for the costs of remedial actions at RIRRC's superfund site. For more detailed information, a copy of the financial statements can be obtained by writing to R.I. Resource Recovery Corporation, 65 Shun Pike, Johnston, RI 02919, or at www.rirrc.org.

Quonset Development Corporation (QDC)

This corporation was established in 2004 as a real estate development and management company for the Quonset Point/Davisville Industrial Park. Its purpose is to promote the preservation, expansion, and development of new and existing industry and business, in order to stimulate and support diverse employment opportunities in the State. The State has provided funding for certain capital improvements required at the industrial park to aid in its expansion and development. For more detailed information, a copy of the financial statements can be obtained by writing to the Finance Director, Quonset Development Corporation, 95 Cripe Street, North Kingstown, RI 02852 or at www.quonset.com.

The Metropolitan Regional Career and Technical Center

The Metropolitan Regional Career and Technical Center (The Met) is a State funded, local education agency established by the R.I. Department of Education under the Rhode Island General Laws. The Met serves approximately 800 students statewide in grades 9-12. It is governed by a board of trustees that is appointed by the State's Board of Education. The Met is funded primarily through State appropriations and federal grant funds. In addition, it conducts its operations in facilities that are owned by the State. For

more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, The Metropolitan Regional Career and Technical Center, 325 Public Street, Providence, RI 02905.

Rhode Island Infrastructure Bank (RIIB)

This agency was established in 1989 as the R.I. Clean Water Finance Agency for the purpose of providing financial assistance in the form of loans to municipalities, businesses and homeowners in the State for the construction or upgrading of water pollution abatement, energy efficiency, brownfield remediation and climate resiliency projects. RIIB receives capital grants from the State and federal governments and is authorized to issue revenue bonds and notes. In conjunction with the creation of the Municipal Road and Bridge Revolving Fund (MRBRF) which was established to provide municipalities with low-cost financial assistance for road and bridge projects, the agency name was changed to the Rhode Island Infrastructure Bank. RIIB is considered to be a discretely presented component unit due in large part to its management of the MRBRF on behalf of the State. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Infrastructure Bank, 235 Promenade Street, Suite 119, Providence, RI 02908 or at www.riib.org.

Rhode Island Health and Educational Building Corporation (RIHEBC)

RIHEBC was established to assist eligible institutions in the educational and healthcare fields in Rhode Island in gaining access to capital. RIHEBC also remains proactive in developing cost-effective programs, offering staff assistance, and providing technical resources that benefit these institutions.

RIHEBC assists the State with the administration of two funding programs to assist school districts with capital project funding. Funding from the School Building Authority Capital Fund (SBACF) provides grants and loans for high priority local school capital projects in communities with limited financial resources. The State fiscal year 2019 budget legislation authorized a \$250M Statewide School Construction Bond which was approved by voters in the November 2018 election. The bond proceeds allow RIDE/SBA to provide LEAs who have been approved for Necessity of School Construction, with upfront funding as opposed to waiting until their project is completed to receive state aid. RIHEBC has administrative duties related to the management and custody of monetary assets of the SBACF and School Construction Bond Proceeds (once drawn from the State's Trustee), including establishing a trust to hold related funds, creating and maintaining accounting records and the distribution and management of award and loan programs. RIHEBC was determined to be a discretely presented component unit largely due to its support in administering these school construction funding programs.

For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, Rhode Island Health and Educational Building Corporation, 33 Broad Street, Suite 200, Providence, RI 02903 or at www.rihebc.com.

Fiduciary Component Units

The following entities qualify as fiduciary component units of the State of Rhode Island and are reported in the State's fiduciary funds in accordance with GAAP prescribed by GASB:

The Rhode Island Employees' Retirement System (ERS) (pension trust and defined contribution plans) – ERS administers pension plans covering various public employees of the State and its political subdivisions. A copy of the annual report for ERS can be obtained by writing to the Office of the General Treasurer, 50 Service Avenue, Warwick, RI 02886.

The Rhode Island State Employees' and Electing Teachers OPEB System (OPEB System) (OPEB Trust) is administered by the State of Rhode Island OPEB Board. The OPEB System administers the State's six defined benefit OPEB plans. A copy of the financial statements can be obtained by writing to the State Controller's Office, One Capitol Hill, Providence, RI 02908.

The Ocean State Investment Pool (Investment Trust Fund) is administered by the Office of the General Treasurer and because of the State's trustee responsibilities for the portion of the investment pool owned by participants external to the reporting entity, GAAP requires that activity to be reported as an investment trust fund. A copy of the annual report for the Ocean State Investment Pool can be obtained by writing to the Office of the General Treasurer, 50 Service Avenue, Warwick, RI 02886.

The Rhode Island Higher Education Savings Trust (RIHEST) and *ABLE Consortium Trust* (ABLE) are also administered by the Office of the General Treasurer. RIHEST allows families to save money for qualified higher education expenses on a tax-advantaged basis. ABLE allows for families a tax-advantaged means to save money for disability related expenses. Under GAAP, these trust funds are required to be reported as private purpose trust funds. A copy of the annual report for RIHEST or ABLE can be obtained by writing to the Office of the General Treasurer, 50 Service Avenue, Warwick, RI 02886.

The HealthSource RI Trust (HSRI) is administered by the Rhode Island Health Benefits Exchange (HBE), a department within the State of Rhode Island. HSRI collects health insurance premium payments for qualifying plans purchased through the HBE and remits those payments to the respective insurers providing the coverage to qualifying employers and individuals. Under GAAP, these trust funds are required to be reported as private purpose trust funds. A copy of the annual report for HSRI can be obtained by writing to the Office of the General Treasurer, 50 Service Avenue, Warwick, RI 02886.

Because of the State's trustee responsibilities for these systems, plans, and trusts, GAAP requires them to be reported as fiduciary activities of the reporting entity rather than discretely presented component units.

In accordance with GAAP, fiduciary funds and discretely presented component units that are fiduciary in nature are excluded from the government-wide financial statements.

Related Organizations

The Rhode Island Student Loan Authority and Narragansett Bay Commission are "related organizations" of the State under GAAP as defined by GASB. The State is responsible for appointing a voting majority of the members of each entity's board, however, the State's accountability does not extend beyond the appointments. These entities do not meet the criteria for inclusion as component units of the State and therefore are not included in these financial statements.

C. Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the reporting entity's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The net position is reported in three categories:

Net investment in capital assets – This category reflects the portion of net position associated with capital assets, net of accumulated depreciation and the amount of outstanding bonds and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted – This category represents the portion of net position whose use is subject to constraints that are either a) imposed externally by creditors, grantors or contributors, or b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents the portion of net position that does not meet the definition of the two preceding categories. The use of the unrestricted net position is often subject to constraints imposed by management, but such constraints can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, thus, are clearly identifiable to a particular function. The State includes certain centralized services charged through internal service funds as direct expenses by charging these amounts directly to departments and programs. The State does not allocate indirect costs amongst the functional expenditure categories.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

The State reports the following fund types:

Governmental Fund Types

General Fund - This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds - These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes and where a separate fund is legally mandated.

Capital Projects Funds - These funds reflect transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities of the State and its component units.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated or when financial resources are being accumulated for principal and interest maturing in future years.

Permanent Fund - The Permanent School Fund accounts for certain resources and the earnings thereon, which are used for the promotion and support of public education.

Proprietary Fund Types

Internal Service Funds - These funds account for, among other things, employee medical benefits, State fleet management, unemployment and workers' compensation for State employees, human resources administration, facilities maintenance, information technology, prison industry operations, surplus property, telecommunications and other utilities, and records maintenance.

Enterprise Funds - These funds may be used to report any activity for which a fee is charged to external users for goods and services.

Fiduciary Fund Types

Pension and Other Employee Benefit Trust Funds

Pension Trust Funds - These funds account for the activities of the Employees' Retirement System, Municipal Employees' Retirement System, State Police Retirement Benefit Trust, Judicial Retirement Benefit Trust, Rhode Island Judicial Retirement Fund Trust, State Police Retirement Fund Trust, Teachers' Survivors Benefit Plan, FICA Alternative Retirement Income Security Program, and the defined contribution retirement plan, which all accumulate resources for pension benefit payments to eligible retirees.

Other Employee Benefit Trust Funds - These funds account for the activities of the Rhode Island State Employees' and Electing Teachers OPEB System, which accumulates resources to provide postemployment health care benefits to eligible retirees.

Investment Trust Fund - This fund accounts for the share of the Ocean State Investment Pool that is owned by participants external to the reporting entity.

Private Purpose Trust Funds

The Rhode Island Higher Education Savings Trust (RIHEST) administers the CollegeBound Saver fund which was established as part of the Rhode Island Tuition Savings Program (Program) to enable residents of any state to save money on a tax-advantaged basis, to pay qualified higher education expenses of their designated beneficiaries. All assets of the Program are held for the benefit of Program participants.

The Touro Jewish Synagogue Fund accounts for the earnings on monies bequeathed to the State for the purpose of maintaining the Touro Jewish Synagogue.

HealthSource RI Trust was established for the purpose of collecting health and dental insurance premium payments from qualified employers and individuals and remitting such payments to issuers of Qualified Health Plans and Qualified Dental Plans offered through the Rhode Health Benefits Exchange (HSRI).

The ABLE Consortium Trust was established to facilitate, in an efficient and cost effective manner, the investment of contributions from account owners in ABLE savings accounts which qualify under section 529A of the Internal Revenue Code. ABLE accounts allow individuals with disabilities and their families a tax-advantaged way to save money for disability related expenses.

Custodial Funds - These funds account for assets held by the State pending distribution to others including confiscated property, assets pledged to the State as required by statute, funds held for the use of hospital patients and individuals with developmental disabilities, workers' compensation insurance bond deposits, funds held for the use of inmates, and unclaimed property.

In accordance with GAAP for government as prescribed by the GASB, the focus in the fund financial statements is on major and nonmajor funds rather than on fund type. The general fund is a major fund. Other governmental funds and enterprise funds are evaluated on these criteria:

- Total assets and deferred outflows, liabilities and deferred inflows, resources/revenues, **or** expenditures/expenses of that fund are at least 10% of the respective total for all funds of that type, **and**
- Total assets and deferred outflows, liabilities and deferred inflows, resources/revenues, **or** expenditures/expenses of that fund are at least 5% of the **same** respective total for all funds being evaluated.

Major Funds

Governmental Funds:

General Fund

This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Intermodal Surface Transportation Fund

This fund accounts for the collection of the gasoline tax, federal grants, bond proceeds, Rhode Island Capital Plan funds, tolls and certain motor vehicle registration and licensing surcharges, that are used in maintenance, upgrading, and construction of the State's highway system. It also accounts for the proceeds from the Grant Anticipation Revenue Vehicle (GARVEE) bonds, the RI Motor Fuel Tax (RIMFT) revenue bonds, the I-195 Redevelopment District Commission bonds, the Mission 360 Loan Program, RI Bridge Maintenance Fund tolls, and related expenditures. Management considers this a major fund regardless of the above criteria.

Proprietary Funds:

Rhode Island Lottery

The R.I. Lottery, a division of the Department of Revenue, operates games of chance for the purpose of generating resources for the State's General Fund. For more detailed information, a copy of the financial statements can be obtained by writing to the Rhode Island Lottery, 1425 Pontiac Avenue, Cranston, RI 02920, or at www.rilot.com.

Rhode Island Convention Center Authority (RICCA)

The RICCA was established by State law as a single purpose building authority to finance the development of convention and other event facilities in Providence, RI. RICCA is responsible for the management and operations of the R.I. Convention Center, Dunkin' Donuts Center and the Veterans Memorial Auditorium Arts and Cultural Center located in Providence.

Employment Security Fund

This fund accounts for the State's unemployment compensation program. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons. Funds are also provided by the federal government and interest income. Management considers this a major fund regardless of the above criteria.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes, grants and donations are nonexchange transactions, in which the State receives value without directly giving equal value in exchange. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met and federal grant authority is received. Federal grants also include nonmonetary transactions for food commodities and vaccines. Nonmonetary commodity and vaccine revenues and expenditures are valued at their federally reported value. When federal funds are received in advance of meeting eligibility requirements or incurrence of allowable expenditures, amounts are reflected as unearned revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 (i.e., earned and collected within the next 12 months) or soon enough thereafter to pay liabilities of the current period. Significant sources of tax revenues susceptible to accrual are recorded as taxpayers earn income (personal income and business corporation taxes), as sales are made (sales and use taxes) and as other taxable events occur (miscellaneous taxes), net of estimated tax refunds. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for principal and interest on long-term debt and compensated absences are recorded when payments come due. Expenditures and liabilities relating to other claims and judgments are recorded to the extent that such amounts are expected to be paid within the current period.

All proprietary and trust funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, liabilities, deferred outflows of resources, and deferred inflows of resources associated with the operations of these funds are included on their respective statements of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

All proprietary and trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Custodial funds are a type of fiduciary fund used to account for the assets held for distribution by the State as a custodian for another entity for which the government has custodial responsibility and accounts for the flow of assets. Custodial funds have no measurement focus.

The State's enacted budget designates the source of funds for expenditures. When a type of expenditure is allocable to multiple funding sources, generally the State uses restricted resources first, then unrestricted resources as they are needed.

E. Cash and Cash Equivalents

Cash represents amounts in demand deposit accounts with financial institutions. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase. Cash equivalents are stated at cost, which approximates fair value except for those of the Ocean State Investment Pool and other money market mutual funds which are stated at amortized cost, which approximates fair value.

Except for certain internal service funds, the State does not pool its cash deposits. For those internal service funds that pool cash, each fund reports its share of the cash on the Statement of Net Position.

F. Funds on Deposit with Fiscal Agent

Funds on deposit with fiscal agent in the governmental activities and business-type activities represent the unexpended portion of debt instruments sold primarily for capital acquisitions and historic tax credit financing, as well as funds held by the United States Treasury for the payment of unemployment benefits.

G. Investments

Investments have a maturity of more than three months and are generally stated at fair value. Fair value is 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.

H. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience. Within governmental funds, an allowance for unavailable amounts (amounts not expected to be collected in the next twelve months) is also reflected.

I. Due From Other Governments and Agencies

Due from other governments and agencies is primarily comprised of amounts due from the federal government for reimbursement-type grant programs.

J. Interfund Activity

In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity, on the government-wide financial statements. However, in order to avoid distorting the direct costs and program revenues of the applicable functions, interfund services provided and used between different functional categories have not been eliminated.

The Due From/To Other Funds are reported at the net amount on the fund financial statements. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

K. Inventories

Inventory type items acquired by governmental funds are accounted for as expenditures at the time of purchase. Inventories of the proprietary funds are stated at cost (first-in, first-out). Certain inventories of the University and Colleges are held for resale, and are stated at the lower of cost or market (retail inventory method). Other University and Colleges' inventory consists of supplies and are stated at cost (first in, first out). All inventories of the University and Colleges consist primarily of bookstore and dining, health and residential life services items. Inventories of all other component units are stated at cost.

L. Capital Assets

Capital assets, which include land, intangible assets not being amortized, construction in progress, land improvements, buildings, building improvements, furniture and equipment (which also includes subcategories for vehicles and computer systems), depreciable intangibles (computer software), and infrastructure (e.g., roads, bridges, dams, piers) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items are reported at acquisition value. Acquisition value is defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Intangible assets not being amortized consist mostly of perpetual land rights such as conservation, recreational, and agricultural easements.

Applicable capital assets are depreciated or amortized using the straight-line method (using a half-year convention). Capitalization thresholds and estimated useful lives for depreciable capital asset categories of the primary government are as follows:

<u>Asset Category</u>	<u>Capitalization Thresholds</u>	<u>Estimated Useful Lives</u>
Capital Assets (Depreciable)		
Land improvements	\$1 million	20 years
Buildings	No minimum	20 - 50 years
Building Improvements	\$1 million	10 - 20 years
Furniture and equipment	\$5 thousand	3 - 10 years
Intangibles (including computer software)	\$2 million	5 - 10 years
Infrastructure	\$1 million	7 - 75 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction of capital facilities is not capitalized, with the exception of the Convention Center Authority, an enterprise fund.

Capital assets acquired in the governmental funds are recorded as capital outlay expenditures in capital projects funds and current expenditures by function in other governmental fund financial statements. Depreciation and amortization are recorded in the government-wide financial statements, proprietary funds, fiduciary funds and component unit financial statements. Capital assets of the primary government are depreciated using the straight-line method over the assets' estimated useful lives.

The State has recorded its investment in intangible assets, which includes certain land rights such as conservation and agricultural easements as well as certain rights of way obtained by the State. These easements tend to be of a perpetual nature and thus are not amortized. Intangible assets also include computer software, which is amortized over a 5-10 year period. The State has included its investment in intangible assets within Note 5, Capital Assets.

The State recognizes and records liabilities and deferred outflows of resources related to legal obligations to perform future asset retirement activities in accordance with GASB Statement No. 83 *Certain Asset*

Retirement Obligations. The related deferred outflows of resources are amortized over the estimated useful remaining life of the underlying assets.

Discretely presented component units have adopted estimated useful lives for their capital assets as well as capitalization thresholds. These entities depreciate capital assets using the straight-line method.

M. Bonds Payable

In the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds, bond discounts, premiums, and issuance costs are recognized in the current period. In the government-wide financial statements bond discounts, premiums, and deferred gains and losses on refundings are deferred and amortized over the term of the bonds using the outstanding principal method.

For proprietary fund types and component units, bond discounts, premiums and deferred gains and losses on refundings are generally deferred and amortized over the term of the bonds using the interest method.

Bond premiums and discounts are presented as adjustments to the face amount of the bonds payable. Deferred gains and losses on refundings are presented as either deferred inflows of resources or deferred outflows of resources.

N. Obligations Under Capital Leases

The construction and acquisition of certain office buildings, campus facilities and other public facilities, as well as certain equipment acquisitions, have been financed through bonds and notes issued by a trustee pursuant to a lease/purchase agreement with the State or similar financing arrangements (See Note 7D).

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System (ERS) cost-sharing plan and the single-employer plans administered by the Employees' Retirement System of Rhode Island (System) and the additions to and deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the System. The primary government's proportionate share of pension amounts were further allocated to proprietary funds (the Lottery) based on the amount of employer contributions paid by each proprietary fund. For this purpose, benefit payments (including refunds of employee contributions), are recognized when due and payable and in accordance with the benefit terms. Investments are recorded at fair value.

As more fully explained in Note 18, a special funding situation exists with respect to local teachers for which the State funds 40% of actuarially determined contributions to the ERS plan. Accordingly, the financial statements reflect the State's proportionate share of the net pension liability, pension expense and deferred inflows/outflows related to this special funding situation.

As of the June 30, 2020 measurement date, the State administered one non-contributory (pay-as-you-go) plan covering certain retired judges. For the plan, the provisions of GASB Statement No. 73 have been implemented which are largely consistent with the provisions of GASB Statement No. 68 regarding recognition of the pension liability, pension expense and deferred inflows/outflows except there is no fiduciary net position accumulated to offset the total pension liability, and no employer contributions are made other than the amount needed to provide benefits on a pay-as you-go basis. See Note 18 for complete details of the State's reporting of this plan.

For certain employees participating in the LIUNA defined benefit pension plan (a non-governmental union sponsored plan), there is no required employer contribution and no pension expense is recorded in the financial statements. Consistent with the provisions of GASB Statement No. 78, which provides an exception for non-governmental sponsored plans, no determination of the proportionate net pension

liability, pension expense, or deferred inflows or outflows, if any, is made for this cost-sharing defined benefit pension plan.

P. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' and Electing Teachers OPEB System of the State of Rhode Island (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, the System recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost which approximates fair value.

Q. Compensated Absences

Vacation pay may be discharged, subject to limitations as to carry-over from year to year, by future paid leave or by cash payment upon termination of service. Sick pay may be discharged by payment for an employee's future absence caused by illness or, to the extent of vested rights, by cash payment upon death or retirement. Also, an additional category of leave obligation has been established as a result of pay reductions taken by certain classes of employees. For governmental fund types, such obligations are recognized when paid. For the government-wide financial statements and proprietary fund types, they are recorded as liabilities when earned.

R. Other Assets and Liabilities

Other assets reported within the primary government mainly consist of deposits required by contract with the State's healthcare claims administrator. Other liabilities include 1) escrow deposits, accrued salary and fringe benefits for the governmental fund types; 2) accrued interest payable, accrued salaries, accrued vacation and sick leave for the proprietary fund types; and 3) escrow deposits, landfill closure costs, accrued expenses, and arbitrage and interest payable for the component units.

S. Deferred Outflows of Resources

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position. See Note 8 for a disaggregation of deferred outflows. Deferred outflows of resources of governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

T. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental or business-type activities columns or in the discrete component units column on the government-wide Statement of Net Position. See Note 8 for a disaggregation of deferred inflows. Deferred inflows of resources of governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

U. Fund Balances

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the State is bound to honor constraints on how specific amounts can be spent. More information about each category is presented below:

- Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by constitutional provisions, or (c) by law through enabling legislation enacted by the General Assembly.
- Committed – amounts that can only be used for specific purposes as established through the enactment of legislation by the General Assembly, and that remain binding unless modified or rescinded through subsequent legislative action. The underlying action that imposed the limitation must occur no later than the close of the fiscal year and must be binding unless repealed by the General Assembly.
- Assigned – amounts that are constrained by the State's intent that they be used for specific purposes. The intent is generally established by legislation enacted by the General Assembly and is implemented at the direction of the Governor.
- Unassigned – the residual classification for the State's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, followed by unrestricted resources. Unrestricted resources, when available for a particular use, are used in the following order: committed, assigned, and unassigned.

V. Recently Issued Accounting Standards

During the fiscal year ended June 30, 2021, the State adopted the following new accounting standards issued by GASB:

- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 98, *Renaming the Annual Comprehensive Financial Report*

In fiscal year 2021, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of GASB 98 is to establish the term annual comprehensive financial report and its acronym ACFR. This new term and its acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Replacing the term had no impact on the effort required to prepare, audit, or use GAAP-based financial statements.

In fiscal year 2021, the State implemented GASB Statement No. 84, *Fiduciary Activities (GASB 84)*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Fiduciary fund statements should include pension trusts, investment trusts, private purpose trusts, and custodial funds. GASB 84 resulted in the reporting of custodial funds (largely replacing agency funds) in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The State's consideration of GASB 84 identified the ABLE Trust as a private purpose trust fund of the State that requires reporting in the State's fiduciary fund financial statements. The adoption of GASB 84 resulted in the restatement of net position in the government-wide financial statements, fund balance in the General Fund, net position in component unit financial statements, and the fiduciary financial statements. See Note 10 for complete details regarding restatements resulting from the implementation of GASB 84.

The State will adopt the following new accounting pronouncements in future years:

GASB Statement No. 87, *Leases*, will be effective for reporting periods beginning after June 15, 2021. This Statement requires a lessee to recognize a lease liability and an intangible right to use leased assets. The lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Additionally, the standard simplifies accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for reporting periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. Additionally, this Statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

GASB Statement No. 92, *Omnibus*, will be effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, the removal of LIBOR as an appropriate benchmark interest rate will be effective for reporting periods ending after December 31, 2021. All other requirements of this Statement will be effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements.

GASB Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*, will be effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, will be effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a government entry contracts with another party for the right to use their software. A right-of-use and a corresponding liability would be recognized for SBITA's.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will be effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that the governing board would perform. In the absence of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit's governing board.

Management has not yet determined the effect that the above GASB statements will have on the financial statements.

Note 2. Cash, Cash Equivalents, Investments, and Funds in Trust

A. Primary Government-Governmental and Business-Type Activities

Cash Deposits

Cash deposits include demand deposit accounts, interest-bearing deposit accounts, and certificates of deposit. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and the deposits are a) uncollateralized, b) collateralized with securities held by the pledging financial institution, or c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the State's name.

In accordance with Chapter 35-10.1 of the General Laws, 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 100% of time deposits with maturities greater than 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 100% of deposits, regardless of maturity. None of the cash deposits of the primary government were required to be collateralized at June 30, 2021 pursuant to this statutory provision. However, the State Investment Commission has instituted a collateralization requirement for institutions holding the State's deposits. Financial institutions are required to pledge collateral equal to amounts ranging from 100%-102% of the balance of uninsured deposits. The percentage of collateral required is determined by the underlying classification of the collateral. Additionally, consistent with State Investment Commission guidelines, certain interest-bearing deposit accounts used as short-term investments require collateral ranging from 100%-102% of the outstanding balance. The percentage of collateral required is determined by the underlying classification of the collateral. The lone exception to the full collateralization requirement is the Ocean State Investment Pool Trust (OSIP or the Trust), which follows the 60 day time deposit rule, but otherwise does not require full collateralization. The investment objective of the OSIP's Cash Portfolio is to seek to obtain as high a level of current income as is generally consistent with the preservation of principal and liquidity within the OSIP's investment guidelines which are consistent with GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*. While investment in the pool is not guaranteed or fully collateralized, certain investments within the pool are collateralized. At June 30, 2021, of the \$551.0 million invested, \$302.5 million were Collateralized Repurchase Agreements.

All of the bank balances of the primary government and its blended component units were either covered by federal depository insurance, collateralized by securities held by an independent third party in the State's or the blended component unit's name, or collateralized by a Federal Home Loan Bank Letter of Credit in the State's or the blended component unit's name.

Cash Equivalents and Investments

The State Investment Commission (Commission) is responsible for the investment of all State funds. Pursuant to Chapter 35-10 of the General Laws, the Commission may, in general, "invest in securities as would be acquired by prudent persons of discretion and intelligence in these matters who are seeking a reasonable income and the preservation of their capital."

The Ocean State Investment Pool Cash Portfolio (the Cash Portfolio) is a portfolio of the Ocean State Investment Pool Trust, which is an investment pool established by the General Treasurer of the State of Rhode Island under Declaration of Trust, dated January 25, 2012, under the Rhode Island Local Government Investment Pool Act, G.L. 35-10.2, of the Rhode Island General Laws as amended, for the purpose of investing funds of, and funds under custody of agencies, authorities, commissions, boards, municipalities, political subdivisions, and other public units of the State of Rhode Island. The Cash

Portfolio, which began operations on March 6, 2012, is not registered with the Securities and Exchange Commission (SEC) as an investment company, but maintains a policy to operate in a manner consistent with GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*.

OSIP has met the criteria outlined in GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants* to permit election to report its investments at amortized cost which approximates fair value. The OSIP is not rated and the weighted average maturity of investments held in the pool is not to exceed 60 days. OSIP transacts with its participants at a stable net asset value (“NAV”) per share. Investments reported at NAV are not subject to the fair value hierarchy. There are no participant withdrawal limitations.

A copy of the annual report for the Ocean State Investment Pool can be obtained by writing to the Office of the General Treasurer, 50 Service Avenue, Warwick, RI 02886.

Other short-term cash equivalent type investments are made by the General Treasurer in accordance with guidelines established by the Commission. Investments of certain blended component units are not made at the direction of the Commission, but are governed by specific statutes or policies established by their governing body.

Fair Value of Financial Instruments

GASB Statement No. 72—*Fair Value Measurement and Application*—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, 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).

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the State's cash equivalents and investments (expressed in thousands) at June 30, 2021:

Pooled cash equivalents (at amortized cost)

Financial Company Commercial Paper	\$ 170,099
Asset Backed Commercial Paper	36,406
U.S. Government Agency Repurchase Agreement	299,478
U.S. Treasury Debt	2,000
Certificates of Deposit	5,000
Non-Negotiable Time Deposit	35,000
US Treasury Repurchase Agreement	3,000
Total Investments	<u>550,983</u>
Add: assets in excess of other liabilities	36
Total investment pool	<u>551,019</u>

Less: funds held by fiduciary funds and discretely presented component units

Amounts held by fiduciary trust funds:

Pension trust	328
OPEB trust	133

Amounts held by discretely presented component units:

URI	3,809
RIIB	—
RIC	6,549
RIIRBA	1,069
RIHEBC	503
RIPTA	6,452

Amounts held for external parties

55,408

Primary government pooled cash equivalents

\$ 476,768

Add: other primary government cash equivalents and investments

Money Market Mutual Funds	588,550
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Total primary government cash equivalents and investments\$ 1,065,318

Cash equivalents and investments	\$ 1,065,318
Cash deposits and interest bearing deposits	1,909,659
Total cash, cash equivalents and investments	<u>\$ 2,974,977</u>

Statement of Net Position

Cash and cash equivalents	\$ 2,921,064
Restricted cash and cash equivalents	53,913
Total cash, cash equivalents and investments	<u>\$ 2,974,977</u>

Of the State's restricted cash and cash equivalents totaling \$53.9 million, \$50.4 million is held by the Tobacco Settlement Financing Corporation and \$3.5 million is held by the R.I. Convention Center Authority. Both entities are blended component units.

Investments held within the OSIP pooled trust are valued and net asset value per unit (NAV) is calculated daily. The OSIP pooled trust categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy consisting of three levels as described previously. The securities held within the OSIP pooled trust are valued at amortized cost, which approximates fair value. Securities held within the OSIP pooled trust are generally high quality and liquid; however, they are reflected as Level 2 in the hierarchy because the inputs used to determine fair value are not quoted prices in an active market.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: a. the counterparty, or b. the counterparty's trust department or agent but not in the government's name. Pursuant to guidelines established by the SIC, securities purchased or underlying collateral are required to be delivered to an independent third party custodian for the investments of the primary government.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Based on SIC policy, the State's short-term investment portfolio is structured to minimize interest rate risk by matching the maturities of investments with the requirements for funds disbursement.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is mitigated by the State's minimum rating criteria policy, collateralization requirements, and the fact that maximum participation by any one issuer is limited to 35% of the total portfolio. Credit risk policies have been developed for investments in commercial paper.

As of June 30, 2021, information about the State's exposure to interest rate risk for pooled cash equivalents and investments (expressed in thousands) is as follows:

Investment Maturities (in days)

Investment Type	Fair Value	Amortized Cost	0-30	31-90	91-180	181-397
Financial Company Commercial Paper	\$170,114	\$ 170,099	\$ 36,099	\$ 99,024	\$ 28,985	\$ 5,991
Asset Backed Commercial Paper	36,407	36,406	16,549	19,857	—	—
U.S. Government Agency Repurchase Agreements	299,478	299,478	299,478	—	—	—
U.S. Treasury Debt	2,001	2,000	—	1,000	1,000	—
U.S. Treasury Repurchase Agreement	3,000	3,000	3,000	—	—	—
Certificates of Deposit	5,000	5,000	—	5,000	—	—
Non-Negotiable Time Deposit	35,000	35,000	35,000	—	—	—
	<u>\$551,000</u>	<u>\$ 550,983</u>	<u>\$390,126</u>	<u>\$124,881</u>	<u>\$ 29,985</u>	<u>\$ 5,991</u>

At June 30, 2021 information on investment ratings for pooled cash equivalents and investments (expressed in thousands) is as follows:

Investment Type	Quality Ratings (1)				
	At Fair Value	Total Amortized Cost	A-1+	A-1	A-2
Financial Company Commercial Paper	\$ 170,114	\$ 170,099	\$ 34,285	\$ 130,315	\$ 5,499
Asset Backed Commercial Paper	36,407	36,406	—	36,406	
U.S. Government Agency Repurchase Agreements	299,478	299,478	294,478	5,000	
U.S. Treasury Debt	2,001	2,000	2,000	—	
U.S. Treasury Repurchase Agreement	3,000	3,000	1,000	2,000	
Certificates of Deposit	5,000	5,000	5,000	—	
Non-Negotiable Time Deposit	35,000	35,000	—	35,000	
	<u>\$ 551,000</u>	<u>\$ 550,983</u>	<u>\$ 336,763</u>	<u>\$ 208,721</u>	<u>\$ 5,499</u>

(1) Moody's Investor Service, except where not available Standard & Poor's ratings are used.

The Ocean State Investment Pool has not been assigned credit quality ratings by rating agencies.

As of June 30, 2021, information about the State's exposure to interest rate risk and credit risk for non-pooled cash equivalents and investments (expressed in thousands) is as follows:

All the non-pooled cash equivalents and investments have a maturity date of less than one year.

Issuer	Fair Value (in thousands)	Type of Investment	Moody's Rating	Average Maturities in Days
Money Market Mutual Funds				
Fidelity Investments Money Market Government Portfolio Institutional Class	\$ 534,470	Money Market	Aaa-mf	28
Fidelity Institutional Money Market Government Portfolio Class I and III	2,953	Money Market	AAA-mf	28
BlackRock Federal Fund Institutional Shares	447	Money Market	Aaa-mf	42
GS Financial Square Treasury Instruments Fund	50,680	Money Market	Aaa-mf	59
	<u>\$ 588,550</u>			

Money market mutual funds 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. The underlying investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant withdrawal limitations.

Funds on Deposit with Fiscal Agent

Investments within the category – Funds on deposit with fiscal agent – are governed by specific trust agreements entered into at the time of the issuance of the related debt. The trust agreements outline the specifically permitted investments, including any limitations on credit quality and concentrations of credit risk.

The State's funds on deposit with fiscal agent reported in the governmental funds (expressed in thousands) at June 30, 2021 and the breakdown by maturity are as follows:

Investment Type	Fair Value	Less Than 1 year	1-5 years	Quality Rating
U.S. Treasuries	\$ 2,957	\$ —	\$ 2,957	—
U.S. Government Agencies	9,553	3,369	6,184	Aaa
Money Market Funds	230,983	230,983	—	Aaa-mf
Commercial Paper	526	—	526	P-1
Negotiable Certificates of Deposit	—	—	—	P-1
Fixed Income	15,721	6,563	9,158	See Table
Investment Contracts	2,682	—	2,682	N/A
	262,422	<u>\$ 240,915</u>	<u>\$ 21,507</u>	
Cash/Cash Reserve	11,404			
Funds on Deposit with fiscal agent	<u>\$ 273,826</u>			

Cash includes \$11.4 million in uninsured and uncollateralized cash reserve funds on deposit with the fiscal agent.

Quality Rating	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Total
Fixed Income	\$ 3,727	\$ 707	\$ 550	\$ 901	\$ 3,375	\$ 4,586	\$ 1,360	\$ 515	\$15,721

The following (expressed in thousands) represents the fair value of investments by type held by the fiscal agent at June 30, 2021:

	Fair Value June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments at Fair Value			
Debt Securities			
U.S. Treasuries	\$ 2,957	\$ 2,957	\$ —
U.S. Government Agencies	9,553	—	9,553
Commercial Paper	526	—	526
Fixed Income	15,721	—	15,721
Total investments by fair value level	<u>\$ 28,757</u>	<u>\$ 2,957</u>	<u>\$ 25,800</u>
Investments Measured at Net Asset Value (NAV)			
Money Market Mutual Funds	230,983		
Investments not Subject to Leveling Requirements			
Guaranteed Investment Contracts	<u>2,682</u>		
Total Funds on Deposit with Fiscal Agent	<u>\$ 262,422</u>		

Money market mutual funds 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. The underlying investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant withdrawal limitations.

Funds on deposit with fiscal agent also include approximately \$158 million held by the Federal Unemployment Insurance Trust Fund within the Business-Type Activities-Employment Security Fund.

B. Concentration of Credit Risk

The State Investment Commission has adopted limitations as to the maximum percentages of the State's total short-term investment portfolio that may be invested in a specific investment type or with any one issuer of securities.

The combined portfolio concentrations for cash equivalents, investments and funds in trust by issuer (expressed in thousands) that are greater than 5% are as follows:

Type	Issuer	Amount	Percentage
Money Market	Fidelity Investments Money Market Government Portfolio Institutional Class	\$ 534,470	42.00 %

C. Pension Trusts

Summary of Significant Accounting Policies

Investments - Investment transactions are recorded on a trade date basis. Gains or losses on foreign currency exchange Contracts are included in income consistent with changes in the underlying exchange rates. Dividend income is recorded on the ex-dividend date.

Method Used to Value Investments - Investments are recorded in the financial statements at fair value. Fair value is 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.

Short-term investments are generally carried at cost or amortized cost, which approximates fair value.

The fair value of fixed income securities and domestic and international equity securities is generally based on published market prices and quotations from national security exchanges and securities pricing services.

Commingled funds and collective unit trusts include international equity index funds and an emerging markets debt fund. The fair value of these commingled funds is based on the reported net asset value (NAV) based upon the fair value of the underlying securities or assets held in the fund.

Derivative investments (e.g., futures contracts and credit default swaps) are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

The System also trades in foreign exchange contracts to manage exposure to foreign currency risks. Such contracts are used to purchase and sell foreign currency at a guaranteed future price. The change in the estimated fair value of these contracts, which reflects current foreign exchange rates, is included in the determination of the fair value of the System's investments.

Other investments that are not traded on a national security exchange (primarily private equity, real estate, hedge funds, infrastructure investments, Crisis Protection Class - Trend Following, and emerging markets debt) are valued based on the reported Net Asset Value (NAV) by the fund manager or general partner. Publicly traded investments held by the partnerships are valued based on quoted market prices. If not publicly traded, the fair value is determined by the general partner following U.S. generally accepted accounting principles. Financial Accounting Standards Board ASC Topic 820, Fair Value Measurements and Disclosures, requires the limited partnership general partners for these investment types to value nonpublicly traded assets at current fair value, taking into consideration the financial performance of the issuer, cash flow analysis, recent sales prices, market comparable transactions, a new round of financing, a change in economic conditions, and other pertinent information.

Hedge funds, private equity, real estate, infrastructure, crisis protection class - trend following investments, and emerging markets debt represented 6.2%, 14.4%, 5.2%, 2.4%, 4.6% and 1.8% respectively of the total reported fair value of all pooled pension trust investments at June 30, 2021.

Investment Expenses - Investment expenses include investment consultant fees, custodial fees, direct investment expenses paid to managers, and certain indirect expenses allocated by managers to fund or partnership investors. Certain Office of the General Treasurer expenses associated with oversight of the pooled investment trust are also allocated and included as investment expenses. When indirect investment expenses for certain types of investments (e.g., hedge funds, private equity, real estate, infrastructure, and crisis protection class), are not reported separately to System management and the investment custodian, additional information is obtained to allow reporting of the System's share of such indirect investment expenses on a gross fee basis.

Net investment income within the defined contribution plan is reported on a net-of-fees basis.

Cash and Cash Equivalents

At June 30, 2021, the carrying amount of pension trust cash deposits was approximately \$9.5 million and the bank balance was approximately \$9.9 million. The bank and book balances represent the plans' deposits in short-term trust accounts, which include demand deposit accounts and interest-bearing, collateralized bank deposit accounts. The bank balances, include interest-bearing collateralized bank deposits and are either federally insured or collateralized (102%) with U.S. Treasury, agencies, and federal home loan bank letters of credit held by a third-party custodian.

In accordance with Rhode Island General Law Chapter 35-10.1, 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 100% of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of deposits, regardless of maturity. None of the System's deposits were required to be collateralized at June 30, 2021 (excluding the collateralized interest-bearing deposits). However, the State Investment Commission has adopted a collateralization requirement for institutions holding the State's deposits. Financial institutions are required to pledge collateral equal to 102% of the deposit amounts that are not insured by federal depository insurance unless FHLB letters of credit are used as collateral, in which case those are required at 100%.

Investments - Pooled Investment Trust

(a). General

The custodian bank holds assets of the System in a Pooled Investment Trust and each plan holds units in the trust. The number of units held by each plan is a function of each plans' respective contributions to, or withdrawals from, the trust.

Investment Policy - The State Investment Commission (SIC) oversees all investments made by the State of Rhode Island, including those made for the System's Pooled Investment Trust. The establishment of the SIC, its legal authority and investment powers are outlined in Chapter 35-10 of the Rhode Island General Laws.

The SIC has adopted a Defined Benefit Investment Policy Statement which includes specific asset allocation targets and asset class policies. The most recent policy statement was adopted by the SIC on June 27, 2018 and updated on January 22, 2020 and may be amended by a majority vote of SIC members. The SIC's asset allocation policy seeks to achieve the assumed rate of return adopted by the System over the long-term while reducing risk through the prudent diversification of the portfolio across various asset classes.

The System leverages the services of actuaries and consultants to provide guidance regarding actuarial matters, asset allocation, and investment policy development. The SIC manages the investment program pursuant to the investment policy, develops asset class guidelines, monitors and evaluates performance, and makes determinations regarding the retention of managers. Professional investment managers are selected by the SIC to manage portfolios in accordance with investment management agreements.

The following was the SIC's adopted asset allocation policy targets as of June 30, 2021:

Asset Class	Long-Term Target Asset Allocation
GROWTH	
Global Equity	40.0%
Private Growth	15.0%
<i>subtotal</i>	<u>55.0%</u>
INCOME	<u>12.0%</u>
STABILITY	
Crisis Protection Class	10.0%
Inflation Protection	8.0%
Volatility Protection	15.0%
<i>subtotal</i>	<u>33.0%</u>
Total	<u><u>100.0%</u></u>

Consistent with a target asset allocation model adopted by the State Investment Commission (SIC), the System directs its separate-account investment managers to maintain, within the mandate specified by the SIC, diversified portfolios by sector, credit rating and issuer using the prudent person standard, which is the standard of care employed solely in the interest of the participants and beneficiaries of the funds and for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the funds.

Specific manager performance objectives are outlined and generally stated in relation to a benchmark or relevant index. These guidelines also include prohibited investments, limitations on maximum exposure to a single industry or single issuer, a minimum number of holdings within the manager's portfolio and, for fixed income managers, minimum credit quality ratings and duration/maturity targets.

Investment expense is allocated to each plan based on the plan's units in the Pooled Investment Trust at the end of each month.

The following table presents the fair value of investments by type that are held within the Pooled Investment Trust for the defined benefit plans at June 30, 2021:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>
Cash and Cash Equivalents:	
US Cash	\$ 49,412
Non-US Cash	4,111
Commercial Paper	4,249
Repurchase Agreements	77,700
Short-Term Collective Investment Funds	258,271
US Government Securities	745,747
US Government Agency Securities	163,097
Collateralized Mortgage Obligations	45,391
Corporate Bonds	699,596
Term Loans	194,008
Emerging Markets Debt - Collective Unit Trust	186,848
Commingled Funds - International Equity	1,299,793
Domestic Equity Securities	2,658,682
International Equity Securities	482,307
Equity Options - Private LLC Investment	259,245
Private Equity	1,509,546
Real Estate	545,388
Hedge Funds	653,376
Crisis Protection Class - Trend Following - Limited partnerships	485,478
Infrastructure	256,704
Derivatives:	
Futures	2,532
Credit Default Swaps	4,295
Investments at Fair Value	\$ 10,585,776
Investment receivable	366,363
Investment payable	(446,727)
Total Pooled Investment Trust	\$ 10,505,412

(b). Fair Value Hierarchy

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.

Level 3 includes unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the

fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Investments and Derivative Instruments Measured at Fair Value (in thousands)

Investments at Fair Value	Fair Value June 30, 2021	Quoted Prices in Active Market for Identical Assets (level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable Inputs (level 3)
Equity Investments				
Global Equity	\$ 3,140,989	\$ 3,140,989	\$ —	\$ —
	\$ 3,140,989	\$ 3,140,989	\$ —	\$ —
Fixed Income				
US Government Securities	\$ 745,746	\$ 733,793	\$ 11,953	\$ —
US Government Agency Securities	163,097	—	163,097	—
Corporate Bonds	699,596	—	699,596	—
Collateralized Mortgage Obligations	45,391	—	45,391	—
Term loans	194,008	—	—	194,008
	\$ 1,847,838	\$ 733,793	\$ 920,037	\$ 194,008
Derivative Investments				
Equity and Fixed Income Index Futures	\$ 2,532	\$ 2,532	\$ —	\$ —
Other Derivatives	4,295	—	4,295	—
	\$ 6,827	\$ 2,532	\$ 4,295	\$ —
Commercial Paper	\$ 4,249	\$ —	\$ 4,249	\$ —
Total Investment at Fair Value Level	\$ 4,999,903	\$ 3,877,314	\$ 928,581	\$ 194,008
Investments Measured at Net Asset Value (NAV)				
Money Market Mutual Funds	\$ 258,271			
Commingled Funds - International Equity	1,299,793			
Hedge Funds	653,376			
Private Equity	1,509,546			
Real Estate	545,388			
Infrastructure	256,704			
Emerging Markets Debt Collective Unit Trust	186,848			
Equity Options - Private LLC Investment'	259,245			
Crisis Protection Class - Trend Following	485,478			
	\$ 5,454,649			
Cash and Cash Equivalents				
US Cash	\$ 49,412			
Non US Cash	4,111			
Repurchase Agreements	77,700			
	\$ 131,223			
Net Investment Receivable	(80,363)			
Total Pooled Investment Trust	\$ 10,505,412			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities'

relationship to benchmark quoted prices. Term loans classified in Level 3 are valued using consensus pricing.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table (in thousands).

	Fair Value	Unfunded Commitments	Redemption (if currently eligible)	Redemption Notice Period
Money Market Mutual Funds (1)	\$ 258,271	\$ —	daily	none
Commingled Funds - International Equity (2)	1,299,793	—	daily	see note below
Hedge Funds (3)	653,376	—	see note below	see note below
Private Equity (4)	1,509,546	1,185,833	see note below	see note below
Real Estate (5)	545,388	151,649	see note below	see note below
Private Infrastructure Investments (6)	256,704	280,291	see note below	see note below
Crisis Protection Class - Trend Following (7)	485,478	—	see note below	see note below
Emerging Markets Debt - Collective Unit Trust (8)	186,848	—	see note below	see note below
Equity Options - Private LLC investment (9)	259,245	—	see note below	see note below
	<u>\$ 5,454,649</u>	<u>\$ 1,617,773</u>		

(1) Short-Term Collective Investment Funds - these investments are used as temporary cash management investments for amounts pending investment or for amounts liquidated from investments pending distribution for pension benefits. The fair value of these investments reflect the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlying investments, which are short-term cash equivalent type investments, are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the Short-Term Collective Investment Funds.

(2) Commingled Funds – consist of three international equity index funds which are intended to replicate the performance of a specific index; e.g., MSCI EAFE. The fair values of the investments in this type have been determined using the NAV per share of the investments as reported by the commingled fund manager which reflects the exchange pricing of the equity holdings within each fund. The international equity commingled funds may be redeemed daily.

(3) Hedge Funds – this portfolio is comprised of 9 limited partnerships divided into two sub-categories: global equity and absolute return. Global equity funds are designed to benefit from the stock market with considerably less risk. They own stakes in companies they expect to outperform and also sell short stocks that they expect to underperform. Absolute return hedge funds employ strategies that seek to generate long-term returns and mitigate risk, regardless of broader market moves. The funds invest across asset classes, including government bonds, other fixed income securities, equity indexes, commodities, and currencies.

The fair values of the investments in this type have been determined using the NAV per share of the investments as reported by the general partner at June 30, 2021. Of the underlying holdings within the hedge funds approximately 64% were valued based on Tier 1 inputs (unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted investments).

The system's investments in hedge fund assets are available for redemption on a monthly, quarterly, semi-annual or annual basis, and are subject to notice periods which vary by fund and range from 30 days to 75 days. Some funds limit redemptions to 25% of invested capital on any one redemption date.

(4) Private equity – these 116 limited partnership funds provide the portfolio exposure to private companies through equity and/or debt investments. Private equity fund managers invest in private companies with the goal of enhancing their value over the long-term.

The fair values of the investments in this type have been determined using the NAV per share of the investments as reported by the general partner at June 30, 2021.

Private equity – the investments cannot be redeemed. The nature of these investments provides for distributions through the liquidation of the underlying assets or net operating cash flows.

(5) Real Estate – these 17 limited partnership investments are comprised of two different private real estate equity components, Core and Non-Core, which generally refer to the relative levels of risk in the underlying assets. Core investments include existing, substantially leased, income-producing properties located principally in economically diversified metropolitan areas. Non-Core investments represent those properties and/or investment strategies that require specialized acquisition and management expertise and skill to mitigate the business and leasing risks that may be associated with individual investments. Non-Core investments, which may be referred to as Value Added and Opportunistic investments, are expected to be held for shorter periods, have greater volatility compared to Core investments, and as such, are expected to provide yields higher than those associated with Core investments.

These funds acquire, manage and sell physical properties, including office, retail, apartment, and industrial buildings as well as more niche property types, such as student housing, self-storage and hotels. The primary goals of this asset class are to provide current income, risk-adjusted total returns, and diversification.

The fair values of the investments in this type have been determined using the NAV per share of the investments as reported by the general partner at June 30, 2021.

With the exception of four core open-end funds which allow for quarterly redemptions, the investments cannot be redeemed. The nature of these investments provides for distributions through the liquidation of the underlying assets or net operating cash flows.

(6) Infrastructure – These nine funds provide inflation-protection and current income to the portfolio through investments in facilities and services required for an economy to function including electricity production and distribution, pipelines, sewers and waste management, airports, roads, bridges, ports, railroads, telephone and cable networks, and hospitals. The fair values of the investments in this type have been determined using the NAV per share of the investments as reported by the general partner at June 30, 2021.

With the exception of one open-end core fund which allows for quarterly liquidity, the investments cannot be redeemed. The nature of these investments provides for distributions through the liquidation of the underlying assets or net operating cash flows.

(7) Crisis Protection Class – Trend Following – These three funds were created as limited liability companies with the Employees' Retirement System of the State of Rhode Island as the sole member. The investment managers' principal investment objectives for the companies include:

- providing diversified exposure to market trends across asset classes, geographies and time horizons to generate sizable profits during the periods when growth-risk exposed assets decline significantly;
- generating significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework; and
- outperforming the Credit Suisse Liquid Alternative Beta Managed Futures Index (CLABT18 Index) over a 5-year period.

The fair values of the investments in this type have been determined using the NAV per share of the investments as reported by the general partner at June 30, 2021. As the Employees' Retirement System of the State of Rhode Island is the sole member, the limited liability company could be liquidated at its option. The nature of these investments provides for distributions through the liquidation of the underlying assets or net operating cash flows.

(8) Emerging Markets Debt – Collective Unit Trust – This collective unit trust seeks to generate attractive returns relative to an emerging markets debt blended benchmark. The strategy seeks to take advantage of investment opportunities across emerging markets fixed income spectrum, including hard and local currency denominated sovereign, quasi sovereign and corporate debt, and their derivatives. Currencies are used both to manage risk and enhance return.

The fair value of the collective unit trust has been determined using the NAV per share of the investments as reported by the manager of the collective trust at June 30, 2021.

This investment includes monthly liquidity provisions (first business day of the month) with notice required by the 22nd of the prior month.

(9) Equity Options – Private LLC Investment – The fund seeks to achieve its goal primarily through a strategy of writing exchange-traded put options on the S&P 500® Index. These options are fully collateralized by short duration U.S. Treasury securities. The advisor attempts to generate returns through the receipt of option premiums from selling puts, as well as through investments in short duration fixed income instruments, which collectively are intended to reduce volatility relative to what it would be if the fund held the underlying equity index on which the options are written.

The fair value of the equity options – private LLC investment has been determined using the NAV per share of the investments as reported by the general partner at June 30, 2021. The underlying investments at June 30, 2021, which consist of equity options and fixed income investments were publicly traded.

This investment includes monthly liquidity provisions with 7 business days' notice.

(c). Rate of Return

For the year ended June 30, 2021, the annual money-weighted returns on investments within each of the plans, net of investment expense, are shown in the following table. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	ERS	TSB	MERS	SPRBT	JRBT	RIJRFT	SPRFT
Money-weighted rate of return - year ended June 30, 2021	27.67%	27.21%	27.56%	27.08%	27.15%	15.33%	29.73%

(d). Interest Rate Risk

Interest rate risk is the possibility that the value of a fixed income security will decline due to changes in market interest rates. Due to its significant holdings of fixed income securities, the System manages its investment exposure to interest rate risk by comparing its fixed income and cash managers' portfolio-level and security-level interest rate sensitivities against a predetermined benchmark index based on that manager's mandate. In general, the System uses duration (in years) to measure interest rate sensitivity. However, for its Liquid Credit managers, the System uses effective duration, which takes into effect the embedded optionality, to measure the sensitivity of its investments to changes in interest rates. In some cases, the System also sets absolute restrictions with respect to effective duration or maturity for

individual securities or portfolios for manager portfolios. The interest rate risk policies currently utilized by the System vary by asset class which include Investment Grade Fixed Income, Liquid Credit, Long Duration Treasuries, Inflation-Linked Bonds, CPC Enhanced Cash Portfolio, and Strategic Cash.

The fixed income indices currently used by the System are:

- Barclays US Treasury Inflation Notes - 1-10 Year Index
- Liquid Credit Custom BM: 50% BofA US High Yield Index + 50% Credit Suisse Leveraged Loan Index
- Long Duration BM: Barclays Long Duration US Treasury Index
- ICE BofA ML US Treasury Notes 0-1 Year
- Emerging Market Debt Custom BM: 50% JPM EMBI Global Diversified Index + 50% JPM GBI-EM Global Diversified Index
- Bloomberg Barclays US Corporate Bond Index
- Bloomberg Barclays Securitized MBS/ABS/CMBS Index

At June 30, 2021, no fixed income manager was outside of their policy guidelines.

The following table shows the System's fixed income investments (in thousands) by type, fair value and the effective duration at June 30, 2021:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Effective Duration</u>
US Government Agency Securities	\$ 163,097	3.79
US Government Securities	745,747	10.30
Collateralized Mortgage Obligations	45,391	3.45
Corporate Bonds	699,596	5.23
Term Loans	194,008	1.38
Emerging Market Debt	186,848	6.38
Total Fixed Income	<u>\$ 2,034,687</u>	6.67

The System had investments at June 30, 2021 totaling \$258 million in short-term collective investment funds. The cash-equivalent type investments held in those funds had a weighted average maturity of 69 days at June 30, 2021. The fund, by policy, holds only high-grade, highly liquid cash equivalent-type investments.

Repurchase agreements are secured with collateral held at a custodian bank. The System enters into repurchase agreements to earn interest on short-term funds. The System's repurchase agreements outstanding at June 30, 2021 had maturities of one to two days.

The System's investment in commercial paper totaling \$4,248,566 at June 30, 2021 had maturities ranging from 34 to 76 days.

The System invests in various mortgage-backed securities, such as collateralized mortgage obligations (CMO), interest-only and principal-only strips. They are reported in U.S. Government Agency Securities and Collateralized Mortgage Obligations in the table above. CMO's are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations.

The System may invest in interest-only and principal-only strips in part to hedge against a rise in interest rates. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest

rates. Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments.

(e). Credit Risk

Credit risk is the possibility of a loss due to the failure of a counterparty to repay a loan or meet another contractual obligation. The System may be exposed to credit risk with respect to its fixed income investments. The System manages its credit risk by setting credit rating criteria to govern the investment activities of its fixed income managers at the portfolio and security level. Ratings criteria may be expressed on a relative basis against predetermined benchmark index or on an absolute basis based on that manager's mandate. If a security is not rated by any Rating Agency, the internal rating assigned by the investment manager or an affiliate (Internal Rating) will be used. The credit risk policies currently utilized by the System vary by asset class and reflect the manager's strategy and the System's overall asset allocation targets and related objectives.

The System manages exposure to credit risk generally by instructing fixed income managers to adhere to an overall target weighted average credit quality for their portfolios and by establishing limits on the percentage of the portfolios that are invested in non-investment grade securities. The System's exposure to credit risk as of June 30, 2021 is as follows (in thousands):

Moody's Quality Rating	Agency	CMO	Corporate	Term Loans	Grand Total
A1	\$ —	\$ 940	\$ 29,538	\$ —	\$ 30,478
A2	—	4,564	63,252	—	67,816
A3	—	426	41,482	—	41,908
Aa1	—	2,226	7,145	—	9,371
Aa2	—	7,580	30,500	—	38,080
Aa3	—	3,184	14,152	—	17,336
Aaa	134,457	25,172	59,154	—	218,783
B1	—	—	34,377	59,168	93,545
B2	—	—	34,952	63,727	98,679
B3	—	—	25,792	17,164	42,956
Ba1	—	265	36,955	10,598	47,818
Ba2	—	—	25,630	10,913	36,543
Ba3	—	—	29,586	14,873	44,459
Baa1	—	—	53,178	4,920	58,098
Baa2	—	—	81,285	—	81,285
Baa3	—	—	84,911	529	85,440
Caa1	—	—	14,391	3,372	17,763
Caa2	—	—	7,444	—	7,444
Caa3	—	—	1,427	—	1,427
Not Rated	28,640	1,034	24,445	8,744	62,863
Grand Total	\$ 163,097	\$ 45,391	\$ 699,596	\$ 194,008	\$ 1,102,092

Ratings provided by Moody's Investors Service

An emerging market debt portfolio totaling \$186,847,642 at June 30, 2021 and held within a collective unit trust had an overall average credit quality rating of Baa2 (Moody's).

Investments in commercial paper totaling \$4,248,566 at June 30, 2021 were rated P1 (Moody's).

(f). Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. There is no single issuer exposure within the System's pooled investment trust that comprises 5% of the overall portfolio.

(g). Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2021, all securities were registered in the name of the System (or in the nominee name of its custodial agent) and were held in the possession of the System's custodial bank, Bank of New York Mellon.

(h). Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Portfolios are diversified to limit foreign currency and security risk. The System may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. The System's exposure to foreign currency risk at June 30, 2021, is detailed in the following table. In addition to the foreign currency exposure highlighted in the following table, certain hedge fund investments may have foreign currency exposure.

Foreign Currency Risk (in thousands)

Currency	Commingled Funds	Equities	Emerging Market Debt	Private Equity	Cash	Futures	Corporate Bonds	Total
Australian Dollar	\$ 45,695	\$ 23,761	\$ (1,405)	\$ —	\$ (129)	\$ 6	\$ —	\$ 67,928
Brazilian Real	29,870	—	8,749	—	—	—	—	38,619
Canadian Dollar	73,650	61,560	(1,408)	1,705	(121)	(2)	—	135,384
Chilean Peso	2,215	—	3,285	—	—	—	—	5,500
Chinese Yuan	16,597	—	11,066	—	—	—	—	27,663
Colombian Peso	1,350	—	5,122	—	—	—	—	6,472
Czech Republic Koruna	689	—	4,404	—	—	—	—	5,093
Danish Krone	16,230	17,128	—	—	2	—	—	33,360
Egyptian Pound	458	—	1,361	—	—	—	—	1,819
Euro Currency	209,803	135,470	(2,001)	94,925	2,478	70	5,243	445,988
Great Britain Pound	—	48,702	—	—	330	17	—	49,049
Hong Kong Dollar	163,943	15,885	—	—	(80)	7	—	179,755
Hungarian Forint	1,449	—	4,680	—	—	—	—	6,129
Indian Rupee	57,326	—	915	—	—	—	—	58,241
Indonesia Rupiah	6,259	—	10,171	—	—	—	—	16,430
Israeli Shekel	2,152	—	—	—	—	—	—	2,152
Japanese Yen	147,810	96,248	—	—	766	19	—	244,843
Kazakhstani Tenge	—	—	390	—	—	—	—	390
Kuwaiti Dinar	2,893	—	—	—	—	—	—	2,893
Malaysian Ringgit	7,001	—	—	—	—	—	—	7,001
Mexican Peso	9,972	—	9,575	—	—	—	—	19,547
New Taiwan Dollar	79,121	—	—	—	—	—	—	79,121
New Zealand Dollar	1,526	5,457	(1,412)	—	5	—	—	5,576
Norwegian Krone	4,056	—	—	—	1	—	—	4,057
Pakistani Rupee	112	—	—	—	—	—	—	112
Peruvian Nouveau Sol	—	—	2,488	—	—	—	—	2,488
Philippine Peso	3,625	—	—	—	—	—	—	3,625
Polish Zloty	4,028	—	8,133	—	—	—	—	12,161
Qatari Real	3,535	—	—	—	—	—	—	3,535
Romanian leu	—	—	3,355	—	—	—	—	3,355
Russian Ruble	12,440	—	7,934	—	—	—	—	20,374
Saudi Riyal	16,371	—	—	—	—	—	—	16,371
Singapore Dollar	6,651	7,730	1,840	—	36	—	—	16,257
Swedish Krona	23,856	20,705	—	—	772	4	—	45,337
Swiss Franc	59,991	48,925	—	—	51	—	—	108,967
South African Rand	19,671	—	7,457	—	—	—	—	27,128
South Korean Won	74,683	—	924	—	—	—	—	75,607
Thailand Baht	9,050	—	9,197	—	—	—	—	18,247
Turkish Lira	1,448	—	1,390	—	—	—	—	2,838
United Arab Emirates Dirham	3,929	—	—	—	—	—	—	3,929
United Kingdom Pound Sterling	93,472	—	—	—	—	—	—	93,472
Total	\$ 1,212,927	\$ 481,571	\$ 96,210	\$ 96,630	\$ 4,111	\$ 121	\$ 5,243	\$ 1,896,813
United States Dollar	86,866	736	90,638					
Grand Total	\$ 1,299,793	\$ 482,307	\$ 186,848					

(i). Derivatives and Other Similar Investments

Certain of the System's investment managers are allowed to invest in derivative type transactions consistent with the terms and limitations governing their investment objective and related contract specifications. Derivatives and other similar investments are financial contracts whose value depends on one or more underlying assets, reference rates, or financial indices.

The System's derivative investments include forward foreign currency transactions, futures contracts, options, rights, and warrants. The System enters into these transactions to enhance performance, rebalance the portfolio consistent with overall asset allocation targets, gain or reduce exposure to a specific market, or mitigate specific risks.

Forward foreign currency contracts – The System enters into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. A currency forward is a contractual agreement to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. If not offset by a corresponding position with the opposite currency exposure, these contracts involve risk in excess of the amount reflected in the System's Statements of Fiduciary Net Position. The face or contract amount in U.S. dollars reflects the total exposure the System has in currency contracts. The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

Futures contracts – The System uses futures to manage its exposure to the domestic and international equity, money market, and bond markets and the fluctuations in interest rates and currency values. Futures are also used to obtain target market exposures in a cost-effective manner and to narrow the gap between the System's actual cash exposures and the target policy exposures. Using futures contracts in this fashion is designed to reduce (or hedge) the risk of the actual plan portfolio deviating from the policy portfolio more efficiently than by using cash securities. The program is only used to manage intended exposures and asset allocation rebalancing.

Buying futures tends to increase the System's exposure to the underlying instrument. Selling futures tends to decrease the System's exposure to the underlying instrument or hedge other System investments. Losses may arise due to movements in the underlying or reference markets.

Credit Default Swaps – A credit manager may use credit default swaps in the portfolio to either obtain exposure to the high yield market efficiently (i.e. by selling protection) at a similar or better price than what can be obtained in cash bonds, or to hedge the credit risk of the portfolio (i.e. buying protection).

Through commingled funds, the System also indirectly holds derivative type instruments, primarily equity index futures.

Additionally, the System is an investor in a private investment fund that writes collateralized put options on both U.S. indices, including the S&P 500® Index and the Russell 2000® Index, and exchange traded funds. The advisor attempts to generate returns through the receipt of option premiums from selling puts, as well as through investments in fixed income instruments, which collectively are intended to reduce volatility relative to what it would be if the fund held the underlying equity index on which the options are written.

The System invests in mortgage-backed securities, which are included in the categories described as collateralized mortgage obligations and U.S. Government Agency Securities. These securities are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which are likely in declining interest rate environments, thereby reducing the value of these securities.

Additional information regarding interest rate risks for these investments is included in *Interest Rate Risk*.

The System may sell a security in anticipation of a decline in the fair value of that security or to lessen the portfolio allocation of an asset class. Short sales may increase the risk of loss to the System when the price of a security underlying the short sale increases and the System is obligated to deliver the security in order to cover the position.

The following summarize the System's exposure to specific derivative investments at June 30, 2021.

Investment Derivative Instruments	Change in fair value included in investment income	Fair Value at June 30, 2021	Notional Amount
Fixed income futures - long	\$ 2,204	\$ 2,260	\$ 226,400
Equity index futures - long	(251)	377	23,527
Equity index futures - short	349	(104)	(41,755)
Credit default swaps (index)	4,294	4,295	—
Total	\$ 6,596	\$ 6,828	
Foreign Currency Forward Contracts Payable			
Pending payable (liability)		\$ 1,025	
Pending receivable (asset)		(53)	
Total		\$ 972	

The System is exposed to counterparty risk on foreign currency contracts that are in asset positions. The aggregate fair value of derivative instruments in asset positions at June 30, 2021 was \$971,983. This represents the maximum loss that would be recognized if all counterparties failed to perform as contracted. Risk is mitigated by using a continuous linked settlement process.

The System executes (through its investment managers) derivative instruments with various counterparties. The credit ratings of five counterparties were Aa2 (Moody's) and one counterparty was Aa3 (Moody's).

Other Investments - Defined Contribution Plan

The State Investment Commission selected various investment options for defined contribution plan participants with the overall objective of offering low-cost, strategic, and long-term oriented investment products. Plan participants can choose one or more of the various options and can change options at any time. Plan participants who do not elect a specific option default to a target date retirement fund consistent with their anticipated Social Security retirement eligibility date.

The majority (98%) of investments held by participants in the defined contribution plan are target date retirement funds, equity or fixed income funds. The target retirement date funds provide for diversified portfolios of equities and bonds that become progressively more conservative as the fund's associated target retirement date approaches. Equity index funds seek to replicate the price and yield performance of a particular index.

The target retirement date and equity and fixed income funds are priced daily based on the traded prices of the underlying securities held within the funds. There are no withdrawal limitations for these funds. These funds are classified as Level 1 investments (quoted prices in active markets for identical assets) within the fair value hierarchy. Annuities are reported at contract value, which approximates fair value. Annuities held by participants within the defined contribution plan (approximately 2% of total defined

contribution plan investments) are classified as Level 3 investments (significant unobservable inputs) within the fair value hierarchy.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2021, all non-annuity assets, including mutual funds, that are traded and held in retirement plans by TIAA were held at TIAA, FSB (formerly TIAA-CREF Trust Company, FSB) as custodian/trustee.

The majority of the defined contribution plan investment options are funds that invest in diversified portfolios of securities including equity and fixed-income investments.

Fixed income funds (approximately 2% of total defined contribution plan investments) are subject to interest rate, inflation and credit risks. Target-date retirement funds share the risks associated with the types of securities held by each of the underlying funds in which they invest including equity and fixed income funds. Funds may have exposure to foreign currency risk through investment in non-US denominated securities.

D. OPEB Trusts

The Rhode Island State Employees' and Electing Teachers OPEB System (OPEB System), which accumulates resources for other postemployment benefit payments to qualified employees, consists of six plans: State employees, Teachers, Judges, State Police, Legislators and Board of Education.

Summary of Significant Accounting Policies

Investments - Investment transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date.

Method Used to Value Investments - Investments are recorded in the financial statements at fair value. Fair value is 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.

The fair value of fixed income securities and domestic and international equity securities is generally based on published market prices and quotations from national security exchanges and securities pricing services.

Commingled funds consist of an institutional domestic equity index fund. The fair value of the commingled fund is based on the reported net asset value (NAV) based upon the fair value of the underlying securities or assets held in the fund.

Investment Expenses - Investment management expenses are presented separately as a component of net investment income and include investment consultants, custodial fees and direct investment expenses allocated by managers. In some instances, investment related costs are not readily separable from investment income and consequently investment income is recorded net of related expenses.

Cash Deposits and Cash Equivalents

At June 30, 2021, the carrying amount of the OPEB System's cash deposits was approximately \$5.8 million and the bank balance was \$5.8 million. The bank and book balances represent the OPEB System's deposits in short-term trust accounts, which include fully insured demand deposit accounts and interest-bearing, collateralized bank deposit accounts.

In accordance with Rhode Island General Law Chapter 35-10.1, 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 100% of time deposits with maturities greater than sixty days. Any of these

institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of deposits, regardless of maturity. In addition, the State Investment Commission has adopted a collateralization requirement for institutions holding the State's deposits. Financial institutions are required to pledge collateral equal to amounts ranging from 100% - 102% of the uninsured deposit amounts. The percentage of collateral required is determined by the underlying classification of the collateral. At June 30, 2021, the OPEB System's cash deposits were either federally insured or collateralized.

The System also had cash equivalents totaling \$0.1 million invested in the Ocean State Investment Pool at June 30, 2021. See Note 2A for details.

Investments

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the OPEB System. The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11 (b) (3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

The assets of each of the plans are pooled for investment purposes only, and units are assigned to the plans based on their respective share of fair value. The custodian bank holds assets of the OPEB System in a Pooled Account and each plan holds units in the account. The number of units held by each plan is a function of each plan's respective contributions to, or withdrawals from, the account. Investment expense is allocated to each plan based on the plan's units in the pooled trust at the end of each month.

Consistent with a target asset allocation model adopted by the State Investment Commission, the OPEB System maintains a diversified portfolio by sector, credit rating and issuer using the prudent person standard, which is the standard of care employed solely in the interest of the participants and beneficiaries of the funds and for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the funds. The SIC's adopted asset allocation policy targets of Domestic Equity and Fixed Income of 65% and 35%, respectively, for fiscal 2021.

The following table presents the fair value of investments by type that are held within the pooled trust at June 30, 2021 (expressed in thousands):

	<u>June 30, 2021</u>
Investments measured at the net asset value (NAV)	
Commingled Funds - Domestic Equity Index Fund	\$ 349,844
Commingled Funds- Bond Index Fund	182,574
Total Pooled Investment Trust	<u>\$ 532,418</u>

Commingled funds – The fair values of these investments have been determined using the NAV per share of the investments as reported by the commingled fund manager which reflects the exchange pricing of the equity holdings. There are no withdrawal limitations for the index funds.

Money market mutual funds 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. The underlying investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant withdrawal limitations.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The overall duration of the OPEB System's investment in a commingled bond index fund was 6.59 years.

Credit Risk

The OPEB System generally manages exposure to credit risk by adhering to an overall target weighted average credit quality for the portfolio. The average credit quality of the bonds within the commingled bond index fund was Aa2.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the OPEB System's investments in a single issuer. There is no single issuer exposure within the OPEB System's portfolio that comprises more than 5% of the overall portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the OPEB System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2021, all securities were registered in the name of the OPEB System (or in the nominee name of its custodial agent) and were held in the possession of its custodial bank, Bank of New York Mellon.

Derivatives and Other Similar Investments

Through its commingled funds, the OPEB System indirectly holds derivative type instruments.

E. Private Purpose Trusts

The Tuition Savings Program had investments of approximately \$5.4 billion in a number of mutual funds and other investment vehicles as of June 30, 2021. These investments are categorized as Level 1 of the fair value hierarchy, with the exception of investment contracts totaling \$1.0 billion which are reported at contract value and therefore not subject to the fair value hierarchy.

The Touro Jewish Synagogue Fund had investments of approximately \$4.1 million in the Fidelity Balanced Fund as of June 30, 2021. These investments are categorized in Level 1 of the fair value hierarchy.

The ABLE Consortium Trust's investments consist of mutual funds and other investment vehicles as of June 30, 2021. These investments are categorized as Level 1 of the fair value hierarchy, with the exception of a High Yield Savings Account and FDIC-Insured Checking Account which are not subject to the fair value hierarchy.

F. Custodial Funds

As of June 30, 2021, all of the bank balances of Custodial Funds were either covered by federal depository insurance or collateralized by securities held by an independent third party in the State's name.

Note 3. Receivables

Receivables at June 30, 2021 (expressed in thousands) consist of the following:

Primary Government	Taxes Receivable	Accounts Receivable	Notes and Loans Receivable	Gross Receivables	Less: Allowance for Uncollectibles	Total Receivable, Net	Due from Other Governments and Agencies
Governmental activities receivables	\$ 728,640	\$ 454,813	\$ 2,887	\$ 1,186,340	\$ (252,894)	\$ 933,446	\$ 428,264
Less current portion	706,527	444,207	776	1,151,510	(251,329)	900,181	406,309
Noncurrent portion	\$ 22,113	\$ 10,606	\$ 2,111	\$ 34,830	\$ (1,565)	\$ 33,265	\$ 21,955
Business-type activities receivables	\$ 69,136	\$ 38,811	\$ —	\$ 107,947	\$ (32,008)	\$ 75,939	\$ 8,719
Less current portion	69,136	38,811	—	107,947	(32,008)	75,939	8,719
Noncurrent portion	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

In addition to the receivables shown above as reflected on the financial statements, the Employment Security Fund has potential receivables related to fraudulent unemployment insurance claims paid in both fiscal years 2020 and 2021. The potential receivables relate to claims that have been categorized by the State's Department of Labor and Training as known fraud and suspected fraud. Recoveries of overpayments due to fraud are not recognized in the Employment Security Fund until collected, due to the unlikelihood of collection. When benefits are funded with federal appropriations, any amounts ultimately recovered would be due to the federal government.

The State is pursuing a claim against its insurance provider for reimbursement for the unemployment insurance claims paid which have been deemed fraudulent. Insurance policy limits total \$40 million. Management cannot estimate the likelihood of reimbursement from its insurer for the fraudulent claims and consequently no estimated recovery from the insurer is reflected on the financial statements of the Employment Security Fund at June 30, 2021.

Note 4. Intra-Entity Receivables and Payables

Intra-entity receivables and payables as of June 30, 2021 are the result of ongoing operations and are expected to be reimbursed within the subsequent fiscal year. They are summarized below (expressed in thousands):

	Interfund Receivable	Interfund Payable	Description
Governmental Funds			
Major Funds			
General	\$ —	\$ 144,239	Appropriations to other funds
Intermodal Surface Transportation	133	—	Transportation funding
Non-Major Funds			
RI Temporary Disability Insurance	—	350	Operating expenses
Historic Tax Credit Financing	20,600	—	Appropriations from other funds
Permanent School		10	Operating expenses
Bond Capital	420	—	Project funding
RI Capital Plan	118,800	—	Appropriations from other funds
COPS	—	23	Fees restricted for COPS debt service
Total Non-Major Funds	<u>139,820</u>	<u>383</u>	
Total Governmental Funds	<u>139,953</u>	<u>144,622</u>	
Proprietary Funds			
Enterprise Funds			
RI Lottery	1	3,358	Statutory transfer due to General Fund
RI Convention Center	958	—	Project funding and operating assistance
Employment Security Trust	1,786	—	Benefit payments
Total Enterprise Funds	<u>2,745</u>	<u>3,358</u>	
Internal Service Funds	5,544	262	Settlement of services rendered
Total Primary Government	<u>\$ 148,242</u>	<u>\$ 148,242</u>	

Note 5. Capital Assets

The capital asset activity of the reporting entity for the year ended June 30, 2021 consists of the following (expressed in thousands):

Primary Government

Governmental Activities	Beginning Balance*	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 391,363	\$ 5,132	\$ (1,007)	\$ 395,488
Works of Art	4,385	—	—	4,385
Intangibles	182,036	1,420	—	183,456
Construction in progress	660,498	433,368	(389,504)	704,362
Total capital assets not being depreciated or amortized	<u>1,238,282</u>	<u>439,920</u>	<u>(390,511)</u>	<u>1,287,691</u>
Capital assets being depreciated or amortized:				
Land improvements	8,331	—	—	8,331
Buildings	891,078	5,322	(4,582)	891,818
Building Improvements	510,132	19,292	—	529,424
Furniture and equipment	361,788	18,268	(8,790)	371,266
Intangibles*	341,738	2,577	—	344,315
Infrastructure	4,948,464	324,969	—	5,273,433
Total capital assets being depreciated or amortized	<u>7,061,531</u>	<u>370,428</u>	<u>(13,372)</u>	<u>7,418,587</u>
Less accumulated depreciation or amortization for:				
Land improvements	4,300	256	—	4,556
Buildings	355,971	24,990	(1,076)	379,885
Building Improvements	238,006	9,249	(3,067)	244,188
Furniture and equipment	282,616	23,834	(8,418)	298,032
Intangibles*	120,041	32,920	—	152,961
Infrastructure	2,510,414	158,371	—	2,668,785
Total accumulated depreciation or amortization	<u>3,511,348</u>	<u>249,620</u>	<u>(12,561)</u>	<u>3,748,407</u>
Total capital assets being depreciated or amortized, net	<u>3,550,183</u>	<u>120,808</u>	<u>(811)</u>	<u>3,670,180</u>
Governmental activities capital assets, net **	<u>\$ 4,788,465</u>	<u>\$ 560,728</u>	<u>\$ (391,322)</u>	<u>\$ 4,957,871</u>

*Including information system development costs.

**Net governmental activities capital assets includes Internal Service Fund net capital assets totaling \$3.3 million at June 30, 2021.

The current period depreciation or amortization was charged to the governmental functions on the Statement of Activities as follows:

General government	\$ 21,155
Health and human services	31,784
Education	4,682
Public safety	22,320
Natural resources	6,000
Transportation	163,679
Total depreciation or amortization expense - governmental activities	<u>\$ 249,620</u>

Business-type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 46,808	\$ —	\$ —	\$ 46,808
Construction in progress	4,931	2,015	(4,147)	2,799
Total capital assets not being depreciated	<u>51,739</u>	<u>2,015</u>	<u>(4,147)</u>	<u>49,607</u>
Capital assets being depreciated:				
Buildings	276,453	1,268	(13)	277,708
Machinery and equipment	48,608	2,905	(195)	51,318
Intangibles	175	—	—	175
Total capital assets being depreciated	<u>325,236</u>	<u>4,173</u>	<u>(208)</u>	<u>329,201</u>
Less accumulated depreciation for:				
Buildings	174,921	9,599	(13)	184,507
Machinery and equipment	32,133	4,547	(185)	36,495
Intangibles	175	—	—	175
Total accumulated depreciation	<u>207,229</u>	<u>14,146</u>	<u>(198)</u>	<u>221,177</u>
Total capital assets being depreciated, net	<u>118,007</u>	<u>(9,973)</u>	<u>(10)</u>	<u>108,024</u>
Business-type activities capital assets, net	<u>\$ 169,746</u>	<u>\$ (7,958)</u>	<u>\$ (4,157)</u>	<u>\$ 157,631</u>
Discretely Presented Component Units	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated or amortized:				
Land	\$ 126,534	\$ 3,500	\$ (269)	\$ 129,765
Construction in progress	158,770	123,618	(61,609)	220,779
Other	250	—	—	250
Total capital assets not being depreciated or amortized	<u>285,554</u>	<u>127,118</u>	<u>(61,878)</u>	<u>350,794</u>
Capital assets being depreciated or amortized:				
Buildings	2,801,139	55,580	(11,327)	2,845,392
Land Improvements	313,021	11,809	—	324,830
Leasehold Improvements	410	5	—	415
Machinery and equipment	528,949	33,048	(12,948)	549,049
Infrastructure	332,913	24,741	—	357,654
Total capital assets being depreciated or amortized	<u>3,976,432</u>	<u>125,183</u>	<u>(24,275)</u>	<u>4,077,340</u>
Less accumulated depreciation or amortization for:				
Buildings	1,172,175	83,783	(1,123)	1,254,835
Land Improvements	190,122	12,683	—	202,805
Leasehold Improvements	44	3	—	47
Machinery and equipment	384,178	32,843	(12,784)	404,237
Infrastructure	125,779	13,244	—	139,023
Total accumulated depreciation or amortization	<u>1,872,298</u>	<u>142,556</u>	<u>(13,907)</u>	<u>2,000,947</u>
Total capital assets being depreciated or amortized, net	<u>2,104,134</u>	<u>(17,373)</u>	<u>(10,368)</u>	<u>2,076,393</u>
Total capital assets, net	<u>\$ 2,389,688</u>	<u>\$ 109,745</u>	<u>\$ (72,246)</u>	<u>\$ 2,427,187</u>

Note 6. Notes Payable and Line of Credit Arrangements

Primary Government

Notes Payable – Direct Borrowings – Line of Credit Agreements: During fiscal 2020, the State entered into two \$150 million line of credit agreements with Bank of America, N.A. and Santander Bank, N.A., respectively, for a total \$300 million in available borrowings. At June 30, 2020, a total of \$10 million remained outstanding while a total of \$290 million remained available under the line of credit agreements. Drawings on the line of credit agreements constitute direct borrowing notes payable to the financial institutions and are unsecured.

The State maintained the minimum balance draw of \$5 million on each line until closing the credit agreements in February 2021 and March 2021 for the Santander and Bank of America lines of credit, respectively. The interest rates at the time of agreement closures were 1.15% and 0.75%, for the Santander and Bank of America lines of credit, respectively.

Notes Payable – Lines of Credit – Changes in Short-term Financing (expressed in thousands)

Line of Credit Description	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Bank of America, N.A.	\$ 5,000	\$ —	\$ 5,000	\$ —
Santander Bank, N.A	5,000	—	5,000	—
Totals	<u>\$ 10,000</u>	<u>\$ —</u>	<u>\$ 10,000</u>	<u>\$ —</u>

Discretely Presented Component Units

Notes payable (expressed in thousands) at June 30, 2021 are as follows:

Component Units:

Direct Borrowings

Rhode Island College note payable to the federal government with interest at 5.5% payable in semi-annual installments of principal and interest through 2024	\$ 479
R.I. Resource Recovery Corporation note payable to the host municipality, payable in equal installments over the next 14 years	1,893
R.I. Housing and Mortgage Finance Corporation bank notes and lines of credit, 0.00% to 6.25% interest, payable through 2048	<u>108,510</u>
	110,882
Less: current portion	<u>74,861</u>
Non-current portion	<u>\$ 36,021</u>

Other

R.I. Housing and Mortgage Finance Corporation federal bank note, 2.239% to 3.577% interest, payable from 2056 through 2060.	<u>\$ 146,503</u>
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Direct borrowing – Line of credit arrangements

R.I. Housing and Mortgage Finance Corporation (RIHMFC) - As of June 30, 2021, RIHMFC may borrow up to a maximum of \$135 million under various revolving loan agreements expiring between August 2021 and January 2022. Borrowings under the lines of credit are payable on demand and are unsecured. One of the lines of credit, in the outstanding amount \$2 million, has a variable interest rate, which was 1.650% at June 30, 2021. The outstanding remaining lines of credit, with borrowings of \$80 million at June 30, 2021 have fixed rates which range from .097% - 1.12%.

Note 7. Long-Term Liabilities

A. Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2021 are presented in the following table (expressed in thousand):

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities						
<i>Bonds Payable</i>						
General Obligation bonds (see section B)	\$ 1,263,280	\$ 223,560	\$ (175,175)	\$ 1,311,665	\$ 100,130	\$ 1,211,535
RICC Grant Anticipation Revenue bonds	572,260	—	(37,305)	534,955	39,170	495,785
RICC Rhode Island Motor Fuel Tax Revenue bonds	27,625	—	(3,980)	23,645	4,180	19,465
Tobacco Settlement asset-backed bonds	604,298	—	(23,365)	580,933	12,040	568,893
Accreted interest on TSFC bonds	123,055	13,965	—	137,020	—	137,020
RICC Historic Tax Credit bonds	104,870	—	(16,385)	88,485	16,830	71,655
Net unamortized premium/discount	236,013	16,755	(40,373)	212,395	—	212,395
Bonds payable, net	<u>2,931,401</u>	<u>254,280</u>	<u>(296,583)</u>	<u>2,889,098</u>	<u>172,350</u>	<u>2,716,748</u>
Obligation under capital leases (see section D)	157,870	—	(29,824)	128,046	23,628	104,418
Net unamortized premium/discount	12,492	—	(3,094)	9,398	—	9,398
Obligation under capital leases, net	<u>170,362</u>	<u>—</u>	<u>(32,918)</u>	<u>137,444</u>	<u>23,628</u>	<u>113,816</u>
Net pension liability (see note 18) **	2,286,088	24,198	—	2,310,286	—	2,310,286
Net pension liability-special funding (see note 18)**	1,366,538	—	(4,556)	1,361,982	—	1,361,982
Net OPEB liability (see note 19 C) **	421,757	—	(79,827)	341,930	—	341,930
Job Creation Guaranty Program obligation (see sec. G)	12,747	—	(12,747)	—	—	—
Compensated absences (see section I)**	91,191	145,929	(148,568)	88,552	75,463	13,089
Pollution remediation (see section H)	12,520	8,006	(5,552)	14,974	2,671	12,303
Other (see section L) *	64,222	18,579	(8,430)	74,371	264	74,107
Total Governmental Long-term Liabilities	<u>\$ 7,356,826</u>	<u>\$ 450,992</u>	<u>\$ (589,181)</u>	<u>\$ 7,218,637</u>	<u>\$ 274,376</u>	<u>\$ 6,944,261</u>
Business-type Activities						
Revenue bonds (see section B)	\$ 206,240	\$ 32,170	\$ (43,440)	\$ 194,970	\$ 13,995	\$ 180,975
Net unamortized premium/discount	1,134	—	(1,134)	—	—	—
Revenue bonds, net	<u>207,374</u>	<u>32,170</u>	<u>(44,574)</u>	<u>194,970</u>	<u>13,995</u>	<u>180,975</u>
Net pension liability **	20,850	802	—	21,652	—	21,652
Net OPEB liability **	3,990	—	(570)	3,420	—	3,420
Unearned revenue	11,787	1,739	(8,583)	4,943	2,921	2,022
Compensated absences (see section I)**	769	—	(164)	605	288	317
Other long-term liabilities	—	184	—	184	—	184
Total Business-type Long-term Liabilities	<u>\$ 244,770</u>	<u>\$ 34,895</u>	<u>\$ (53,891)</u>	<u>\$ 225,774</u>	<u>\$ 17,204</u>	<u>\$ 208,570</u>
Component Units						
Bonds payable (see section B)	\$ 2,738,908	\$ 405,189	\$ (444,836)	\$ 2,699,261	\$ 122,645	\$ 2,576,616
Bonds payable - direct placements	134,881	—	(12,650)	122,231	12,926	109,305
Net unamortized premium/discount	120,298	13,945	(13,074)	121,169	11,347	109,822
Refunding credits	(7,972)	—	835	(7,137)	(837)	(6,300)
Bonds payable, net	<u>2,986,115</u>	<u>419,134</u>	<u>(469,725)</u>	<u>2,935,524</u>	<u>146,081</u>	<u>2,789,443</u>
Loans payable (see section C)	13,888	4,760	(3,850)	14,798	1,668	13,130
Obligations under capital leases	1,934	—	(458)	1,476	465	1,011
Net pension liability**	302,394	7,821	(4,950)	305,265	—	305,265
Net OPEB liability**	165,265	6,020	(9,559)	161,726	—	161,726
Compensated absences (see section I)**	34,055	4,309	(1,984)	36,380	10,040	26,340
Due to primary government (see section K)	48,108	168	(6,872)	41,404	4,588	36,816
Unearned revenue	12,442	6,344	(301)	18,485	13,577	4,908
Due to component units	1,698	172	(314)	1,556	633	923
Other Long-term liabilities						
Arbitrage rebate (see section J)	1,591	—	(134)	1,457	—	1,457
Pollution remediation (see section H)	13,193	993	—	14,186	936	13,250
Other liabilities (see section L)	391,991	82,045	(47,786)	426,250	9,395	416,855
Total Component Units Long-term Liabilities	<u>\$ 3,972,674</u>	<u>\$ 531,766</u>	<u>\$ (545,933)</u>	<u>\$ 3,958,507</u>	<u>\$ 187,383</u>	<u>\$ 3,771,124</u>

**The net pension, net OPEB, and compensated absences liabilities of the governmental activities are liquidated principally in the General Fund, the Intermodal Surface Transportation Fund and individual institutions of higher education according to the applicable employing state agency.

B. Bonds Payable

At June 30, 2021, future debt service requirements were as follows (expressed in thousands):

Fiscal Year Ending June 30	Primary Government				Component Units			
	Governmental Activities		Business Type Activities		Other		Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 172,350	\$ 104,480	\$ 13,995	\$ 7,833	\$ 122,645	\$ 92,393	\$ 12,926	\$ 3,376
2023	174,200	96,926	20,250	7,464	127,983	88,467	13,228	3,085
2024	184,660	89,028	20,525	7,008	124,674	83,985	16,598	2,750
2025	171,165	80,970	21,225	6,306	121,943	79,511	12,873	2,377
2026	179,010	73,148	21,975	5,560	119,648	75,164	5,603	2,106
2027 - 2031	733,850	258,428	46,955	18,638	595,803	178,785	36,703	6,583
2032- 2036	409,775	128,375	34,330	8,427	524,499	107,616	17,866	2,138
2037 - 2041	201,835	66,339	12,815	2,314	451,139	58,222	6,434	214
2042 - 2046	85,820	45,730	2,900	124	268,601	24,461	—	—
2047 - 2051	121,130	24,226	—	—	214,116	8,873	—	—
2052 - 2056	105,888	1,411,722 *	—	—	16,920	983	—	—
2057 - 2061	—	—	—	—	11,290	391	—	—
	<u>\$2,539,683</u>	<u>\$2,379,372</u>	<u>\$194,970</u>	<u>\$ 63,674</u>	<u>\$2,699,261</u>	<u>\$ 798,851</u>	<u>\$ 122,231</u>	<u>\$ 22,629</u>

* Accreted interest on capital appreciation bonds of the Tobacco Settlement Financing Corporation.

Primary Government - Governmental Activities

General obligation bonds of the State are serial bonds with interest payable semi-annually.

In April 2021 the State issued \$136 million of general obligation bonds with interest rates of 0.25% - 5.00%, maturing from 2023 through 2041. The premium paid on these bonds was \$14.9 million. In accordance with certain bond statutes, net premiums of \$8.8 million were transferred to RI Infrastructure Bank to provide municipalities with low-cost financial assistance for road and bridge projects and \$5.8 million was transferred to the Rhode Island Capital Plan Fund.

The State also issued \$87.7 million of general obligation refunding bonds with interest rates of 1.00% - 5.00%, maturing from 2022 through 2034. The premium paid on these bonds was \$1.9 million. These bonds, combined with the premium, were deposited in an irrevocable trust to advance refund \$80.7 million of series 2011A, 2012A, 2013A, 2013B, and 2014B bonds with interest rates from 3.000% to 5.058%. The refunding resulted in a reduction of debt service of \$8.2 million and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$8 million. The advanced refunding resulted in a deferred loss (difference between the reacquisition price and the net carry amount of the old debt) of approximately \$2.7 million that was recorded as a deferred outflow of resources.

Forward Delivery Bond Purchase Agreement – The State entered into a forward delivery bond purchase agreement with a financial institution in March 2021. The agreement provides the financial institution with a purchase option for the State's 2022 Series Refunding Bonds anticipated for issuance in October 2022. In consideration of the purchase option, the financial institution advanced the State an upfront amount (minus commitment fees and expenses) of \$5.9 million. The upfront payment is reflected as a deposit liability of the State at June 30, 2021.

The agreement provides both the financial institution and the State the option of executing the purchase option in the agreement (which stipulates the purchase of \$49 million in refunding bonds at a set price) or

a settlement option where the State would provide a determined amount to the purchaser (based on a calculation specified in the agreement). The purchaser could also elect neither the purchase nor settlement option and the agreement would be voided and the State would not be liable for returning the upfront payment. The deposit liability will be considered in conjunction with the determination of any gain or loss on the future debt refunding transaction.

At June 30, 2021, general obligation bonds authorized by the voters and unissued amounted to approximately \$576 million. In accordance with the General Laws, unissued bonds are subject to extinguishment seven years after the debt authorization was approved, unless extended by the General Assembly. Additionally, the General Assembly, pursuant to General Law Chapter 35-18, authorized \$144 million for school construction in the Central Falls School District (a component unit) and \$10.5 million for the Providence River Dredge Project.

In addition to the debt authorized by the voters for which the full faith and credit is pledged, the General Assembly has authorized the issuance of other debt that is subject to annual appropriation.

RICC Grant Anticipation Bonds and Rhode Island Motor Fuel Tax Revenue Bonds - RICC, on behalf of the State, issues special obligation debt. Grant Anticipation Revenue Vehicle Bonds are payable solely from future federal aid revenues to be received by the State in reimbursement of federally eligible costs of specific transportation construction projects. Rhode Island Motor Fuel Tax Revenue Bonds are payable solely from certain pledged revenues derived from two cents (\$.02) per gallon of the thirty-four cents (\$.34) per gallon Motor Fuel Tax. The bonds provide the State matching funds for the Grant Anticipation Revenue Vehicle Bonds. The bonds do not constitute a debt, liability, or obligation of the State or any political subdivision thereof.

Pledged revenues were sufficient to fund fiscal 2021 debt service payments for Grant Anticipation and Motor Fuel Tax Revenue Bonds. These revenues have been pledged for the term of the Grant Anticipation and Motor Fuel Tax Revenue Bonds through fiscal 2035 and 2027, respectively.

Historic Tax Credit Bonds - In fiscal years 2009, 2015 and 2019 the R.I. Commerce Corporation (RICC), on behalf of the State, issued \$150 million, \$75 million and \$76.9 million, respectively, of revenue bonds under the Historic Structures Tax Credit Financing Program. The bonds do not constitute a debt, liability, or obligation of the State or any political subdivision thereof. The State is obligated under a Payment Agreement to make payments to the trustee, subject to annual appropriation by the General Assembly. The proceeds of the bonds are being used to provide funds for redemption of Historic Structures Tax Credits. There is remaining authorization to issue up to \$54.3 million of Historic Tax Credit Bonds.

Tobacco Settlement Asset-Back Bonds and Accreted Interest - the Tobacco Settlement Finance Corporation (Corporation) has issued various series of Tobacco Settlement Asset-Backed Bonds, the proceeds of which were used to purchase the State's future rights in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement and the Consent Decree and Final Judgment (the MSA).

The Corporation issued \$197,005,742 of Tobacco Settlement Asset-Backed Bonds (2007 Series). The bond proceeds were used to purchase the State's future rights to residual Tobacco Settlement Revenues which were not previously purchased under a 2002 purchase agreement. The bonds are Capital Appreciation Bonds, on which no periodic interest payments are made, but which are issued at a deep discount from par and accreting to full value at maturity in the year 2052. At maturity, the bond redemption values represent accreted yields ranging from 6.000% to 6.750%. The bonds are subject to early redemption provisions, in whole or in part, at the redemption price of 100% of the issue amount plus accreted interest, without premium. A portion of the 2007 Series Bonds were redeemed in March 2015 and June 2017.

The Corporation issued \$620,935,000 of Tobacco Settlement Asset-Backed Bonds (Series 2015 A and B) that bear interest at annual rates ranging from 0.590% to 5.000% and mature in varying amounts through June 1, 2050. The bonds are subject to a number of early redemption provisions, in whole or in part, at

the redemption price of 100% of the principal amount plus accrued interest, without premium. Term Maturities represent the minimum amount of principal that the Corporation has to pay as of specific dates.

The proceeds of the issuance of the Series 2015 bonds (along with the release of debt service funds related to the bonds retired, and the proceeds from the early termination of investment contracts) were used to fully redeem the outstanding balance of the Corporation's 2002 Series bonds, and to repurchase and retire certain principal and accreted interest on the Corporation's 2007 Series bonds.

The Series 2015 bond indenture contains "Turbo Maturity" provisions, whereby the Corporation is required to apply the funds collected that are in excess of the then current funding requirements of the indenture to the early redemption of certain of the Series 2015 B bonds (based upon a minimum turbo redemption schedule established for the bonds). The amount available for turbo redemptions on the Series 2015 B bonds are credited against the term maturities in ascending chronological order based on a schedule contained in the indenture. Excess turbo funds available, if any, will be used to retire Series 2007 bonds.

Reserve accounts in the amount of \$26,700,250 and \$12,175,975 were established for the Series 2015 A and Series 2015 B bonds, respectively. The Corporation is required to maintain these reserve accounts to the extent of available funds. Amounts on deposit with the trustee in the respective reserve account are available to pay (i) the principal of sinking fund installments of, and interest on, the Series 2015A and 2015 B bonds to the extent revenues are insufficient for such purpose and (ii) upon the occurrence of an event of default, extraordinary prepayments. Unless an event of default has occurred, amounts withdrawn from the reserve account will be replenished from revenues.

The bonds are payable both as to principal and interest solely out of the assets of the Corporation pledged for such purpose, and neither the faith and credit nor the taxing power of the State of Rhode Island or any political subdivision thereof is pledged to the payment of the principal of or the interest on the bonds. The bonds do not constitute an indebtedness of or a general, legal or "moral" obligation of the State or any political subdivision of the State.

The Corporation has debt service requirements totaling \$2.4 billion at June 30, 2021. The related bonds were structured based upon assumptions in tobacco settlement revenue (TSR) collections prepared by an independent consultant at the time the bonds were issued. The repayment of the bonds is dependent upon the receipt of TSRs from the Master Settlement Agreement, which are based on domestic cigarette sales. Any amounts received in excess of the scheduled principal and interest are applied to turbo maturities (principal and interest paid on the bonds in excess of scheduled principal and interest requirements). Any payment of turbo maturities in future years impacts, potentially significantly, the overall debt service requirements to maturity schedule. The domestic cigarette consumption estimates, and projections are highly sensitive to a variety of assumptions. Since the Corporation's last sale of bonds in fiscal 2015, amounts received by the Corporation pursuant to the Master Settlement Agreement have been less than the amounts projected in the consumption estimates used to structure the debt service requirements. TSRs received by the Corporation in future years that are less than the amounts projected to be received at the time of the sale of bonds could delay the payment of scheduled debt service on the bonds until sufficient TSRs are available to the Corporation.

Primary Government - Business-Type Activities

R.I. Convention Center Authority

The R.I. Convention Center Authority (RICCA) is limited to the issuance of bonds or notes in an aggregate principal amount of \$305 million. At June 30, 2021, outstanding bond indebtedness totaled \$194.9 million.

During April 2021, the Authority issued its 2021 Series A Bonds in an aggregate amount of \$32,170,000 for the purpose of refunding the Authority's outstanding 2015 Series A Bonds and to pay the costs of issuance. The 2021 Series A Bonds mature between 2021 and 2026. The net proceeds of \$32,013,491 (after payment of \$156,509 in issuance costs) were deposited in an irrevocable trust fund under an

escrow agreement between the escrow agent and the Authority. As a result of the refunding, total debt service payments from 2021 to 2026 are scheduled to increase by \$750,487, which causes an economic loss (the difference between the present value of the debt service payments on the old and new debt) of \$494,198. The Authority expects the future economic benefits associated with the elimination of the private use restrictions to exceed \$494,198.

All outstanding indebtedness is subject to optional and mandatory redemption provisions. Mandatory redemption is required for certain bonds over various years through 2027 at the principal amount of the bonds. Certain bonds may be redeemed early, at the option of RICCA, at amounts ranging from 100% to 102% of the principal balance.

Outstanding indebtedness is collateralized by all rents receivable (if any) under a lease and agreement between RICCA and the State covering all property purchased by RICCA for the site, all other revenues and receipts from the project, a mortgage on constructed facilities, land financed by proceeds of the bonds, and amounts held in various accounts into which bond proceeds were deposited. In addition, outstanding indebtedness is insured under certain financial guaranty insurance policies.

Each of the bond resolutions contains certain restrictive covenants. During the year ended June 30, 2021, RICCA was unable to fund the Operating Reserve requirement of the restrictive covenants for the R.I. Convention Center and the DDC pursuant to the indentures.

RICCA and the R.I. Department of Administration have entered into agreements that provide for total appropriations from the RI Capital Plan (RICAP) for various purposes, including funding the Renewal and Replacement requirement of the restrictive covenant for the DDC. Detailed information regarding these agreements is in RICCA's financial statements for the fiscal year ended June 30, 2021.

Concurrent with the issuance of the RICCA's 2009 Series A Bonds, a Debt Service Reserve Fund Facility (the Facility) was issued by Assured Guaranty Municipal Corp., formerly Financial Security Assurance, Inc. (FSA) to meet the Debt Service Reserve Fund requirement. The Facility provides maximum coverage of approximately \$16.2 million. Coverage under the Facility expires at the earlier of May 15, 2027 or the date upon which the 2021 Series A, 2015 Series A and 2017 Series A are no longer outstanding. In June 2021, AGM was rated by Moody's as A2. In June 2021, AGM was rated by S&P as AA.

RICCA maintains an agreement with AMBAC Indemnity Corporation (AMBAC) under which AMBAC provides RICCA with surety bond coverage to meet Debt Service Reserve Fund requirements for the R.I. Convention Center. The surety bond provides a maximum coverage of \$15.2 million. Coverage under the surety bond expires on May 15, 2023. RICCA maintains additional agreements with AMBAC for the R.I. Convention Center under which AMBAC provides RICCA with separate surety bond coverages to meet Debt Service Reserve Fund and Operating Reserve Fund requirements, respectively. The surety bond relating to the Debt Service Reserve Fund requirements replaced mandated investments and provides a maximum coverage of approximately \$8.8 million. The surety bond relating to the Operating Reserve Fund requirements also replaced mandated investments and provides a maximum coverage of approximately \$3.9 million. Coverage under both surety bonds expires on May 15, 2027. The Debt Service and Operating Reserve Fund Facilities are required to have a credit rating in one of the three highest categories by Moody's and S&P. As of June 30, 2021, AMBAC's credit rating did not meet the aforementioned requirement, however, RICCA acquired from Assured Guaranty Corporation a surety bond that meets the Debt Service Reserve Fund requirement for the R.I. Convention Center.

Discretely Presented Component Units

University of Rhode Island, Rhode Island College and the Community College of Rhode Island

The University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI) have issued a number of series of revenue bonds to finance housing, student union (including bookstores) and dining facilities. Under terms of the trust indentures, certain net revenues from these operations must be transferred to the trustees for payment of interest, retirement of bonds, and

maintenance of facilities. The bonds are payable in annual or semi-annual installments to various maturity dates. Revenue bonds also include amounts borrowed under loan and trust agreements between the R.I. Health and Educational Building Corporation (RIHEBC) and the Board of Education acting for URI, RIC, and CCRI. The agreements provide for RIHEBC's issuance of the bonds with a loan of the proceeds to the University and Colleges and the payment by the University and Colleges to RIHEBC of loan payments that are at least equal to debt service on the bonds. The bonds are secured by a pledge of revenues of the respective institutions.

At June 30, 2021 revenue bonds outstanding were approximately as follows: URI - \$257.8 million, RIC - \$12.3 million, and CCRI - \$906,000.

R.I. Airport Corporation

Revenue bonds are issued by RICC on behalf of RIAC. The proceeds from these bonds are used to finance construction and related costs of certain capital improvements. These bonds, except for the 2006 First Lien Special Facility Bonds, are secured by the net revenues derived from the operation of the airports. The 2006 First Lien Special Facility Bonds are secured solely by the net revenues derived from the InterLink facility.

Per its Master Indenture of Trust and Supplemental Indentures, RIAC has pledged net revenues derived from the operation by RIAC of the Airport and certain general aviation airports to repay approximately \$185.5 million in airport revenue bonds. Proceeds from the bonds were used for various airport improvement projects. Amounts available to pay debt service per the Master Indenture, including pledged passenger facility charges, were approximately \$45.1 million for the year ended June 30, 2021. Principal and interest payments for the year ended June 30, 2021 were approximately \$23 million.

In June 2006, the R.I. Airport Corporation (RIAC), R.I. Commerce Corporation (RICC), and the R.I. Department of Transportation (RIDOT) executed a Secured Loan Agreement (Agreement) which provides for borrowings of up to \$42 million with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). The purpose of the Agreement was to reimburse RICC and RIDOT and to provide funding to RIAC for a portion of eligible project costs related to the InterLink Facility Project. RIAC was permitted under the Agreement to make requisition of funds for eligible project costs through fiscal 2013. RIAC began making monthly payments of interest in fiscal 2012, with interest at a rate of 5.26%. Payments are made on behalf of RICC (the borrower per the Agreement), and debt service payments commenced in fiscal 2012 with a final maturity in fiscal 2042. Such repayments are payable solely from the net revenues derived from the InterLink. As of June 30, 2021, RIAC had approximately \$39.6 million in borrowings under this agreement.

I-195 Redevelopment District Commission

In April 2013, RICC issued Economic Development Revenue Bonds 2013 Series A, and Economic Development Bonds 2013 Series B (federally taxable) in the aggregate principal amounts of \$37.4 million, for which the I-195 RDC is the obligor. The 2013 Series A Bonds mature in April 2033 and bear interest at the lesser of the 30-Day London InterBank Offered Rate (LIBOR) (0.10250% at June 30, 2021) plus applicable margin, or 7.75%. Applicable margin is the rate that corresponds to the lesser of the two long-term bond ratings of the State from Moody's Investors Service (Moody's) and Standard & Poor's (S&P) in the following table:

State Bond Rating (S & P/Moody's):	<u>AA/Aa2 or Higher</u>	<u>AA-/Aa3</u>	<u>A+/A1</u>	<u>A/A2</u>	<u>A-/A3</u>
Applicable Margins, 2013 Series A	1.00%	1.17%	1.37%	1.57%	1.82%

At June 30, 2021, the State's general obligation bonds were rated AA and Aa2 by S&P and Moody's, respectively. As such, at June 30, 2021, the 2013 Series A Bonds bore interest at 1.10250%.

Proceeds from the 2013 Series A bonds were transferred by the I-195 RDC to the State.

Simultaneously with the issuance of the 2013 Series A Bonds, the I-195 RDC, RICC, and a Bank entered into a bond purchase agreement under the terms of which the 2013 Series A Bonds were purchased by the Bank. The Bank holds a mandatory tender option to sell the bonds to RICC on either April 1, 2023 or April 1, 2028.

Concurrent with the issuance of the 2013 Series A Bonds, the State entered into separate rate cap transaction agreements with the Bank for each bond series (the Cap Agreement). Under the terms of the 2013 Series A Rate Cap Agreement, the State paid the Bank \$658,500. In exchange, the Bank agreed to pay the State interest on a monthly basis at 30-Day LIBOR, to the extent 30-Day LIBOR exceeds the interest rate cap, on the notional amount, which mirrors the scheduled principal balance of the 2013 Series A Bonds, through April 1, 2023. The interest rate under the 2013 Series A Rate Cap Agreement is capped at 6.75%. At June 30, 2021, the fair value of the 2013 Series A Rate Cap Agreements was \$973 and is estimated as the amount the Bank would receive to terminate the Rate Cap Agreements at the reporting dates, taking into account current interest rates and the current credit worthiness of the counterparties.

Repayment of the 2013 Series A Bonds shall be solely from i) appropriated funds, if any, made available and appropriated by the General Assembly of the State for bond payments, but not for payment of administrative expenses and ii) pledged receipts, which are the net proceeds derived from the sale, lease, transfer, conveyance, or other disposition of any interest in all or any portion of the I-195 land owned by the I-195 RDC.

The I-195 RDC has pledged and granted to RICC a security interest, which has been assigned to the bond trustee, in all pledged receipts and all deposits in the bond, project, expense and credit facility funds established with the bond trustee.

To the extent that the I-195 RDC has insufficient funds to meet its payment obligations under the bonds, it shall seek appropriations from the State; however, there are no assurances that the State will appropriate amounts to fund the I-195 RDC's payment obligations.

Other Component Units

Nonmajor component units have various bonds outstanding. These revenue bonds were generally issued to fulfill the component unit's corporate purpose. Additional information on each nonmajor component unit's debt obligations is available in their audited financial statements.

C. Loans Payable

Discretely Presented Component Units

This balance consists of loans payable by the University of Rhode Island and the Quonset Development Corporation of approximately \$368,000 and \$14.4 million, respectively.

D. Obligations Under Capital Leases

Primary Government

The State has entered into capital lease agreements, primarily Certificates of Participation (COPS), with financial institutions. These financing arrangements have been used by the State to acquire, construct or renovate facilities and acquire other capital assets. The State's obligation under capital leases at June 30, 2021, consists of the present value of future minimum lease payments less any funds available in debt service reserve funds. Obligation of the State to make payments under lease agreements is subject to and dependent upon annual appropriations being made by the General Assembly.

The following is a summary of material future minimum lease payments (expressed in thousands) required under capital leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2021:

Fiscal Year Ending June 30	Certificates of Participation	Other Capital Leases	Total
2022	\$ 28,366	\$ 943	\$ 29,309
2023	28,453	812	29,265
2024	24,431	314	24,745
2025	19,889	—	19,889
2026	8,777	—	8,777
2027 - 2031	29,842	—	29,842
2032 - 2036	9,313	—	9,313
Total future minimum lease payments	149,071	2,069	151,140
Amount representing interest	(23,076)	(18)	(23,094)
Present value of future minimum lease payments	<u>\$ 125,995</u>	<u>\$ 2,051</u>	<u>\$ 128,046</u>

Each COPS transaction generally covers multiple capital projects supporting multiple functions of the primary government. In general, the amount of capital asset additions funded through COPS is equivalent to the amount of the issuance. The State reports the amortization charge on assets acquired through COPS with depreciation expense on the government-wide financial statements and discloses the amounts in Note 5, Capital Assets.

When issuances also fund component unit projects, the State records the full lease under the obligation and recognizes the related receivable from the component unit for their portion of debt service in the government-wide financial statements.

Assets purchased with capital leases as of June 30, 2021 (expressed in thousands) are as follows:

Category	Cost	Accumulated Depreciation	Net Book Value
Buildings	\$ 215,583	\$ 70,780	\$ 144,803
Building Improvement	86,737	39,923	46,814
Computer Systems	70,186	34,490	35,696
Infrastructure	26,754	9,364	17,390
Equipment	1,327	465	862
	<u>\$ 400,587</u>	<u>\$ 155,022</u>	<u>\$ 245,565</u>

E. Defeased Debt

The State and its component units have defeased certain general obligation bonds and revenue bonds by placing the proceeds of the new bonds or other sources in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the basic financial statements.

At June 30, 2021, the following bonds outstanding (expressed in thousands) are considered defeased:

	<u>Amount</u>
Primary government:	
General Obligation Bonds	\$ 160,175
Component Units:	
R.I. Depositors Economic Protection Corporation (ceased operations during FY04)	42,250
R.I. Infrastructure Bank	117,200
R.I. Airport Corporation	14,090
R.I. Turnpike and Bridge Authority	48,805

F. Conduit Debt

The R.I. Health and Educational Building Corporation has issued various series of revenue bonds, notes, and leases to finance capital expenditures for Rhode Island educational institutions, hospitals, and healthcare providers. The bonds, notes and leases are special obligations of the Corporation, payable from revenues derived solely from the institution for which the project was financed. The bonds, notes, and leases do not constitute a debt or pledge of the faith and credit of the corporation or the State, and accordingly are not reflected in the financial statements. The amount of conduit debt outstanding on June 30, 2021 was \$3.3 billion.

The R.I. Industrial Facilities Corporation and the R.I. Commerce Corporation issue revenue bonds, equipment acquisition notes, and construction loan notes to finance various capital expenditures for Rhode Island business entities. The bonds and notes issued by the corporations are not general obligations of the corporations and are payable solely from the revenues derived from the related projects. They neither constitute nor give rise to a pecuniary liability for the corporations nor do they represent a charge against their general credit. Under the terms of the various indentures and related loan and lease agreements, the business entities make loan and lease payments directly to the trustees of the related bond and note issues in amounts equal to interest and principal payments due on the respective issues. The payments are not shown as receipts and disbursements of the corporations, nor are the related assets and obligations included in the financial statements. The amount of conduit debt outstanding on June 30, 2021 was \$32.1 million and \$958 million for these component units. Certain issues of conduit debt are moral obligations of the State, and the current amounts outstanding are disclosed in Note 17.

The Rhode Island Infrastructure Bank (RIIB) has issued conduit bonds for the express purpose of providing capital financing for a specific third party. RIIB has no obligation for the conduit debt beyond resources provided by a loan with the third party on whose behalf the conduit bonds were issued. As of June 30, 2021, RIIB had seven series of conduit bonds outstanding, with an aggregate principal amount payable of approximately \$55.3 million.

G. Job Creation Guaranty Program – Moral Obligations

The Job Creation Guaranty Program (JCGP) was established by the General Assembly in 2010 for the purpose of promoting economic development in the State and authorized the issuance of a maximum of \$125 million of obligations by the RI Commerce Corporation (RICC), formerly known as the RI Economic Development Corporation.

In November 2010, RICC issued \$75 million of taxable revenue bonds under the JCGP. The bond proceeds were loaned to 38 Studios, LLC (38 Studios) and provided funding for the relocation of the company's corporate headquarters to the State and establishment and operation of a video gaming software development studio in Providence. In accordance with the enabling legislation and the agreement between RICC, the trustee and 38 Studios, should amounts in the Capital Reserve Fund fall below minimum requirements, RICC agreed to present the Governor with a certificate stating the amounts required to restore any shortfall and the Governor is required to include such amounts in his or her budget request for appropriation by the General Assembly.

38 Studios filed for Chapter 7 bankruptcy in 2012 and the General Assembly has appropriated amounts needed to fund debt service of the JCGP bonds in prior years. The General Assembly appropriated \$12.7 million in fiscal 2021 to fund the last required debt service on the JCGP bonds related to 38 Studios.

The General Assembly repealed the authority for RICC to guarantee further loans under the JCGP during the 2013 legislative session.

H. Pollution Remediation Liabilities

GASB Statement No. 49 establishes guidance to estimate and report potential costs which may be incurred for pollution remediation liabilities. GASB Statement No. 49 requires the reporting entity to reasonably estimate and report a remediation liability when one of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the reporting entity is compelled to take action.
- The reporting entity is in violation of a pollution related permit or license.
- The reporting entity is named or has evidence it will be named as a responsible party by a regulator.
- The reporting entity is named or has evidence it will be named in a lawsuit to enforce a cleanup.
- The reporting entity commences or legally obligates itself to conduct remediation activities.

The State and certain component units have remediation activities underway, and these are in stages including site investigation, planning and design, clean up and site monitoring. Several agencies within State government have as part of their mission the responsibility to investigate possible pollution sites and oversee the remediation of those sites. These agencies have the expertise to estimate the remediation obligations presented herein based on prior experience in identifying and funding similar remediation activities. The remediation liabilities reported have been calculated using the expected cash flow technique. Situations posing potential liabilities, for which a reasonable estimate could not be made, have not been included.

Additionally, the State may have a pollution remediation obligation for certain sites for which investigations and studies, or related litigation, are still in progress and consequently, associated future costs cannot be estimated.

The remediation obligation estimates presented are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes in laws or regulations, and other factors that could result in revision to the estimates. Recoveries from responsible parties may reduce the State's obligation. As of June 30, 2021, no reasonable estimates of those recoveries can be made. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

I. Compensated Absences

State employees and those of certain component units are granted vacation and sick leave in varying amounts based upon years of service. Additionally, the State has deferred payment of certain compensation to employees. A liability has been calculated for all earned vacation credits, subject to certain limitations, and vested sick leave credits that are payable at retirement, subject to certain limitations. Payment is calculated at the employees' current rate of pay.

J. Arbitrage Rebate

A liability accrues for income on the investment of debt proceeds determined to be arbitrage earnings in accordance with federal regulations. These amounts are generally payable to the federal government five years after the issuance date of the bonds.

K. Due to the Primary Government

This consists of the repayment of general obligation debt that was issued by the State on behalf of certain component units.

L. Other Long-Term Liabilities

Governmental Activities - the liabilities consist primarily of:

- Retainage related to infrastructure construction projects – these amounts are considered long-term liabilities since the related construction projects are not expected to be completed in the subsequent fiscal period.
- Asset Retirement Obligations – these amounts are considered long-term liabilities since the nuclear reactor that the liability relates to has an estimated useful life in excess of one year.

In addition, certain other long-term payables are included in this category. Historically, long-term liabilities, other than debt, will be paid through certain funds as follows:

- Compensated absences – Assessed Fringe Benefits Fund, an internal service fund and the respective fund to which the underlying employee's wages and benefits are charged.
- Asset Retirement Obligations – General and RI Capital Plan.
- Pollution remediation – General, RI Capital Plan, and Intermodal Surface Transportation Funds.
- Other long-term liabilities – General and Intermodal Surface Transportation Funds.

Component Units – the liabilities consist primarily of landfill closure and post-closure costs, grants refundable and escrow deposits.

Note 8. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position by the State that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position by the State that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

The components of the deferred outflows of resources and deferred inflows of resources related to the primary government and its discretely presented component units as of June 30, 2021 are as follows (expressed in thousands):

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units
Deferred outflows of resources:				
Deferred loss on refunding of debt	\$ 19,549	\$ 4,668	\$ 24,217	\$ 11,776
Deferred pension costs - ERS	546,367	5,720	552,087	35,964
Deferred pension costs - single employer plans and other	51,104	—	51,104	23,300
Deferred OPEB costs - multiple employer plans	54,401	1,309	55,710	23,960
Deferred OPEB costs - single employer plans	7,034	—	7,034	—
Asset Retirement Obligations	33,952	—	33,952	—
Derivatives	—	—	—	865
Total deferred outflows of resources	<u>\$ 712,407</u>	<u>\$ 11,697</u>	<u>\$ 724,104</u>	<u>\$ 95,865</u>
Deferred inflows of resources:				
Deferred gain on refunding of debt	\$ 26,072	\$ —	\$ 26,072	\$ 2,048
Deferred pension credit - ERS	119,605	525	120,130	21,068
Deferred pension credit - single employer plans and other	9,752	—	9,752	2,047
Deferred OPEB credit - multiple employer plans	99,525	1,048	100,573	38,092
Deferred OPEB credit - single employer plans	18,523	—	18,523	—
Total deferred inflows of resources	<u>\$ 273,477</u>	<u>\$ 1,573</u>	<u>\$ 275,050</u>	<u>\$ 63,255</u>

The components of the deferred inflows of resources related to the governmental funds as of June 30, 2021 are as follows (expressed in thousands):

	General Fund	IST Fund	Total Governmental Funds
Deferred inflows of resources:			
Taxes	\$ 22,113	\$ —	\$ 22,113
Other General Revenue	10,606	—	10,606
Federal Revenue	—	9,622	9,622
Total deferred inflows of resources	<u>\$ 32,719</u>	<u>\$ 9,622</u>	<u>\$ 42,341</u>

Note 9. Governmental Fund Balance, Budget Reserve and Cash Stabilization Account, and Net Position Restricted for Enabling Legislation

A. Governmental Funds Balances

Governmental fund balance categories are detailed below (expressed in thousands):

Governmental Funds - Fund Balance

	Major Funds			Total
	General Fund	IST Fund	Other Funds	
Fund Balances:				
Nonspendable:				
General Fund	\$ 1,538	\$ —	\$ —	\$ 1,538
Permanent Fund Principal	—	—	174	174
Restricted for:				
Purposes specified by enabling legislation	276,172	—	—	276,172
RI Capital Plan	—	—	149,825	149,825
Debt Service	—	12,204	71,558	83,762
Capital Projects	—	—	241,451	241,451
Temporary Disability Insurance	—	—	173,571	173,571
Historic Tax Credit Redemption	—	—	67,929	67,929
Transportation-Infrastructure	—	209,336	—	209,336
Mission 360 Loan Program	—	1,864	—	1,864
Education	—	—	347	347
Other	—	—	623	623
Committed to:				
Transportation-Maintenance	—	41,835	—	41,835
Other	8,135	—	433	8,568
Assigned to:				
Subsequent Years Expenditures	283,539	579	—	284,118
Statutory Reappropriations	8,446	—	—	8,446
Unassigned:				
Budget Reserve and Cash Stabilization	227,949	—	—	227,949
Other	91,476	—	—	91,476
Totals	<u>\$ 897,255</u>	<u>\$ 265,818</u>	<u>\$ 705,911</u>	<u>\$ 1,868,984</u>

B. Budget Reserve and Cash Stabilization Account

Article IX of the State Constitution requires the maintenance of a State Budget Reserve and Cash Stabilization Account (the Reserve) within the State's General Fund. Section 35-3 of the General Laws specifically establishes the annual minimum balance requirements for the account. For fiscal 2021, 3.0% of total general revenues and opening surplus are transferred to the Reserve. Amounts in the Reserve in excess of 5.0% of total general revenues and opening surplus are transferred to the RI Capital Plan Fund to be used for capital projects.

According to the State Constitution and related enabling laws the Reserve, or any portion thereof, may be appropriated by a majority of each chamber of the General Assembly, in the event of an emergency involving the health, safety or welfare of the citizens or to fund any unanticipated general revenue deficit caused by a general revenue shortfall in any given year.

The General Assembly appropriated the transfer of \$120 million from the Budget Reserve and Cash Stabilization Account as part of the fiscal 2020 supplemental appropriations act to provide resources in anticipation of revenue reductions and additional expenditures in response to the COVID-19 pandemic. The Budget Reserve and Cash Stabilization Account is included within Unassigned Fund Balance within the General Fund but is not considered available for appropriation until specifically made available by the General Assembly. Amounts appropriated from the Budget Reserve and Cash Stabilization Account are available to support general revenue expenditure appropriations. At the close of fiscal 2021, the Budget Reserve and Cash Stabilization Account was almost fully restored.

The State has not adopted any minimum fund balance requirements for any funds beyond the State Budget Reserve and Cash Stabilization Account within the General Fund.

C. Net Position Restricted for Enabling Legislation

The State's net position restricted by enabling legislation represents resources which a party external to a government such as citizens, public interest groups, or the judiciary can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports \$709.4 million of restricted net position, of which \$596.3 million is restricted by enabling legislation.

See Note 1, Section S of these Notes for more information regarding the five categories of fund balance.

Note 10. Restatements – Net Position and Fund Balance

Restatements of beginning net position (expressed in thousands) are in the following table:

	Governmental Activities	Business- Type Activities	Discretely Presented Component Units	General Fund	Fiduciary Funds	
					Private Purpose Trusts	Custodial Funds
Previously reported at June 30, 2020:						
Fund Balance				\$ 401,770		
Net Position	\$ (609,814)	\$ 306,186	\$ 3,094,967		\$ 5,168,052	\$ —
Restatement due to:						
1) Implementation of GASB Statement No. 84 - Fiduciary Activities - reclassification of certain activities within the RIHealth and Educational Building Corporation and Central Falls School District (discretely presented component units) to fiduciary activities and establishment of custodial funds	—	—	(14,128)	—	—	73,665
2) Retroactive Medicaid billing for State Eleanor Slater Hospital	9,827	—	—	9,827	—	—
3) Change in recognition of public health personnel costs at the Eleanor Slater Hospital reimbursed through federal CRF	(23,670)	—	—	(23,670)	—	—
4) Correction of interest income - Convention Center Authority	—	771	—	—	—	—
5) Correction of revenue - I-195 Redevelopment Redistrict Commission	—	—	(16)	—	—	—
6) Correction of commitment payable - RI Health and Educational Building Corporation	—	—	398	—	—	—
7) Change in reporting entity - inclusion of ABLE Trust as a Private Purpose Trust	—	—	—	—	1,297	—
8) Reclassification of Health Source RI Trust from Agency Funds to Private Purpose Trusts	—	—	—	—	—	—
Restated Beginning balances at July 1, 2020:						
Fund Balance				<u>\$ 387,927</u>		
Net Position	<u>\$ (623,657)</u>	<u>\$ 306,957</u>	<u>\$ 3,081,221</u>		<u>\$ 5,169,349</u>	<u>\$ 73,665</u>

Note 11. Taxes

Tax revenue reported on the Statement of Activities is reported net of the allowance for uncollectible amounts and net of estimated refunds. Tax revenue on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds is reported net of estimated refunds, uncollectible amounts and the amount that will not be collected within one year (unavailable). The unavailable amount is reported as deferred inflows of resources. The detail of the general revenue taxes as stated on the Statement of Activities and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances is presented below (expressed in thousands):

	Governmental Funds	Statement of Activities
General Fund		
Personal Income	\$ 1,606,554	\$ 1,609,848
General Business Taxes:		
Business Corporations	201,789	202,728
Public Utilities Gross Earnings	93,475	93,475
Financial Institutions	34,856	34,856
Insurance Companies	127,285	127,285
Bank Deposits	3,819	3,819
Health Care Provider Assessment	35,121	35,121
Sub-total - General Business Taxes	<u>496,345</u>	<u>497,284</u>
Sales and Use Taxes:		
Sales and Use	1,341,418	1,339,923
Motor Vehicle	682	682
Cigarettes	159,713	159,713
Alcoholic Beverages	22,201	22,201
Sub-total - Sales and Use Taxes	<u>1,524,014</u>	<u>1,522,519</u>
Other Taxes:		
Inheritance and Gift	42,986	42,986
Racing and Athletics	404	404
Realty Transfer	17,775	17,775
Sub-total - Other Taxes	<u>61,165</u>	<u>61,165</u>
Total - General Fund	<u>3,688,078</u>	<u>3,690,816</u>
Intermodal Surface Transportation Fund		
Gasoline	143,346	143,345
RI Highway Maintenance	74,778	74,778
Other Governmental Funds	234,991	234,991
Total Taxes	<u>\$ 4,141,193</u>	<u>\$ 4,143,930</u>

Note 12. Tax Abatements

For financial reporting purposes (GASB Statement No. 77 - *Tax Abatements*), a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The State of Rhode Island has eleven programs in place to abate taxes. Of the eleven programs, seven are managed by the State and four are managed by the Rhode Island Commerce Corporation.

For certain economic development programs with tax abatement provisions, the General Assembly appropriated funds which were paid to the Rhode Island Commerce Corporation (RICC) to fund these programs. Upon notification by the Division of Taxation, the RICC transfers funds to reimburse the State for the amount of foregone tax revenue.

The State has issued Historic Tax Credit Preservation Bonds to fund historic tax preservation credits presented for redemption or as credits to taxes owed to the State. Approximately \$67.9 million is available in the Historic Tax Credit Fund at June 30, 2021.

The following is a summary of taxes abated during fiscal 2021 by tax type (expressed in thousands):

Tax Abatement Program	Personal Income	Business Corporation	Insurance Companies	Financial Institutions	Hotel Tax	Sales Tax	Non-Profit Redemption*	Total
Job Development Act	\$ —	\$ 1,208	\$ —	\$ 13,202	\$ —	\$ —	\$ —	14,410
Motion Picture Production Tax Credits	521	1,632	81	—	—	—	—	2,234
Historic Preservation Tax Credits	8,958	—	4,162	—	—	—	197	13,317
Tax Credit for Contributions to Qualified Scholarship Organizations	1,014	—	180	—	—	—	—	1,194
Qualified Jobs Incentive Tax Credit	62	—	—	—	—	—	—	62
Tax Increment Financing (PILOT)	—	—	—	—	68	405	—	473
Tax Increment Financing (Traditional)	—	—	—	—	33	270	—	303
Wavemaker Fellowship**	93	—	—	—	—	—	—	93
Apprenticeship Program	—	—	—	—	—	—	—	—
Rebuild Rhode Island	1,248	150	7,316	—	—	—	—	8,714
Total	\$ 11,896	\$ 2,990	\$ 11,739	\$ 13,202	\$ 101	\$ 675	\$ 197	\$40,800

* Non-profit entities may request payment for the value of historic preservation tax credits awarded in lieu of a credit to tax liabilities.

** Wavemaker fellows have the option of directly receiving their payments. During the fiscal year ended June 30, 2021 direct payments made to fellows totaled approximately \$1.1 million.

Other Commitments under Tax Abatement Agreements - Certain tax abatement programs include commitments by the State other than the reduction of taxes.

- The Wavemaker Fellowship programs include a provision that the entity or individual, as applicable, may redeem the tax credit for 100% of its value upon fulfilling its responsibilities under the agreement. During the fiscal year ended June 30, 2021, direct payments made to Wavemaker fellows totaled approximately \$1.1 million.
- Individual taxpayer information is protected by state and federal laws mandating its confidentiality and cannot be disclosed without specific statutory authority. To the extent GASB Statement No. 77 – *Tax Abatements* requires disclosure of such information, the State is legally prohibited from providing disclosures of individual taxpayer information.
- Non-profit entities may redeem historic tax credits awarded by payment for the value of the credit in lieu of a credit to tax liabilities.

The following pages summarize the key provisions of the tax abatement programs authorized by the State at June 30, 2021.

<u>Program Name:</u>	<u>Job Development Act</u>	<u>Enterprise Zone</u>
Program purpose:	To foster job creation for companies that create new employment in RI over a three-year period.	To stimulate jobs growth and encourage business development in targeted distressed areas of the State.
Taxes being abated:	Business Corporation, Public Service Corporation, Financial Institution, Insurance Company, or Personal Income	Business Corporation, Public Service Corporation, Financial Institution, Insurance Company, or Personal Income
Authority under which abatements are entered into:	Jobs Development Act (RI Gen. Laws 42-64.5-1) and as amended by Rhode Island New Qualified Jobs Incentive Act 2015 (RIGL 44-48.3-12)	Distressed Areas Economic Revitalization Act - Enterprise Zones (RIGL 42-64.3)
Criteria to be eligible to receive abatements and commitment of the taxpayer:	(1) Subject to a finding of revenue neutrality based on an economic impact analysis conducted by RI Commerce Corporation (RICC); (2) must be approved by the RICC Board of Directors; (3) company must show that "but for" the incentives, the company is not likely to retain, expand or add employment in the State, and that the company has generated new tax revenue for the State that is at least equivalent to the value of this incentive; (4) the company must maintain a certain level of employment as stated in the agreement; (5) new employees must be paid at least 250% of the State minimum wage.	A business has to: (1) be physically located within a State-approved Enterprise Zone (EZ), (2) be registered with the State as an EZ member business, (3) grow its existing workforce by at least 5%, consisting of only RI residents, (4) grow total corporation wages paid over that of the prior year, (5) obtain specific letters of good standing from the State, and (6) receive certification prior to July 1, 2015.
How taxes are reduced:	Reduction of tax rate.	As a credit to the amount of taxes owed.
How abatement is determined:	For example, corporate income tax may be reduced to as low as 3%. The reduction equals: 0.20% for every 10 new jobs created for companies having a baseline employment below 100; or .20% for every 50 new jobs created, for those companies having a baseline employment above 100. Rate reduction(s) discontinued effective July 1, 2015 except for any company that qualified prior to July 1, 2015 which may maintain its reduction so long as it carries out its obligations.	Not more than one type of tax liability can be used to claim the credit. 50% of the wages paid a new hire up to a maximum of \$2,500 per new employee; 75% of the wages paid a new hire up to a maximum of \$5,000 per new employee if that employee lived within a State-designated EZ. Unused EZ Tax credits can be carried forward for up to 3 years.
Recapture provisions:	N/A	N/A

<u>Program Name:</u>	<u>Qualified Jobs Incentive Tax Credit</u>	<u>Rebuild Rhode Island Tax Credit</u>
Program purpose:	Stimulate business expansion and attraction, create well-paying jobs for State residents, and generate revenues for necessary State and local governmental services.	Stimulate business development; retain and attract new business and industry to the State; create good-paying jobs for State residents; assist with commercial and industrial real estate development; and generate revenues for necessary State and local governmental services.
Taxes being abated:	Business Corporation, Public Service Corporation, Financial Institution, Insurance Company, or Personal Income	Business Corporation, Public Service Corporation, Financial Institution, Insurance Company, Personal Income, or Sales and Use.
Authority under which abatements are entered into:	Rhode Island Qualified Jobs Incentive Act of 2015 (RIGL Title 44-48.3)	Rebuild Rhode Island Tax Credit Act (RIGL 42-64.20)
Criteria to be eligible to receive abatements and commitment of the taxpayer:	(1) Must create minimum number of new full-time jobs defined in the statute; (2) new full-time jobs must earn at least Rhode Island's median wage; (3) must certify and provide evidence that without the Tax Credit the new full time jobs would not occur within the State; (4) must be approved by the RICC Board of Directors; (5) must perform in accordance with an executed incentive agreement. Applicants may be eligible for Tax Credits for up to 10 years and must commit to remain in the State for 20% longer than the total time tax credit is received.	(1) Applicant must provide equity of at least 20% of project costs; (2) must certify and provide evidence that the project has a financing gap and that the project is not likely to be accomplished by private enterprise without the tax credits; (3) project fulfills the State's policy and planning objectives and priorities including minimum project size, cost, and/or job creation thresholds; (4) must be approved by the RICC Board of Directors; (5) entity must perform in accordance with an executed incentive agreement.
How taxes are reduced:	As a credit to the amount of taxes owed.	As a credit to the amount of taxes owed.
How abatement is determined:	The annual benefit for each new full-time job created is the lesser of (1) 75% of the reasonable State income tax withholding generated; or (2) a cap of \$2,500 to \$7,500 defined in the incentive agreement and depending on median salary level, location, industry, whether the job is being relocated from out-of-state, number of new full-time jobs, and capital investment being made.	Total tax credit calculated as the lesser of the Project Financing Gap or 30% of Project Costs* up to a maximum of \$15 million. Tax Credits are available for up to 5 years in increments ranging from 15% to 30% of total tax credit beginning in the year the project is placed in service. *Tax credits shall not exceed 20% provided, however, that the applicant shall be eligible for additional tax credits of not more than 10% of the project cost, if the project meets other specific, additional criteria as defined in the agreement.
Recapture provisions:	If the Applicant ceases operations in the State or transfers more than 50% of the jobs for which a Tax Credit was granted under the Act to another state, the Tax Credit shall cease, and the Applicant shall be liable to the State for, at a minimum, 20% of all tax benefits granted to the Applicant.	Projects may be required to repay tax credits in the event the project achieves outside financial returns.

<u>Program Name:</u>	<u>Tax Increment Financing</u>	<u>Wavemaker Fellowship</u>
Program purpose:	Stimulate business development; retain and attract new business and industry to RI; create good-paying jobs for RI residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary State and local governmental services.	Promote economic opportunity and bring more and higher-paying jobs to the State; offer educational opportunity and retraining to individuals impacted by job loss, workplace injury, disability or other hardship; keep young people in the State; encourage an entrepreneurial economy in the State.
Taxes being abated:	Business Corporation, Public Service Corporation, Financial Institution, Insurance Company, Personal Income, Hotel, or Sales and Use.	Personal Income
Authority under which abatements are entered into:	Rhode Island Tax Increment Financing Act of 2015 (RIGL 42-64.21)	Stay Invested in RI Wavemaker Fellowship (RIGL 42-64.26)
Criteria to be eligible to receive abatements and commitment of the taxpayer:	(1) Project must be located in a qualifying TIF Area; (2) project must have a financing gap; (3) project must be either a new facility and not a replacement or relocation of an existing facility already located in the State, an expansion of an existing facility that will increase the number of full-time employees in the State, or necessary to retain one or more At Risk Businesses; (4) must be approved by the RICC Board of Directors; (5) must perform in accordance with an executed incentive agreement.	Applicants selected on a competitive basis by a fellowship committee on a name-blind and employer-blind basis. Selected applicants shall meet specific criteria for education, student loan debt, and full-time employment with a Rhode Island-based employer located in this State throughout the eligibility period, and employment in a field specified in the agreement.
How taxes are reduced:	Eligible taxes are reimbursed to the developer.	As a credit to the amount of taxes owed. Wavemaker fellows may also request payment for the value of the credit awarded.
How abatement is determined:	Up to 75% of the projected annual incremental revenues may be allocated under a TIF agreement. Total incentive may not exceed 30% of project costs or the amount needed to close the financing gap. RICC may exempt public infrastructure, a preexisting municipally-owned stadium of 10,000 seats or greater, or utilities from the 30% cap.	Awards are limited to \$1,000 for an associate's degree holder, \$4,000 for a bachelor's degree holder, and \$6,000 for a graduate or post-graduate degree holder, and may not exceed the education loan repayment expenses incurred by the selected taxpayer during each service period completed, for up to four (4) consecutive service periods provided that the taxpayer continues to meet the eligibility requirements throughout the eligibility period.
Recapture provisions:	Tax Credits may be denied or revoked if Applicant's certification or information is found to be willfully false; if the Applicant or successor is convicted of bribery, fraud, theft, embezzlement, misappropriation, and/or extortion involving the State, any State agency or political subdivision of the State.	Tax Credits may be denied or revoked if Applicant's certification or information is found to be willfully false; if the Applicant or successor is convicted of bribery, fraud, theft, embezzlement, misappropriation, and/or extortion involving the State, any State agency or political subdivision of the State.

<u>Program Name:</u>	<u>Motion Picture Production Tax Credits</u>	<u>Historic Preservation Tax Credits</u>
Program purpose:	To encourage development in Rhode Island of a strong capital base for motion picture film, videotape, and television program productions, in order to achieve a more independent, self-supporting industry.	To create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic structures, as well as to generate the positive economic and employment activities that will result from such redevelopment and reuse.
Taxes being abated:	Business Corporation, Public Service Corporation, Financial Institution, Insurance Company, or Personal Income	Business Corporation, Personal Income, Insurance Tax, Insurance - HMO.
Authority under which abatements are entered into:	RIGL 44-31.2	RIGL 44-33.6
Criteria to be eligible to receive abatements and commitment of the taxpayer:	Primary production locations are to be within the State of Rhode Island, and the total production budget must be at least \$100,000. 30% of State certified production costs incurred that are directly attributable to activity within the State.	A certified historic structure is to be substantially rehabilitated.
How taxes are reduced:	As a credit to the amount of taxes owed.	As a credit to the amount of taxes owed. Non-profit entities without tax liabilities may request payment for the value of the credit awarded.
How abatement is determined:	The amount of the credit shall be 30% of State certified production costs incurred that are directly attributable to activity within the State. Motion picture production tax credit certificates are issued to the motion picture production company, or to one or more transferees to be applied as a credit to taxes owed.	The Division of Taxation issues a certificate in the amount of the qualifying credit for which the rehabilitation qualifies, up to 20% of qualified rehabilitation expenditures, or 25% if a specified portion of the structure will be made available for a trade or business. The maximum credit allowed for any one project is \$5,000,000.
Recapture provisions:	N/A	N/A

<u>Program Name:</u>	<u>Employer's Apprenticeship Tax Credits</u>	<u>Tax Credit for Contributions to Qualified Scholarship Organizations</u>
Program purpose:	To encourage the creation of machine tool, metal trade, and plastic process technician apprenticeships.	To enhance the educational opportunities available to all students in Rhode Island.
Taxes being abated:	Business Corporation	Business Corporation, Public Service Corporation, Bank Tax, Bank Deposits, Insurance Company, Personal Income Tax.
Authority under which abatements are entered into:	RIGL 44-11-41	RIGL 44-62
Criteria to be eligible to receive abatements and commitment of the taxpayer:	The apprentice must be enrolled in a registered qualified program through the RI Department of Labor and Training's State Apprenticeship Council. The number of apprenticeships for which credit is calculated must exceed the average number of qualifying apprenticeships begun in the preceding five years.	A business entity is approved by the Division of Taxation if the dollar amount of the tax credit is no greater than \$100,000 in any tax year and if the scholarship organization qualified under RIGL 44-62-2. Approvals are available on a first-come-first-served basis, with the total aggregate amount of all tax credits approved not to exceed \$1,500,000 in a fiscal year.
How taxes are reduced:	As a credit to the amount of taxes owed.	The Division of Taxation issues a certificate for the amount of credit to be granted.
How abatement is determined:	Based on 50% of actual wages paid to a qualifying apprentice or \$4,800, whichever is less.	Unless a two-year contribution plan is in place, the credit is computed at 75% of the total voluntary contribution made. In general, if a two-year contribution plan is in place, the credit for each year shall be 90% of the total voluntary contribution made.
Recapture provisions:	N/A	If the amount of the second-year contribution is less than 80% of the first-year contribution, then the credit for both the first- and second-year contributions shall equal 75% of each year's contribution. In such case, the tax administrator shall prepare the tax credit certificate for the second year at 75%. The difference in credit allowable for the first year (15% of the first-year contribution) shall be recaptured by adding it to the taxpayer's tax in that year.

Note 13. Pledged Revenue

The State's debt supported by pledged revenue is as follows (expressed in thousands):

Revenue Bonds-Tobacco Settlement Financing Corporation		
Revenue:		
Tobacco settlement revenue-cash basis (a)	\$ 46,987	
Investment income	9	
Total revenue	<u>46,996</u>	
General and administrative expenses	72	
Net revenue available for debt service	<u>\$ 46,924</u>	
Required debt service payments	\$ 35,507	
Covered ratio before turbo principal payments (b)		132.15 %
Turbo redemptions - principal (c)	11,860	
Total annual debt service	<u>\$ 47,367</u>	
Covered ratio after turbo principal payments (d)		99.07 %
Term of commitment - through June 2052		
Revenue Bonds-GARVEE (Federal Highway)		
Revenue - FHWA participation	\$ 65,517	
Less: operating expenses	—	
Net available revenue	<u>\$ 65,517</u>	
Debt service		
Principal	\$ 37,305	
Interest	28,214	
Total debt service	<u>\$ 65,519</u>	
Coverage (b)		100.00 %
Term of commitment - through June 2035		
Revenue Bonds-Motor Fuel (Gas Tax)		
Revenue - 2 cents per gallon of the gasoline tax	\$ 8,151	
Less: operating expenses	—	
Net available revenue	<u>\$ 8,151</u>	
Debt service		
Principal	\$ 3,980	
Interest	1,381	
Total debt service	<u>\$ 5,361</u>	
Coverage (b)		152.04 %
Term of commitment - through June 2027		

- (a) Included for fiscal year 2021 are certain one-time revenue items totaling \$12,625,252. A total of \$2,036,738 related to disputed payment amount for 2018, as a settled, not transition, year at 75% of the 2018 NPM Adjustment disputed payment amount and \$10,588,514 related to the NPM Adjustment 'disputed payment amount for 2020 as a transition year at 100% of Rhode Island's potential maximum '2020 NPM Adjustment. The 2020 year was settled on a 75% / 25% split between the States and PMs with 100% of the potential maximum NPM Adjustment amount paid to Rhode Island in 2021. A 25% credit of approximately \$2,647,129 for the 2020 NPM Adjustment is due to the PMs in the 2023 payment year.
- (b) Coverage ratio equals net revenue available for debt service divided by required debt service payments.
- (c) "Turbo" redemption provisions require the Corporation to apply collections that are in excess of current funding requirements to the early redemption of the bonds.
- (d) Coverage ratio equals net revenue available for debt service divided by total annual debt service.

Note 14. Transfers

Transfers for the fiscal year ended June 30, 2021 are presented below (expressed in thousands):

	Transfers	Description
Governmental Funds		
Major Funds		
General		
Major Funds		
Intermodal Surface Transportation	\$ 51,761	Debt service and operating assistance
Nonmajor Funds		
RI Temporary Disability Insurance	971	Operating assistance
Historic Tax Credit Financing	13,120	Tax credits claimed
Bond Capital	73	Interest earnings transfer
Clean Water	4	Transfer
RI Capital Plan	12	Capital expenditures
Proprietary Funds		
Lottery	301,803	Net income transfer
Total General	<u>367,744</u>	
Intermodal Surface Transportation		
RI Bond Capital	<u>29</u>	Infrastructure funding
Nonmajor Funds		
RI Capital Plan		
General	120,000	Transfer of FY21 Appropriations
Bond Capital	5,759	Premium on new bonds
Historic Tax Credit Financing	20,000	Transfer of FY21 appropriations
RI Public Rail Corp		
Intermodal Surface Transportation	<u>3,264</u>	Operating assistance
Total Nonmajor Funds	<u>149,023</u>	
Total Governmental Funds	516,796	
Proprietary Funds		
Convention Center		
General	24,963	Debt service and operating assistance
RI Capital Plan	<u>1,000</u>	Capital improvement
Total Proprietary Funds	<u>25,963</u>	
Total Transfers Primary Government	<u>\$ 542,759</u>	

Note 15. Operating Lease Commitments

The primary government is committed under numerous operating leases covering real property. Operating lease expenditures totaled approximately \$18.6 million for the fiscal year ended June 30, 2021. Most of the operating leases contain an option allowing the State, at the end of the initial lease term, to renew its lease at the then fair rental value. In most cases, it is expected that these leases will be renewed or replaced by other leases.

The following is a summary of material future minimum rental payments (expressed in thousands) required under operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2021:

Fiscal Year Ending June 30	
2022	\$ 15,887
2023	13,364
2024	10,457
2025	9,798
2026	7,913
2027 - 2031	16,139
2032 - 2036	2,278
Total	<u>\$ 75,836</u>

The minimum payments shown above have not been reduced by any sublease receipts.

Note 16. Commitments

Primary Government

The primary government is committed at June 30, 2021 under various contractual obligations for transportation infrastructure improvements, construction and renovation of buildings, software development and implementation, and other capital projects. A substantial portion of the cost of these projects will be reimbursed by federal grants, with the remainder principally financed with debt proceeds and Rhode Island Capital Plan Funds.

At June 30, 2021, the primary government had transportation infrastructure design, construction and other contract commitments of approximately \$852 million, and contract commitments for the design, construction and renovation of buildings of approximately \$19 million. At June 30, 2021 the primary government had software development and implementation contract commitments of approximately \$133 million. These amounts include only purchase orders and related amendments generally processed through June 30, 2021. The State is also committed under multiple contracts for ongoing services which are not included in these commitment amounts.

RI Public Rail Corporation Letter of Credit

The RI Public Rail Corporation (RIPRC), a special revenue fund, has obtained a letter of credit in the amount of \$7.5 million in favor of AMTRAK to secure RIPRC's performance of its obligations arising under any South County Rail Service agreements and bridges over AMTRAK's Northeast Corridor. RIPRC has been designated as the entity responsible for indemnifying AMTRAK and MBTA, and securing and maintaining liability insurance coverage to provide funds to pay all or a portion of the liabilities of the State, the MBTA, and AMTRAK for property damage, personal injury, bodily injury or death arising out of the South County Commuter Rail Service and Pawtucket/Central Falls Commuter rail station with policy limits of \$295 million, per federal law, subject to a self-insured retention of \$7.5 million.

United States Department of Justice Consent Decree

The State of Rhode Island entered in consent decree in April 2014 with the United States Department of Justice (USDOJ) relating to the statewide day activity service system for individuals with intellectual and developmental disabilities to remedy any and all violations of the integration mandate of Title II of the Americans with Disabilities Act (ADA) and Olmstead Decision (Olmstead v. L.C.), that were identified as a result of the United States' calendar year 2013 investigation of the State's day activity service system.

The consent decree is intended to ensure that the State will timely meet the requirements of the integration mandate of the ADA and the Olmstead decision as it pertains to the statewide day activity service system, which require that the State's day activity services, including employment and day services, for individuals with intellectual and developmental disabilities be provided in the most integrated setting appropriate to meet their needs. The consent decree anticipated that Rhode Island will have complied with all provisions of the consent decree by the end of State Fiscal Year 2024, unless terminated, cancelled, or extended.

As the State continues to comply with the terms of the consent decree, recent court orders by the judge overseeing the consent decree will require a significant investment in upcoming years in the operations and underlying infrastructure that support the service system for individuals with intellectual and developmental disabilities. Specifically, the court order requires the State develop and adopt a three-year budget strategy to, among other things, fund increases in wages to direct support professionals, increase funding for transportation and technology, and address the costs of transitioning the supports to an individualized community-based model. These supports are largely met through service providers contracted by the State. The amount of additional investment, while not currently determined, is expected to be significant and expended over fiscal years 2022 through 2024, subject to budgetary appropriations.

In October 2021, the court approved (and ordered) terms agreed to by the State and USDOJ. The court ordered terms would increase the State's Medicaid reimbursable rate to allow for a significant increase in the starting wage for direct support professionals through fiscal 2024. This increase is estimated to cost \$34.7 million, with the State's share approximating \$15.5 million. Additionally, the State will establish a \$12 million programmatic transition fund, which shall not supplant or replace existing funding for intellectual and development disability supports and services and must be used solely for integrated day activities and supported employment services as defined in the consent decree. It is likely that the transition fund will be funded with State general revenues. The terms would also commit the State to a \$2 million fund for technology acquisition for individuals receiving intellectual and development disability supports and services.

United States Environmental Protection Agency Consent Decree

RIDOT entered into a Consent Decree with the EPA in 2015 concerning violations of the Clean Water Act by failing to comply with the conditions in the General Permit – Rhode Island Pollutant Discharge Elimination System Storm Water Discharge from Small Municipal Separate Storm Sewer Systems. The Consent Decree requires RIDOT to implement remedial actions necessary in order to address discharges to impaired waters, illicit discharge detection and elimination, street sweeping pollution prevention and catch basin and other drainage system component inspection and maintenance. The State has committed to significant annual investments to implement the remedial actions. The Consent Decree also incorporates stipulated penalties for RIDOT's failure to meet specific compliance deadlines. To date, RIDOT has met all the required milestones and expects to meet all future milestones outlined in the Consent Decree.

Department of Children, Youth and Families Foster Care Program Settlement Agreement

Children's Rights of New York (Children's Rights) brought suit against the State in 2007 alleging constitutional and statutory violations in its foster care programs. Children's Rights sought substantial changes to these programs, prolonged supervision by a private, outside monitor and attorney's fees. A judgment was entered in favor of the State in United States District Court for the District of Rhode Island on April 30, 2014. Children's Rights appealed to the United States Court of Appeals for the First Circuit, which reversed the judgment and remanded the case to the District Court for additional discovery and further litigation.

A settlement agreement was approved by the District Court after a fairness hearing in May 2018. The State began to implement the requirements of the Settlement Agreement. To date, the State has successfully achieved three of the benchmarks in the Settlement Agreement and has successfully exited out of the three sections to the agreement. In accord with the terms of the Settlement Agreement, the

State is going through the procurement process to engage a contractor to conduct a work load study. The purpose of the work load study is to assess what, if any, additional staffing resources are necessary for the State to achieve compliance on the sections of the Settlement Agreement related to child welfare practice. A determination on additional staffing resources needs will be made after the agency receive the results of the workload study.

While the parties have entered into the settlement agreement, pursuant to which the state has paid \$3.4 million in attorney's fees to plaintiffs' counsel and is providing services, the state may face continuing exposure for damages and additional attorney's fees arising out of a challenge to the State's completion of agreed benchmarks and entitlement to exit the agreement on several parameters.

Performance-based Agreements

RICC has issued economic development revenue bonds whereby the State will assume the debt if the employer reaches and maintains a specified level of full-time equivalent employees. The State has commitments relating to this debt through fiscal 2027. In addition, RICC has committed to funding various economic development initiatives that are further described in Note 12, Tax Abatements.

Asset Retirement Obligations

The Rhode Island Nuclear Science Center (RINSC) located on the University of Rhode Island's Bay Campus houses a nuclear reactor. The process by which nuclear reactors are retired from service and terminate their operating licenses granted by the U.S. Nuclear Regulatory Commission (USNRC) is referred to as decommissioning. The USNRC regulates the decommissioning of nuclear power plants and has established requirements that must be adhered to in the process.

In accordance with GASB Statement No. 83 *Certain Asset Retirement Obligations* a liability for the estimated cost of decommissioning the nuclear reactor and an offsetting deferred outflow of resources, each totaling \$32.6 million was recorded as of July 1, 2018. In fiscal 2021 an additional \$4.0 million was recorded. The liability was measured using the estimated current value of outlays expected to be incurred for required decommissioning and post-decommissioning costs. The liability estimate calculation assumed a post-decommissioning monitoring period of 20 years and a contingency factor calculated using weighted average probability factors of 25%, 32% and 60%.

The estimated remaining useful life of the nuclear reactor is 37 years as of June 30, 2021. During fiscal 2021 amortization expense of \$918 thousand related to the deferred outflow of assets was charged to general government functions on the Statement of Activities. The total deferred outflows remaining to be amortized at June 30, 2021 was \$34 million.

In accordance with GASB Statement No. 83 *Certain Asset Retirement Obligations* all relevant factors are reevaluated annually to determine whether the effect of one or more of those factors is expected to significantly increase or decrease the expected outlays associated with the liability. Based on the results of each reevaluation, the liability is remeasured if required.

State Takeover of Providence Public School District

The State, acting through the Council on Elementary and Secondary Education ("Council") and the Rhode Island Department of Education ("RIDE"), oversees the performance of schools and school districts that receive state education aid. This oversight role includes adopting statewide standards for student performance and annually assessing the performance of individual schools and school districts against such statewide standards.

Pursuant to the Crowley Act, R.I. Gen. Laws § 16-7.1-5, the State is required to intervene when a school or school district continually falls short of performance standards. State intervention initially consists of support and technical assistance. However, when improvement remains lacking, the Act provides that a school or school district may be reconstituted. Reconstitution "may range from restructuring the school [or

school district's] governance, budget, program, personnel, and/or may include decisions regarding the continued operation of the school [or school district].”

RIDE identified the Providence Public School District (the “PPSD”) as consistently among the lowest performing districts in the State, based on objective criteria such as academic proficiency, absenteeism and graduation rates. The State, in collaboration with the PPCSD, attempted to improve the PPCSD through operational, policy and financial support, all of which were unsuccessful. Thus, pursuant to the Crowley Act, the State assumed governance and management responsibility for the PPCSD for an initial period of five years, commencing on November 1, 2019, pursuant to the Council’s July 23, 2019 delegation of authority to the Commissioner, the Commissioner’s October 15, 2019 Order of Control and Reconstitution, and the Collaboration Agreement between RIDE and the City. The State has appointed an acting “turnaround superintendent” to manage PPCSD operations and develop and implement a Turnaround Action Plan.

In connection with its takeover of the PPCSD, it is conceivable that, under certain circumstances, the State could be held responsible for budget deficits and other costs relative to the PPCSD, subject to the State appropriations and budget process. Whether, and to what extent, the State could be held responsible for such budget deficits and other costs is unknown at this time.

Rhode Island Lottery – Master Contract Agreements

Gaming Systems Provider – International Game Technology (IGT)

The Lottery entered into a 20-year master contract with its gaming systems provider granting them the right to be the exclusive provider of information technology hardware, software, and related services for all lottery games. This contract is effective from July 1, 2003 through June 30, 2023, and amends all previous agreements between the parties.

As consideration for this exclusive right, the gaming systems provider paid the Lottery \$12.5 million. In the event that the contract term is not fulfilled, the Lottery will be obligated to refund a pro-rata share of this amount to the gaming systems provider (\$1.25 million at June 30, 2021).

The contract mandates commission percentages ranging between 1.00% and 5.00% of lottery ticket sales and 1.00% and 2.50% of video lottery net terminal income, depending on the amount of sales in each category.

Video Lottery Terminal Provider - International Game Technology (IGT)

IGT is also a provider of video lottery terminals and receives compensation equal to 7% of net terminal income. The Master Contract (as amended) also includes provisions related to premium IGT video lottery terminals and responsibility for related license fees (IGT) as well as concurrence on agreement on the promotional points program with the casinos and the Lottery.

Sportsbook - International Game Technology (IGT)

The Lottery also executed a Sports Betting Agreement with IGT to provide, along with its subcontractor, American Wagering, Inc., D/B/A William Hill US (William Hill), a proprietary sports betting solution for all sports betting at the Twin River Casino Hotel and the Tiverton Casino Hotel facilities. The initial term of the software license is five years from launch date (November 26, 2018), and upon mutual agreement of the parties, there are two successive five-year renewal options. In exchange, IGT has allocated its revenue share in accordance with RI General Laws 42-61.2-7. In the event of a loss of sports wagering revenue in a quarterly period, IGT will cover the State’s share of said loss interest free until a subsequent invoicing period is sufficient to cover said prior period loss.

During July 2019, the Lottery executed the first amendment to the Sports Betting Agreement authorizing IGT to supply the equipment, software, and services for online sports wagering using mobile devices.

This is in accordance with authorized sports wagering legislation enacted in June 2019. Effective April 30, 2020 the Division is responsible for two-thirds (2/3) payment of all transaction processing fees.

The Sports Betting Agreement was further amended in January 2020 to authorize IGT additional responsibilities for the provision of certain fraud and security services, as well as, cash fund management services in connection with the online sports wagering agreement executed in July 2019. In consideration of these additional services, the Division invoices Twin River Casino Hotel and remits payment to IGT a fixed monthly fee of \$20,000 since the launch of online sports wagering, with the initial month pro-rated. As of August 12, 2020, the fraud and security services were assumed by Twin River. The monthly fees collected by the Lottery and remitted to IGT have been reduced to \$12,000 per month in the aggregate to reflect Twin River's assumption of these responsibilities.

Licensed Gaming Facilities (Twin River Casinos)

Twin River Worldwide Holdings, Inc. purchased the Bally's brand previously owned by Caesars Entertainment, Inc. and as a result, the Lottery's licensed gaming facilities are owned and operated by Bally's Corporation and operate as Twin River – Lincoln (Twin River Casino Hotel) and Twin River – Tiverton (Tiverton Casino Hotel).

Both licensed facilities operate under a common Master Contract with options to extend the agreement for two additional five (5) year terms commencing on July 18, 2020 and July 17, 2025 and continuing until July 17, 2030. Certain extensions are contingent on the owners' compliance with full-time employment mandates. The contract entitles the owners to compensation ranging from 26% to 28.85% of video lottery net terminal income at the facility.

The Master Contract reflects the statutory authorization of a promotional points program at the licensed gaming facilities. For fiscal year 2021, each facility's allowable promotional points are 20% of prior year net terminal income plus \$750,000. In fiscal 2021, Twin River – Lincoln and Twin River – Tiverton were authorized and issued approximately \$43.8 million and \$15.0 million, respectively, in promotional points to facility patrons.

The Lottery is required to reimburse the Twin River casinos for allowable marketing expenses incurred at the same percentage as the Lottery's share of net terminal income for the fiscal year 2021 (60.61% for Twin River -Lincoln and 58.80% for Twin River - Tiverton). For fiscal 2021, the Lottery accrued \$315,336 and \$356,622 in reimbursable marketing expenses for Twin River – Lincoln and Twin River – Tiverton, respectively.

Table games are operated at the Twin River Casino Hotel and Tiverton Casino Hotel. Commissions for both casino facilities and the respective host community were 83.5% and 1%. In June 2021, legislation enacted required a guaranteed minimum \$3 million payment to be made to the Towns of Lincoln and Tiverton, RI from net table games revenue and video lottery net terminal income, with any shortfall coming from the State's share of table games net revenue and video lottery net terminal income. In fiscal year 2021, there was a shortfall to the Town of Tiverton, RI, therefore the State was required to make a payment of \$1,613,473 to bring their minimum required payment up to \$3 million.

The Lottery also entered into a Sports Wagering Hosting Agreement with Twin River to host in-person and on-line sports wagering. The agreement entitles the owners to compensation of 17% of sports wagering revenue generated at the facilities. The agreement can be extended for two five-year periods so long as there is a master video lottery terminal contract between the relevant parties. The first amendment to the sports wagering hosting agreement allowed Twin River to host, manage and enable players to participate in online sports wagering including validation and registration of players.

During the term of the first amendment, Twin River remits to the Division \$20,000 per month for fraud, security, and cash fund management services (performed by IGT). Twin River has the option, upon approval by the Division, to assume any or all of these services. As of August 12, 2020, the fraud and security services were assumed by Twin River. The monthly fees collected by the Lottery and remitted to

IGT have been reduced to \$12,000 per month in the aggregate to reflect Twin River's assumption of these responsibilities.

Discretely Presented Component Units

R.I. Resource Recovery Corporation

Landfill closure and post-closure:

The Environmental Protection Agency (EPA) established closure and post-closure care requirements for municipal solid waste landfills as a condition for the right to currently operate them. The landfill operated by RIRRC has been segregated into six distinct phases. Phases I, II, III and IV were closed by RIRRC in prior years. In 2005, the Corporation began landfilling in Phase V, which is near capacity and has temporarily stopped accepting waste. In December 2015, RIRRC began accepting waste in Phase VI.

A liability for closure and post-closure care of \$110.0 million as of June 30, 2021 has been recorded in the statement of net position, as summarized by Phases below:

	Year ended June 30, 2021
Phase I	\$ 700,263
Phase II and III	18,365,775
Phase IV	19,289,601
Phase V	41,626,306
Phase VI	29,381,589
Other	587,062
	<u>\$ 109,950,596</u>

As of June 30, 2021, the remaining total estimated current cost to be recognized in the future as landfill closure and post-closure care expense, the estimated percent of landfill capacity used and the estimated remaining years for accepting waste are as follows:

	Estimated remaining costs to be recognized	Estimated Capacity Used	Estimated remaining years for accepting waste
Phase V	\$ 3,637,835	91.96 %	13 months
Phase VI	\$ 78,574,969	27.22 %	19 years 5 months

As of June 30, 2021 RIRRC revised its estimate for future pollution remediation and landfill closure and post-closure care costs. The revised estimate resulted in a \$8.4 million increase of the corresponding liability from \$115.7 million at June 30, 2020 to \$124.1 million at June 30, 2021.

Amounts provided for closure and post-closure care are based on current costs. These costs may be adjusted each year due to changes in the closure and post-closure care plan, inflation or deflation, technology, or applicable laws or regulations. It is reasonably possible that these estimates and assumptions could change in the near term and that the change could be material.

Included in the restricted component of net position at June 30, 2021 is \$78.0 million placed in trust to meet the financial requirements of closure and post-closure care related to Phases II, III, IV, V and VI. RIRRC plans to make additional trust fund contributions each year to enable it to satisfy these and future costs.

Pollution remediation obligations:

Amounts provided for pollution remediation obligations are based on current costs. These costs may be adjusted each year due to changes in the remediation plan, inflation or deflation, technology, or applicable laws or regulations. It is at least reasonably possible that these estimates and assumptions could change in the near term and that the change could be material.

Changes in the pollution remediation obligation for the year ended June 30, 2021 is as follows:

Balance, June 30, 2020	Additions	Reductions	Balance, June 30, 2021	Current Portion
\$ 13,193,377	\$ 992,881	\$ —	\$ 14,186,258	\$ 935,746

In prior years, the EPA issued administrative orders requiring RIRRC to conduct environmental studies of the Central Landfill and undertake various plans of action. Additionally, in 1986, the Central Landfill was named to the EPA's Superfund National Priorities List.

During 1996, RIRRC entered into a Consent Decree with the EPA concerning remedial actions taken by RIRRC for groundwater contamination. The Consent Decree, which was approved by the U.S. District Court on October 2, 1996, required the establishment of a trust fund in the amount of \$27 million for remedial purposes. The balance of the trust fund totaled \$49.5 million as of June 30, 2021.

In 2004, RIRRC began the capping project for the Superfund site and continued to revise its estimates for leachate pretreatment costs and flows. RIRRC has recorded a liability for future remediation costs of approximately \$14.2 million as of June 30, 2021.

R.I. Public Transit Authority

The R.I. Public Transit Authority is committed under various contracts in the amount of \$19.7 million at June 30, 2021.

Quonset Development Corporation

Quonset Development Corporation (QDC) has entered into a \$33.6 million contract to rehabilitate a pier at the Port of Davisville funded by GO debt, RICAP appropriations from the State and QDC resources. As of June 30, 2021, the remaining commitment totaled \$13.5 million.

R.I. Airport Corporation

The R.I. Airport Corporation has active construction projects expected to be funded from available resources and future operations that relate to certain airport improvements. As of June 30, 2021, RIAC's commitments with contractors were approximately \$21.8 million.

Other Component Units

Other component units have various commitments arising from the normal course of their operations. These commitments are not significant, overall, to the State's financial statements.

Note 17. Contingencies

COVID-19 Global Pandemic

On March 11, 2020 the World Health Organization declared a pandemic following the outbreak of COVID-19. On March 9, 2020 the Governor of the State of Rhode Island declared a state of emergency due to the dangers to health and life posed by COVID-19. The COVID-19 pandemic continues to have an adverse impact to state operations. Significant costs have been incurred to maintain public health and respond to the economic fallout. In addition, the pandemic has had a negative impact on certain state revenues, especially revenues related to the Rhode Island Lottery because of business closings or limitations to the hours of operations. Additionally, impacts to the hospitality industry continue to have a negative impact to the overall State economy during this ongoing public health emergency.

Primary Government

The American Rescue Plan (ARPA) was passed by Congress on March 10, 2021 and signed into law on March 11, 2021. ARPA continues many of the programs started by the CARES Act (2020) and Consolidated Appropriations Act (2021) by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic through direct federal grants to state agencies. The State received \$1.13 billion of state fiscal recovery funds in addition to other direct agency federal assistance. The \$1.13 billion is subject to appropriation which is expected to happen during the 2022 legislative session.

The State of Rhode Island received \$1.25 billion from the Coronavirus Relief Fund (CRF) during the year ended June 30, 2020. The State expended approximately \$255 million of those funds during fiscal 2020. The remaining funds totaling \$995 million were fully obligated or expended during calendar 2021 as required by the Act and subsequent guidance provided by the U.S. Treasury.

The State has utilized a significant portion of its CRF to administer assistance programs for a variety of individuals and businesses subject to eligibility criteria. The assistance has been in the form of grants or forgivable loans subject to meeting established requirements. Any funding subsequently determined to be ineligible based on program requirements was recovered and reprogrammed for eligible COVID-19 expenditures.

In addition, the federal government expanded the Stafford Act to provide significant funding for pandemic related expenses through Federal Emergency Management Agency (FEMA) disaster related assistance. Pandemic related expenses incurred by the State during fiscal 2021 likely to be reimbursed by FEMA during fiscal 2022 exceeded \$200 million. These expenditures included costs to maintain alternative hospital sites, the procurement of personal protective equipment and vaccine related costs. Significant federal assistance has also been received to support benefits to unemployed individuals including supplemental benefits and benefits to self-employed individuals.

We expect pandemic related costs to continue throughout fiscal 2022 and potentially longer. Both the extent of expenditures required to continue to address the costs of the pandemic and additional assistance from the federal government to assist with these costs continues to evolve. In addition, it is expected that significant costs will be incurred by the State to administer testing sites and vaccine distribution programs.

Component Units

- There has been significant disruption to the hospitality industry during fiscal years 2021 and 2020, including the closing of the Rhode Island Convention Center Authority (RICCA) operations during March 2020. RICCA operations include the management of the R.I. Convention Center, the Dunkin' Donuts Center and the Veterans Memorial Auditorium Arts and Cultural Center. While the disruption is currently expected to be temporary, there is considerable uncertainty about the

duration. The State has utilized the RICCA for a wide array of COVID-19 response activities, including alternative hospital site operations, public testing site and information broadcasts, which assisted RICCA to manage revenue losses associated with the disruption of normal operations.

- The pandemic and resulting restrictions have caused significant disruption in aviation activity and passenger traffic at the Rhode Island Airport Corporation.
- Precautionary measures to slow the spread of COVID-19 were ordered that have affected the Rhode Island Public Transit Authority's operations resulting in decreased ridership and fares, decreased State gas tax revenues and increased operating costs for cleaning and additional buses.
- The University of Rhode Island, Rhode Island College and Community College of Rhode Island had a decrease in the number of students living on campus due to the pandemic and the offering of online classes. In addition, a class action lawsuit was filed against the University of Rhode Island in June 2020 claiming the plaintiffs suffered academic harm after the spring semester 2020 transitioned to distance learning. This case is still in the discovery phase.

Some component unit entities have also received direct federal assistance from the CARES Act to manage the impacts to those industries relating to the pandemic. While the disruption of normal operations to the above component units is expected to be temporary, there is considerable uncertainty about the duration and extent to which these entities will be impacted by the global pandemic and the need for additional State or federal assistance as the public health emergency persists.

Primary Government - Litigation Contingencies

The State, its departments, agencies, officers and employees are defendants in numerous lawsuits and other proceedings. For those cases in which it is probable that a material loss has or will occur and the amount of the potential judgment can be reasonably estimated or a settlement or judgment has been reached but not paid, the State has recognized a liability within its financial statements. Significant contingencies are discussed below.

American Trucking Associations, Inc. et al. v. Alviti

The American Trucking Associations and four trucking companies have sued the State in federal district court alleging that the statute authorizing only tractor-trailer tolling violates the Dormant Commerce Clause of the United States Constitution. The matter is currently pending and a trial start is possible during fiscal 2022. The State receives about \$45-50 million per year in revenue from the tolling and this federal court litigation seeks to enjoin or stop the receipt of revenue but does not seek damages or restitution for tolls previously paid. It is possible that if the plaintiffs are successful, other litigants could file suit seeking the payment of damages or restitution for prior tolls charged.

K.L. Class v. R.I. Council on Elementary and Secondary Education, et. al.

A student, through their parents and on behalf of a class of similarly situated individuals, filed suit in federal court arguing that Local Education Agencies in the State must provide free appropriate public education to students with a disability who have not earned a regular high school diploma until the age of 22. Such services have historically been provided until the age of 21. On appeal of a district court decision in favor of the State, the First Circuit Court of Appeals reversed the district court, held in favor of Plaintiffs and remanded the case to the trial court to determine remedies.

Taxpayer v. Tax Administrator

This case is pending in Sixth District Court as a tax appeal. A taxpayer seeks a refund for five prior years of contested tax payments (assessed tangible personal property tax) in the collective amount of approximately \$28 million including interest and challenges the method of depreciation, which would result in recalculation of the State's assessments regarding its equipment and assets. Management is contesting the case vigorously and believes they will be successful.

Over 99% of the collected tax payments are forwarded to municipalities. Therefore, an adverse verdict would impact each city and town regarding future tax payments which would be reduced to cover any amount awarded to the Plaintiff.

A.C. et al. v. Gina Raimondo, et al.

The State has been sued by the Rhode Island Center for Justice alleging that the State has "downgraded the teaching of social studies and civics" and thereby violated students' rights under the Equal Protection, Privileges and Immunities and Due Process Clauses of the Fourteenth Amendment, the Sixth and Seventh Amendments, as well as the Guarantee Clause of Art. 4, § 4 of the United States Constitution. The First District US Court of Appeals upheld the lower court ruling in favor of the State. However, the plaintiffs are likely to appeal to the U.S. Supreme Court.

Chariho Regional School District, et al. v. RIDE, et al.

This matter includes the Council on Elementary and Secondary Education and the R.I. Department of Administration as defendants. Chariho alleges RIDE breached an agreement concerning the transfer of ownership of the Chariho Career and Technical Center by allowing other communities in the county to operate career and technical programs. Defendants' joint motion to dismiss was granted March 20, 2017. On May 26, 2017, plaintiffs filed an appeal to the R.I. Supreme Court. The Supreme Court remanded the case back to Superior Court for trial on May 30, 2019. A hearing on a motion to dismiss by one of the defendants was held in November, 2019. The Court denied that motion. The case is currently in the discovery phase.

Liberty v. Rhode Island Department of Corrections (RIDOC)

This case is a putative class action brought by Disability Rights of Rhode Island and the ACLU National Prison Project in the name of six named individuals who were/are inmates at the RIDOC. The Complaint alleges that the RIDOC violates the ADA and the constitutional rights of inmates who have severe and persistent mental illness when the inmate is placed in administrative or disciplinary confinement. The relief sought includes injunctive relief regarding DOC's policies, practices and programs as well as seeking to have an expert appointed to assess DOC's confinement and make recommendations. The case is currently in discovery with mediation on-going. The State will contest any claim for class certification as well as defending the lawsuit on the merits.

Tobacco Master Settlement Agreement - Tobacco Settlement Financing Corporation

In 1998, Rhode Island, along with 45 other states, the District of Columbia and 5 territories, entered into the Master Settlement Agreement (MSA) with major tobacco manufacturers (the Participating Tobacco Manufacturers, or "PMs") to provide restitution for damages arising from the use of tobacco products. The terms of the MSA include annual payments to all States and territories in perpetuity. The State assigned all revenues from the MSA to the Tobacco Settlement Financing Corporation (TSFC) which in turn used those committed revenues to secure its bonds. The bonds are payable both as to principal and interest solely out of the assets of TSFC and do not constitute an indebtedness of or a general, legal or "moral" obligation of the State or any political subdivision of the State.

The annual payments are subject to numerous adjustments including the non-participating manufacturer (NPM) adjustment which reduces the amount of the annual payment and is applicable to each State found by an arbitration panel not to have diligently enforced the qualifying statute. States found not

diligent share the cost of the annual NPM adjustment which is applied against the next annual MSA payment. It is unknown how much of Rhode Island's MSA revenues would be at risk in a given year due to this adjustment, however, no State can lose more than its entire annual payment.

As of September 2020 NPM adjustments have been settled through 2022. Future NPM adjustment claims remain possible for calendar year 2023 and all future years. This could result in the TSFC receiving less revenue than assumed in out-year projections, potentially impacting its ability to service its debt obligations. Should the PMs be determined with finality to be entitled to a full NPM adjustment in a future year, this could have a material adverse effect on the amounts of tobacco settlement revenues available to the TSFC to make turbo redemptions and other debt service payments on its debt obligations.

Also, any failure on the part of the PMs to perform their obligations under the MSA and/or related agreements could also have a material adverse effect on receipt of future tobacco settlement revenues. A reduction in the amount of tobacco settlement revenues received could affect the TSFC's ability to make turbo redemptions and other debt service payments on its debt obligations.

Future payments may be impacted by a number of factors including, but not limited to, future or potential litigation against the tobacco industry, changes in the financial condition of the tobacco companies and sales of tobacco products.

For additional information about these matters, please refer to the separately issued Tobacco Settlement Financing Corporation financial statements for the year ended June 30, 2021.

Lottery

The Lottery's master contracts with its video lottery facilities contain revenue protection provisions in the event that existing video lottery facilities incur revenue losses caused by new gaming ventures within the State.

The Lottery's gaming operations currently compete with casinos in nearby Connecticut and Massachusetts. The Lottery and the State continually monitor the risk to gaming operations resulting from competition in nearby states.

The Narragansett Indian Tribe filed a complaint against the State of Rhode Island in the Rhode Island Superior Court on or about September 28, 2011, challenging, *inter alia*, the constitutionality of the Rhode Island Casino Gaming Act ("Act") on the grounds that it would not be "state-operated" and the Act "delegates unconstitutional authority to a private corporation." On or about June 29, 2012, the Rhode Island Superior Court found that the Narragansett Indian Tribe had not sustained their burden of proof beyond a reasonable doubt that the Act is facially unconstitutional. The Narragansett Indian Tribe filed a notice of appeal of that decision with the Rhode Island Supreme Court. On or about March 4, 2015, the Rhode Island Supreme Court issued a decision upholding the Superior Court's decision. The remaining issue in the case relating to whether the State "operates" the Twin River - Lincoln and Twin River - Tiverton facilities remains pending in the Superior Court. If the tribe were to prevail, there could be a significant impact on the State's gaming revenue.

A plaintiff has filed suit against the Division of Lottery and Department of Administration challenging the constitutionality of sports betting in Rhode Island. The complaint asserts that the conduct of State operated sports betting in Tiverton and Lincoln violates the express constitutional requirement of voter approval and must be declared unconstitutional and enjoined until and unless the voters of Rhode Island approve sports gambling at duly authorized statewide and local elections. The complaint was dismissed once by the Rhode Island Superior Court due to a lack of standing by the Plaintiff, but subsequently the Court permitted the Plaintiff to refile an amended complaint. The parties then filed summary judgement motions. On June 1, 2020, the Rhode Island Superior Court issued a decision where it found that the legislation enabling sports betting did not impermissibly expand the location of gambling and that the acts are constitutional. The case is currently in full briefing before the Rhode Island Supreme Court. State

revenues collected from Twin River Casino and Tiverton Casino would be affected if a court were to enjoin or otherwise restrict sports wagering.

Federal Assistance

The State receives significant amounts of federal financial assistance under grant agreements or joint state/federally financed programs which specify the purpose of the grant and conditions under which the funds may be used. Generally, these grants are subject to audit. The Single Audit for the State of Rhode Island is submitted to the Federal Single Audit Clearinghouse annually by the State. The Single Audit reports instances of federal non-compliance, questioned costs, and other matters to federal grantor agencies regarding the State's administration of federal programs. These matters could result in federal disallowances and/or sanctions upon review by the respective federal agencies. The fiscal 2021 Single Audit is in progress. It is anticipated that there will be additional questioned costs identified in that audit.

Adjustments have been made to the financial statements when costs have been specifically disallowed by the federal government or sanctions have been imposed upon the State and the issue is not being appealed or the right of appeal has been exhausted.

Eleanor Slater Hospital Medicaid Claiming – The State-operated Eleanor Slater Hospital (ESH) suspended billings to Medicaid early in fiscal 2020 for Medicaid-eligible patients due to concerns relating (1) the allowability of certain services billed to Medicaid, (2) compliance with federal regulations regarding the classification and ratio of ESH medical and psychiatric patients (Institute for Mental Disease (IMD) compliance regulations) and (3) federal approval of the ESH's Medicaid reimbursement rate development process. The Executive Office of Health and Human Services (EOHHS) (State Medicaid Agency) sought approval of a State Plan Amendment (SPA) from the Centers for Medicare and Medicaid Services (CMS). CMS approved the SPA, which formalized approval of the ESH's cost reimbursement methodology for establishing a per diem billing rate. The approved SPA allowed ESH to recommence billing for Medicaid eligible individuals as of the April 1, 2020 effective date. EOHHS also obtained an independent assessment of all ESH patients as to their primary classification as medical or psychiatric. That patient classification verification along with previously approved IMD measurement intervals yielded data that supported commencement of Medicaid billing. The State has recognized retroactive billing for Medicaid eligible individuals in the financial statements for fiscal 2021 including restatement of prior year balances to reflect the retroactive Medicaid billing for periods in fiscal 2020.

ESH's continued compliance with the federal IMD regulations is not assured as it is subject to continued measurement and contingent upon the mix of patients (medical and psychiatric) at the prescribed measurement intervals. ESH was not in compliance for the months of May and June 2021 and for periods subsequent to June 30, 2021.

ESH has been subject to inquiries by the Centers for Medicaid and Medicare Services and the State Attorney General's Medicaid Fraud Control Unit. The possibility that prior claiming activity could be deemed noncompliant with federal regulations remains. Efforts continue to potentially restructure the ESH with the goal of increasing the likelihood of IMD compliance and the ability to seek Medicaid reimbursement for eligible patients.

Medicaid Managed Care Contracts – The State contracts with three Managed Care Organizations (MCOs) to provide capitated healthcare coverage for individuals eligible for Medical Assistance. Premiums paid for this health coverage approximate \$2 billion annually. Contracts with the MCOs include a variety of settlement provisions that often don't finalize until 16 months after year-end once all claims for the coverage period have processed. Expected final settlements are reflected in the State's financial statements, however, a variety of factors could result in additional amounts being owed to or from the Medicaid Program upon settlement completion.

Unemployment Insurance Benefit Fraud – Due to the impact of the global pandemic, a significant increase in the number of applicants and the amount of benefits paid to unemployed individuals occurred during fiscal 2020 and 2021. Rhode Island, as well as a number of other states, has experienced,

concurrently, a significant increase in fraudulent claims for unemployment benefits. The State has implemented multiple objectives to attempt to prevent and detect fraudulent claims; however, the State Department of Labor and Training has estimated that a significant amount of fraudulent claims were paid during fiscal 2020 and 2021. Recoveries or collections of these fraudulent benefits, if any, will be refunded to the federal government. The State Department of Labor and Training continues to quantify the amount of benefits considered fraudulent, however, the actual extent to which benefits have been obtained fraudulently may be significantly greater.

Challenges to Pension Reforms

The 2009, 2010 and 2011 legislative pension reforms resulted in numerous lawsuits against the State brought by current and retired employees, as well as their unions. Of these lawsuits, two remain pending as described below.

In September 2014, a case challenging pension reforms was commenced by the Rhode Island State Troopers Association in Superior Court. The State and ERSRI filed motions to dismiss which were heard on December 13, 2019. A decision on the motions was made on January 10, 2022 which allowed the case, in part to go forward in the litigation process. The State intends to vigorously defend this lawsuit.

In March 2020, a case challenging the Rhode Island Retirement Security Act and/or a settlement agreement related to legal challenges to pension reforms approved by the Court in July 2015 was commenced by numerous plaintiffs who were part of the class action in the Rhode Island Federal District Court against the State and ERSRI as co-defendants. The co-defendants have filed a motion to dismiss, which remains pending.

Component Units - Other

R.I. Industrial-Recreational Building Authority (RIIRBA)

The R.I. Industrial-Recreational Building Authority (RIIRBA) is authorized to insure contractual principal and interest payments required under first mortgages and first security agreements issued to private sector entities by financial institutions and the Rhode Island Industrial Facilities Corporation (RIIFC), a component unit of the State, on industrial or recreational projects in the State up to a maximum of \$60 million of outstanding principal balances under such insured mortgages and security agreements.

Losses, if any, are first payable from RIIRBA's available resources. RIIRBA must then request appropriations of the General Assembly for any losses in excess of insured amounts. RIIRBA's insurance guarantee is backed by the full faith and credit of the State.

At June 30, 2021, RIIRBA has insured contractual principal and interest payments required under first mortgages and first security agreements principally for land and buildings of manufacturing and distribution entities located throughout Rhode Island. Principal balances outstanding under first mortgages and first security agreements insured by RIIRBA at June 30, 2021 are \$7.5 million.

RIIRBA insures a bond issued by RIIFC on behalf of a private sector entity. During the year ended June 30, 2012 the private sector entity defaulted on its payments to the bond holder and RIIRBA assumed responsibility for making the debt payments. In July 2018, a mediation settlement in connection with a pending case in the Providence Superior Court was entered into and approved with a formal vote by the board of the Authority. This settlement resulted in a payment of \$1.5 million to the Rhode Island Industrial Recreational Authority replenishing existing available financial resources. Bond payments will continue to be made by first exhausting RIIRBA's available financial resources and if losses related to the default exceed available resources, the Authority will then request appropriations of the Rhode Island General Assembly for any loss in excess of the insured amount. The insured commitment, which is included in total liabilities on the accompanying Statement of Net Position, amounts to \$2.3 million at June 30, 2021. No request has been made to the General Assembly at June 30, 2021 for appropriations to satisfy any liability under the insurance guarantee.

R.I. Housing and Mortgage Finance Corporation (RIHMFC)

RIHMFC is party to financial instruments with off-balance sheet risk in connection with its commitments to provide financing. Such commitments expose RIHMFC to credit risk in excess of the amounts recognized in the accompanying statement of net position. RIHMFC's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. Total credit exposure as a result of loan commitments at June 30, 2021 is \$97.8 million.

University of Rhode Island

On September 23, 2019, a family filed suit against the University of Rhode Island and the Council for Postsecondary Education, in the death of a family member, who drowned at the Tootell Aquatic Center at the University. Discovery is ongoing. The impact of this matter, if any, cannot presently be determined.

R.I. Airport Corporation (RIAC)

In April of 2017, two Transportation Security Administration ("TSA") employees filed lawsuits against RIAC stemming from a 2015 incident. Plaintiffs alleged negligence after suffering from carbon monoxide poisoning from airline equipment located near TSA office space at the airport. RIAC filed a cross claim against the airline seeking contractual indemnification under the lease and operating agreement.

Insurance coverage for the defense has been provided through an aviation commercial liability policy effective July 1, 2015. The policy provides coverage up to a limit of \$200 million per occurrence. The insurer issued a coverage position letter to RIAC on May 10, 2017, stating that it would provide RIAC with defense subject to a reservation of rights as to whether coverage for the claims asserted were excluded by certain policy exclusions.

In October 2021, the jury returned a verdict against RIAC and awarded the plaintiffs a total of \$46 million. RIAC is appealing and the process will likely remain ongoing for months.

On December 2, 2021, RIAC was served with a declaratory judgement complaint filed in federal court by the issuer. The issuer is seeking a declaratory judgement that they do not owe RIAC coverage, indemnity or defense citing a "noise and pollution" exclusion. RIAC challenges this position. The outcome cannot be determined and will not be known for several months.

Other Component Units

Other component units have various contingent liabilities that have arisen in the normal course of their operations. These contingencies are not significant to the State's financial statements.

Note 18. Employer Pension Plans

A. Summary of Employer Plans

The State provides pension benefits for its employees through multiple retirement benefit plans as outlined below (expressed in thousands):

	Plan	Plan Type	Covered employees	FY 2021 pension expense (credit)	Net pension liability at June 30, 2020 measurement date
A	Employees' Retirement System (ERS)	Cost-sharing multiple-employer defined benefit plan – advance funded through a trust	State employees excluding state police and judges:		
			Governmental activities	\$221,771	\$2,044,888
			Business-type activities	\$3,098	\$21,652
			Special funding – teachers - state share (see Note Section 18-E)	\$137,834	\$1,361,982
B	State Police Retirement Benefits Trust (SPRBT)	Single-employer defined benefit plan – advance funded through a trust	State Police hired after July 1, 1987	\$8,482	\$33,903
C	Judicial Retirement Benefits Trust (JRBT)	Single-employer defined benefit plan – advance funded through a trust	Judges appointed after December 31, 1989	\$2,657	\$8,904
D	RI Judicial Retirement Fund Trust (RIJRFT)	Single-employer defined benefit plan – advance funded through a trust	Covers 7 judges appointed prior to January 1, 1990	\$2,218	\$21,338
E	State Police Retirement Fund Trust (SPRFT)	Single-employer defined benefit plan – advance funded through a trust	State Police hired before July 1, 1987	\$9,301	\$154,720
F	Judicial Non-Contributory Retirement Plan (JNCRP)	Single employer defined benefit – non trustee – pay-as-you-go plan	Judges appointed before January 1, 1990 who retired before July 1, 2012	\$11,487	\$46,533
	Totals			\$396,848	\$3,693,920
G	LIUNA – union plan for members of the LIUNA bargaining units	Cost-sharing multiple employer defined benefit plan – “Taft-Hartley” non-governmental plan	Members of the LIUNA bargaining unit.	Not applicable (see note below)	Not applicable (see note below)
H	ERS – Defined Contribution Plan	Multiple-employer defined contribution plan	State employees subject to the “hybrid” defined benefit/defined contribution plan provisions	\$5,400	Not applicable
I	FICA Alternative Retirement Income Security Program	Single-employer defined contribution plan	State employees not eligible to participate in the State's other defined benefit plans	Not applicable	Not applicable

Employer pension expense and related liabilities and deferred inflows of resources/deferred outflows of resources for defined benefit plans A-E as identified above are recognized in the financial statements based on the provisions of GASB Statement No. 68.

Employer pension expense and related liabilities and deferred inflows/outflows for defined benefit plan F as identified above are recognized in the financial statements consistent with the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. The State provides these benefits on a pay-as-you-go basis rather than through an advance funding arrangement and a qualifying trust.

The LIUNA sponsored, cost-sharing, multiple-employer pension plan (plan G) is not a state or local government pension plan. As there is no required employer contribution for covered employees, no

employer pension expense is reflected in these financial statements. Consistent with the requirements of GASB Statement No. 78, there is no recognition of an employer proportionate net pension liability, if any.

Pension expense recognized for the defined contribution plans (H and I) – is recognized based on actual employer contributions required and made during the fiscal year consistent with the requirements of GASB Statement No. 68 regarding defined contribution plans. There is no required employer contribution to the FICA Alternative Retirement Income Security Program.

Plan membership, based on the June 30, 2019 actuarial valuations (with the exception of JNCRP which has a June 30, 2020 valuation date), is summarized in the table below:

	Retirees and beneficiaries	Terminated plan members entitled to but not yet receiving benefits	Active Vested	Active Non-vested	Total by Plan
ERS-State Employees	11,224	3,784	8,071	3,247	26,326
JRBT	26	1	14	41	82
RIJRFT	2	—	5	—	7
SPRBT	73	56	56	204	389
SPRFT	259	—	—	—	259
JNCRP	47	—	—	—	47

B. Defined Benefit Plan Descriptions – Advance Funded Plans

EMPLOYEES' RETIREMENT SYSTEM (ERS) - The ERS was established and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, of Title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of Title 16 of the Rhode Island General Laws.

Plan members - The plan covers most State employees other than certain personnel at the State colleges and university (principally faculty and administrative personnel). The plan also covers teachers, including superintendents, principals, school nurses, and certain other school officials in the public schools in the cities and towns. Membership in the plan is mandatory for all covered state employees and teachers. Elected officials may become members on an optional basis and legislators may participate if elected to office prior to January 1, 1995.

Certain employees of the Rhode Island Airport Corporation (hired before July 1, 1993), the Rhode Island Commerce Corporation (active contributing members and employees of the Department of Economic Development before October 31, 1995 who elected to continue membership) and the Narragansett Bay Water Quality District Commission (members of a collective bargaining unit) are also covered and have the same benefits as State employees.

Plan vesting provisions – after five years of service.

Retirement eligibility and plan benefits – are summarized in the following table:

Schedule	Schedule Criteria	Retirement eligibility	Benefit accrual rates	Maximum benefit
(A)	Completed 10 years of service on or before July 1, 2005 and eligible to retire as of September 30, 2009	Age 60 with 10 years of service or after 28 years of service at any age	Effective until June 30, 2012: 1.7% for each of first ten years 1.9% for each of next ten years 3.0% for each of next fourteen years 2% for the 35 th year Effective July 1, 2012: 1.0% per year through June 30, 2015 Effective July 1, 2015: for members with 20 years of service as of July 1, 2012: 2% per year	80% of final average earnings (3 consecutive highest years)
(AB)	Completed 10 years of service on or before July 1, 2005 but ineligible to retire as of September 30, 2009	Minimum retirement age of 62 and ten years of service with a downward adjustment of the minimum retirement age based on the years of service credit as of September 30, 2009	Effective until June 30, 2012: Same accrual rates as (A) above to September 30, 2009 and then Schedule B rates (below) thereafter Effective July 1, 2012: 1.0% per year through June 30, 2015 Effective July 1, 2015, for members with 20 years of service as of July 1, 2012: 2% per year	80% of final average earnings (5 consecutive highest years)
(B)	Less than 10 years of service before July 1, 2005 and eligible to retire as of September 30, 2009	Age 65 with 10 years of service or after 29 years of service and age 59	Effective until June 30, 2012: 1.6% for each of first ten years 1.8% for each of next ten years 2.0% for each of next five years 2.25% for each of next five years 2.5% for each of next seven years 2.25% for the 38 th year Effective July 1, 2012: 1.0% per year	75% of final average earnings (5 consecutive highest years)
(B1)	Less than 10 years of service before July 1, 2005 and ineligible to retire as of September 30, 2009	Age 65 with ten years of service, or age 62 with at least 29 years of service with a downward adjustment of the minimum retirement age based on the years of service credit as of September 30, 2009	Same as Schedule B	75% of final average earnings (5 consecutive highest years)
(B2)	Less than 5 years of service as of July 1, 2012	Social Security Retirement Age and 5 years of contributory service	1.6% for each of first ten years Effective July 1, 2012: 1.0% per year	75% of final average earnings (5 consecutive highest years)

Effective July 1, 2015 general employees with more than 20 years of service at July 1, 2012 increased their employee contribution rates to 11% and participate solely in the defined benefit plan. Members receive a benefit accrual of 2% per year based on the three or five year average compensation.

Effective July 1, 2015 employees are eligible to retire upon attainment of: age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service or age 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.

State correctional officers may retire at age 50 with 20 years of service. However, if not eligible to retire as of September 30, 2009, the minimum retirement age was modified to 55 with 25 years of service credit for correctional officers and registered nurses at the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

The plan provides for survivor's benefits for service-connected death and certain lump sum death benefits.

Joint and survivor options are available to members. For members with 10 years of service as of July 1, 2005, the Service Retirement Allowance (SRA) Plus option provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefits payable at age sixty-two (62).

Vested members that have 10 or more years of contributing service credit on June 30, 2012, may choose to retire at a retirement eligibility date that was calculated as of September 30, 2009, if the member continues to work and make retirement contributions until that date. If the member chooses this option, their retirement benefits will be calculated using the benefit that they have accrued as of June 30, 2012 - members will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

State employees and public school teachers may retire with a reduced pension benefit if they have 20 years of service credit and they are within five years of their retirement date as prescribed in the Rhode Island Retirement Security Act (RIRSA). The actuarially reduced benefit will be calculated based on how close the member is to their RIRSA eligibility date.

Cost of Living Adjustments - The Cost of Living Adjustment (COLA) has been suspended until the collective ERS, SPRBT and JRBT plans reach a funded status of 80%. The COLA provision will be reviewed in a four-year interval while the plans are less than 80% funded. When the collective funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA calculation is represented by the following formula: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return - 5.0%, with a max of 4%) and 50% calculated using the increase in the CPI-U from the prior September 30 (max of 3%) for a total maximum COLA of 3.5%.

The benefit adjustments are provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees, the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. For members (and their beneficiaries) retiring after June 30, 2015, the annual benefit adjustment provided in any calendar year is equal to the lesser of either the member's retirement allowance or the first \$27,608 (indexed as of January 1, 2021) of retirement allowance multiplied by the percentage resulting from the COLA calculation as outlined in the preceding paragraph. The retirement amount subject to the COLA calculation is indexed annually in the same percentage as the COLA determination and is run annually regardless of the collective funding status.

For members and/or beneficiaries of members who retired on or before June 30, 2015, the current indexed amount of \$27,608 is replaced with \$33,130 (indexed as of January 1, 2021) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 80%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$27,608).

Disability retirement provisions - The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability pensions with no minimum service requirement. Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3% for members who are permanently and totally disabled as determined by the Retirement Board. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%. Disability benefits are subject to annual review by the Retirement Board.

Other plan provisions - Service credit purchases, excluding contribution refund paybacks and military service, requested after June 16, 2009 are calculated at full actuarial cost.

JUDICIAL RETIREMENT BENEFITS TRUST (JRBT) - The Judicial Retirement Benefits Trust was established under Rhode Island General Laws 8-8.2-7; 8-3-16; 8-8-10.1; 28-30-18.1; and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to Justices of the Traffic Tribunal, Supreme, Superior, Family, District and Workers Compensation courts.

Plan members – The plan covers all Judges appointed after December 31, 1989.

Retirement eligibility and plan benefits – are summarized in the following table:

	Retirement benefit
Judges appointed after December 31, 1989 but before July 2, 1997	75% of the final salary at the time of retirement after 20 years of service, or 10 years of service and attainment of age 65. Judges retiring after 20 years of service after age 65 or 15 years of service after age 70 receive full retirement benefits, which is the final salary at time of retirement.
Judges appointed after July 2, 1997 but before January 1, 2009	Same as above except, salary is the average highest three (3) consecutive years of compensation rather than final salary.
Judges appointed after January 1, 2009 but before July 1, 2009	Judges with 20 years of service after age 65 or judges with 15 years of service after age 70 will receive 90% of the average of the highest three consecutive years of compensation. Judges appointed on or after January 1, 2009 with 10 years of service and age 65 or 20 years of service at any age are entitled to a reduced benefit of 70% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 20 years of service and age 65 or 15 years of service and age 70 receive a reduced benefit equal to 80% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 10 years of service after age 65 or 20 years of service at any age receive a reduced benefit equal to 60% of the average highest three consecutive years of compensation.
Judges appointed after July 1, 2009	Judges with 20 years of service after age 65 or with 15 years of service after age 70 will receive 80% of the average of the highest five consecutive years of compensation. Judges with 10 years of service and age 65 or 20 years of service at any age are entitled to a reduced benefit of 65% of the average highest five consecutive years of compensation. Judges designating a survivor benefit with 20 years of service and age 65 or 15 years of service and age 70 receive a reduced benefit equal to 70% of the average highest five consecutive years of compensation. Judges designating a survivor benefit with 10 years of service after age 65 or 20 years of service at any age receive a reduced benefit equal to 55% of the average highest five consecutive years of compensation.

Certain survivor benefits are also provided to judges who are plan members, which is 50% of the benefit amount payable to the judicial member.

Cost of Living Adjustments - The Cost of Living Adjustment (COLA) has been suspended until the collective ERS, SPRBT and JRBT plans reach a funded status of 80%. The COLA provision will be reviewed in a four-year interval while the plans are less than 80% funded. When the collective funding

level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA calculation is represented by the following formula: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return - 5.0%, with a max of 4%) and 50% calculated using the increase in the CPI-U from the prior September 30 (max of 3%) for a total maximum COLA of 3.5%.

The benefit adjustments are provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees, the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. For members (and their beneficiaries) retiring after June 30, 2015, the annual benefit adjustment provided in any calendar year is equal to the lesser of either the member's retirement allowance or the first \$27,608 (indexed as of January 1, 2021) of retirement allowance multiplied by the percentage resulting from the COLA calculation as outlined in the preceding paragraph. The retirement amount subject to the COLA calculation is indexed annually in the same percentage as the COLA determination and is run annually regardless of the collective funding status.

For members and/or beneficiaries of members who retired on or before June 30, 2015, the current indexed amount of \$27,608 is replaced with \$33,130 (indexed as of January 1, 2021) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 80%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$27,608).

STATE OF RHODE ISLAND JUDICIAL RETIREMENT FUND TRUST (RIJRFT) - Effective July 1, 2012, and pursuant to Rhode Island General Law section 8-3-16, the retirement board established a trust to collect proceeds for the purpose of paying retirement benefits to participating judges or their beneficiaries.

Plan members – The plan covers seven (7) judges appointed prior to January 1, 1990. These members are active judges (as of June 30, 2012) appointed prior to January 1, 1990 that do not participate in the Judicial Retirement Benefit Trust. Prior to creating the trust, benefits for these members were intended to be funded on a pay-as-you-go basis. To the extent assets in the trust are insufficient to fund member benefits, the State would also fund retirement benefits on a pay-as-you-go basis as it does for fifty-one (51) retired judges and surviving beneficiaries who were not members of either judicial plan. The employee contribution rate is 12% of salary (except for members of the Supreme Court who contribute 8.75%).

Retirement eligibility and plan benefits – The plan generally provides retirement benefits for members who have served as a justice of the Supreme Court, the Superior Court, the Family Court or the District Court, for 20 years (or a combination of service in various courts) and have reached the age of 65 years, or have served 15 years, and reached the age of 70 years. These members may retire from regular service and receive a benefit equal to the annual salary the member was receiving at the time of their retirement. Members of the Traffic Tribunal who served as a justice for 20 years, or have served for 10 years and reached age 65 years may retire from regular service and receive a benefit equal to the 75% of the annual salary at the time of retirement. However, any Traffic Tribunal judge who has served 20 years and has reached age 65 years, or has served for 15 years and has reached age 70 years may retire from active service and receive a benefit equal to the annual salary the justice was receiving at the time of their retirement.

Cost of Living Adjustments - The Cost of Living Adjustment (COLA) has been suspended until the collective ERS, SPRBT and JRBT plans reach a funded status of 80%. The COLA provision will be reviewed in a four-year interval while the plans are less than 80% funded. When the collective funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA calculation is represented by the following formula: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return - 5.0%, with a max of 4%) and 50% calculated using the increase in the CPI-U from the prior September 30 (max of 3%) for a total maximum COLA of 3.5%.

The benefit adjustments are provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees, the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. For members (and their beneficiaries) retiring after June 30, 2015, the annual benefit adjustment provided in any calendar year is equal to the lesser of either the member's retirement allowance or the first \$27,608 (indexed as of January 1, 2021) of retirement allowance multiplied by the percentage resulting from the COLA calculation as outlined in the preceding paragraph. The retirement amount subject to the COLA calculation is indexed annually in the same percentage as the COLA determination and is run annually regardless of the collective funding status.

For members and/or beneficiaries of members who retired on or before June 30, 2015 the current indexed amount of \$27,608 is replaced with \$33,130 (indexed as of January 1, 2021) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 80%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$27,608).

STATE POLICE RETIREMENT BENEFITS TRUST (SPRBT) - The State Police Retirement Benefits Trust was established under Rhode Island General Law Section 42-28-22.1 and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to State Police.

Plan members – The plan covers all State Police and Superintendents hired after July 1, 1987.

Retirement eligibility and plan benefits – Prior to June 30, 2012 the plan generally provides retirement benefits equal to 50% of final salary after 20 years of service, plus 3.0% of final salary times service in excess of 20 years through 25 years to a maximum of 65% of final salary. Such benefits are available to members after 20 years of service regardless of age. The Superintendent of the State Police will receive 50% of his/her final salary and may retire after attainment of age 60 and 10 years of service.

The General Laws were amended such that any member of the State Police, other than the Superintendent, who is hired on or after July 1, 2007 and who has served for twenty-five (25) years shall be entitled to a retirement allowance of 50% of the final salary. In addition, any member may serve up to a maximum of 30 years and shall be allowed an additional amount equal to 3.0% for each completed year served after 25 years to a maximum retirement allowance not to exceed 65% of the final salary.

Benefits are based on the final base salary earned at retirement including longevity increment, holiday pay, clothing allowance and up to 400 overtime hours.

Effective July 1, 2012 State Police officers are eligible to retire once they have accrued a retirement benefit equal to 50% of their whole salary, with mandatory retirement once they have accrued a retirement benefit equal to 65% of their whole salary. State Police officers will earn a 2% accrual rate for each year of contributing service. Benefits will be calculated on the average of the highest five consecutive years of salary, including up to 400 hours of mandatory overtime service. Benefits accrued as of June 30, 2012 will be protected under the Rhode Island Retirement Security Act.

Cost of Living Adjustments - The Cost of Living Adjustment (COLA) has been suspended until the collective ERS, SPRBT and JRBT plans reach a funded status of 80%. The COLA provision will be reviewed in a four-year interval while the plans are less than 80% funded. When the collective funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA calculation is represented by the following formula: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return - 5.0%, with a max of 4%) and 50% calculated using the increase in the CPI-U from the prior September 30 (max of 3%) for a total maximum COLA of 3.5%.

The benefit adjustments are provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees, the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. For members (and their beneficiaries) retiring after June 30, 2015, the annual benefit adjustment provided in any calendar year is equal to the lesser of either the member's retirement allowance or the first \$27,608 (indexed as of January 1, 2021) of retirement allowance multiplied by the percentage resulting from the COLA calculation as outlined in the preceding paragraph. The retirement amount subject to the COLA calculation is indexed annually in the same percentage as the COLA determination and is run annually regardless of the collective funding status.

For members and/or beneficiaries of members who retired on or before June 30, 2015 the current indexed amount of \$27,608 is replaced with \$33,130 (indexed as of January 1, 2021) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 80%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$27,608).

Disability retirement provisions - The plan provides nonservice-connected disability benefits after 10 years of service and service-connected disability pensions with no minimum service requirement.

STATE POLICE RETIREMENT FUND TRUST (SPRFT) - Effective July 1, 2016 and pursuant to Rhode Island General Law section 42-28-22.1, the retirement board established a trust to collect proceeds for the purpose of paying retirement benefits to participating members of the state police initially hired on or before July 1, 1987, or their beneficiaries.

Plan members - the plan covers members of the state police hired on or before July 1, 1987. Prior to creating the trust, benefits for these members were intended to be funded on a pay-as-you-go basis.

Retirement eligibility and plan benefits - The plan generally provides retirement benefits equal to 50% of final salary after 20 years of service, members that retired after July 1, 1972 could earn an additional 3.0% of final salary times service in excess of 20 years through 25 years to a maximum of 65% of final salary. Such benefits are available to members after 20 years of service regardless of age.

Cost of Living Adjustments - The Cost of Living Adjustment (COLA) has been suspended until the collective ERS, SPRBT and JRBT plans reach a funded status of 80%. The COLA provision will be reviewed in a four-year interval while the plans are less than 80% funded. When the collective funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA calculation is represented by the following formula: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return - 5.0%, with a max of 4%) and 50% calculated using the increase in the CPI-U from the prior September 30 (max of 3%) for a total maximum COLA of 3.5%.

The benefit adjustments are provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees, the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. For members (and their beneficiaries) retiring after June 30, 2015, the annual benefit adjustment provided in any calendar year is equal to the lesser of either the member's retirement allowance or the first \$27,608 (indexed as of January 1, 2021) of retirement allowance multiplied by the percentage resulting from the COLA calculation as outlined in the preceding

paragraph. The retirement amount subject to the COLA calculation is indexed annually in the same percentage as the COLA determination and is run annually regardless of the collective funding status.

For members and/or beneficiaries of members who retired on or before June 30, 2015 the current indexed amount of \$27,608 is replaced with \$33,130 (indexed as of January 1, 2021) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 80%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$27,608).

C. Defined Benefit Advance Funded Plans - Summary of Significant Accounting Policies

The Fiduciary Net Position presented for defined benefit plans which are advance funded and accounted for in a trust has been determined on a basis consistent with that used by the respective plans in preparing their financial statements. ERS issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>. The plans' basis of accounting and accounting policies, including those related to benefit payments and valuation of plan investments is summarized below.

Basis of Accounting

The financial statements of the ERS are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the wages, subject to required contributions, are earned for the performance of duties for covered employment. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Disclosures regarding methods used to value investments and investment expenses are included in Note 2C, Pension Trusts.

D. Defined Benefit Plan – Non-Contributory (pay-as-you-go) Pension Plan

In addition to the defined benefit plans administered by the ERS, the State also administers one other non-trusted single employer defined benefit pension plan that is closed to new members. The Judicial Non-Contributory Retirement Plan (JNCRP) provides retirement benefits to judges appointed before January 1, 1990 and who retired before July 1, 2012. The plan was created by statute and has historically been funded by the State on a pay-as-you-go basis. Accordingly, no assets have been accumulated to pay benefits under this non-trusted plan.

Pension benefits paid under the JNCRP are generally determined based on years of service at retirement and are payable to the retiree or their beneficiary. JNCRP members, in general, are eligible for full retirement benefits equal to their final annual compensation at age 65, if the member has served for 20 years, or at age 70 with 15 years of service. The plan has provisions that allow survivors, upon the death of the participant, to continue to receive a portion of the participant's benefit.

E. Special Funding Situation – ERS Plan – Teachers

The State is required by law to contribute 40% of the cost of providing retirement benefits for teachers covered by the Employees' Retirement System. Under GASB Statement No. 68, for teachers, the State is considered to be a non-employer contributing entity under a special funding situation. The total net pension liability for teachers covered by the Employees' Retirement System measured as of June 30, 2020 is approximately \$3.2 billion and the State's share of the net pension liability is approximately \$1.4 billion. The State's share of the net pension liability for teachers has been allocated based upon the statutory contribution percentage and is reflected in the Statement of Net Position as of June 30, 2020 as Net Pension Liability-Special Funding Situation. The State's proportion for the special funding situation for the teachers covered in the ERS Plan was 42.63%, a decrease of (0.20)% since the prior reporting

period. Benefit provisions, contribution requirements, and other information related to the measurement and proportionate share of the net pension liability under a special funding situation for teachers are described in other sections of this Note relating to the ERS plan.

F. Contributions and Funding Policy

Contribution requirements for plan members and participating employers are established pursuant to the Rhode Island General Laws. With the exception of the RIJRFT employers are required by statute to make annual actuarially determined contributions to the respective defined benefit plans.

Actuarially determined contributions are calculated as of June 30, two years prior to the commencement of the fiscal year in which the contributions are reported. The actuarially determined contribution rates (or amounts if not expressed as a rate) for fiscal 2021 were determined based on valuations performed as of June 30, 2019 for all plans, with the exception of RIJRFT which was determined based on a valuation performed as of June 30, 2020.

The Rhode Island Judicial Retirement Fund Trust is not currently advance funded. Employees make contributions to the plan; however the State is not making full actuarially determined contributions. This plan is for a closed group of individuals and the amortization payment has been calculated based on level-dollar amortization over 17 years from June 30, 2013.

The Rhode Island State Police Retirement Fund Trust is a closed group of individuals and the annual contributions into the Trust have been calculated on a level-dollar amortization over 20 years from June 30, 2020. The actuarial accrued liability will be fully amortized by year 2040.

The non-contributory judges (JNCRP) plan is financed on a pay-as-you-go basis. Upon Statutory creation of the RISPRFT in fiscal 2017, an annual contribution amount totaling \$16.4 million was actuarially determined. This amount has been contributed annually since 2017.

A summary of the contribution rates by both the participating employers and members and the State's annual pension plan contributions (expressed in thousands) for the fiscal year ended June 30, 2021 is provided in the table below:

	ERS	JRBT	RIJRFT*	SPRBT	SPRFT*	JNCRP**
Contribution rate:						
State	27.54%	21.61%	\$1,242	19.82%	\$16,387	—
Plan members	3.75% and 11.00%	8.75% and 12.00%	8.75% and 12.00%	8.75%	—	—
State contribution for teachers	10.75%	—	—	—	—	—
Contributions made for state employees	\$185,904	\$2,246	\$399	\$5,241	\$16,387	\$4,184
Contribution made for teachers	\$112,623	—	—	—	—	—

*Actuarially determined contribution not expressed as a rate

**JNCRP is a pay-as-you-go plan.

ERS Plan Supplemental Contributions - The General Laws (Section 36-10-2(a) 1 and 2) also require, in addition to the contributions provided for by the funding policy, for each fiscal year in which the actuarially determined state contribution rate for state employees and teachers is lower than that for the prior fiscal year, the governor shall include an appropriation to that system equivalent to 20% of the rate reduction to be applied to the actuarial accrued liability. The amounts to be appropriated shall be included in the annual appropriation bill and shall be paid by the general treasurer into the retirement system. The

retirement system's actuary shall not adjust the computation of the annual required contribution for the year in which supplemental contributions are received; such contributions once made may be treated as reducing the actuarial liability remaining for amortization in the following actuarial valuation to be performed. For fiscal 2021, no supplemental contribution was required in accordance with this provision of the General Laws.

The Retirement Security Act provides for additional contributions to the System based on 5.5% of the value of contracts where the services performed by the contractor were previously performed by state employees. A supplemental contribution of \$197 thousand was paid to the System pursuant to Section 42-149-3.1 of the General Laws.

Employer contributions to the defined contribution plan are also prescribed by statute. In addition, plan member contributions for both the defined benefit and defined contribution plans are set by statute. Member and employer contribution rates can be changed by the General Assembly.

ERS Plan Special funding situation for local teachers - The actual proportionate share of employer contributions required by the State varies slightly from 40% due to differences in the amortization period for the unfunded liability between the State and teacher units which is reflected in the actuarially determined contribution for the State share and the local teacher share. This results in the actual dollar amount of State contributions to be proportionately larger than the stated statutory amount of 40%.

G. Net Pension Liability

The net pension liability of the State and other participating employers in the Employees' Retirement System, a multiple-employer cost-sharing plan, has been apportioned based on the percentage share of total contributions made by each employer in fiscal 2020. The State's proportion for the ERS Plan for State employees was 89.92%, an increase of 0.26% since the prior reporting period. At June 30, 2020 measurement date, the Lottery's proportion was 0.95%, an increase of 0.03% since the prior reporting period.

Following is a summary of the net pension liability of the State and other employers participating in the Employees' Retirement System as well as the State's liability related to the five single employer defined benefit plans it sponsors, all measured as of June 30, 2020 (expressed in thousands and excluding amounts related to teachers under the special funding arrangement discussed above):

Total Net Pension Liability - Employees' Retirement System (ERS) - State Employees	\$	2,274,146
<i>Less portion attributable to other entities:</i>		
Enterprise Fund - Rhode Island Lottery	\$	(21,652)
Discretely Presented Component Units		
University of Rhode Island	\$	115,632
Rhode Island College		40,248
Community College of RI		31,746
RI Division of Higher Education Assistance		277
RI Commerce Corporation		305
RI Airport Corporation		1,697
		<u>(189,905)</u>
Related organization - Narragansett Bay Commission		(17,701)
ERS - Net Pension Liability - Governmental Activities	\$	2,044,888
Net Pension Liability - Single Employer Defined Benefit Pension Plans		
JRBT		8,904
RIJRFT		21,338
SPRBT		33,903
SPRFT		154,720
JNCRP		46,533
		<u>2,310,286</u>
Total Net Pension Liability	\$	2,310,286

Further details regarding the State's total pension liability and net pension liability for the single employer trustee defined benefit pension plans (expressed in thousands) which was measured as of June 30, 2020 is presented below:

	JRBT	RIJRFT	SPRBT	SPRFT
Total pension liability	\$ 89,062	\$ 22,452	\$ 187,812	\$ 171,976
Plan fiduciary net position	80,158	1,114	153,909	17,256
Net pension liability	\$ 8,904	\$ 21,338	\$ 33,903	\$ 154,720
Plan fiduciary net position as a percentage of total pension liability	90.0 %	5.0 %	81.9 %	10.0 %

a. Actuarial assumptions used in determining total pension liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2019 and rolled forward to the June 30, 2020 measurement date, with the exception of JNCRP. The total pension liability for JNCRP is based on a valuation performed as of June 30, 2020. The following table summarizes the actuarial assumptions, applied to all periods included in the measurement.

	ERS						
	State Employees	Teachers	JRBT	RIJRFT	SPRBT	SPRFT	JNCRP
Valuation Date	6/30/2019 rolled forward to 6/30/2020	6/30/2019 rolled forward to 6/30/2020	6/30/2019 rolled forward to 6/30/2020	6/30/2019 rolled forward to 6/30/2020	6/30/2019 rolled forward to 6/30/2020	6/30/2019 rolled forward to 6/30/2020	06/30/20
Actuarial Cost Method	Entry Age Normal-the Individual Entry Age Actuarial Cost methodology is used						
<u>Assumptions</u>							
Investment Rate of Return	7.00%	7.00%	7.00%	2.45%	7.00%	7.00%	2.45%
Projected Salary increases	3.25% to 6.25%	3.00% to 13.00%	2.75%	2.75%	3.75% to 11.75%	N/A	N/A
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality	Variants of the Pub-10 Median mortality tables-for the improvement scale, update to the ultimate rates of the MP16 projection scale.						
COLA	Post-retirement Benefit Increase: Post-retirement benefit increases are assumed to be 2.1%, per annum, while the plan has a funding level that exceeds 80%; however, an interim COLA will be granted in four-year intervals while the COLA is suspended. The second such COLA was provided in fiscal 2021. As of June 30, 2019, it is assumed that the COLAs will be suspended for 8 years due to the current funding level of the plans. The actual amount of the COLA is determined based on 50% of the plan's five-year average investment rate of return minus 5.00% which will range from zero to 4.0%, and 50% of the lesser of 3% or last year's CPI-U increase for a total maximum increase of 3.5%.						

Factors affecting trends for amounts related to the net pension liability

The actuarial assumptions used in the calculation of the total pension liability at the June 30, 2020 measurement date were consistent with the 2020 Actuarial Experience Investigation Study for the six year period ended June 30, 2019.

As part of the 2020 Actuarial Experience Study, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. Significant changes in assumptions included:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increased slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

The June 30, 2020 expected arithmetic returns over the long term (20 years) by asset class are summarized in the following table:

Asset Class	Long-term Asset allocation	Long-term Expected Arithmetic Real Rate of Return
<i>GROWTH</i>		
Global Equity		
U.S. Equity	23.00 %	6.31 %
International Developed Equity	12.10 %	6.71 %
Emerging Markets Equity	4.90 %	8.69 %
Private Growth		
Private Equity	11.25 %	9.71 %
Non-Core Real Estate	2.25 %	5.66 %
Opportunistic Private Credit	1.50 %	9.71 %
<i>INCOME</i>		
High Yield Infrastructure	1.00 %	3.88 %
REITS	1.00 %	5.66 %
Equity Options	2.00 %	6.04 %
EMD (50/50 Blend)	2.00 %	2.28 %
Liquid Credit	2.80 %	3.88 %
Private Credit	3.20 %	3.88 %
<i>STABILITY</i>		
Crisis Protection Class		
Treasury Duration	5.00 %	0.10 %
Systematic Trend	5.00 %	3.84 %
Inflation Protection		
Core Real Estate	3.60 %	5.66 %
Private Infrastructure	2.40 %	6.06 %
TIPs	2.00 %	0.74 %
Volatility Protection		
IG Crop Credit	3.25 %	1.54 %
Securitized Credit	3.25 %	1.54 %
Absolute Return	6.50 %	3.84 %
Cash	2.00 %	0.10 %
	100.00 %	

b. Discount rate

The discount rate used to measure the total pension liability of the plans was 7.0% for all plans but the RIJRF and JNCRP plans. The projection of cash flows used to determine the discount rate assumed that

contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for all but one system.

For the RIJRFT and JNCRP plans, the State has not opted to make actuarially determined employer contributions and based on those assumptions, the pension plans' fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Consequently, for those plans, the municipal bond index rate, based on fixed-income mutual bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index", 2.45% at June 30, 2020) was applied to all periods of projected benefit payments to determine the total pension liability.

c. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the employers calculated using the discount rate of 7.0% (for all plans except the RIJRFT and JNCRP), as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. The RIJRFT and JNCRP plans' fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members and consequently the municipal bond index rate of 2.45% at June 30, 2020 was used in the determination of the net pension liability (asset) for those plans with a similar +1/-1 % sensitivity analysis (expressed in thousands):

Governmental Activities:

	1.00% Decrease (6.00%)	Current Discount Rate (7.0%)	1.00% Increase (8.00%)
ERS - State employees	\$ 2,439,070	\$ 2,044,888	\$ 1,569,191
ERS - Teachers (State share)	\$ 1,634,163	\$ 1,361,982	\$ 1,033,504
JRBT	\$ 16,816	\$ 8,904	\$ (642)
SPRBT	\$ 50,431	\$ 33,903	\$ 13,958
SPRFT	\$ 170,836	\$ 154,720	\$ 135,272
	1.00% Decrease (1.45%)	Municipal Bond Index Rate (2.45%)	1.00% Increase (3.45%)
RIJRFT	\$ 23,269	\$ 21,338	\$ 19,002
JNCRP	\$ 50,389	\$ 46,533	\$ 43,195

Business-type Activities:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Rhode Island Lottery:			
ERS Plan - State Employees	\$ 25,826	\$ 21,652	\$ 16,615

H. Changes in the Net Pension Liability

Information on the State's net pension liability for single employer plans is as follows (expressed in thousands):

	JRBT	RIJRFT	SPRBT	SPRFT	JNCRP*
Total Pension Liability					
Service cost	\$ 3,335	\$ 323	\$ 5,788	\$ —	\$ —
Interest	5,663	640	12,405	11,878	1,170
Benefit changes	—	—	—	—	—
Differences between expected and actual experience	180	(646)	(3,126)	(162)	3,560
Changes of assumptions	2,515	2,060	1,541	(1,136)	6,757
Benefit payments	(3,724)	(399)	(6,229)	(16,581)	(4,659)
Net change in Total Pension Liability	7,969	1,978	10,379	(6,001)	6,828
Total Pension Liability - beginning	81,093	20,474	177,433	177,977	39,705
Total Pension Liability - ending	\$ 89,062	\$ 22,452	\$ 187,812	\$ 171,976	\$ 46,533
Plan Fiduciary Net Position					
Employer contributions	\$ 2,189	\$ 399	\$ 4,878	\$ 16,387	\$ 4,656
Employee contributions	1,204	126	2,346	—	—
Net investment income	2,955	23	5,642	868	—
Benefit payments	(3,724)	(399)	(6,229)	(16,581)	(4,656)
Administrative expenses	(80)	(1)	(158)	(17)	—
Other	—	—	25	—	—
Net change in Fiduciary Net Position	\$ 2,544	\$ 148	\$ 6,504	\$ 657	\$ —
Plan Fiduciary Net Position - beginning	77,614	966	147,405	16,599	—
Plan Fiduciary Net Position - ending	\$ 80,158	\$ 1,114	\$ 153,909	\$ 17,256	\$ —
Net Pension Liability	\$ 8,904	\$ 21,338	\$ 33,903	\$ 154,720	\$ 46,533

*This is a non-trusteed plan which historically has been funded on a pay-as-you-go basis; therefore no assets have been accumulated and total pension liability and net pension liability are the same.

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Employees' Retirement System of Rhode Island

For the fiscal year ended June 30, 2021 the State recognized net pension expense of \$259.0 million related to State employees who are covered by the pension plans administered by ERS as well as the JNCRP. In addition, it recognized an Education expense of \$137.8 million in the Statement of Activities relating to the State's share of the pension expense for teachers who are covered by the ERS.

At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to its participation in the ERS from the following sources (expressed in thousands):

Governmental Activities:

	State Employees	Teachers	Totals
<u>Deferred Outflows of Resources</u>			
State contributions subsequent to the measurement date	\$ 184,004	\$ 112,623	\$ 296,627
Net difference between projected and actual earnings on pension plan investments	40,885	27,651	68,536
Differences between expected and actual experience	17,579	13,317	30,896
Changes of assumptions	48,252	60,801	109,053
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,745	30,510	41,255
Totals	<u>\$ 301,465</u>	<u>\$ 244,902</u>	<u>\$ 546,367</u>
<u>Deferred Inflows of Resources</u>			
Net difference between projected and actual earnings on pension plan investments	—	—	\$ —
Differences between expected and actual experience	1,412	26,543	27,955
Changes of assumptions	40,230	31,739	71,969
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	19,681	19,681
Totals	<u>\$ 41,642</u>	<u>\$ 77,963</u>	<u>\$ 119,605</u>

The \$184.0 million reported as deferred outflows of resources related to pensions resulting from State contributions to ERS subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2022. In addition, the \$112.6 million reported as deferred outflows of resources related to pensions resulting from State contributions to ERS for the teachers plan subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in the determination of pension expense as follows (expressed in thousands):

	State Employees	Teachers
Year ended June 30:		
2021	\$ 36,886	\$ 6,301
2022	20,105	23,875
2023	13,138	30,309
2024	7,044	8,829
2025	(1,354)	(8,342)
Thereafter	—	(6,658)
	<u>\$ 75,819</u>	<u>\$ 54,314</u>

Business-type Activities:

For the year ended June 30, 2021, the Lottery, a proprietary fund of the State, recognized pension expense of \$3.1 million. At June 30, 2021, the Lottery reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Contributions subsequent to the measurement date	\$	1,900
Net difference between projected and actual earnings on pension plan investments		433
Differences between expected and actual experience		186
Changes of assumptions		511
Changes in proportion and differences between employer contributions and proportionate share of contributions		2,690
Totals	\$	<u>5,720</u>

Deferred Inflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$	—
Differences between expected and actual experience		15
Changes of assumptions		426
Changes in proportion and differences between employer contributions and proportionate share of contributions		84
Totals	\$	<u>525</u>

The \$1.9 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in the determination of pension expense as follows (expressed in thousands):

Year ended June 30:		
2021	\$	1,112
2022		1,001
2023		906
2024		270
2025		6
Thereafter		—
	\$	<u>3,295</u>

Other Single Employer Pension Plans

For the fiscal year ended June 30, 2021 the table below provides information about pension expense (credit) recognized for each of the State's five single employer plans (expressed in thousands):

<u>Plan</u>	<u>Annual Pension Expense (Credit)</u>
JRBT	\$ 2,657
RIJRFT	2,218
SPRBT	8,482
SPRFT	9,301
JNCRP	11,487
Total	<u>\$ 34,145</u>

At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to its participation in the single employer plans from the following sources (expressed in thousands):

	<u>JRBT</u>	<u>RIJRFT</u>	<u>SPRBT</u>	<u>SPRFT</u>	<u>JNCRP</u>	<u>Totals</u>
<u>Deferred Outflows of Resources</u>						
Employer contributions subsequent to the measurement date	\$ 2,246	\$ 399	\$ 5,241	\$ 16,387	\$ 4,184	\$ 28,457
Net difference between projected and actual earnings on pension plan investments	1,390	—	2,586	161	—	4,137
Differences between expected and actual experience	146	—	8,217	—	—	8,363
Change of Assumptions	3,187	—	6,960	—	—	10,147
Totals	<u>\$ 6,969</u>	<u>\$ 399</u>	<u>\$ 23,004</u>	<u>\$ 16,548</u>	<u>\$ 4,184</u>	<u>\$ 51,104</u>
<u>Deferred Inflows of Resources</u>						
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 8	\$ —	\$ —	\$ —	8
Differences between expected and actual experience	3,162	—	6,463	—	—	9,625
Change of assumptions	—	—	118	—	—	118
Totals	<u>\$ 3,162</u>	<u>\$ 8</u>	<u>\$ 6,581</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,751</u>

The amount of \$28.5 million reported as deferred outflows of resources, related to pensions resulting from State contributions to the single employer plans subsequent to the measurement date, will be recognized as a reduction in the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows(inflows) of resources related to pensions will be recognized in the determination of pension expense as follows (expressed in thousands):

Year ending June 30	JRBT	RIJRFT	SPRBT	SPRFT	JNCRP	Totals
2022	\$ (165)	\$ (8)	\$ 1,128	\$ (143)	\$ —	\$ 812
2023	(29)	(3)	2,124	119	—	2,211
2024	618	—	2,376	128	—	3,122
2025	1,005	2	2,291	57	—	3,355
2026	132	—	1,423	—	—	1,555
Thereafter	—	—	1,839	—	—	1,839
	<u>\$ 1,561</u>	<u>\$ (9)</u>	<u>\$ 11,181</u>	<u>\$ 161</u>	<u>\$ —</u>	<u>\$ 12,894</u>

J. Defined Contribution Plan - ERS

Plan Description – Employees participating in the Employees Retirement System (ERS) defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Plan Assets are held by J. P. Morgan as investment custodian. The Retirement Board is the plan administrator and plan trustee. The employees ("members") may choose among various investment options available to plan participants. The State Investment Commission is responsible for implementing the investment policy of the plan and selecting the investment options available to members.

Contributions – Members contribute 5% of their annual covered salary and employers contribute 1% to 1.5% of annual covered salary, depending on years of service as of June 30, 2012. Member contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the members and employers are established by the General Laws, which are subject to amendment by the General Assembly.

The State contributed and recognized as pension expense \$5.4 million for the fiscal year ended June 30, 2021, equal to 100% of the required contributions for the fiscal year.

Investment options – See Note 2C, Other Investments - Defined Contribution Plan.

Plan vesting and contribution forfeiture provisions – The total amount contributed by the member, including associated investment gains and losses, shall immediately vest in the member's account and is non-forfeitable. The total amount contributed by the employer, including associated investment gains and losses, vests with the employee and is non-forfeitable upon completion of three (3) years of contributory service. Non-vested employer contributions are forfeited upon termination of employment. Such forfeitures can be used by employers to offset future remittances to the plan.

Retirement benefits – Benefits may be paid to a member after severance from employment, death, plan termination, or upon a deemed severance from employment for participants performing qualified military service. At a minimum, retirement benefits must begin no later than April 1 of the calendar year following the year in which the member attains a certain age or terminates employment, if later.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

K. Defined Benefit Plan - LIUNA

All State employees who are members of the Laborers' International Union of North America (LIUNA), in addition to participating in ERSRI, also participate in the LIUNA National Pension Fund (the Plan), a cost sharing multi-employer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan is administered by the Fund's Board of Trustees. Eligibility and benefit provisions are defined in the Plan document adopted by the Board of Trustees. As of June 30, 2021, 787 employees of the State were members of the Plan.

All employees who are members of LIUNA are eligible to participate in the Plan. An employee is eligible for a regular pension if they have attained age 62, have five or more years of pension credits and have had at least one pension credit in a year after contributions paid to the Plan by an employer on their behalf began. Vesting of benefits is attained for participants who have five or more years of vesting service, at least one year of which was earned during the period in which the employer paid contributions to the Plan on behalf of the participant. Participants who pay their own contributions are immediately and fully vested in their accrued benefits, plus interest credited to their account. Benefit amounts for employees of the same age with the same years of service may be different because their employers' contribution to the Pension Fund may have been at different levels. The Plan allows for an optional immediate 25% partial lump sum for all surviving spouses of participants who died pre-retirement with an actuarially reduced monthly benefit to be paid at age 55. Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International Union of North America National (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765, or at www.lnipf.org.

The contribution requirements of the State and employees are established by contract and may be amended by union negotiation. Employees are required to contribute \$0.77 to \$1.73 per hour up to a maximum of 1,820 hours per year to the Plan for calendar year 2021. The State is not required to contribute to the Plan.

The Multiemployer Pension Plan Amendments Act of 1980 imposes certain liabilities upon employees associated with multiemployer pension plans who withdraw from such a plan or upon termination of said plan. The State has no plans to withdraw or partially withdraw from the plan.

L. Defined Contribution Plan - FICA Alternative Retirement Income Security Program

The State of Rhode Island FICA Alternative Retirement Income Security Program (the FARP) is a defined contribution (money purchase) plan that operates under Section 401(a) of the Internal Revenue Code. The FARP was established under Rhode Island General Law section 36-7-33.1 and was placed under the management of the State's Department of Administration (DOA), which also serves as the FARP plan sponsor. The FARP took effect on December 15, 2013. TIAA serves as record keeper for the FARP, and FARP assets are held by J.P. Morgan as investment custodian.

Plan members – Eligible members of the FARP are any part-time, seasonal, or temporary employees of the State of Rhode Island, hired after July 1, 2013, who are ineligible for participation in the Employees' Retirement System of Rhode Island (ERSRI). With the exception of the One-Time Opt-Out Provision described below, participation in the FARP is mandatory for these employees. Part-time, seasonal, or temporary employees hired prior to July 1, 2013, who do not participate in the ERSRI may opt to continue contributing to Social Security for the duration of their continuous employment.

One-time opt-out provision – The FARP contains a provision which allows a FARP-eligible employee, hired after July 1, 2013, to opt-out or elect to not participate in the FARP. An employee who opts to not participate will continue to make FICA contributions and the State will continue to make FICA contributions on behalf of the employee. An employee who opts to not participate in the FARP may subsequently, without penalty, choose to participate in the FARP; this election is irrevocable as long as the employee is a FARP-eligible employee.

Plan vesting provisions – The total amount contributed by the member, including associated investment gains and losses, shall immediately vest in the member's account and is non-forfeitable. The State does not make matching contributions to the FARP.

Member accounts – Each member's account is credited with the member's contribution and an allocation of the plan's earnings. Allocations are based on a relationship of the member's account balance in each investment fund to the total of all account balances in that fund. The retirement benefit to which a member is entitled is the benefit that can be provided from the member's account.

Contributions – FARP benefits are funded by contributions from the participants as specified in RI General Law section 36-7-33.1. FARP participants make mandatory payroll deduction contributions to the FARP equal to 7.5% of the employee's gross wages for each pay period.

Investment options – Member and employer contributions must be invested in one of the Vanguard Target Retirement Trusts, which are age-appropriate.

Retirement benefits – Benefits may be paid to a member after termination from employment, death, total disability, or upon attaining age 59½. In the case of termination, a 10% IRS penalty upon withdrawal will apply if the member is younger than 55 years of age. At a minimum, retirement benefits must begin no later than April 1 of the calendar year following the year in which the member attains a certain age or terminates employment, if later.

M. Other Pension Plans – Component Units

Certain employees of the University of Rhode Island, Rhode Island College and the Community College of Rhode Island (principally faculty and administrative personnel) are covered by individual annuity contracts under a defined contribution retirement plan. Eligible employees who have reached the age of 30, and who have two years of service are required to participate in either the Teachers Insurance and Annuity Association, the Metropolitan Life Insurance Company, or Variable Annuity Life Insurance Company retirement plan. Eligible employees must contribute at least 5% of their gross biweekly earnings. The University and Colleges contribute 9% of the employees' gross biweekly earnings. Total expenses by the institutions for such annuity contracts amounted to approximately \$21.1 million during the year ended June 30, 2021.

The Rhode Island Public Transit Authority has two single-employer defined benefit pension plans that cover eligible employees which are described below. Other information about the plans can be found in the audited financial statements of RIPTA which are available at www.ripta.com.

- The first plan, RIPTA Employees' Pension Plan, covers employees of the Authority who work more than 1,000 hours per year. There are no age or minimum service requirements and employees are eligible to participate immediately upon employment. Any changes to the plan are subject to the collective bargaining process. Plan benefits and other provisions are established by the plan document. The Plan is administered by the Authority's Joint Pension Board. The plan provides retirement, disability and death benefits. Benefits vest upon completion of ten years of service. Authority employees are eligible to retire upon attainment of normal retirement age (62, or if later, upon completion of 5 years of service). Retired employees are entitled to a monthly benefit for life as stipulated in the plan provisions. Employees are required to contribute between 3% and 4% of their base salary to the plan each year until the earlier of the participant's normal retirement date or termination of service. The remaining contributions to the plan are made by the Authority. At the June 30, 2020 measurement date the plans' total pension liabilities exceeded the plans' fiduciary net position by an aggregate amount of \$78.5 million. Accordingly, a net pension liability of that amount has been recorded as of June 30, 2021. For the fiscal year ended June 30, 2021 pension expense of \$14.4 million was recorded related to the plan.
- The second plan, Laborers' International Union of North America National Pension Fund, covers all employees who are members of the Local 808 union. The Plan is administered by the Fund's

Board of Trustees. The plan provides retirement, disability and death benefits to plan members. An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the plan. The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The contribution requirements of the Authority and employees are established by contract and may be amended by union negotiation. Employees are required to contribute \$1.46 per hour up to a maximum of 40 hours per week to the Plan for calendar year 2021. The Authority is not required to contribute to the Plan.

Certain other component units have defined benefit pension plans, defined contribution pension plans, and deferred compensation retirement plans. For information regarding these pension and savings plans, please refer to the component units' separately issued financial reports.

Note 19. Postemployment Benefit Plans

A. Summary of Employer Plans

The State provides other postemployment benefits (OPEB) for its employees through multiple benefit plans as outlined below (expressed in thousands):

	Plan	Plan Type	Covered employees	FY 2021 OPEB expense (credit)	Net OPEB liability (asset) at June 30, 2020 measurement date
A	State Employees	Cost-sharing multiple-employer plan – advance funded through a trust	State employees excluding state police, legislators and judges		
			Governmental activities	\$ 16,190	\$ 324,502
			Business-type activities	\$ 307	\$ 3,420
B	Teachers	Single-employer plan – advance funded through a trust	Certified public school teachers electing to participate in the System	\$ (1,944)	\$ (4,445)
C	Judges	Single-employer plan - advance funded through a trust	Judges and magistrates	\$ (610)	\$ (4,490)
D	State Police	Single-employer plan - advance funded through a trust	State police officers	\$ 2,031	\$ 17,338
E	Legislators	Single-employer plan - advance funded through a trust	Retired and former members of the General Assembly	\$ (196)	\$ (2,291)
F	Board of Education (BOE)	Cost-sharing multiple-employer plan – advance funded through a trust	Certain employees of the Board of Education inclusive of URI, RIC, CCRI and the Office of Higher Education	\$ 6	\$ 89
	Totals			\$ 15,784	\$ 334,123

The Rhode Island State Employees' and Electing Teachers OPEB System (the "System") acts as a common investment and administrative agent for benefits to be provided for six defined benefit other postemployment plans as listed above.

The System is administered by the State of Rhode Island OPEB Board and was authorized, created and established under Chapter 36-12.1 of RI General Laws. The Board was established under Chapter

36-12.1 as an independent board to hold and administer, in trust, the funds of the OPEB system. The four members of the OPEB Board are: the State Controller, the State Budget Officer, the State Personnel Administrator and the General Treasurer, or their designees.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans and a description of the benefit structures. The report may be obtained by writing to the State Controller's Office, One Capitol Hill, Providence, RI 02908.

The System's financial statements are included as Trust Funds within the Fiduciary Funds.

The OPEB Trust Funds are reported using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned or become measurable.

Additional disclosure regarding the methods used to value investments and investment expenses are included in Note 2D, OPEB Trust Funds.

Employer OPEB expense and related liabilities and deferred inflows of resources/deferred outflows of resources for defined benefit plans A-F as identified previously are recognized in the financial statements based on the provisions of GASB Statement No. 75.

Plan membership, based on the June 30, 2019 actuarial valuations, is summarized in the table below:

	Retirees and beneficiaries	Active	Total by Plan
State Employees	6,698	11,184	17,882
Teachers	99	N/A	99
Judges	33	61	94
State Police	163	261	424
Legislators	15	113	128
Board of Education (BOE)	857	1,869	2,726
Terminated employees are not included in the valuation.			

B. Benefit Plan Descriptions

Members of the System, which include State employees, legislators, judges, State police officers, certified public school teachers and employees of certain component units, if they meet certain eligibility requirements, are eligible to receive some form of retiree health care benefits. In addition, certain employees of the Board of Education receive benefits under another plan known as the Rhode Island Board of Education Health Care Insurance Retirement Program (hereafter referred to as the "BOE Plan").

Membership and Benefit Provisions

The plans within the System generally provide healthcare coverage to pre-Medicare eligible retirees and health reimbursement account contributions or Medicare supplement coverage for members who are Medicare eligible. Members may purchase coverage for spouses and dependents. Depending on the plan and the time of retirement, the cost to purchase coverage for spouses and dependents is either at the "active rate" applicable to active employees or at the retiree rate. Dental and vision coverage is generally not provided (except for those plans that allow active health care coverage to continue after retirement - judges, state police and legislators). Dental and vision coverage may be purchased by these groups with no state subsidy.

Members of the System must meet the eligibility and services requirements set forth in the RI General

Laws or other governing documents. RIGL Sections 16-17.1-1 and 2, 36-10-2, 36-12.1, 36-12-2.2 and 36-12-4 govern the provisions of the System, and they may be amended in the future by action of the General Assembly.

Active employees (other than the Board of Education active members) do not make contributions to the respective plans. Retired member contributions consist of the required retiree share of coverage based on the time of retirement and years of service. Other member contributions include purchased coverage for spouses or dependents or for non-subsidized coverage for dental and vision care.

A summary of the principal provisions of the plans follow:

State Employees

For members age 59 through 64 who retire on or after October 1, 2008, with a minimum of 20 years of service, the State pays 80% of the actual cost of health care coverage.

At age 65, State retirees must purchase Medicare Part B (deducted from their Social Security payment) and may enroll in a health reimbursement account plan to which the OPEB Trust contributes an amount. The amount deposited by the State into each HRA varies based on the date of retirement and years of service at retirement but is based on the lowest-cost Medicare supplemental plan available through the program that meets the plan requirements defined in the law. Amounts available in each retiree's HRA can be used for any eligible medical care expense including reimbursement for health insurance premiums.

For State employees who retired on or before September 30, 2008, the State provides two types of subsidies for health care benefits. The Tier I subsidy applies to non-Medicare eligible plans and provides that the State will pay the portion of the cost of retiree health care for the retiree and any dependents above the active group rate. The retiree pays the active group monthly rate and the State pays the difference between the active group rate and the early retiree rate. This subsidy is not based on years of service and ends at age 65. In addition to the Tier I benefits, the State pays a portion of the cost of retiree health care above the Tier I costs for certain retirees meeting eligibility requirements based upon the age and service of the retiree, which is referred to as the Tier II benefit.

Employees retiring on or before September 30, 2008 who are under 60 year of age at retirement may retire with a minimum of 28 years of service and must pay 0% - 10% of retiree health care costs, as determined by the number of years of each employee's service. Employees retiring on or before September 30, 2008 who are 60 years of age or over at retirement may retire with a minimum of 10 years of service and must pay 0% - 50% of retiree health care costs, as determined by the number of years of each employee's service.

Teachers

Teachers who elect to participate in the System and retired on or before September 30, 2008, receive the Tier I subsidy but no other State cost sharing. For all teachers retiring on or after October 1, 2008, the Tier I subsidy ends and there is no other cost sharing by the State. Retired teachers may purchase coverage through the System at the actual cost for retirees.

Judges

Effective July 1, 2012 new retirees (and spouses and dependents) that are eligible for Medicare are required to enroll in Medicare and a Medicare Supplemental plan. Retirees who retired before that date are able to continue on the active health care plan provided they enroll in Medicare Part B.

State Police

Retired state police officers (including spouses and dependents) receive the active health care plan benefits or Medicare supplement coverage with the same co-share amount in effect at the date of their retirement.

Legislators

Effective July 1, 2012 new retirees (and spouses and dependents) that are eligible for Medicare are required to enroll in Medicare and a Medicare Supplemental plan. Retirees who retired before that date can continue on the active health care plan provided they enroll in Medicare Part B.

Board of Education

The BOE Plan offers three types of retiree health care benefits: (1) a self-insured health care plan for retirees not covered by Medicare, (2) a self-insured Medicare supplement plan for Medicare eligible post-65 retirees and (3) a fully insured Medicare HMO plan for Medicare eligible post-65 retirees.

The Tier I non-Medicare eligible plan subsidy provides that the Board will pay the portion of the cost of post-retirement health care for the retiree between the active group rate and the early retiree rate. This subsidy is based on years of service and ends when the retiree enrolls in Medicare. This subsidy is available only to eligible employees retiring before July 1, 2008.

To be eligible for coverage, the retiree retiring before July 1, 2008 must have worked a minimum of 10 years for the Board and must be at least 60 years of age, unless they have 28 years or more of service. Depending on the years of service and the retiree's age, the Board will pay from 50% to 100% of medical insurance premium while the retiree contributes from 50% to 0%.

Employees retiring after June 30, 2008, who are not yet 65 years of age, who have worked a minimum of 10 years for the Board and are at least 60 years of age or who have 28 years or more of service, may purchase health insurance coverage at the actual (100%) retiree premium rate for themselves and their spouses. The Board will continue to pay a portion of the post-65 Tier II benefits, 50% to 100% of medical insurance premium, depending on the years of service and the retiree's age while the retiree will contribute from 50% to 0%.

Active employees covered by the BOE plan contribute 0.9% of their salary. The contribution of employees covered under the BOE plan can be changed by the Board of Education.

C. Contributions and Funding Policy

Contribution requirements for plan members and participating employers are established pursuant to the Rhode Island General Laws and may be amended by the General Assembly.

The State and other participating employers are required by law to fund the plans on an actuarially determined basis. For the fiscal year ended June 30, 2021, the State and other participating employers paid \$51 million into the plans.

The fiscal 2021 contribution rates for the six plans in the System were based on the actuarial valuation of those plans performed as of June 30, 2018.

A summary of the contribution rates by both the participating employers and members and the State's annual plan contributions (expressed in thousands) for the fiscal year ended June 30, 2021 is provided in the table below:

	State Employees	Teachers	Judges	State Police	Legislators	BOE
Contribution rate:						
Employer	5.49 %	— *	— *	23.31 %	— *	2.93 %
Plan members	—	—	—	—	—	0.9 %
Contributions made	\$ 37,377	\$ —	\$ —	\$6,178	\$ —	\$ 12

* An actuarial valuation determined that no contribution was required for this OPEB plan.

D. Net OPEB Liability (Asset)

The net OPEB liability of the State and other participating employers in the State Employees Plan and the Board of Education Plan, which are multiple employer cost-sharing plans, has been apportioned based on the percentage share of total contributions made by each participating employer in fiscal 2020. The State's proportion for the State Employees Plan and Board of Education Plan for State employees was 89.9% and 0.25%, respectively. At the June 30, 2020 measurement date, the Lottery's proportionate share of the net OPEB liability, reported under Business-type activities, was 0.95%.

Following is a summary of the net OPEB liability of the State and other employers participating in the State Employees Plan, the net OPEB liability of the State's share of the Board of Education Plan and the State's liability (asset) related to the four single employer defined benefit plans it sponsors, all measured as of June 30, 2020 (expressed in thousands):

Net OPEB Liability - Multiple Employer Cost-sharing OPEB Plans:

Total Net OPEB Liability - State Employees Plan	\$ 360,904
<i>Less portion attributable to other entities:</i>	
Enterprise Fund - Rhode Island Lottery	\$ (3,420)
Discretely Presented Component Units	
University of Rhode Island	\$ 18,380
Rhode Island College	6,407
Community College of RI	5,046
RI Division of Higher Education Assistance	35
RI Commerce Corporation	48
RI Airport Corporation	264
	<u>(30,180)</u>
Related organization - Narragansett Bay Commission	<u>(2,802)</u>
State Employees Plan - State's Share of Net OPEB Liability - Governmental Activities	\$ 324,502
Board of Education Plan - State's Share of Net OPEB Liability - Governmental Activities	<u>89</u>
State's Share of Net OPEB Liability - Multiple Employer Cost-sharing Plans - Governmental Activities	<u>\$ 324,591</u>
State Employees Plan - Rhode Island Lottery's Share of Net OPEB Liability - Business-type Activities	<u>\$ 3,420</u>
Total State's Share of Net OPEB Liability - Multiple Employer Cost-sharing Plans	<u>\$ 328,011</u>
Net OPEB Liability (Asset) - Single Employer Plans:	
Net OPEB Liability - Single Employer OPEB Plans	
State Police	17,338
Total Net OPEB Liability	<u>\$ 17,338</u>
Net OPEB Liability - All Plans	<u>\$ 345,350</u>
Net OPEB (Asset) - Single Employer OPEB Plans	
Teachers	\$ (4,445)
Judges	(4,490)
Legislators	(2,291)
Total Net OPEB (Asset)	<u>\$ (11,226)</u>

	Statement of Net Position		
	Governmental	Business-Type	
	Activities	Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Net OPEB Liability	<u>\$ 341,930</u>	<u>\$ 3,420</u>	<u>\$ 345,350</u>
Net OPEB (Asset)	<u>\$ (11,226)</u>	<u>\$ —</u>	<u>\$ (11,226)</u>

Further details regarding the State's total OPEB liability and net OPEB liability (asset) for the single employer trustee OPEB plans (expressed in thousands) which was measured as of June 30, 2020 is presented below:

	Teachers	Judges	State Police	Legislators
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 9,984	\$ 322	\$ 83,749	\$ 1,231
Plan fiduciary net position	14,429	4,812	66,411	3,522
Net OPEB liability (asset)	<u>\$ (4,445)</u>	<u>\$ (4,490)</u>	<u>\$ 17,338</u>	<u>\$ (2,291)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)	<u>144.53 %</u>	<u>1494.26 %</u>	<u>79.30 %</u>	<u>286.23 %</u>

a. Actuarial assumptions used in determining total OPEB liability

The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the June 30, 2020 measurement date using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Methods and Assumptions						
	Plan					
	State Employees	Teachers	Judges	State Police	Legislators	Board of Education
Actuarial Cost Method	Individual Entry Age					
Actuarial Assumptions						
Investment Rate of Return	5.00%					
Projected Salary Increases	3.0% to 6.0%	N/A	3.0%	4.0% to 14.0%	3.0% to 6.0%	3.0% to 6.0%
Valuation Health Care Cost Trend Rate	8.25% in 2020, grading to 3.5% in 2033					
Mortality Rates	<p>Healthy Male Teachers, Judges, Legislators, and Board of Education: RP-2014 Combined Healthy for males with White Collar adjustment, projected with the MP 2016 ultimate rates.</p> <p>Healthy Female Teachers, Judges, Legislators, and Board of Education: RP-2014 Combined Healthy for females with White Collar adjustment, projected with the MP 2016 ultimate rates.</p> <p>Healthy Male State Employees and Police: RP-2014 Combined Healthy for males with Blue Collar adjustment, projected with the MP 2016 ultimate rates.</p> <p>Healthy Female State Employees and Police: RP- 2014 Combined Healthy for females, projected with the MP2016 ultimate rates.</p>					
Excise Tax Under the Patient Protection and Affordable Care Act	None. H.R. 1865, Further Consolidated Appropriation Act of 2020 repealed the excise tax ("Cadillac tax") provision of the Affordable Care Act.					
Note: Although an inflation rate was not explicitly used, for purposes of determining total OPEB liability inflation was consistent with a 2.5% assumption.						

The actuarial assumptions used in the June 30, 2019 valuation and the calculation of the total OPEB liability (asset) at June 30, 2020 were consistent with an actuarial experience review performed as of June 30, 2017.

The long-term expected rate of return best-estimate on OPEB plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of OPEB plan expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 nationally recognized consulting firms. The June 30, 2020 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	65%	6.31%
Fixed Income	35%	1.57%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

b. Discount rate

The discount rate used to measure the total OPEB liability of the plans was 5%. The projection of cash flows used to determine the discount rate assumed that the contributions, if any, from the plan members will be made at the current contribution rate and that the contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

c. Sensitivity of the net OPEB liability (asset) to changes in the discount rate

The following table presents the net OPEB liability (asset) of the employers calculated using the discount rate of 5.0%, as well what the employers' net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (expressed in thousands).

Governmental Activities:

	1.00% Decrease (4.00%)	Current Discount Rate (5.0%)	1.00% Increase (6.00%)
State employees	\$ 400,729	\$ 324,502	\$ 261,370
Teachers	\$ (3,499)	\$ (4,445)	\$ (5,258)
Judges	\$ (4,475)	\$ (4,490)	\$ (4,507)
State Police	\$ 24,112	\$ 17,338	\$ 11,223
Legislators	\$ (2,204)	\$ (2,291)	\$ (2,394)
BOE	\$ 121	\$ 89	\$ 63

Business-type Activities:

	1.00% Decrease (4.00%)	Current Discount Rate (5.0%)	1.00% Increase (6.00%)
Rhode Island Lottery:			
OPEB Plan - State Employees	\$ 4,223	\$ 3,420	\$ 2,754

d. Sensitivity of the net OPEB liability (asset) to changes in the healthcare inflation rate

The following table presents the net OPEB liability (asset) of the employers calculated using the healthcare cost trend rate of 8.25% and gradually decreasing to an ultimate rate of 3.5%, as well what the employers' net OPEB liability (asset) would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate (expressed in thousands).

Governmental Activities:

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
State employees	\$ 246,863	\$ 324,502	\$ 421,941
Teachers	\$ (5,306)	\$ (4,445)	\$ (3,459)
Judges	\$ (4,510)	\$ (4,490)	\$ (4,468)
State Police	\$ 9,124	\$ 17,338	\$ 26,942
Legislators	\$ (2,413)	\$ (2,291)	\$ (2,182)
BOE	\$ 58	\$ 89	\$ 129

Business-type Activities:

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Rhode Island Lottery:			
OPEB Plan - State Employees	\$ 2,601	\$ 3,420	\$ 4,446

E. Changes in the Net OPEB Liability (Asset)

Information on the State's net OPEB liability for single employer plans is as follows (expressed in thousands):

	Teachers	Judges	State Police	Legislators
Total OPEB Liability				
Service cost	\$ —	\$ 22	\$ 4,481	\$ 57
Interest	556	64	4,391	80
Changes of benefit terms	—	—	—	—
Difference between expected and actual experience	(1,212)	(960)	(2,230)	(83)
Changes of assumptions	(164)	(69)	(6,974)	(350)
Benefit payments, net of retiree contributions	(629)	(18)	(3,009)	(85)
Net change in Total OPEB Liability	(1,449)	(961)	(3,341)	(381)
Total OPEB Liability - beginning	11,433	1,283	87,090	1,612
Total OPEB Liability - ending	\$ 9,984	\$ 322	\$ 83,749	\$ 1,231
Plan Fiduciary Net Position				
Employer contributions	\$ —	\$ —	\$ 7,797	\$ —
Net investment income	1,082	327	4,775	263
Benefit payments	(629)	(18)	(3,009)	(85)
Administrative expenses	(24)	(2)	(35)	(2)
Other	150	56	335	79
Net change in Fiduciary Net Position	\$ 579	\$ 363	\$ 9,863	\$ 255
Plan Fiduciary Net Position - beginning	13,850	4,449	56,548	3,267
Plan Fiduciary Net Position - ending	\$ 14,429	\$ 4,812	\$ 66,411	\$ 3,522
Net OPEB Liability (Asset)	\$ (4,445)	\$ (4,490)	\$ 17,338	\$ (2,291)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Cost-Sharing Multiple Employer OPEB Plans

For the fiscal year ended June 30, 2021 the State recognized OPEB expense of \$16.5 million related to State employees who are covered by the OPEB cost-sharing plans administered by the System.

At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to its participation in the System from the following sources (expressed in thousands):

Governmental Activities:

	State Employees	BOE	Totals
<u>Deferred Outflows of Resources</u>			
State contributions subsequent to the measurement date	\$ 36,998	\$ 12	\$ 37,010
Differences between expected and actual experience	—	10	10
Changes of assumptions	14,818	6	14,824
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,527	30	2,557
Totals	<u>\$ 54,343</u>	<u>\$ 58</u>	<u>\$ 54,401</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 65,997	\$ 22	\$ 66,019
Net difference between projected and actual investment earnings	13,855	7	13,862
Changes of Assumptions	19,626	6	19,632
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	12	12
Totals	<u>\$ 99,478</u>	<u>\$ 47</u>	<u>\$ 99,525</u>

The \$37.0 million reported as deferred outflows of resources related to OPEB resulting from State contributions to the plans subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in the determination of OPEB expense as follows (expressed in thousands):

	<u>State Employees</u>	<u>BOE</u>
Year ended June 30:		
2021	\$ (16,620)	\$ (3)
2022	(15,189)	(2)
2023	(14,146)	(2)
2024	(12,886)	—
2025	(11,545)	3
Thereafter	(11,748)	3
	<u>\$ (82,134)</u>	<u>\$ (1)</u>

Business-type Activities:

For the year ended June 30, 2021, the Lottery, a proprietary fund of the State, recognized OPEB expense of \$307 thousand. At June 30, 2021, the Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

Contributions subsequent to the measurement date	\$ 379
Changes of assumptions	156
Changes in proportion and differences between employer contributions and proportionate share of contributions	774
Totals	<u>\$ 1,309</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 695
Net difference between projected and actual investment earnings	146
Changes of assumptions	207
Totals	<u>\$ 1,048</u>

The \$379 thousand reported as deferred outflows of resources related to OPEB resulting from contributions to the plan subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in the determination of OPEB expense as follows (expressed in thousands):

Year ended June 30:		
2021	\$	(39)
2022		(24)
2023		(13)
2024		—
2025		7
Thereafter		(49)
	\$	<u>(118)</u>

Other Single Employer OPEB Plans

For the fiscal year ended June 30, 2021 the table below provides information about OPEB expense (credit) recognized for each of the State's four single employer plans (expressed in thousands):

Plan	Annual OPEB Expense (Credit)
Teachers	\$ (1,944)
Judges	(610)
State Police	2,031
Legislators	(196)
Total	<u>\$ (719)</u>

The June 30, 2020 measurement date information includes pension credits of \$1,944 thousand, \$610 thousand, and \$196 thousand for the Teachers' plan, the Judges' plan, and the Legislators' plan, respectively. These credits result from several factors including recognition of investment gains, recognition of experience gains, changes to underlying healthcare plans and the reduction of certain liabilities.

At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to its participation in the single employer plans from the following sources (expressed in thousands):

	Teachers	Judges	State Police	Legislators	Totals
<u>Deferred Outflows of Resources</u>					
Employer contributions subsequent to the measurement date	\$ —	\$ —	\$ 6,178	\$ —	\$ 6,178
Differences between expected and actual experience	—	44	478	334	856
Change of Assumptions	—	—	—	—	—
Totals	\$ —	\$ 44	\$ 6,656	\$ 334	\$ 7,034
<u>Deferred Inflows of Resources</u>					
Differences between expected and actual experience	\$ —	\$ 724	\$ 2,616	\$ 74	\$ 3,414
Change of assumptions	—	56	9,679	362	10,097
Net difference between projected and actual investment earnings	805	240	3,740	227	5,012
Totals	\$ 805	\$ 1,020	\$ 16,035	\$ 663	\$ 18,523

The amount of \$6.2 million reported as deferred outflows of resources, related to OPEB resulting from State contributions to the single employer plans after the measurement date, will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in the determination of OPEB expense as follows (expressed in thousands):

	Teachers	Judges	State Police	Legislators
Year ended June 30:				
2021	\$ (317)	\$ (350)	\$ (3,588)	\$ (95)
2022	(230)	(319)	(3,206)	(66)
2023	(178)	(286)	(2,925)	(45)
2024	(80)	(21)	(1,720)	(35)
2025	—	—	(1,247)	(32)
Thereafter	—	—	(2,871)	(56)
	\$ (805)	\$ (976)	\$ (15,557)	\$ (329)

G. Component Unit Postemployment Benefit Plans

Rhode Island Public Transit Authority

The Rhode Island Public Transit Authority has a single employer defined benefit post-retirement health and life insurance program that covers eligible employees. The Authority provides lifetime health care benefits to substantially all retired employees and their spouses. The Authority also provides life insurance benefits to retired employees who purchase life insurance for at least one year prior to retirement. Benefits are provided through a group insurance policy that covers both active and Pre-65 retired employees. Post-65 retired employee healthcare coverage benefits are provided through contributions to healthcare reimbursement accounts. Benefit terms, changes in benefit terms, and financing requirements are established by the Authority and are subject to the collective bargaining process. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate audit report.

At June 30, 2021 the plan's total OPEB liability totaled \$73.9 million. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021. For the fiscal year ended June 30, 2021 OPEB expense of \$4.3 million was recorded related to the plan. Other information about the plan can be found in the audited financial statements of RIPTA which are available at www.ripta.com.

University of Rhode Island, Rhode Island College and the Community College

Certain employees of the University of Rhode Island, Rhode Island College and the Community College of Rhode Island participate in one of two OPEB plans: the State Employees' OPEB Cost-Sharing Plan and the Board of Education Cost-Sharing OPEB Plan (collectively referred to as the Plans). The Plans are cost-sharing multiple-employer defined benefit OPEB plans included within the Rhode Island State Employees' and Electing Teachers OPEB System. The plans generally provide healthcare coverage to pre-Medicare eligible retirees and health reimbursement account contributions or Medicare supplement coverage for members who are Medicare eligible. Members may purchase coverage for spouses and dependents. Dental and vision coverage may be purchased by these groups with no state subsidy.

At June 30, 2021 each institution's proportionate share of net OPEB liability related to participation in the plans was as follows (in thousands):

University of Rhode Island	\$	34,020
Rhode Island College		17,633
Community College of Rhode Island		13,834
Total	\$	<u>65,487</u>

The net OPEB liabilities in the table above were measured as of June 30, 2020, the measurement date. The total OPEB liabilities used to calculate the net OPEB liabilities were determined for each plan by a separate actuarial valuation as of June 30, 2019 rolled forward to the June 30, 2020 measurement date. The proportion of net OPEB liability for each institution was based on its share of contributions to the Plans for fiscal 2020 relative to the total contributions of all participating employers for that fiscal year.

For the fiscal year ended June 30, 2021 each institution recognized OPEB expense as follows (in thousands):

University of Rhode Island	\$	637
Rhode Island College		589
Community College of Rhode Island		437
Total	\$	<u>1,663</u>

Other information about the plans can be found in the audited financial statements for each institution as follows:

- University of Rhode Island - www.uri.edu
- Rhode Island College - www.ric.edu
- Community College of Rhode Island - www.ccri.edu

Other Component Units

Certain other component units have OPEB plans. For information regarding these plans, please refer to the component units' separately issued financial reports.

Note 20. Deferred Compensation

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Department of Administration, pursuant to Chapter 36-13 of the General Laws, administers the plan. The Department of Administration contracts with private corporations to provide investment products related to the management of the deferred compensation plan. Plan distributions are normally available to employees without penalty at the later of age 59 or retirement and mandatory distributions must commence once the individual reaches a certain age. The plan also allows for distributions for qualifying events such as termination, death or "unforeseeable emergency."

Current Internal Revenue Service regulations require that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors. The plan assets also may be held in annuity contracts or custodial accounts, which are treated as trusts.

The State does not serve in a trustee capacity. Accordingly, the plan assets are not included in the State's financial statements.

Note 21. Risk Management

The State uses a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. The most significant risks include potential loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injury; information technology security and cybersecurity; employee healthcare, Medicaid managed care contracts, and natural disasters.

To manage losses associated with the theft, damage, or loss of assets (most notably, capital assets), the State has entered into various lines of coverage with commercial insurance carriers for insurance coverage, subject to certain deductibles. Furthermore, the State is required by the General Laws to provide insurance coverage on all motor vehicles owned by the State and operated by State employees. During fiscal 2021, and the two preceding fiscal years, no settlements exceeded insured coverage limits.

Employee and certain retiree healthcare - The State also has a contract with an insurance carrier/administrator to provide health care benefits to active and certain retired employees. For coverage provided to active employees and retirees who are not eligible for Medicare, the State retains the full risk of loss. The State reimburses the administrator for the costs of all claims paid plus administrative fees.

The estimated liability for incurred but not reported (IBNR) claims at June 30, 2021 and June 30, 2020 was calculated based on historical claims data. The change in claims liability (expressed in thousands) is as follows:

	<u>Liability at July 1, 2020</u>	<u>Current Year Claims and IBNR Estimate</u>	<u>Claim Payments</u>	<u>Liability at June 30, 2021</u>
Health Insurance				
Internal Service Fund				
Unpaid claims	\$ 16,440	\$ 245,300	\$ 248,144	\$ 13,596
	<u>Liability at July 1, 2019</u>	<u>Current Year Claims and IBNR Estimate</u>	<u>Claim Payments</u>	<u>Liability at June 30, 2020</u>
Health Insurance				
Internal Service Fund				
Unpaid claims	\$ 18,542	\$ 237,398	\$ 239,500	\$ 16,440

Torts - The State is self-insured for risks of loss related to torts. Tort claims are defended by the State's Attorney General and, when necessary, appropriations are provided to pay claims.

Worker's Compensation - The State is self-insured for various risks of loss related to work-related injuries of State employees. The State contracts with a claims administrator to handle claims processing and provide certain loss prevention services for an administrative fee; however, the cost of worker's compensation claims (benefits) are paid by the State. The State maintains the Assessed Fringe Benefits Fund, an internal service fund that services, among other things, workers' compensation claims. Funding is provided through a fringe benefit rate applied to State payrolls on a pay-as-you-go basis.

Medicaid Managed Care - The State's Medicaid program provides health and dental coverage to a significant percentage of the Medicaid population through risk-based contracts with managed care organizations (MCOs) where the State is exposed to risk when actual medical claims exceed the capitation paid to the MCOs (subject to certain risk corridor limitations). Managed care expenditures represent a relatively large portion of the State's Medical Assistance expenditures. The State's known estimated risk (loss) or gain share amounts related to these contracts have been included in the financial statements.

Information Technology Security and Cybersecurity - The State relies upon a large and complex technology environment to conduct its operations, and accordingly is potentially exposed to cybersecurity threats which could disrupt operations or result in inadvertent disclosure of personal, private, or sensitive information. Additionally, cybersecurity breaches could expose the State to litigation and other legal risks. The State has not obtained insurance coverage specific to cybersecurity risks but does employ multiple forms of cybersecurity and operational safeguards based on strategies developed by the State's Chief Information Security Officer and other coordinating agencies.

Discretely Presented Component Units

The State's component units are also exposed to various risks of loss related to torts, property damage and theft, worker's compensation, employee healthcare, accident and casualty liability, etc.. Component units manage these risks, in most instances, through the purchase of commercial insurance coverage. In certain instances, entities have opted to self-insure and maintain the risk of certain losses.

Specifically, the Rhode Island Public Transit Authority (RIPTA) is self-insured for claims associated with workers' compensation, health insurance and accident and casualty losses. RIPTA has accrued a liability of \$10.8 million at June 30, 2021 for self-insurance claims (accident and casualty related) based on an independent evaluation that it believes 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 amounts ultimately paid.

For further detailed information regarding specific component unit risk management practices, please refer to the separately audited financial statements for those entities.

Note 22. Other Information

A. Elimination Entries

When the governmental fund statements and the internal service fund statements are combined into one column for governmental activity on the government-wide financial statements, interfund balances and activity should be eliminated. The following are the eliminations (expressed in thousands) that were made:

	Total Governmental Funds	Internal Service Funds	Total	Eliminations	Internal Balances
Assets					
Due from other funds	\$ 139,953	\$ 5,544	\$ 145,497	\$ (144,884)	\$ 613
Loans to other funds	57,239	—	57,239	(57,239)	—
Total assets	<u>\$ 197,192</u>	<u>\$ 5,544</u>	<u>\$ 202,736</u>	<u>\$ (202,123)</u>	<u>\$ 613</u>
Liabilities					
Due to other funds	\$ 144,622	\$ 262	\$ 144,884	\$ (144,884)	\$ —
Loans from other funds	48,039	9,200	57,239	(57,239)	—
Total liabilities	<u>\$ 192,661</u>	<u>\$ 9,462</u>	<u>\$ 202,123</u>	<u>\$ (202,123)</u>	<u>\$ —</u>
Program revenue					
General government	\$ —	\$ 426,371	\$ 426,371	\$ (426,371)	\$ —
Public safety	—	7,154	7,154	(7,154)	—
Expenses					
General government	—	(425,193)	(425,193)	425,193	—
Public safety	—	(8,332)	(8,332)	8,332	—
Net revenue (expenses)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Transfers					
Transfers in	\$ 516,796	\$ —	\$ 516,796	\$ (240,956)	\$ 275,840
Transfers out	(240,956)	—	(240,956)	240,956	—
Net transfers	<u>\$ 275,840</u>	<u>\$ —</u>	<u>\$ 275,840</u>	<u>\$ —</u>	<u>\$ 275,840</u>
Total Business-type Activities					
			Total	Eliminations	Internal Balances
Assets					
Due from other funds	\$ 2,745	\$ —	\$ 2,745	\$ (3,358)	\$ (613)
Total assets	<u>\$ 2,745</u>	<u>\$ —</u>	<u>\$ 2,745</u>	<u>\$ (3,358)</u>	<u>\$ (613)</u>
Liabilities					
Due to other funds	\$ 3,358	\$ —	\$ 3,358	\$ (3,358)	\$ —
Total liabilities	<u>\$ 3,358</u>	<u>\$ —</u>	<u>\$ 3,358</u>	<u>\$ (3,358)</u>	<u>\$ —</u>
Transfers					
Transfers in	\$ 25,963	\$ —	\$ 25,963	\$ (25,963)	\$ —
Transfers out	(301,803)	—	(301,803)	25,963	(275,840)
Net transfers	<u>\$ (275,840)</u>	<u>\$ —</u>	<u>\$ (275,840)</u>	<u>\$ —</u>	<u>\$ (275,840)</u>

B. Related Party Transactions

Rhode Island Turnpike and Bridge Authority (RITBA) - The State has transferred custody, control and supervision of the Jamestown and the Sakonnet River Bridges and related land and improvements from the Department of Transportation to the R.I. Turnpike and Bridge Authority (RITBA). While maintenance responsibilities for the two bridges rest with RITBA, ownership and title remains with the State. Per statute, the State earmarks \$0.035 per gallon of the gas tax to the Authority to fund the additional maintenance costs associated with these bridges. In addition, the Authority provides administrative and operational functions for the RhodeWorks truck tolling initiative which commenced in fiscal 2018. The

Authority collected tolls on behalf of the State approximating \$31.9 million during the fiscal year ended June 30, 2021.

The R.I. Industrial-Recreational Building Authority (RIIRBA) - RIIRBA is authorized to insure contractual principal and interest payments required under first mortgages and first security agreements issued to private sector entities by financial institutions and the Rhode Island Industrial Facilities Corporation (RIIFC) on industrial or recreational projects in the State up to a maximum of \$60 million of outstanding principal balances under such insured mortgages and security agreements. The RIIRBA has a net deficit as of June 30, 2021 relating to the insured commitments payable for a bond issued by the RIIFC on behalf of a private-sector entity that is in default on its payments to the bondholder. As the insurer of the bond, the RIIRBA is responsible for making the debt payments. The RIIRBA has estimated the insured commitments payable to be \$2.3 million as of June 30, 2021.

I-195 Redevelopment District Commission (I-195 RDC) - The State has transferred land associated with the former Interstate 195 highway in Providence, Rhode Island to the I-195 Redevelopment District Commission (I-195 RDC). The value of the land, which the Commission intends to develop, was reported in the State's financial statements as a capital contribution at the historical cost of \$343 per acre, for a total of \$7,203. Improvements to the land are being funded by the State to complete redevelopment of the land for sale. In April 2013, the R.I. Commerce Corporation (RICC) issued conduit debt obligations on behalf of the I-195 RDC totaling \$38.4 million. State appropriations for debt service were \$2.0 million in fiscal 2021. Also the State appropriated \$1.0 million for operations in fiscal 2021. The State has appropriated \$28 million to I-195 RDC to facilitate the sale of land and project development within the District.

Because Wexford is receiving incentives under the Rebuild Rhode Island Tax Credit Act and the I-195 Redevelopment Project Fund Act, the Commission is requiring Wexford to provide for return to the Commission from cash flows and/or upon a capital event based upon higher than expected returns from the project. Such contractual provisions are intended to recoup funding to the extent the project performs above an expected level of return as determined on a case by case basis. To date, no payment has been made to the Commission under such contractual provisions with respect to the project.

Rhode Island College (RIC) - The voters of Rhode Island authorized the issuance of \$30 million in general obligation debt for the construction of a new residence hall at Rhode Island College (RIC). Of this amount, \$20 million will be repaid to the State. The residence hall was finished and in service by September 2007, at which time RIC began collecting revenues to pay for its share of the debt service. Debt service obligation is to be split two-thirds to RIC and one-third to the State for all payments after September 2007. RIC will repay the State for the debt service paid on its behalf on a straight-line basis, amortized over the remaining life of the bonds, which carry rates ranging from 3% to 5% and a life of 19 years beginning in fiscal 2009.

Rhode Island Higher Education Savings Trust (RIHEST) - All non-Rhode Island resident accounts invested in the CollegeBound 529 savings plan operated by RIHEST are assessed a fee, which is paid to the State to support the administration and operation of CollegeBound 529 and the establishment and marketing of educational activities and scholarship funds in the State of Rhode Island. The amount of state administrative fees and expenses includes 0.5 basis points (0.005%) accrued on all investment options in CollegeBound 529, which is remitted to the Treasurer to cover administrative costs, and 1.5 basis points (0.015%) accrued on all investment options in CollegeBound 529, which is used to fund Rhode Island Promise scholarships. For the year ended June 30, 2021 the administrative costs fee totaled \$239 thousand and the scholarship fund contribution totaled \$712 thousand.

In addition to the 1.5 basis points used to fund scholarships discussed above, the investment manager of the fund is required to contribute 9.5 basis points (0.095%) to fund scholarships. Such contributions, which totaled \$4.5 million for the year ended June 30, 2021, are paid directly by the investment manager and are not included in administrative fees and expenses in RIHEST's financial statements.

Rhode Island Health and Educational Building Corporation (RIHEBC) - During fiscal 2016, the State created the School Building Authority Fund program to address high priority school building projects in communities with limited resources. Certain administrative duties related to the management and custody of monetary assets of the program were assigned to the Rhode Island Health and Educational Building Corporation (RIHEBC), including establishing a trust to hold related monies, creating and maintaining program accounting records, and the distribution and management of awards. Approved awards can be loans, grants or a combination of both. Funding is expected to continue through annual appropriations from the legislature, interest earned on loans, bond refinance interest savings and other payments received by RIHEBC pursuant to finance agreements with cities, towns and local education agencies. The State issued \$70 million of General Obligation Bonds (of the total \$250 million authorized by the voters) in December 2019 to fund the School Construction Bond Program administered by RIHEBC, to provide further assistance to cities and towns for school construction projects. RIHEBC reported bond proceed transfers from the State of \$35.9 million and related project cost expenses of \$18.2 million (approved by the State's School Building Authority) for fiscal 2021.

Rhode Island Infrastructure Bank (RIIB) - The Municipal Road and Bridge Revolving Fund was created within the Rhode Island Infrastructure Bank (RIIB) to provide municipalities with low-cost financial assistance for road and bridge projects. In accordance with certain bond statutes, premium received from the issuance of bonds totaling \$8.8 million was transferred to RIIB for this fund during fiscal 2021. State statute requires RIIB to administer the financial components of the fund and requires the RI Department of Transportation to receive, review and rank municipal road and bridge projects submitted for funding consideration on an annual basis.

R. I. Commerce Corporation (RICC) - RICC received various State appropriations totaling approximately \$51.7 million during fiscal 2021 to fund various economic development initiatives on behalf of the State. The Corporation reported approximately \$98.3 million reserved for economic development initiatives at June 30, 2021 relating to State appropriations received in recent years.

The Corporation has on occasion required developers of projects receiving incentives under the Rebuild Rhode Island Tax Credit Program or the Tax Increment Financing Program to provide for return from cash flows and/or upon a capital event based upon higher than expected returns from a project. Such contractual provisions are intended to recoup funding to the extent the project performs above an expected level of return as determined on a case by case basis. To date, no developer has made a payment to the Rhode Island Commerce Corporation under such contractual provisions in relation to a project for which incentives have been provided under the foregoing programs.

Other Component Units - The University of Rhode Island, Rhode Island College, Community College of Rhode Island, Central Falls School District, RI I-195 Redevelopment Commission, Rhode Island Commerce Corporation, and Rhode Island Public Transit Authority receive significant financial support from the State of Rhode Island. See Note 22 D, Significant Transactions with Component Units for further details.

C. Budgeting, Budgetary Control, and Legal Compliance

Budget Preparation

An annual budget is adopted on a basis consistent with generally accepted accounting principles. The budget encompasses the General, Intermodal Surface Transportation and Temporary Disability Insurance Funds as well as selective portions of certain other funds. Preparation and submission of the budget is governed by the State Constitution and the Rhode Island General Laws. The budget, as enacted, contains a complete plan of proposed expenditures from all sources of funds (general, federal, restricted, and transfers in). Revenues upon which the budget plan is based are determined as part of the State's Revenue Estimating Conference. The Conference, held twice each year, results in a consensus estimate of revenues for the next fiscal year and an update of prior revenue estimates for the current fiscal year.

As required by the Constitution and the Rhode Island General Laws, annual appropriations are limited to 97.0% of estimated general revenues. The remaining 3.0% is contributed to the Budget Reserve Account until such account equals 5.0% of total general revenues and opening surplus. Excess contributions to the Budget Reserve Account are transferred to the Rhode Island Capital Plan Fund to be used for capital projects.

The annual budget is adopted on a comprehensive basis and includes activity that, for financial reporting purposes, is recorded in multiple funds. Consequently, the budgetary comparison schedules for an individual fund include amounts in the “actual” column that have no corresponding budget amount. These amounts are principally interfund transfers which are not included in the comprehensive budget to avoid duplication but are appropriately reflected in the individual fund financial statements.

The State’s budget documents may be accessed at the following website: <http://www.omb.ri.gov/budget>.

Budgetary Controls

The legal level of budgetary control, i.e., the lowest level at which management (executive branch) may not reassign resources without special approval (legislative branch), is the line item within the appropriation act. Management cannot reallocate any appropriations without special approval from the legislative branch.

Budgetary controls utilized by the State consist principally of statutory restrictions on the expenditure of funds in excess of appropriations, accounting system controls to limit expenditures in excess of authorized amounts, and budgetary monitoring controls.

D. Significant Transactions with Component Units

The significant transactions with the discretely presented component units are presented (expressed in thousands) below:

Significant transactions between primary government and component units

	Amount	Description
Governmental activities		
General		
University of Rhode Island	\$ 78,153	Operating assistance
Rhode Island College	54,304	Operating assistance
Community College of Rhode Island	52,259	Operating assistance
Central Falls School District	56,192	Operating assistance
The Met	11,161	Operating assistance
I-195 District Commission	761	Operating assistance
R.I. Commerce Corporation	51,735	Operating assistance
R.I. Division of Higher Education Assistance	5,579	Operating assistance
R.I. Public Transit Authority	3,546	Operating assistance
R.I. Health and Educational Building Corporation	59,060	School Building Authority Capital Fund/School Housing Aid
IST		
R.I. Public Transit Authority	49,507	Operating assistance
R.I. Turnpike and Bridge Authority	16,164	Infrastructure improvements
Bond Capital		
University of Rhode Island	2,287	Construction, improvement or purchase of assets
Rhode Island College	11,627	Construction, improvement or purchase of assets
R.I. Infrastructure Bank	13,174	Infrastructure improvements, bond proceeds and bond premiums
R.I. Health and Educational Building Corporation	35,920	Infrastructure improvements and bond proceeds
R. I. Capital Plan		
University of Rhode Island	3,419	Construction, improvement or purchase of assets
Rhode Island College	2,423	Construction, improvement or purchase of assets
Community College of Rhode Island	3,304	Construction, improvement or purchase of assets
Total Governmental Activities	<u>\$ 510,575</u>	

E. Individual Fund Deficits

The following Internal Service Funds had cumulative fund deficits at June 30, 2021:

- Central Utilities (\$66 thousand)
- Information Technology (\$1,188 thousand)
- Correctional Industries (\$500 thousand)
- Records Center (\$98 thousand)
- Capitol Police (\$17 thousand)

The deficits will be eliminated through charges for services in fiscal 2022.

Note 23. Subsequent Events

Primary Government

Issuance of Bonds - In October 2021 the State issued the following General Obligation Bonds; \$90,500,000 Consolidated Capital Development Loan of 2021, Series E (Tax-Exempt)
\$44,500,000 Consolidated Capital Development Loan of 2021, Series F (Federally Taxable)

Employee Contract Negotiations - The State of Rhode Island reached a four-year agreement with its largest employee union group in December 2021. The agreement includes a retroactive salary agreement for fiscal 2021 with an estimated cost (all funds) approximating \$5.1 million. The agreement includes 2.5% salary increases in each of the next three years and additional benefits. It is expected that the State will reach agreements with other bargaining units with similar terms.

Legal Settlement - In January 2022, the State announced its participation in an Opioid Litigation Settlement with three entities that contributed to the Opioid Epidemic through the production, marketing, and distribution of opioids. The State's share of the settlement is estimated at \$114 million over 18 years. The majority of the funding is expected in the first 10 years of the agreement and all funding is to be used for opioids abatement purposes (i.e., treatment, prevention, recovery). Twenty percent (20%) of the funding will go directly to RI's cities and towns for local Opioid Abatement purposes. Further litigation efforts against additional Opioid drug manufacturers continue.

Federal Funds - The federal Infrastructure Investment and Jobs Act (IIJA), a 5-year transportation funding package, provides RIDOT with an additional \$576 million of federal funds over a five-year period to expedite 100 projects valued at \$2.1 billion in the state Transportation Improvement Program. State matching funding will be combined with the federal funds to accelerate these improvements. Funding from the IIJA in total is expected to approximate \$1.7 billion for transportation infrastructure and bridge replacement in the State. In addition, the IIJA provides funding for significant investments in the State's airports, transit systems, electric vehicle charging networks, high-speed internet coverage, and drinking water infrastructure, as many of the infrastructure improvements targeted by the act.

Component Units

Rhode Island Infrastructure Bank - Issuance of Bonds - In September 2021, Rhode Island Infrastructure Bank issued \$127.6 million in State Revolving Fund Refunding Revenue Bonds, Series 2021A. As part of the sale, the Bank refunded \$106.4 million of outstanding bonds.

Rhode Island Public Transit Authority - Data Breach - During August 2021, RIPTA identified unauthorized access to their computer systems. An investigation determined that the personal identification information of a significant number of past and present State employees had been potentially compromised during the incident. RIPTA has offered free credit monitoring to impacted employees and retirees. The Rhode Island Attorney General is investigating the matter. At this time, RIPTA cannot reasonably assess its potential future liability, if any, relating to this incident.

Required Supplementary Information



State of Rhode Island
Fiscal Year Ended
June 30, 2021



State of Rhode Island
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
General Revenues:				
Personal Income Tax	\$ 1,450,400	\$ 1,540,516	\$ 1,615,512	\$ 74,996
General Business Taxes:				
Business Corporations	151,300	115,612	201,789	86,177
Public Utilities Gross Earnings	109,600	99,200	93,475	(5,725)
Financial Institutions	18,500	33,800	34,856	1,056
Insurance Companies	133,700	135,100	131,447	(3,653)
Bank Deposits	3,100	3,700	3,819	119
Health Care Provider Assessment	42,000	36,600	35,121	(1,479)
Sales and Use Taxes:				
Sales and Use	1,212,800	1,292,300	1,341,418	49,118
Motor Vehicle	1,000	800	682	(118)
Motor Fuel	—	—	—	—
Cigarettes	155,000	160,000	159,713	(287)
Alcohol	22,000	22,000	22,201	201
Other Taxes:				
Inheritance and Gift	58,100	42,900	42,986	86
Racing and Athletics	400	400	404	4
Realty Transfer Tax	15,400	17,900	17,775	(125)
<i>Total Taxes (1)</i>	<u>3,373,300</u>	<u>3,500,828</u>	<u>3,701,198</u>	<u>200,370</u>
Departmental Revenue	390,000	398,928	402,688	3,760
Total Taxes and Departmental Revenue	<u>3,763,300</u>	<u>3,899,756</u>	<u>4,103,886</u>	<u>204,130</u>
Other Sources:				
Lottery	272,500	288,900	301,803	12,903
Unclaimed Property	10,300	15,600	16,270	670
Other Miscellaneous	10,325	13,800	9,620	(4,180)
Total Other Sources	<u>293,125</u>	<u>318,300</u>	<u>327,693</u>	<u>9,393</u>
Total General Revenues	<u>4,056,425</u>	<u>4,218,056</u>	<u>4,431,579</u>	<u>213,523</u>
Federal Revenues	4,728,135	5,371,634	4,649,356	(722,278)
Restricted Revenues	318,902	345,448	305,523	(39,925)
Other Revenues	67,487	88,213	69,342	(18,871)
<i>Total Revenues (2)</i>	<u>9,170,949</u>	<u>10,023,351</u>	<u>9,455,800</u>	<u>(567,551)</u>
Expenditures (4):				
General government	1,618,044	1,997,784	1,596,636	401,148
Health and human services	4,992,214	5,080,041	4,788,175	291,866
Education	1,925,339	1,944,404	1,862,965	81,439
Public safety	630,399	641,614	587,743	53,871
Natural resources	101,798	104,101	85,374	18,727
<i>Total Expenditures (2)</i>	<u>9,267,794</u>	<u>9,767,944</u>	<u>8,920,893</u>	<u>\$ 847,051</u>
Transfer of scholarship revenue to RI Division of Higher Education (3)	—	—	5,579	
Transfer to Historic Tax Credit Fund (4)			20,000	
Total Expenditures and Transfers	<u>\$ 9,267,794</u>	<u>\$ 9,767,944</u>	<u>\$ 8,946,472</u>	
Change in Fund Balance			509,328	
Fund balance - beginning (as restated)			387,927	
Fund balance - ending			<u>\$ 897,255</u>	

(Continued)

State of Rhode Island
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures by Source:				
General Revenues	\$ 4,153,270	\$ 3,982,649	\$ 3,865,954	\$ 116,695
General Revenues - pending FEMA reimbursement	—	—	212,685	(212,685)
Federal Funds	4,728,135	5,371,634	4,543,552	828,082
Restricted Receipts	318,902	345,448	235,423	110,025
Other Funds	67,487	68,213	63,279	4,934
	<u>\$ 9,267,794</u>	<u>\$ 9,767,944</u>	<u>\$ 8,920,893</u>	<u>\$ 847,051</u>

General Fund - Reconciliation of Budget Results to Changes in Fund Balance:

Budgeted Surplus:

Total Revenue - Final Budget	\$ 10,023,351	
Total Expenditures - Final Budget	<u>9,767,944</u>	
Final Budget - Projected Surplus		\$ 255,407

Final Budget and Actual - Results

Total Revenues - Variance (Actual Revenue less than Budget)	\$ (567,551)
Total Expenditures - Variance (Actual Expenditures less than Budget)	<u>847,051</u>

Surplus resulting from operations compared to final budget	\$ 279,500
Total General Fund Surplus - Fiscal Year Ended June 30, 2021	<u>\$ 534,907</u>

Transfer to RI Division of Higher Education Assistance (3) (5,579)

Transfer to Historic Tax Credit Fund (4) (20,000)

(25,579)

Net Change in General Fund - Fund Balance \$ 509,328

Fund Balance, Beginning (as restated) 387,927

Fund Balance, Ending \$ 897,255

Notes:

Due to rounding, numbers presented may not add up precisely to the totals provided.

(1) Transfers from the Historic Tax Credit Special Revenue Fund reported as "Other Financing Sources" on the General Fund have been allocated to General Revenue Tax Categories on this schedule to align with the State's legally adopted budget format.

Historical Tax Credit Fund Transfers to the General Fund in Fiscal 2021 by Tax Type:

	General Fund Reported Revenue	Historic Tax Credits Applied Transfer from HTCF	Reported Revenue Budget and Actual
Personal Income	\$ 1,606,554	\$ 8,958	\$ 1,615,512
Business Corporations	201,789	—	201,789
Insurance Corporations	127,285	4,162	131,447
Financial Institutions	34,856	—	34,856

(2) Certain revenue and expenditure amounts classified as "Other Financing Sources (Uses)" have been reclassified within the budgetary comparison schedule to align with the State's legally adopted budgetary format.

(3) Amounts are provided for scholarships by the administrator of the Rhode Island Higher Education Savings Trust. For financial reporting purposes such amounts are recorded as restricted revenue and a transfer to the Rhode Island Division of Higher Education Assistance which administers the scholarship program. These amounts are non-budgeted items.

(4) Transfer to the Historic Tax Credit Fund was reclassified to align with the State's legally adopted budget format.

(Continued)

State of Rhode Island
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

(5) Functional Expenditure Reclassifications - Budgetary presentation compared to Financial Statement Presentation: During Fiscal 2021, certain COVID-19 related expenditures were programmed in the department or agency administering the activity. For financial reporting purposes, certain expenditures have been reclassified to align to the appropriate functional expenditure classification.

	General Government	Health and Human Services	Education	Public Safety	Natural Resources	Debt Service	Transfers	Total Expenditures
Budgetary Presentation	\$ 1,596,636	\$ 4,788,175	\$ 1,862,965	\$ 587,743	\$ 85,374	\$ —	\$ 25,579	\$ 8,946,472
Reclassifications:								
General Government (DOA) reclassified to Health and Human Services - primarily Hospital Assistance Partnership Program	\$ (137,315)	\$ 137,315	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Government (DOA) reclassified to Education - primarily additional aid to higher education institutions	\$ (23,007)	\$ —	\$ 23,007	\$ —	\$ —	\$ —	\$ —	\$ —
Debt Service	\$ (155,665)	\$ —	\$ (46,953)	\$ (500)	\$ —	\$ 203,118	\$ —	\$ —
Other Transfers - RICAP	\$ (120,000)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 120,000	\$ —
Other Transfers - RIDHEA	\$ 5,579	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (5,579)	\$ —
Other Transfers - RICCA	\$ (24,915)	\$ (48)	\$ —	\$ —	\$ —	\$ —	\$ 24,963	\$ —
Financial Statement Presentation	\$ 1,141,313	\$ 4,925,442	\$ 1,839,019	\$ 587,243	\$ 85,374	\$ 203,118	\$ 164,963	\$ 8,946,472

(6) COVID-19 related expenditures funded by federal Coronavirus Relief Fund (CRF) - certain fiscal 2021 expenditures were funded through new federal funding available to the State to address the effects of the Covid-19 pandemic. The following summarizes the actual expenditures by functional category that were funded by the CRF. Actual expenditures in the budgetary comparison schedule are designated as federal funds; the original and final budget, in most instances, classified these amounts as general revenue funded.

	General Government	Health and Human Services	Education	Public Safety	Natural Resources	Debt Service	Transfers	Total Expenditures
	\$ 556,921	\$ 123,388	\$ 91,771	\$ 191,480	\$ 2,812	\$ —	\$ —	\$ 966,372

(Continued)

State of Rhode Island
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

Reconciliation of Fund Balance - Financial Reporting Perspective to Budgetary Perspective

	Fund Balance Reported in the Financial Statements	Budgetary Perspective	
		Fund Balance Not Available for Appropriation in Fiscal 2022	Fund Balance Available for Appropriation in Fiscal 2022
Nonspendable	\$ 1,538	\$ —	\$ 1,538
Restricted	276,172	276,172	—
Committed	8,135	8,135	—
Assigned	291,985	10,574	(a) 281,411
Unassigned	319,425	227,949	(b) 91,476
Total Fund Balance	\$ 897,255	\$ 522,830	\$ 374,425 (c)

(a) Assigned fund balance not available for appropriation in fiscal 2022 includes general revenue appropriations carried forward by the Governor, Judiciary, and Legislature and intra-agency balances assigned for specific purposes.

(b) Budget Reserve and Cash Stabilization Account - for financial statement purposes, this account is classified as unassigned, yet, it is not considered available for recurring operational appropriations.

(c) Fund balance available for appropriation in fiscal 2022.

(Concluded)

See Notes to Required Supplementary Information.

State of Rhode Island
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Intermodal Surface Transportation Fund
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 225,668	\$ 225,668	\$ 218,124	\$ (7,544)
Licenses, fines, sales, and services	61,491	61,491	58,596	(2,895)
Departmental restricted revenue	2,711	2,586	—	(2,586)
Federal grants	339,392	404,132	326,705	(77,427)
Other revenues	3,330	10,862	1,643	(9,219)
Total revenues	<u>632,592</u>	<u>704,739</u>	<u>605,068</u>	<u>(99,671)</u>
Revenues and other Financing Sources (unbudgeted):				
Miscellaneous revenue			420	
Total revenues			<u>605,488</u>	
Other Financing Sources:				
Transfers from RI Capital Plan			29	
Total Other Financing Sources			<u>29</u>	
Total Revenues and Other Financing Sources			<u>605,517</u>	
Expenditures (budgeted):				
Central Management				
Federal Funds	10,063	12,723	8,344	4,379
Gasoline Tax	7,524	9,440	7,446	1,994
Total - Central Management	<u>17,587</u>	<u>22,163</u>	<u>15,790</u>	<u>6,373</u>
Management and Budget				
Gasoline Tax	4,775	5,039	3,375	1,664
Total - Management and Budget	<u>4,775</u>	<u>5,039</u>	<u>3,375</u>	<u>1,664</u>
Infrastructure-Engineering-GARVEE/Motor Fuel Tax Bonds				
Federal Funds	329,329	354,363	317,112	37,251
Restricted Receipts	2,711	2,586	1,294	1,292
Gasoline Tax	65,894	73,396	74,437	(1,041)
Toll Revenue	46,946	41,615	44,219	(2,604)
Land Sale Revenue	3,280	10,812	2,437	8,375
Total - Infrastructure - Engineering	<u>448,160</u>	<u>482,772</u>	<u>439,499</u>	<u>43,273</u>
Infrastructure - Maintenance				
Federal Funds	—	37,046	1,446	35,600
Gasoline Tax	17,178	16,152	13,974	2,178
Non-Land Surplus Property	50	50	—	50
Rhode Island Highway Maintenance Account	116,660	118,491	113,621	4,870
Total - Infrastructure - Maintenance	<u>133,888</u>	<u>171,739</u>	<u>129,041</u>	<u>42,698</u>
Total Expenditures (budgeted)	<u>\$ 604,410</u>	<u>\$ 681,713</u>	<u>\$ 587,705</u>	<u>\$ 94,008</u>
Expenditures and Other Financing Uses (unbudgeted):				
Infrastructure Expenditures - GARVEE and State Match funded by RI Capital Plan and Bond Capital Funds			80,390	
I-195 Redevelopment District project			(29)	
Mission 360 Loan Program			7	
Transfers to General Fund - Gas Tax			42,044	
Total Expenditures and Other Financing Uses (unbudgeted)			<u>122,412</u>	
Total Expenditures and Other Financing Uses			<u>710,117</u>	
Net change in fund balance			(104,600)	
Fund balance, beginning			370,418	
Fund balance, ending			<u>\$ 265,818</u>	

See Notes to Required Supplementary Information.

Budget and Actual

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund and certain special revenue funds. The annual budget is prepared on a comprehensive basis and includes activity that, for financial reporting purposes, is recorded in multiple funds. Consequently, the budgetary comparison schedules for an individual fund include amounts in the "actual" column that have no corresponding original or final budget amount. These amounts are principally interfund transfers which are not included in the comprehensive budget to avoid duplication but are appropriately reflected in the individual fund financial statements.

The budget to actual comparison for the General Fund on the preceding pages is summarized and does not present budget and actual amounts detailed at the legal level of budgetary control. The legal level of budgetary control, i.e., the lowest level at which management (executive branch) may not reassign resources without special approval (legislative branch) is the line item within the appropriation act. Examples of line items under "Administration" are "Central Management" and "Purchasing." Management cannot reallocate any appropriations without special approval from the legislative branch. A separate schedule presenting such amounts at the detailed legal level of budgetary control is labeled "Annual Budgetary Comparison Schedules" and is available on the State Controller's website, <http://controller.admin.ri.gov/index.php>. General fund original and final budgeted revenues reflect annual amounts adopted during the State's revenue estimating conferences which meet biannually in November and May.

The comprehensive annual budget includes transportation function expenditures, the majority of which are reflected in the IST Fund for financial reporting purposes. The IST Fund major fund financial statements include transportation related activity of the various transportation funding sources including gas tax revenues, certain motor vehicle related fees and surcharges collected by the Department of Motor Vehicles, tolls, federal funds, GARVEE and Motor Fuel Bonds, and the proceeds of bonds issued by the I-195 Redevelopment District which were transferred to the IST fund to be utilized for infrastructure projects. The budget to actual comparison schedule for the IST fund on the preceding page is presented at the legal level of budgetary control consistent with the legally adopted budget. Not all the activity reported within the IST fund financial statements is budgeted. Unbudgeted activity has been separately identified in the budget to actual comparison schedule to facilitate reconciliation to the IST fund financial statements. By statute, the IST fund receives a percentage of certain motor vehicle related fees and surcharges collected by the Department of Motor Vehicles which are dedicated to the Rhode Island Highway Maintenance Account within the IST Fund. These revenues are not specifically budgeted through the revenue estimating process. Annual budgeted expenditures from the Highway Maintenance Account reflect amounts available in the account.

The original budget includes the amounts in the applicable appropriation act, general revenue appropriations carried forward by the Governor, and any unexpended balances designated by the General Assembly.

State of Rhode Island
Required Supplementary Information - Pension Information
Defined Benefit Multiple-Employer Cost-sharing Plan

The Employees' Retirement System (ERS) Plan is a multiple-employer cost-sharing defined benefit plan covering state employees and local teachers. Separate actuarial valuations are performed for state employees and teachers but not for individual employers within those groups. The net pension liability and other pension related amounts are apportioned based on proportionate employer contributions to the plan.

By statute, the State funds 40% of the actuarially determined employer contribution for teachers. This constitutes a special funding situation as described in GASB Statement No. 68. Consequently, the State has recognized its proportionate share of the net pension liability and other related pension amounts for this special funding situation in its financial statements.

The amounts included in these schedules for fiscal 2021 reflect a June 30, 2020 measurement date.

Additional information for the ERS plan is available in the separately issued audited financial statements of the Employees' Retirement System of Rhode Island.

The following schedules are presented for the ERS cost-sharing plan with a special funding situation:

- **ERS - Schedule of State's Proportionate Share of the Net Pension Liability - State Employees-Governmental Activities**
- **ERS - Schedule of State's Proportionate Share of the Net Pension Liability - State Employees-Business-Type Activities**
- **ERS - Schedule of State's Proportionate Share of the Net Pension Liability - Teachers**
- **ERS - Schedule of State Contributions - State Employees - Governmental Activities**
- **ERS - Schedule of State Contributions - State Employees - Business-Type Activities**
- **ERS - Schedule of State Contributions - Teachers**

These schedules are intended to show information for 10 years - additional years will be displayed as information becomes available. Note 18 to the financial statements contains detailed information concerning pension plans.

See Notes to Required Supplementary Information

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State's Proportionate Share
of the Net Pension Liability
Last Seven Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Employees-Governmental Activities

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State's proportion of the net pension liability	89.9 %	89.7 %	89.5 %	89.2 %	88.9 %	89.0 %	89.0 %
State's proportionate share of the net pension liability	\$ 2,044,888	\$ 2,031,989	\$ 2,013,417	\$ 2,010,955	\$ 1,887,351	\$ 1,767,095	\$ 1,585,647
State's covered payroll	\$ 679,351	\$ 644,463	\$ 627,595	\$ 620,754	\$ 612,081	\$ 594,466	\$ 581,589
State's proportionate share of the net pension liability as a percentage of its covered payroll	301.0 %	315.3 %	320.8 %	324.0 %	308.3 %	297.3 %	272.6 %
Plan fiduciary net position as a percentage of the total pension liability	52.6 %	52.8 %	52.5 %	51.8 %	51.9 %	55.0 %	58.6 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State's Proportionate Share
of the Net Pension Liability
Last Seven Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Employees - Business-Type Activities

Rhode Island Lottery

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Lottery's proportion of the net pension liability	1.0 %	0.9 %	0.8 %	0.7 %	0.8 %	0.8 %	0.7 %
Lottery's proportionate share of the net pension liability	\$ 21,652	\$ 20,850	\$ 17,142	\$ 16,869	\$ 16,260	\$ 15,074	\$ 13,315
Lottery's covered payroll	\$ 7,199	\$ 6,613	\$ 5,311	\$ 5,186	\$ 5,156	\$ 5,071	\$ 4,891
Lottery's proportionate share of the net pension liability as a percentage of its covered payroll	300.8 %	315.3 %	322.8 %	325.3 %	315.4 %	297.3 %	272.2 %
Plan fiduciary net position as a percentage of the total pension liability	52.6 %	52.8 %	52.5 %	51.8 %	51.9 %	55.0 %	58.6 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of the State's Proportionate Share
of the Net Pension Liability
Last Seven Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Share-Teachers (Special Funding Situation)

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State's proportion of the net pension liability	42.6 %	42.8 %	42.7 %	43.1 %	40.7 %	40.6 %	40.7 %
State's proportionate share of the net pension liability	\$ 1,361,982	\$ 1,366,538	\$ 1,357,444	\$ 1,357,577	\$ 1,212,754	\$ 1,117,395	\$ 990,129
Plan fiduciary net position as a percentage of the total pension liability	54.3 %	54.6 %	54.3 %	54.0 %	54.1 %	57.6 %	61.4 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Seven Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Employees-Governmental Activities

	2021	2020	2019*	2018	2017	2016	2015
Actuarially determined contribution	\$ 184,004	\$ 179,281	\$ 169,365	\$ 156,083	\$ 157,299	\$ 144,696	\$ 138,689
Contributions in relation to the actuarially determined contribution	\$ 184,004	\$ 179,281	\$ 169,365	\$ 156,083	\$ 157,299	\$ 144,696	\$ 138,689
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 668,135	\$ 679,351	\$ 644,463	\$ 627,595	\$ 620,754	\$ 612,081	\$ 594,466
Contributions as a percentage of covered payroll	27.54 %	26.39 %	26.28 %	24.87 %	25.34 %	23.64 %	23.33 %

* The 2019 contributions as a percentage of covered payroll includes the actuarially determined contribution rate of 25.75% and an additional contribution of .53% representing an elective contribution by the State to offset the impact of a voluntary retirement incentive offered to State employees in 2017.

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Seven Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Employees - Business-Type Activities

Rhode Island Lottery

	2021	2020	2019*	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,900	\$ 1,900	\$ 1,738	\$ 1,321	\$ 1,314	\$ 1,219	\$ 1,183
Contributions in relation to the actuarially determined contribution	\$ 1,900	\$ 1,900	\$ 1,738	\$ 1,321	\$ 1,314	\$ 1,219	\$ 1,183
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 6,899	\$ 7,199	\$ 6,613	\$ 5,311	\$ 5,186	\$ 5,156	\$ 5,071
Contributions as a percentage of covered payroll	27.54 %	26.39 %	26.28 %	24.87 %	25.34 %	23.64 %	23.33 %

* The 2019 contributions as a percentage of covered payroll includes the actuarially determined contribution rate of 25.75% and an additional contribution of .53% representing and elective contribution by the State to offset the impact of a voluntary retirement incentive offered to State employees in 2017.

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Seven Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Share-Teachers (Special Funding Situation)

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 112,623	\$ 108,636	\$ 102,239	\$ 98,121	\$ 96,542	\$ 87,998	\$ 84,944
Contributions in relation to the statutorily required contribution	112,623	108,636	102,239	98,121	96,542	87,998	84,944
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Single-Employer Defined Benefit Plans

Certain state employees are covered by the following single-employer plans, separate from the ERS plan, which covers most state employees.

- State Police Retirement Benefits Trust (SPRBT)
- Judicial Retirement Benefits Trust (JRBT)
- Rhode Island Judicial Retirement Fund Trust (RIJRFT)
- State Police Retirement Fund Trust (SPRFT)

These plans are administered within the Employees' Retirement System of Rhode Island. Separate actuarial valuations are performed for each plan. Additional information for the plans is available in the separately issued audited financial statements of the Employees' Retirement System of Rhode Island.

The amounts included in these schedules for fiscal 2021 reflect a June 30, 2020 measurement date.

The following schedules are presented for each single-employer plan:

- **Schedule of Changes in the Net Pension Liability and Related Ratios**
 - SPRBT
 - JRBT
 - RIJRFT
 - SPRFT

- **Schedule of State Contributions**
 - SPRBT
 - JRBT
 - RIJRFT
 - SPRFT

These schedules are intended to show information for 10 years - additional years will be displayed as information becomes available. Note 18 to the financial statements contains detailed information concerning pension plans.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Seven Fiscal Years
(Expressed in Thousands)

State Police Retirement Benefits Trust

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service cost	\$ 5,788	\$ 5,342	\$ 4,999	\$ 4,498	\$ 4,316	\$ 4,198	\$ 5,122
Interest	12,405	11,590	10,763	9,393	9,058	8,540	7,768
Benefit Changes	—	—	—	—	—	1,170	—
Differences between expected and actual experience	(3,126)	624	1,912	10,694	(4,139)	(3,522)	—
Changes of assumptions	1,541	—	—	9,274	—	—	(364)
Benefit payments	(6,229)	(6,047)	(6,024)	(5,142)	(4,585)	(2,497)	(1,767)
Net Change in Total Pension Liability	10,379	11,509	11,650	28,717	4,650	7,889	10,759
Total Pension Liability-Beginning	177,433	165,924	154,274	125,557	120,907	113,018	102,259
Total Pension Liability-Ending	\$ 187,812	\$ 177,433	\$ 165,924	\$ 154,274	\$ 125,557	\$ 120,907	\$ 113,018
Plan Fiduciary Net Position							
Employer contributions	\$ 4,878	\$ 3,567	\$ 2,797	\$ 2,980	\$ 4,005	\$ 3,432	\$ 3,331
Employee contributions	2,346	2,130	1,994	2,060	2,035	1,732	2,034
Net investment income	5,642	9,161	10,298	13,694	58	2,656	14,124
Benefit payments	(6,229)	(6,047)	(6,024)	(5,142)	(4,585)	(2,497)	(1,767)
Administrative expenses	(158)	(140)	(137)	(125)	(103)	(100)	(83)
Other	25	1	16	5	1	4	5
Net Change in Plan Fiduciary Net Position	\$ 6,504	\$ 8,672	\$ 8,944	\$ 13,472	\$ 1,411	\$ 5,227	\$ 17,644
Plan Fiduciary Net Position-Beginning	147,405	138,733	129,789	116,317	114,906	109,679	92,035
Plan Fiduciary Net Position-Ending	\$ 153,909	\$ 147,405	\$ 138,733	\$ 129,789	\$ 116,317	\$ 114,906	\$ 109,679
Net Pension Liability	\$ 33,903	\$ 30,028	\$ 27,191	\$ 24,485	\$ 9,240	\$ 6,001	\$ 3,339
Plan Fiduciary Net Position as a Percentage of the Total							
Pension Liability	81.9 %	83.1 %	83.6 %	84.1 %	92.6 %	95.0 %	97.0 %
Covered Payroll	\$ 26,419	\$ 24,216	\$ 22,590	\$ 22,728	\$ 20,985	\$ 19,701	\$ 23,051
Net Pension Liability as a Percentage of Covered Payroll	128.3 %	124.0 %	120.4 %	107.7 %	44.0 %	30.5 %	14.5 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Seven Fiscal Years
(Expressed in Thousands)

Judicial Retirement Benefits Trust

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service cost	\$ 3,335	\$ 3,184	\$ 3,215	\$ 3,001	\$ 2,859	\$ 3,024	\$ 3,002
Interest	5,663	5,526	5,303	5,031	4,744	4,540	4,134
Benefit Changes	—	—	—	—	—	253	—
Differences between expected and actual experience	180	(3,165)	(2,032)	(1,788)	(1,206)	(2,857)	—
Changes of assumptions	2,515	—	—	5,173	—	—	(672)
Benefit payments	(3,724)	(3,609)	(2,956)	(2,740)	(2,531)	(1,809)	(1,631)
Net Change in Total Pension Liability	7,969	1,936	3,530	8,677	3,866	3,151	4,833
Total Pension Liability-Beginning	81,093	79,158	75,628	66,951	63,085	59,934	55,101
Total Pension Liability-Ending	\$ 89,062	\$ 81,094	\$ 79,158	\$ 75,628	\$ 66,951	\$ 63,085	\$ 59,934
Plan Fiduciary Net Position							
Employer contributions	\$ 2,189	\$ 1,922	\$ 2,058	\$ 2,057	\$ 2,410	\$ 2,709	\$ 2,543
Employee contributions	1,204	1,109	1,142	1,118	1,053	1,121	1,093
Net investment income	2,955	4,821	5,377	7,107	29	1,368	7,221
Benefit payments	(3,724)	(3,609)	(2,956)	(2,740)	(2,531)	(1,809)	(1,631)
Administrative expenses	(80)	(74)	(71)	(65)	(53)	(51)	(43)
Other	—	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	\$ 2,544	\$ 4,169	\$ 5,550	\$ 7,477	\$ 908	\$ 3,338	\$ 9,183
Plan Fiduciary Net Position-Beginning	77,614	73,445	67,895	60,418	59,510	56,172	46,989
Plan Fiduciary Net Position-Ending	\$ 80,158	\$ 77,614	\$ 73,445	\$ 67,895	\$ 60,418	\$ 59,510	\$ 56,172
Net Pension Liability	\$ 8,904	\$ 3,480	\$ 5,713	\$ 7,733	\$ 6,533	\$ 3,575	\$ 3,762
Plan Fiduciary Net Position as a Percentage of the Total							
Pension Liability	90.0 %	95.7 %	92.8 %	89.8 %	90.2 %	94.3 %	93.7 %
Covered Payroll	\$ 10,284	\$ 9,474	\$ 9,653	\$ 9,532	\$ 8,981	\$ 9,570	\$ 9,314
Net Pension Liability as a Percentage of Covered Payroll	86.6 %	36.7 %	59.2 %	81.1 %	72.7 %	37.4 %	40.4 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Seven Fiscal Years
(Expressed in Thousands)

Rhode Island Judicial Retirement Fund Trust

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service cost	\$ 323	\$ 277	\$ 294	\$ 350	\$ 466	\$ 416	\$ 498
Interest	640	685	726	586	719	673	710
Benefit Changes	—	—	—	—	—	—	—
Differences between expected and actual experience	(646)	—	(1,953)	—	(1,060)	(642)	1,617
Changes of assumptions	2,060	917	(116)	(666)	1,865	859	(1,160)
Benefit payments	(399)	(399)	(399)	(399)	(231)	—	—
Net Change in Total Pension Liability	1,978	1,480	(1,448)	(129)	1,759	1,306	1,665
Total Pension Liability-Beginning	20,474	18,994	20,442	20,571	18,812	17,506	15,841
Total Pension Liability-Ending	\$ 22,452	\$ 20,474	\$ 18,994	\$ 20,442	\$ 20,571	\$ 18,812	\$ 17,506
Plan Fiduciary Net Position							
Employer contributions	\$ 399	\$ 399	\$ 399	\$ 332	\$ 140	\$ —	\$ —
Employee contributions	126	122	117	117	135	159	153
Net investment income	23	38	44	64	4	9	12
Benefit payments	(399)	(399)	(399)	(399)	(231)	—	—
Administrative expenses	(1)	(1)	(1)	(1)	—	—	—
Other	—	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	\$ 148	\$ 159	\$ 160	\$ 113	\$ 48	\$ 168	\$ 165
Plan Fiduciary Net Position-Beginning	966	807	647	534	486	318	153
Plan Fiduciary Net Position-Ending	\$ 1,114	\$ 966	\$ 807	\$ 647	\$ 534	\$ 486	\$ 318
Net Pension Liability	\$ 21,338	\$ 19,508	\$ 18,187	\$ 19,795	\$ 20,037	\$ 18,326	\$ 17,188
Plan Fiduciary Net Position as a Percentage of the Total							
Pension Liability	5.0 %	4.7 %	4.2 %	3.2 %	2.5 %	2.6 %	1.8 %
Covered Payroll	\$ 1,046	\$ 1,002	\$ 1,020	\$ 988	\$ 963	\$ 1,321	\$ 1,276
Net Pension Liability as a Percentage of Covered Payroll	2040.0 %	1946.9 %	1783.0 %	2003.3 %	2189.2 %	1387.4 %	1346.8 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Fiscal Years
(Expressed in Thousands)

State Police Retirement Fund Trust

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability				
Service cost	\$ —	\$ —	\$ —	\$ —
Interest	11,878	12,193	11,712	12,589
Benefit Changes	—	—	—	—
Differences between expected and actual experience	(162)	—	12,187	—
Changes of assumptions	(1,136)	—	—	4,214
Benefit payments	(16,581)	(16,799)	(17,273)	(17,392)
Net Change in Total Pension Liability	(6,001)	(4,606)	6,626	(589)
Total Pension Liability-Beginning	177,977	182,583	175,957	176,546
Total Pension Liability-Ending	\$ 171,976	\$ 177,977	\$ 182,583	\$ 175,957
Plan Fiduciary Net Position				
Employer contributions	\$ 16,387	\$ 16,387	\$ 16,387	\$ 31,566
Employee contributions	—	—	—	—
Net investment income	868	770	1,137	1,839
Benefit payments	(16,581)	(16,799)	(17,273)	(17,392)
Administrative expenses	(17)	(17)	(6)	—
Other	—	—	—	—
Net Change in Plan Fiduciary Net Position	\$ 657	\$ 341	\$ 245	\$ 16,013
Plan Fiduciary Net Position-Beginning	16,599	16,258	16,013	—
Plan Fiduciary Net Position-Ending	\$ 17,256	\$ 16,599	\$ 16,258	\$ 16,013
Net Pension Liability	\$ 154,720	\$ 161,378	\$ 166,325	\$ 159,944
Plan Fiduciary Net Position as a Percentage of the Total				
Pension Liability	10.0 %	9.3 %	8.9 %	9.1 %
Covered Payroll	\$ —	\$ —	\$ —	\$ —
Net Pension Liability as a Percentage of Covered Payroll	— %	— %	— %	— %

There is no covered payroll because there are no active members of the plan.

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is required prospectively until 10 years of data are presented. However, there are only four years of activity to report as the Trust began operations in fiscal 2018.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Seven Fiscal Years Ended June 30
(Expressed in Thousands)

State Police Retirement Benefits Trust

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,241	\$ 4,878	\$ 3,567	\$ 2,802	\$ 2,980	\$ 4,005	\$ 3,432
Contributions in relation to the actuarially determined contribution	5,241	4,878	3,567	2,802	2,980	4,005	\$ 3,432
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 26,442	\$ 26,394	\$ 24,199	\$ 22,930	\$ 22,191	\$ 23,258	\$ 19,907
Contributions as a percentage of covered payroll	19.82 %	18.48 %	14.74 %	12.22 %	13.43 %	17.22 %	17.24 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Seven Fiscal Years Ended June 30
(Expressed in Thousands)

Judicial Retirement Benefits Trust

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,246	\$ 2,189	\$ 1,922	\$ 2,064	\$ 2,057	\$ 2,410	\$ 2,709
Contributions in relation to the actuarially determined contribution	2,246	\$ 2,189	1,922	2,064	2,057	2,410	\$ 2,709
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 10,393	\$ 10,278	\$ 9,477	\$ 9,768	\$ 9,532	\$ 8,993	\$ 9,566
Contributions as a percentage of covered payroll	21.61 %	21.30 %	20.28 %	21.13 %	21.58 %	26.80 %	28.32 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Seven Fiscal Years Ended June 30
(Expressed in Thousands)

Rhode Island Judicial Retirement Fund Trust

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,242	\$ 1,215	\$ 1,224	\$ 1,322	\$ 1,241	\$ 1,200	\$ 1,623
Contributions in relation to the actuarially determined contribution	399	399	399	399	332	140	—
Contribution deficiency (excess)	<u>\$ 843</u>	<u>\$ 816</u>	<u>\$ 825</u>	<u>\$ 923</u>	<u>\$ 909</u>	<u>\$ 1,060</u>	<u>\$ 1,623</u>
Covered payroll	\$ 1,046	\$ 1,046	\$ 1,002	\$ 1,020	\$ 988	\$ 964	\$ 1,321
Contributions as a percentage of covered payroll	38.15 %	38.15 %	39.82 %	39.12 %	33.60 %	14.52 %	— %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be required prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

State Police Retirement Fund Trust

	2021	2020	2019	2018
Actuarially determined contribution	\$ 16,387	\$ 16,387	\$ 16,387	\$ 16,387
Contributions in relation to the actuarially determined contribution	16,387	16,387	16,387	16,387
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —

There is no covered payroll because there are no active members of the plan.

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is required prospectively until 10 years of data are presented. However, there are only four years of activity to report as the Trust began operations in fiscal 2018.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Non-Contributory (pay-as-you-go) Defined Benefit Single-Employer Plan

Certain retired state employees are covered by the Judicial Non-Contributory Retirement Plan, a single-employer plan, which is separate from the plans previously described, and is not part of the Employees' Retirement System of Rhode Island.

The State funds this plan on a pay-as-you-go basis and no actuarially determined advance employer contribution is made nor are assets accumulated in a trust to pay future benefits. A separate actuarial valuation is performed to provide an accounting measure of the total pension liability for the plan.

A Schedule of Changes in Total Pension Liability is presented for this plan. The amounts included in this schedule for fiscal 2021 reflects a June 30, 2020 measurement date. The Schedule of Changes in Total Pension Liability is intended to show information for 10 years - additional years will be displayed as information becomes available. A Schedule of State Contributions is not presented as the plan operates on a pay-as-you-go basis and there is no covered payroll because there are no active members of the plan.

Note 18 to the financial statements contains detailed information concerning pension plans.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of Changes in Total Pension Liability
Last Seven Fiscal Years
(Expressed in Thousands)

Judicial Non-Contributory Retirement Plan

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	1,170	1,413	1,497	1,380	1,860	2,172	2,334
Benefit changes	—	—	—	—	—	—	—
Differences between expected and actual experience	3,560	521	916	182	—	328	—
Changes of assumptions	6,757	1,250	(166)	(2,291)	3,510	1,885	—
Benefit payments	(4,659)	(5,029)	(5,486)	(5,763)	(6,107)	(6,020)	(6,173)
Net Change in Total Pension Liability	6,828	(1,845)	(3,239)	(6,492)	(737)	(1,635)	(3,839)
Total Pension Liability-Beginning	39,705	41,550	44,789	51,281	52,018	53,653	57,492
Total Pension Liability-Ending	\$ 46,533	\$ 39,705	\$ 41,550	\$ 44,789	\$ 51,281	\$ 52,018	\$ 53,653

The State of Rhode Island adopted GASB Statement No. 68 in fiscal 2015. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

Required Supplementary Information - Pensions

Significant Methods and Assumptions used in calculating the actuarially determined contributions

Generally, actuarially determined contributions are calculated as of June 30, three years prior to the fiscal year in which the contribution rates are applicable. The actuarially determined contribution rates for fiscal 2021 were determined based on valuations performed as of June 30, 2018, with the exception of the RIJRFT contribution which was determined based on a valuation performed as of June 30, 2020. Significant methods and assumptions are summarized for each plan in the table below:

	ERS		SPRBT	JRBT	RIJRFT	SPRFT
	State Employees	Teachers				
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.					
Amortization Method	Level Percent of Payroll - Closed				Level Dollar	Level Dollar
Equivalent single remaining amortization period	18 years	20 years	20 years	20 years	20 years	18 years
Asset valuation method	5 year smoothed market				Fair Value	Fair Value
Amortization period for new gains and losses	20 years				N/A	N/A
Actuarial Assumptions						
Investment Rate of Return	7.0%				2.45%	7.00%
Projected Salary Increases	3.25% to 6.25%	3.0% to 13.0%	3.75% to 11.75%	3.00%	3.00%	N/A
Mortality	<p>Male Employees: RP-2014 Combined Healthy for Males with Blue Collar adjustments, projected with Scale Ultimate MP16.</p> <p>Female Employees: RP-2014 Combined Healthy for Females, projected with Scale Ultimate MP16.</p> <p>Male Teachers: RP-2014 Combined Healthy for Males with White Collar adjustments, projected with Scale Ultimate MP16.</p> <p>Female Teachers: RP-2014 Combined Healthy for Females with White Collar adjustments, projected with Scale Ultimate MP16.</p>					
Inflation	2.5%					

The required contribution for the State Police Retirement Fund Trust (SPRFT), a plan newly created in fiscal 2017 covering a closed group of retired individuals, was calculated based on a level-dollar amortization over 18 years from June 30, 2016. Upon statutory creation of the RISPRFT, an annual contribution amount totaling \$16.4 million was actuarially determined. This amount has been contributed annually since 2017.

Cost of Living Adjustments

Post-retirement Benefit Increase: Post-retirement benefit increases are assumed to be 2.1%, per annum, while the plan has a funding level that exceeds 80%; however, an interim COLA will be granted in four-year intervals while the COLA is suspended. The first such COLA will be applicable in Calendar Year 2017 and the second such COLA will be applicable in Calendar Year 2021. As of June 30, 2017, it is

assumed that the COLAs will be suspended for 10 years due to the current funding level of the plans. The actual amount of the COLA is determined based on 50% of the plan's five-year average investment rate of return minus 5.00% which will range from zero to 4.0%, and 50% of the lesser of 3% or last year's CPI-U increase for a total maximum increase of 3.0%.

Factors affecting trends for amounts related to the net pension liability

June 30, 2020 measurement date:

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Separated Correctional Officers from State Employees for all assumptions.
- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increased slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.
- Lowered wage assumptions for Judges from 3.00% to 2.75%.

The RIJRFT and JNCRP plans used the municipal bond index rate of 2.45% instead of the plan's assumed investment rate of return of 3.13%.

June 30, 2019 measurement date:

The RIJRFT and JNCRP plans used the municipal bond index rate of 3.13% as of June 30, 2019. This rate was 3.62% at June 30, 2018. Also, there was a decrease in certain salary increase assumptions used as of June 30, 2019 as compared to June 30, 2018.

June 30, 2018 measurement date:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date except for the changes in assumptions for the RIJRFT and JNCRP plans due to use of the municipal bond index rate of 3.62% as of June 30, 2018. This rate was 3.56% at June 30, 2017.

June 30, 2017 measurement date:

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

For RIJRFT, the municipal bond index rate, based on fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" (3.56% at June 30, 2017) was applied to all periods of projected benefit payments to determine the total pension liability.

The June 30, 2017 measurement date information includes a pension credit of \$96.5 million for the SPRFT plan which results from a change in assumption attributable to the establishment of an advance funded trust (effective July 1, 2016) that replaced the previous plan which was funded on a pay-as-you-go basis. As allowed by GASB standards, the discount rate for advance funded plans used in actuarial calculations of net pension liability is typically higher than the discount rate used for pay-as-you-go plans. Higher discount rates result in lower pension expense. The discount rate for the SPRFT plan increased from 2.85% to 7.00% with the establishment of the advance funded trust, which resulted in a large pension credit. GASB standards require the immediate recognition of this change in the discount rate assumption since the SPRFT plan is a closed plan that is comprised entirely of retired employees.

A pension credit of \$664 thousand for the JNCRP plan results from an increase in the discount rate from 2.85% to 3.56%. GASB standards require the immediate recognition of this change in the discount rate assumption since the JNCRP plan is a closed plan that is comprised entirely of retired employees. Accordingly, the effect of this change in assumption was recorded in fiscal 2018 and was reflected in the pension credit total of \$664 thousand.

June 30, 2016 measurement date:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date except for the changes in assumption for the RIJRFT plan due to use of the municipal bond index rate of 2.85%.

June 30, 2015 measurement date:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date except for the changes in assumption for the RIJRFT plan due to use of the municipal bond index rate of 3.8% compared to 4.29% used in the June 30, 2014 valuation.

Benefit changes, which resulted from the settlement of the pension litigation and the subsequent enactment of those settlement provisions by the General Assembly, are reflected in the calculation of the net pension liability at the June 30, 2015 measurement date. Significant benefit changes are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and participate solely in the defined benefit plan effective July 1, 2015 - service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, or 62 with 33 years of service. Members may retire earlier if their RI Retirement Security Act date is earlier or are eligible under a transition rule.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less the discount rate (5 year return - 5.5%, with a maximum of 4%) and 50% is calculated using the previous year's CPI-U (maximum of 3%) for a total maximum COLA of 3.5%. The COLA is calculated on the first \$25,855, effective 01/01/2016, and indexed as of that date as well.
- Other changes included providing interim cost of living increases at four rather than five year intervals, providing a one-time cost of living adjustment of 2% (applied to the first \$25,000), two \$500 stipends, and minor adjustments.

State of Rhode Island
Required Supplementary Information - OPEB Information
Multiple-Employer Cost-Sharing Plans

The Rhode Island State Employees' and Electing Teachers OPEB System administers two multiple-employer cost-sharing OPEB plans covering state employees; the State Employees plan and the Board of Education plan. Separate actuarial valuations are performed for each plan but not for individual employers within each plan. The net OPEB liability and other OPEB related amounts are apportioned based on proportionate employer contributions to the plan.

The amounts included in these schedules for fiscal 2021 reflect a June 30, 2020 measurement date.

Additional information for these plans is available in the separately issued audited financial statements of Rhode Island State Employees' and Electing Teachers OPEB System and an additional report prepared to provide the GASB Statement No. 75 related information for participating employers.

The following schedules are presented for these multiple-employer cost-sharing plans:

- **Schedule of State's Proportionate Share of the Net OPEB Liability - State Employees Plan - Governmental Activities**
- **Schedule of State's Proportionate Share of the Net OPEB Liability - State Employees Plan - Business-Type Activities**
- **Schedule of State's Proportionate Share of the Net OPEB Liability - Board of Education Plan**
- **Schedule of State Contributions - State Employees Plan - Governmental Activities**
- **Schedule of State Contributions - State Employees Plan - Business-Type Activities**
- **Schedule of State Contributions - Board of Education Plan**

These schedules are intended to show information for 10 years - additional years will be displayed as information becomes available. Note 19 to the financial statements contains detailed information concerning OPEB plans.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State's Proportionate Share
of the Net OPEB Liability
Last Four Fiscal Years
(Expressed in Thousands)

State Employees-Governmental Activities

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
State's proportion of the net OPEB liability	89.9 %	89.6 %	89.4 %	89.2 %
State's proportionate share of the net OPEB liability	\$ 324,502	\$ 391,135	\$ 455,475	\$ 463,597
State's covered payroll	\$ 681,554	\$ 657,222	\$ 633,562	\$ 632,672
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.6 %	59.5 %	71.9 %	73.3 %
Plan fiduciary net position as a percentage of the total OPEB liability	42.5 %	33.6 %	26.3 %	22.4 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State's Proportionate Share
of the Net OPEB Liability
Last Four Fiscal Years
(Expressed in Thousands)

State Employees-Business-Type Activities

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<i>Rhode Island Lottery</i>				
Lottery's proportion of the net OPEB liability	0.9 %	0.9 %	0.8 %	0.7 %
Lottery's proportionate share of the net OPEB liability	\$ 3,420	\$ 3,990	\$ 3,876	\$ 3,864
Lottery's covered payroll	\$ 7,182	\$ 6,705	\$ 5,308	\$ 5,186
Lottery's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.6 %	59.5 %	73.0 %	74.5 %
Plan fiduciary net position as a percentage of the total OPEB liability	42.5 %	33.6 %	26.3 %	22.4 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State's Proportionate Share
of the Board of Education Plan Net OPEB Liability
Last Four Fiscal Years
(Expressed in Thousands)

State's Share of Board of Education Plan

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
State's proportion of the net OPEB liability	0.2 %	0.2 %	0.2 %	0.2 %
State's proportionate share of the net OPEB liability	\$ 89	\$ 80	\$ 87	\$ 111
State's covered payroll	\$ 335	\$ 276	\$ 411	\$ 264
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	26.6 %	29.0 %	21.2 %	42.0 %
Plan fiduciary net position as a percentage of the total OPEB liability	57.3 %	51.6 %	38.6 %	32.1 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State Contributions
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

State Employees-Governmental Activities

	2021	2020	2019	2018
Actuarially determined contribution	\$ 36,998	\$ 45,323	\$ 39,302	\$ 37,887
Contributions in relation to the actuarially determined contribution	36,998	45,323	39,302	\$ 37,887
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 673,924	\$ 681,554	\$ 657,222	\$ 633,562
Contributions as a percentage of covered payroll	5.49 %	6.65 %	5.98 %	5.98 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State Contributions
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

State Employees-Business-Type Activities

Rhode Island Lottery

	2021	2020	2019	2018
Actuarially determined contribution	\$ 379	\$ 478	\$ 401	\$ 317
Contributions in relation to the actuarially determined contribution	379	478	401	\$ 317
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 6,911	\$ 7,182	\$ 6,705	\$ 5,308
Contributions as a percentage of covered payroll	5.49 %	6.65 %	5.98 %	5.98 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State Contributions to Board of Education Plan
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

State's Share of Board of Education Plan

	2021	2020	2019	2018
Actuarially determined contribution	\$ 12	\$ 14	\$ 12	\$ 18
Contributions in relation to the actuarially determined contribution	12	14	12	\$ 18
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 417	\$ 335	\$ 276	\$ 411
Contributions as a percentage of covered payroll	2.93 %	4.08 %	4.36 %	4.36 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Single-Employer Plans

Certain state employees are covered by the following single-employer plans, which are separate from the State Employees and Board of Education multiple-employer cost-sharing plans, that cover most state employees.

- Teachers Plan
- Judges Plan
- State Police Plan
- Legislators Plan

These plans are administered within the Rhode Island State Employees' and Electing Teachers OPEB System. Separate actuarial valuations are performed for each plan. Additional information for the plans is available in the separately issued audited financial statements of the Rhode Island State Employees' and Electing Teachers OPEB System.

The amounts included in these schedules for fiscal 2021 reflect a June 30, 2020 measurement date.

The following schedules are presented for each single-employer plan:

- **Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios**
 - Teachers Plan
 - Judges Plan
 - State Police Plan
 - Legislators Plan

- **Schedule of State Contributions**
 - Teachers Plan
 - Judges Plan
 - State Police Plan
 - Legislators Plan

These schedules are intended to show information for 10 years - additional years will be displayed as information becomes available. Note 19 to the financial statements contains detailed information concerning OPEB plans.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Last Four Fiscal Years
(Expressed in Thousands)

Teachers Plan

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service cost	\$ —	\$ —	\$ —	\$ —
Interest	556	581	612	562
Benefit Changes	—	(1,952)	—	—
Differences between expected and actual experience	(1,212)	1,954	91	1,625
Changes of assumptions	(164)	(45)	—	217
Benefit payments	(629)	(1,438)	(1,202)	(1,610)
Net Change in Total OPEB Liability	(1,449)	(900)	(499)	794
Total OPEB Liability-Beginning	11,433	12,333	12,832	12,038
Total OPEB Liability-Ending	\$ 9,984	\$ 11,433	\$ 12,333	\$ 12,832
Plan Fiduciary Net Position				
Employer contributions	\$ —	\$ 2,277	\$ 2,321	\$ 2,321
Net investment income	1,082	1,101	780	864
Benefit payments	(629)	(1,438)	(1,202)	(1,610)
Administrative expenses	(24)	(2)	(17)	7
Other	150	117	136	103
Net Change in Plan Fiduciary Net Position	\$ 579	\$ 2,055	\$ 2,018	\$ 1,685
Plan Fiduciary Net Position-Beginning	13,850	11,795	9,777	8,092
Plan Fiduciary Net Position-Ending	\$ 14,429	\$ 13,850	\$ 11,795	\$ 9,777
Net OPEB Liability (Asset)	\$ (4,445)	\$ (2,417)	\$ 538	\$ 3,055
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	144.5 %	121.1 %	95.6 %	76.2 %
Covered Payroll	\$ —	\$ —	\$ —	\$ —
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Last Four Fiscal Years
(Expressed in Thousands)

Judges Plan

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service cost	\$ 22	\$ 22	\$ 15	\$ 20
Interest	64	60	68	50
Benefit Changes	—	(42)	—	—
Differences between expected and actual experience	(960)	102	(271)	(306)
Changes of assumptions	(69)	(11)	—	503
Benefit payments	(18)	(54)	72	138
Net Change in Total OPEB Liability	<u>(961)</u>	<u>77</u>	<u>(116)</u>	<u>405</u>
Total OPEB Liability-Beginning	1,283	1,206	1,322	917
Total OPEB Liability-Ending	<u>\$ 322</u>	<u>\$ 1,283</u>	<u>\$ 1,206</u>	<u>\$ 1,322</u>
Plan Fiduciary Net Position				
Employer contributions	\$ —	\$ —	\$ —	\$ —
Net investment income	327	341	293	334
Benefit payments	(18)	(54)	72	138
Administrative expenses	(2)	—	(6)	—
Other	56	49	54	26
Net Change in Plan Fiduciary Net Position	<u>\$ 363</u>	<u>\$ 336</u>	<u>\$ 413</u>	<u>\$ 498</u>
Plan Fiduciary Net Position-Beginning	4,449	4,113	3,700	3,202
Plan Fiduciary Net Position-Ending	<u>\$ 4,812</u>	<u>\$ 4,449</u>	<u>\$ 4,113</u>	<u>\$ 3,700</u>
Net OPEB Liability (Asset)	<u>\$ (4,490)</u>	<u>\$ (3,166)</u>	<u>\$ (2,907)</u>	<u>\$ (2,378)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1494.3 %	346.8 %	341.0 %	279.9 %
Covered Payroll	\$ 11,636	\$ 11,297	\$ 10,746	\$ 10,746
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(38.6)%	(28.0)%	(27.1)%	(22.1)%

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Four Fiscal Years
(Expressed in Thousands)

State Police Plan

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service cost	\$ 4,481	\$ 4,108	\$ 3,920	\$ 3,836
Interest	4,391	4,369	4,148	4,202
Benefit Changes	—	(4,790)	—	—
Differences between expected and actual experience	(2,230)	630	(907)	(174)
Changes of assumptions	(6,974)	(1,161)	—	(6,005)
Benefit payments	(3,009)	(2,801)	(2,849)	(3,130)
Net Change in Total OPEB Liability	(3,341)	355	4,312	(1,271)
Total OPEB Liability-Beginning	87,090	86,735	82,423	83,694
Total OPEB Liability-Ending	\$ 83,749	\$ 87,090	\$ 86,735	\$ 82,423
Plan Fiduciary Net Position				
Employer contributions	\$ 7,797	\$ 8,257	\$ 7,919	\$ 7,702
Net investment income	4,775	4,683	3,413	3,491
Benefit payments	(3,009)	(2,801)	(2,849)	(3,130)
Administrative expenses	(35)	(12)	(73)	(1)
Other	335	277	197	163
Net Change in Plan Fiduciary Net Position	\$ 9,863	\$ 10,404	\$ 8,607	\$ 8,225
Plan Fiduciary Net Position-Beginning	56,548	46,144	37,537	29,312
Plan Fiduciary Net Position-Ending	\$ 66,411	\$ 56,548	\$ 46,144	\$ 37,537
Net OPEB Liability (Asset)	\$ 17,338	\$ 30,542	\$ 40,591	\$ 44,886
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	79.3 %	64.9 %	53.2 %	45.5 %
Covered Payroll	\$ 24,661	\$ 23,943	\$ 21,334	\$ 21,334
Net OPEB Liability as a Percentage of Covered Payroll	70.3 %	127.6 %	190.3 %	210.4 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Last Four Fiscal Years
(Expressed in Thousands)

Legislators Plan

Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service cost	\$ 57	\$ 71	\$ 54	\$ 63
Interest	80	79	74	66
Benefit Changes	—	(257)	—	—
Differences between expected and actual experience	(83)	284	102	168
Changes of assumptions	(350)	(61)	—	(45)
Benefit payments	(85)	(98)	(161)	(36)
Net Change in Total OPEB Liability	(381)	18	69	216
Total OPEB Liability-Beginning	1,612	1,594	1,525	1,309
Total OPEB Liability-Ending	\$ 1,231	\$ 1,612	\$ 1,594	\$ 1,525
Plan Fiduciary Net Position				
Employer contributions	\$ —	\$ 15	\$ 14	\$ 27
Net investment income	263	276	247	283
Benefit payments	(85)	(98)	(161)	(36)
Administrative expenses	(2)	—	(4)	—
Other	79	32	42	29
Net Change in Plan Fiduciary Net Position	\$ 255	\$ 225	\$ 138	\$ 303
Plan Fiduciary Net Position-Beginning	3,267	3,042	2,904	2,601
Plan Fiduciary Net Position-Ending	\$ 3,522	\$ 3,267	\$ 3,042	\$ 2,904
Net OPEB Liability (Asset)	\$ (2,291)	\$ (1,655)	\$ (1,448)	\$ (1,379)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	287.6 %	202.6 %	190.9 %	190.4 %
Covered Payroll	\$ 1,868	\$ 1,814	\$ 1,719	\$ 1,719
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(122.6)%	(91.2)%	(84.2)%	(80.2)%

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State Contributions
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

Teachers Plan

	2021*	2020*	2019	2018
Actuarially determined contribution	\$ —	\$ —	\$ 2,321	\$ 2,321
Contributions in relation to the actuarially determined contribution	—	—	2,277 **	2,321
Contribution deficiency (excess)	\$ —	\$ —	\$ 44	\$ —
Covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

**An actuarial valuation determined that no contribution was required for this OPEB plan.*

*** The contribution funded in Fiscal 2019 was the amount appropriated by the General Assembly.*

There is no covered payroll because there are no active members of the plan.

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State Contributions
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

Judges Plan

	2021	2020	2019	2018
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 11,932	\$ 11,589	\$ 11,297	\$ 10,746
Contributions as a percentage of covered payroll	— %	— %	— %	— %

An actuarial valuation determined that no contribution was required for this OPEB plan.

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State Contributions
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

State Police Plan

	2021	2020	2019	2018
Actuarially determined contribution	\$ 6,178	\$ 7,797	\$ 8,257	\$ 7,919
Contributions in relation to the actuarially determined contribution	6,178	7,797	8,257	7,919
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$26,505	\$26,297	\$23,666	\$22,698
Contributions as a percentage of covered payroll	23.3 %	29.7 %	34.9 %	34.9 %

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - OPEB Information
Schedule of State Contributions
Last Four Fiscal Years Ended June 30
(Expressed in Thousands)

Legislators Plan

	2021*	2020*	2019	2018
Actuarially determined contribution	\$ —	\$ —	\$ 15	\$ 14
Contributions in relation to the actuarially determined contribution	—	—	15	14
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 1,897	\$ 1,856	\$ 1,812	\$ 1,728
Contributions as a percentage of covered payroll	— %	— %	0.8 %	0.8 %

* An actuarial valuation determined that no contribution was required for this OPEB plan.

The State of Rhode Island adopted GASB Statement No. 75 in fiscal 2018. This schedule is to be reported prospectively until 10 years of data are presented.

See Notes to Required Supplementary Information.

Required Supplementary Information - OPEB

Significant Methods and Assumptions used in calculating the actuarially determined contributions

The actuarially determined contribution rates for fiscal 2021 were determined based on valuations performed as of June 30, 2018. Significant methods and assumptions are summarized for each plan in the table below:

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education
Actuarial Cost Method	Individual Entry Age Normal					
Amortization Method	Level Percent of Pay	Level Dollar	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Remaining amortization period	18 Years Closed	Determined by Statutory Contribution	30 Years Open	18 Years Closed	30 Years Open	18 Years Closed
Asset valuation method	4 Year smoothed market, 20% corridor					
Actuarial Assumptions						
Investment Rate of Return	5% per year, compounded annually, net of investment expenses					
Projected Salary Increases	3.0% to 6.0%	N/A	3.0%	4.0% to 14.0%	3.0% to 6.0%	3.0% to 6.0%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.					
Mortality	Post-Retirement Mortality					
	Healthy Male Teachers, Judges, Legislators, and Board of Education: RP-2014 Combined Healthy for males with White Collar adjustment, projected with the MP 2016 ultimate rates.					
	Healthy Female Teachers, Judges, Legislators, and Board of Education: RP-2014 Combined Healthy for females with White Collar adjustment, projected with the MP 2016 ultimate rates.					
	Healthy Male State Employees and Police: RP-2014 Combined Healthy for males with Blue Collar adjustment, projected with the MP 2016 ultimate rates.					
	Healthy Female State Employees and Police: RP-2014 Combined Healthy for females, projected with the MP 2016 ultimate rates.					
	Disabled Mortality					
Disabled Males: RP-2014 Disabled Retiree Table for males, projected with the MP 2016 ultimate rates.						
Disabled Females: RP-2014 Disabled Retiree Table for females, projected with the MP 2016 ultimate rates.						
Pre-Retirement Mortality						
The mortality tables used to project the pre-termination mortality experience of plan members are the RP-2014 Employee tables for males and females as the base table, and then to apply a 75% multiplier for Teachers, Judges, Legislators, and Board of Education and a 100% multiplier for State Employees and State Police.						
Healthcare Cost Trend Rate	Based on the Getzen Model, with trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.5%.					
Aging Factors	The tables used in developing the retiree only premium are based on the 2013 SOA Study "Health Care Costs-From Birth to Death".					
Inflation	Not explicitly used, consistent with 2.50% assumption.					

Factors affecting trends for amounts related to the net OPEB liability

The actuarial methods and assumptions used to calculate the net OPEB liability of the participating employers are described in Note 19 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

June 30, 2020 measurement date:

The “Cadillac tax”, which was a tax provision from the federal Affordable Care Act (ACA), was repealed in December 2019. As a result, liability amounts previously included for the “Cadillac tax” within the development of the total OPEB liability have been removed as of the June 30, 2020 measurement date.

June 30, 2019 measurement date:

The June 30, 2018 actuarial valuation rolled forward to the June 30, 2020 measurement date reflected a change in Excise Tax load on pre-65 liabilities from 11.0% to 9.5%. The healthcare cost trend rate used in determining the OPEB liability at June 30, 2019 measurement date decreased slightly from the previous measurement date.

June 30, 2018 Measurement date:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net OPEB liability of the plan as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 Measurement date:

Certain actuarial assumptions for State Employees were updated to match the assumptions used for State Employees in the pension valuation for the Employees’ Retirement System of Rhode Island (ERSRI) and the results of an actuarial experience investigation performed for ERSRI at June 30, 2016. Changes were made to the following assumptions:

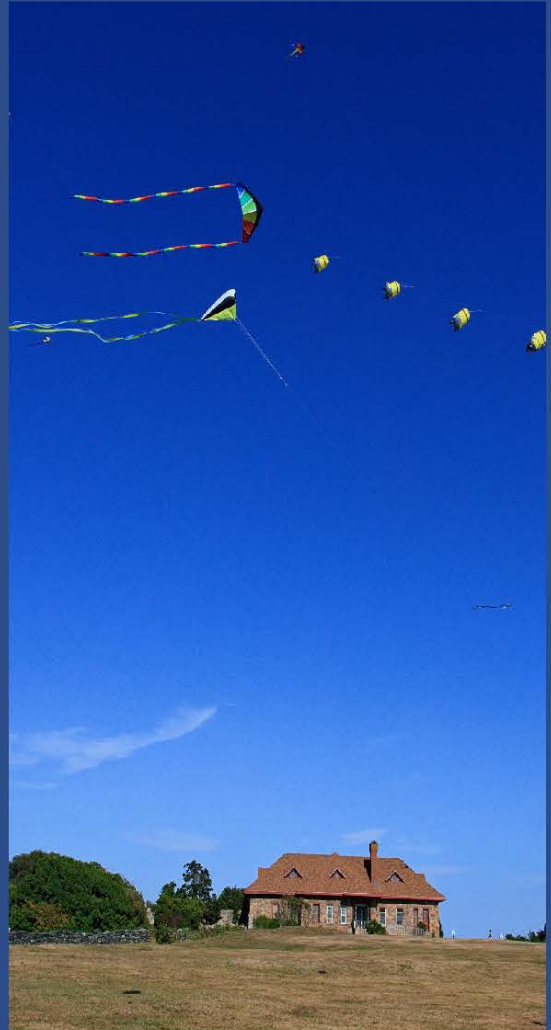
- Merit and longevity portion of the salary increase assumption
- Rates of separation from active membership
- Rates of retirement
- Rates of disability
- The rate of wage inflation
- The mortality assumption
- The trend assumption
- Aging factors and health and inflation trends

The excise tax load on pre-65 liabilities was changed from 13.8% to 11.0%. The Patient Protection and Affordable Care Act includes an excise tax on high cost health plans beginning in 2022. The excise tax is 40% of costs above a threshold. The actual actuarial assumptions used in the most recent valuations assume that the plans will be subject to the excise tax in 2022.

Actuarially determined contributions

Generally, actuarially determined contributions are calculated as of June 30, three years prior to the fiscal year in which the contribution rates are applicable. For example, the annual required contributions for fiscal 2021 were based on the actuarial valuation for the fiscal year ended June 30, 2018.

Combining Financial Statements



State of Rhode Island

**Fiscal Year Ended
June 30, 2021**



Nonmajor Funds

Special Revenue Funds – accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes and where a separate fund is mandated.

Coastal Resources Management Council Dredge Fund – accounts for fees in excess of the base rate per cubic yard for the disposal of dredge materials. These funds must be used to create additional dredging and disposal options.

R.I. Temporary Disability Insurance Fund – accounts for the employee tax on wages that are levied to pay benefits to covered employees who are out of work for an extended period of time due to a non-job-related illness.

Historic Tax Credit Financing Fund – accounts for application fees relating to historic tax credit eligible projects, proceeds from the issuance of Revenue Bonds under the Historic Structures Tax Credit Financing Program as well as related expenditures and transfers.

R.I. Public Rail Corporation – accounts for activity of this entity which includes state appropriations, insurance and other administrative expenses and property rental related activities.

Capital Project Funds – accounts for resources obtained and used for the acquisition, construction or improvement of capital facilities not reported in other governmental or proprietary funds.

Bond Capital – accounts for the proceeds of the bonds issued and the related capital expenditures not required to be accounted for in another capital projects fund.

R.I. Capital Plan – accounts for the portion of the payment into the budget reserve account that causes the balance in the budget reserve account to be in excess of the legal requirement and proceeds as designated by statute. The fund is to be used solely for funding capital projects.

R.I. Clean Water Act Environmental Trust – accounts for the proceeds of certain bonds issued of which the proceeds are restricted to providing grants and loans to local governmental entities and the required State share or related expenses for the Narragansett Bay study.

Certificates of Participation – accounts for the proceeds of the sale of certificates of participation which provide funding for the acquisition, construction or improvement of public facilities and equipment.

Debt Service Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated or when financial resources are being accumulated for principal and interest maturing in future years.

Tobacco Settlement Financing Corporation (TSFC) – created to securitize the tobacco settlement revenues from the State.

Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the State's programs.

Permanent School – accounts for certain appropriations of the General Assembly and the earnings thereon, which are to be used for the promotion and support of public education.

State of Rhode Island
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021
(Expressed in Thousands)

	Special Revenue					Capital Project					Debt Service	Permanent	
	Coastal Resources Management Council Dredge	R.I. Temporary Disability	Historic Tax Credit Financing	R.I. Public Rail Corp	Total Special Revenue Funds	Bond Capital	R.I. Capital Plan	R.I. Clean Water Act Environ- mental Trust	Certificates of Participation	Total Capital Project Funds	Tobacco Settlement Financing Corporation	Permanent School	Total Nonmajor Governmental Funds
Assets													
Cash and cash equivalents	\$ 623	\$ 108,640	\$ 12,926	\$ 176	\$ 122,365	\$ 236,008	\$ 4,480	\$ 3,816	\$ —	\$ 244,304	\$ 232	\$ 535	\$ 367,436
Funds on deposit with fiscal agent	—	—	34,403	—	34,403	—	—	—	22,980	22,980	—	—	57,383
Restricted cash equivalents	—	—	—	—	—	—	—	—	—	—	50,448	—	50,448
Receivables (net)	—	65,762	—	—	65,762	—	—	—	—	—	23,795	—	89,557
Due from other funds	—	—	20,600	—	20,600	420	118,800	—	—	119,220	—	—	139,820
Loans to other funds	—	—	—	—	—	—	33,031	—	—	33,031	—	—	33,031
Total assets	<u>\$ 623</u>	<u>\$ 174,402</u>	<u>\$ 67,929</u>	<u>\$ 176</u>	<u>\$ 243,130</u>	<u>\$ 236,428</u>	<u>\$ 156,311</u>	<u>\$ 3,816</u>	<u>\$ 22,980</u>	<u>\$ 419,535</u>	<u>\$ 74,475</u>	<u>\$ 535</u>	<u>\$ 737,675</u>
Liabilities and Fund Balances													
Liabilities													
Accounts payable	—	270	—	—	270	3,606	4,365	—	180	8,151	2,660	4	11,085
Due to other funds	—	350	—	—	350	—	—	—	23	23	—	10	383
Due to component units	—	—	—	—	—	2,604	2,121	—	352	5,077	—	—	5,077
Loans from other funds	—	—	—	—	—	15,000	—	—	8	15,008	—	—	15,008
Other liabilities	—	211	—	—	211	—	—	—	—	—	—	—	211
Total liabilities	<u>—</u>	<u>831</u>	<u>—</u>	<u>—</u>	<u>831</u>	<u>21,210</u>	<u>6,486</u>	<u>—</u>	<u>563</u>	<u>28,259</u>	<u>2,660</u>	<u>14</u>	<u>31,764</u>
Fund balances													
Nonspendable	—	—	—	—	—	—	—	—	—	—	—	174	174
Restricted	623	173,571	67,929	—	242,123	215,218	149,825	3,816	22,417	391,276	71,558	347	705,304
Committed	—	—	—	176	176	—	—	—	—	—	257	—	433
Total fund balances	<u>623</u>	<u>173,571</u>	<u>67,929</u>	<u>176</u>	<u>242,299</u>	<u>215,218</u>	<u>149,825</u>	<u>3,816</u>	<u>22,417</u>	<u>391,276</u>	<u>71,815</u>	<u>521</u>	<u>705,911</u>
Total liabilities and fund balances	<u>\$ 623</u>	<u>\$ 174,402</u>	<u>\$ 67,929</u>	<u>\$ 176</u>	<u>\$ 243,130</u>	<u>\$ 236,428</u>	<u>\$ 156,311</u>	<u>\$ 3,816</u>	<u>\$ 22,980</u>	<u>\$ 419,535</u>	<u>\$ 74,475</u>	<u>\$ 535</u>	<u>\$ 737,675</u>

State of Rhode Island
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Special Revenue				Capital Projects					Debt Service	Permanent	Total Nonmajor Governmental Funds	
	Coastal Resources Management Council Dredge	R.I. Temporary Disability	Historic Tax Credit Financing	R.I. Public Rail Corp	Total Special Revenue Funds	Bond Capital	R.I. Capital Plan	R.I. Clean Water Act Environmental Trust	Certificates of Participation	Total Capital Project Funds	Tobacco Settlement Financing Corporation		Permanent School
Revenues:													
Taxes	\$ —	\$ 234,991	\$ —	\$ —	\$ 234,991	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 234,991
Licenses, fines, sales, and services	39	—	1,531	29	1,599	—	—	—	—	—	—	78	1,677
Income from investments	—	343	124	—	467	73	3	2	3	81	6	—	554
Other revenues	—	—	—	—	—	—	—	—	—	—	48,325	—	48,325
Total revenues	39	235,334	1,655	29	237,057	73	3	2	3	81	48,331	78	285,547
Expenditures:													
General government	—	196,765	197	—	196,962	—	—	—	—	—	45	—	197,007
Education	—	—	—	—	—	—	—	—	—	—	—	323	323
Transportation	—	—	—	3,284	3,284	—	—	—	—	—	—	—	3,284
Capital outlays	—	—	—	—	—	95,437	35,599	7	857	131,900	—	—	131,900
Debt service:													
Principal	—	—	—	—	—	—	1,494	—	—	1,494	23,365	—	24,859
Interest and other charges	—	—	39	—	39	958	—	—	—	958	24,002	—	24,999
Total expenditures	—	196,765	236	3,284	200,285	96,395	37,093	7	857	134,352	47,412	323	382,372
Excess (deficiency) of revenues over (under) expenditures	39	38,569	1,419	(3,255)	36,772	(96,322)	(37,090)	(5)	(854)	(134,271)	919	(245)	(96,825)
Other financing sources (uses)													
Issuance of bonds	—	—	—	—	—	135,900	—	—	—	135,900	—	—	135,900
Issuance of refunding bonds	—	—	—	—	—	87,660	—	—	—	87,660	—	—	87,660
Premium	—	—	—	—	—	16,755	—	—	—	16,755	—	—	16,755
Transfers in	—	—	20,000	3,264	23,264	—	125,759	—	—	125,759	—	—	149,023
Payment to refunded bonds escrow agent	—	—	—	—	—	(89,005)	—	—	—	(89,005)	—	—	(89,005)
Transfers out	—	(971)	(13,120)	—	(14,091)	(5,862)	(1,012)	(4)	—	(6,878)	—	—	(20,969)
Total other financing sources (uses)	—	(971)	6,880	3,264	9,173	145,448	124,747	(4)	—	270,191	—	—	279,364
Net change in fund balances	39	37,598	8,299	9	45,945	49,126	87,657	(9)	(854)	135,920	919	(245)	182,539
Fund balances - beginning	584	135,973	59,630	167	196,354	166,092	62,168	3,825	23,271	255,356	70,896	766	523,372
Fund balances - ending	\$ 623	\$ 173,571	\$ 67,929	\$ 176	\$ 242,299	\$ 215,218	\$ 149,825	\$ 3,816	\$ 22,417	\$ 391,276	\$ 71,815	\$ 521	\$ 705,911

State of Rhode Island
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Rhode Island Temporary Disability Insurance Fund
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
* Revenues:				
Taxes	\$ 234,991	\$ 234,991	\$ 234,991	\$ —
Other Revenues	343	343	343	—
Total Revenues	<u>235,334</u>	<u>235,334</u>	<u>235,334</u>	<u>—</u>
Expenditures:				
Department of Labor and Training	212,141	212,173	197,492	14,681
Treasury Department	281	282	244	38
Total Expenditures	<u>\$ 212,422</u>	<u>\$ 212,455</u>	<u>\$ 197,736</u>	<u>\$ 14,719</u>
Net change in fund balance			<u>37,598</u>	
Fund balance - beginning			<u>\$ 135,973</u>	
Fund balance - ending			<u><u>\$ 173,571</u></u>	

* Revenues are not legislatively adopted, budgeted revenues and opening surplus are assumed to equal actual amounts.

State of Rhode Island
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Rhode Island Capital Plan
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues & Transfers In:				
Appropriation from General Fund	\$ 137,675	\$ 123,277	\$ 120,000	\$ 3,277
Bond Premium*	5,759	5,759	5,759	—
Investment Earnings*	3	3	3	—
Total Revenues	143,437	129,039	125,762	3,277
Expenditures:				
Administration				
Security Measures State Buildings	589	589	232	357
Energy Efficiency Improvements	194	194	194	—
Cranston Street Armory	37	37	36	1
State House Renovations	1,511	1,511	957	554
Zambarano Utilities and Infrastructure	250	250	206	44
Cannon Building	500	330	17	313
Old State House	1,520	1,520	1,144	376
State Office Building	100	100	22	78
State Office Reorganization & Relocation	1,953	1,953	577	1,376
William Powers Building	761	761	231	530
Pastore Center Utilities Upgrade	437	437	221	216
Replacement of Fueling Tanks	300	300	55	245
Environmental Compliance	182	182	116	66
Big River Management Area	100	100	3	97
Washington County Government Center	427	327	223	104
Chapin Health Laboratory	550	550	364	186
Shepard Building	500	500	33	467
Pastore Center Water Tanks & Pipes	100	108	—	108
RI Convention Center Authority	1,000	1,000	1,000	—
Pastore Center Power Plant Rehabilitation	933	933	688	245
Accessibility - Facility Renovations	1,058	1,058	665	393
DoIT Enterprise Operations Center	736	550	100	450
BHDDH MH & Community Facilities - Asset Protection	200	200	193	7
BHDDH DD & Community Homes - Fire Code	1,620	1,620	1,189	431
BHDDH DD Regional Facilities - Asset Protection	300	300	232	68
BHDDH Group Homes	500	500	452	48
BHDDH Substance Abuse Asset Protection	250	250	105	145
Statewide Facility Master Plan	165	165	93	72
Pastore Center Non-Medical Buildings Asset Protection	2,314	2,314	1,971	343
Medical Examiner Building	500	500	—	500

(Continued)

State of Rhode Island
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Rhode Island Capital Plan
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Executive Office of Commerce				
I-195 Commission	510	510	264	246
Quonset Piers	—	20	—	20
Children, Youth, and Families				
Training School Asset Protection	471	471	122	349
Training School Generators	717	717	644	73
Human Services				
Blind Vending Facilities	68	165	57	108
Behavioral Healthcare, Developmental Disabilities, and Hospitals				
DD Residential Development	100	100	1	99
Hospital Equipment	300	300	—	300
Elementary and Secondary Education				
Davies HVAC	500	127	—	127
Davies Asset Protection	150	150	—	150
Davies School Healthcare Classroom Renovations	500	—	—	—
RI School for the Deaf Asset Protection	250	75	75	—
Met School Asset Protection	250	250	250	—
Public Higher Education				
Higher Education Centers	2,000	—	—	—
OPC Building Asset Protection	341	341	204	137
University of Rhode Island				
Asset Protection	2,455	2,455	2,483	(28)
Fine Arts Center Advanced Planning	2,009	2,009	936	1,073
Rhode Island College				
Asset Protection	4,213	4,213	2,420	1,793
Infrastructure Modernization	959	959	3	956
Community College of Rhode Island				
Asset Protection	738	1,102	1,102	—
Knight Campus Lab Renovation	1,599	1,599	1,539	60
Knight Campus Renewal	1,556	666	664	2
Data Cabling & Power Infrastructure	303	303	—	303
RI Atomic Energy Commission				
RINSC Asset Protection	50	50	45	5
Attorney General				
Building Renovations and Repairs	178	78	24	54
Corrections				
Asset Protection	3,127	3,127	1,569	1,558
High Security Renovations and Repairs	6,765	6,765	4,467	2,298
Judiciary				
Judicial Complexes - HVAC	1,000	1,000	857	143
Judicial Complexes Asset Protection	522	522	522	—
Licht Judicial Complex Restoration	762	762	720	42
Noel Shelled Courtroom Build Out	40	—	—	—

(Continued)

State of Rhode Island
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Rhode Island Capital Plan
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Military Staff				
Military Staff Asset Protection	752	752	555	197
Bristol Readiness Center	192	192	157	35
Joint Force Headquarters Building	1,596	1,596	244	1,352
Public Safety				
DPS Asset Protection	752	752	437	315
Training Academy Upgrades	535	535	19	516
DPS Facilities Master Plan	38	38	38	—
State Police Headquarters Roof Project	588	588	390	198
Emergency Management Agency				
RI Statewide Communications Network	1,494	1,494	1,494	—
Environmental Management				
Blackstone Valley Park Improvements	1,094	594	104	490
Fort Adams Rehabilitation	554	554	330	224
Recreational Facilities Improvement	1,004	1,304	1,146	158
Recreational Facility Asset Protection	250	250	170	80
Galilee Piers Upgrades	9,344	5,344	1,782	3,562
State Recreation Building Demolition	55	55	55	—
Newport Pier	300	150	41	109
Health Department				
Health Laboratories & Medical Examiner Equipment	200	200	196	4
Coastal Resources Management Council				
Narragansett Bay SAMP	89	89	20	69
Green Hill Pond	2	2	1	1
Transportation				
Bike Path Facilities Maintenance	38	38	54	(16)
RIPTA Land and Buildings	661	662	737	(75)
RIPTA Warwick Bus Hub	120	—	—	—
RIPTA Pawtucket Bus Hub	713	713	115	598
RIPTA Providence Transit Connector	40	40	4	36
Welcome Center	176	176	44	132
Maintenance Facilities Improvements	469	469	17	452
Salt Storage Facilities	387	387	(87)	474
Train Station Maintenance and Repairs	328	328	98	230
Less: Insurance Recoveries	(343)	(343)	(343)	—
Total Expenditures	\$ 73,448	\$ 64,934	\$ 38,105	\$ 26,829
Net change in fund balance			87,657	
Fund balance - beginning			\$ 62,168	
Fund balance - ending			<u>\$ 149,825</u>	

(Concluded)

* Revenues are not legislatively adopted, budgeted revenues for these line items are assumed to equal actual amounts.

Certain items included in the budget and actual comparison schedule are presented as transfers to other funds on the Rhode Island Capital Plan financial statements.

Internal Service Funds

Internal Service Funds are used to account for the financing and provision of specified goods and services, on a centralized basis, for other departments and agencies.

Human Resources - accounts for costs of human resource services provided to State agencies.

DCAMM Facilities - accounts for costs of property management and maintenance services provided to State agencies.

Assessed Fringe Benefits - accounts for the biweekly assessment of a percentage applied to salaries and wages to pay for certain fringe benefits, including workers' compensation to State employees injured on the job.

Central Utilities - processes all electric bills for the State and charges the expending department/agency.

Information Technology - accounts for costs of information technology provided to State agencies.

Central Mail - provides for the delivery of mail services for the State.

State Telecommunications - provides telecommunication services for the State, processes all of the telephone bills for the State and charges the expending department/agency.

Automotive Maintenance - approves work orders, pays the corresponding bills for the State's motor vehicle fleet and bills the user department/agency.

Central Warehouse - provides a low-cost centralized distribution center for food for State institutions and local public school districts.

Correctional Industries - provides job training for inmates through prison industries.

Records Center - provides a centralized location for the archival of State documents.

Surplus Property - accounts for the revenues received and the expenses incurred from the disposition of State surplus property.

Health Insurance Active - pays active employee health benefits.

State Fleet Replacement Revolving Loan - used to finance the acquisition of new vehicles by various State agencies, and functions as a revolving loan fund.

Capitol Police - provides security for certain State buildings.

State of Rhode Island
Combining Statement of Net Position
Internal Service Funds
June 30, 2021
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom	Automotive Maintenance
Assets:								
Current assets:								
Cash and cash equivalents	\$ 1,414	\$ 2,629	\$ 4,845	\$ 3,678	\$ —	\$ 486	\$ —	\$ 1,949
Receivables (net)	—	—	1,396	—	—	665	559	646
Due from other funds	221	1,088	—	—	3,527	—	376	—
Inventories	—	—	—	—	—	130	—	261
Other assets	—	—	1,000	—	—	—	—	—
Total current assets	1,635	3,717	7,241	3,678	3,527	1,281	935	2,856
Noncurrent assets:								
Capital assets (net)	—	633	—	—	327	—	36	151
Total noncurrent assets	—	633	—	—	327	—	36	151
Total assets	1,635	4,350	7,241	3,678	3,854	1,281	971	3,007
Liabilities:								
Current liabilities:								
Accounts payable	15	2,778	206	—	391	164	191	741
Due to other funds	—	—	38	—	—	35	—	132
Loans from other funds	—	—	—	3,739	698	—	546	2,000
Other liabilities	1,406	1,080	3,320	5	3,953	190	132	94
Total current liabilities	1,421	3,858	3,564	3,744	5,042	389	869	2,967
Net Position (Deficit):								
Net investment in capital assets	—	633	—	—	327	—	36	151
Unrestricted	214	(141)	3,677	(66)	(1,515)	892	66	(111)
Total net position (deficit)	\$ 214	\$ 492	\$ 3,677	\$ (66)	\$ (1,188)	\$ 892	\$ 102	\$ 40

(Continued)

State of Rhode Island
Combining Statement of Net Position
Internal Service Funds
June 30, 2021
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
Assets:								
Current assets:								
Cash and cash equivalents	\$ 2,898	\$ 552	\$ 758	\$ 57	\$ 11,391	\$ 6,348	\$ —	\$ 37,005
Receivables (net)	12	273	36	—	4,002	222	—	7,811
Due from other funds	60	—	—	—	—	272	—	5,544
Inventories	752	394	—	—	—	—	—	1,537
Other assets	—	—	—	—	3,661	—	—	4,661
Total current assets	3,722	1,219	794	57	19,054	6,842	—	56,558
Noncurrent assets:								
Capital assets (net)	1,970	148	—	—	—	—	—	3,265
Total noncurrent assets	1,970	148	—	—	—	—	—	3,265
Total assets	5,692	1,367	794	57	19,054	6,842	—	59,823
Liabilities:								
Current liabilities:								
Accounts payable	271	197	2	—	13,596	—	—	18,552
Due to other funds	—	41	11	—	5	—	—	262
Loans from other funds	—	1,350	850	—	—	—	17	9,200
Other liabilities	91	279	29	—	350	—	—	10,929
Total current liabilities	362	1,867	892	—	13,951	—	17	38,943
Net Position (Deficit):								
Net investment in capital assets	1,970	148	—	—	—	—	—	3,265
Unrestricted	3,360	(648)	(98)	57	5,103	6,842	(17)	17,615
Total net position (deficit)	\$ 5,330	\$ (500)	\$ (98)	\$ 57	\$ 5,103	\$ 6,842	\$ (17)	\$ 20,880

(Concluded)

State of Rhode Island
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom	Automotive Maintenance
Operating revenues:								
Charges for services	\$ 12,008	\$ 43,462	\$ 43,525	\$ 26,803	\$ 38,720	\$ 7,177	\$ 3,558	\$ 11,858
Total operating revenues	12,008	43,462	43,525	26,803	38,720	7,177	3,558	11,858
Operating expenses:								
Personal services	10,681	11,165	1,049	145	25,365	1,274	976	822
Supplies, materials, and services	1,676	29,094	43,334	26,659	13,461	5,503	2,530	11,419
Depreciation	—	21	—	—	357	1	4	26
Total operating expenses	12,357	40,280	44,383	26,804	39,183	6,778	3,510	12,267
Operating income (loss)	(349)	3,182	(858)	(1)	(463)	399	48	(409)
Nonoperating revenues (expenses):								
Interest revenue	—	—	4	—	—	—	—	2
Other nonoperating revenues (expenses)	—	—	(3)	—	—	—	1	3
Change in net position	(349)	3,182	(857)	(1)	(463)	399	49	(404)
Net position (deficit) - beginning	563	(2,690)	4,534	(65)	(725)	493	53	444
Net position (deficit) - ending	\$ 214	\$ 492	\$ 3,677	\$ (66)	\$ (1,188)	\$ 892	\$ 102	\$ 40

(Continued)

State of Rhode Island
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
Operating revenues:								
Charges for services	\$ 3,937	\$ 2,557	\$ 781	\$ —	\$ 238,478	\$ 1	\$ 660	\$ 433,525
Total operating revenues	3,937	2,557	781	—	238,478	1	660	433,525
Operating expenses:								
Personal services	769	1,754	281	—	1,049	—	622	55,952
Supplies, materials, and services	3,258	1,891	537	2	245,300	265	38	384,967
Depreciation	97	56	—	—	—	—	—	562
Total operating expenses	4,124	3,701	818	2	246,349	265	660	441,481
Operating income (loss)	(187)	(1,144)	(37)	(2)	(7,871)	(264)	—	(7,956)
Nonoperating revenues (expenses):								
Interest revenue	—	—	—	—	13	15	—	34
Other nonoperating revenues (expenses)	—	—	—	—	—	—	—	1
Change in net position	(187)	(1,144)	(37)	(2)	(7,858)	(249)	—	(7,921)
Net position (deficit) - beginning	5,517	644	(61)	59	12,961	7,091	(17)	28,801
Net position (deficit) - ending	\$ 5,330	\$ (500)	\$ (98)	\$ 57	\$ 5,103	\$ 6,842	\$ (17)	\$ 20,880

(Concluded)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom	Automotive Maintenance
Cash flows from operating activities:								
Cash received from customers	\$ 11,593	\$ 43,885	\$ 42,982	\$ 29,026	\$ 46,215	\$ 6,978	\$ 2,919	\$ 11,810
Cash payments to suppliers for goods and services	(1,681)	(28,920)	(43,314)	(26,611)	(15,731)	(5,153)	(2,563)	(11,211)
Cash payments to employees	(10,689)	(11,218)	459	(145)	(25,040)	(1,249)	(954)	(798)
Other operating revenue (expense)	—	—	(3)	—	—	—	—	—
Net cash provided by (used for) operating activities	(777)	3,747	124	2,270	5,444	576	(598)	(199)
Cash flows from noncapital financing activities:								
Loans from other funds	—	(488)	—	—	(5,444)	(90)	547	—
Repayment of loans to other funds	—	—	—	—	—	—	—	—
Repayment of loans from other funds	—	—	—	1,238	—	—	—	—
Net cash provided by (used for) noncapital financing activities	—	(488)	—	1,238	(5,444)	(90)	547	—
Cash flows from capital and related financing activities:								
Acquisition of capital assets	—	(630)	—	—	—	—	(40)	(110)
Net cash provided by (used for) capital and related financing activities	—	(630)	—	—	—	—	(40)	(110)
Cash flows from investing activities:								
Interest on investments	—	—	5	—	—	—	—	3
Net cash provided by (used for) investing activities	—	—	5	—	—	—	—	3
Net increase (decrease) in cash and cash equivalents	(777)	2,629	129	3,508	—	486	(91)	(306)
Cash and cash equivalents - July 1	2,191	—	4,716	170	—	—	91	2,255
Cash and cash equivalents - June 30	\$ 1,414	\$ 2,629	\$ 4,845	\$ 3,678	\$ —	\$ 486	\$ —	\$ 1,949

(Continued)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom	Automotive Maintenance
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ (349)	\$ 3,182	\$ (858)	\$ (1)	\$ (463)	\$ 399	\$ 48	\$ (409)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation	—	21	—	—	357	1	4	27
Other (revenue) expense and transfers (in) out	—	—	(3)	—	—	—	1	3
(Increase) decrease in assets:								
Receivables	(220)	423	(239)	2,223	7,495	(198)	(641)	(163)
Inventory	—	—	—	—	—	245	—	(66)
Prepaid items	—	—	—	—	—	—	—	—
Increase (decrease) in liabilities:								
Accounts payable	(200)	174	(285)	47	(2,271)	105	(32)	386
Accrued expenses	(8)	(53)	1,509	1	326	24	22	23
Total adjustments	(428)	565	982	2,271	5,907	177	(646)	210
Net cash provided by (used for) operating activities	\$ (777)	\$ 3,747	\$ 124	\$ 2,270	\$ 5,444	\$ 576	\$ (598)	\$ (199)

(Continued)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
Cash flows from operating activities:								
Cash received from customers	\$ 4,310	\$ 2,640	\$ 911	\$ —	\$ 240,751	\$ 1	\$ 660	\$ 444,681
Cash payments to suppliers for goods and services	(3,106)	(1,979)	(538)	(2)	(245,051)	—	(38)	(385,898)
Cash payments to employees	(768)	(1,787)	(271)	—	(1,029)	—	(622)	(54,111)
Other operating revenue (expense)	—	—	—	—	—	(265)	—	(268)
Net cash provided by (used for) operating activities	436	(1,126)	102	(2)	(5,329)	(264)	—	4,404
Cash flows from noncapital financing activities:								
Loans from other funds	—	—	—	—	—	774	—	(4,701)
Loans to other funds	2,236	—	—	—	—	—	—	2,236
Repayment of loans to other funds	—	—	—	—	—	(214)	—	(214)
Repayment of loans from other funds	—	300	—	—	—	—	—	1,538
Net cash provided by (used for) noncapital financing activities	2,236	300	—	—	—	560	—	(1,141)
Cash flows from capital and related financing activities:								
Acquisition of capital assets	—	—	—	—	—	—	—	(780)
Net cash provided by (used for) capital and related financing activities	—	—	—	—	—	—	—	(780)
Cash flows from investing activities:								
Interest on investments	—	—	—	—	13	16	—	37
Net cash provided by (used for) investing activities	—	—	—	—	13	16	—	37
Net increase (decrease) in cash and cash equivalents	2,672	(826)	102	(2)	(5,316)	312	—	2,520
Cash and cash equivalents - July 1	226	1,378	656	59	16,707	6,036	—	34,485
Cash and cash equivalents - June 30	\$ 2,898	\$ 552	\$ 758	\$ 57	\$ 11,391	\$ 6,348	\$ —	\$ 37,005

(Continued)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ (187)	\$ (1,144)	\$ (37)	\$ (2)	\$ (7,871)	\$ (264)	\$ —	\$ (7,956)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation	97	56	—	—	—	—	—	563
Other (revenue) expense and transfers (in) out	—	—	—	—	—	—	—	1
(Increase) decrease in assets:								
Receivables	373	124	120	—	2,273	—	—	11,570
Inventory	152	349	—	—	—	—	—	680
Prepaid items	—	—	—	—	—	—	—	—
Increase (decrease) in liabilities:								
Accounts payable	—	(479)	9	—	(2,202)	—	—	(4,748)
Accrued expenses	1	(32)	10	—	2,471	—	—	4,294
Total adjustments	623	18	139	—	2,542	—	—	12,360
Net cash provided by (used for) operating activities	\$ 436	\$ (1,126)	\$ 102	\$ (2)	\$ (5,329)	\$ (264)	\$ —	\$ 4,404

(Concluded)

Trust Funds

Pension Trust Funds

Pension Trust Funds – used to report resources that are required to be held for the members and beneficiaries of the State sponsored pension plans.

Employees' Retirement System – a multiple-employer, cost-sharing, public employee retirement plan for State employees, teachers and certain employees of local school districts.

Municipal Employees' Retirement System – an agent multiple-employer public employee retirement plan for municipal police, firemen and employees of municipalities, housing authorities and water and sewer districts that have elected to participate.

State Police Retirement Benefits Trust – a single-employer public employee retirement plan for State police hired on or after July 1, 1987.

State Police Retirement Fund Trust – a single-employer public employee retirement plan for State police hired prior to July 1, 1987.

Judicial Retirement Benefits Trust – a single-employer public employee retirement plan for State judges appointed after December 31, 1989.

Judicial Retirement Fund Trust – a single-employer public employee retirement plan for State judges appointed before January 1, 1990.

Teachers' Survivors Benefit Plan – a multiple-employer, cost-sharing plan that provides a survivor benefit to certain public school teachers in lieu of Social Security, since not all school districts participate in Social Security.

Defined Contribution Plan – a money purchase plan that operates under Section 401 (a) of the Internal Revenue Code. The plan covers certain members of the Employees' Retirement System, excluding legislators, correctional officers and Municipal Employees' Retirement System police and fire employees who participate in Social Security. Judges and State police officers are also excluded from the plan.

FICA Alternative Retirement Income Security Program – a money purchase plan that operates under Section 401 (a) of the Internal Revenue Code. The plan covers any part-time, seasonal, or temporary employees of the State of Rhode Island hired after July 1, 2013, who are ineligible for participation in the Employees' Retirement System of Rhode Island (ERSRI).

Other Employee Benefit Trust Funds

OPEB Trust Funds – established for the purpose of providing and administering OPEB benefits for retired employees of the State of Rhode Island and their dependents for the classes listed below.

State Employees – covers State employees and certain employees of the Narragansett Bay Commission, RI Airport Corporation, and RI Commerce Corporation.

Teachers – covers certified public school teachers electing to participate.

Judicial – covers judges and magistrates.

State Police – covers retired State police officers.

Trust Funds

Other Employee Benefit Trust Funds

Legislators – covers retired and former members of the General Assembly.

Board of Education – covers certain members of the University and Colleges, primarily faculty.

Private Purpose Trust Funds

Rhode Island Higher Education Savings Trust - (RIHEST) administers the CollegeBound Savers fund which was established as part of the Rhode Island Tuition Savings Program, to enable residents of any state to save money on a tax-advantaged basis to pay qualified higher education expenses of their designated beneficiaries.

Touro Jewish Synagogue Fund - accounts for the earnings on monies bequeathed to the State for the purpose of maintaining the Touro Jewish Synagogue.

ABLE Consortium Trust - administers funds for eligible individuals with qualifying disabilities to save for disability related expenses in a tax-advantaged way. The Trust was established as part of the Tax Increase Prevention Act of 2014

HealthSource RI Trust - collects health and dental insurance premium payments from qualified employers and individuals and pays such premium payments to qualified health plans offered through an exchange.

State of Rhode Island
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefits Trust Funds
June 30, 2021
(Expressed in Thousands)

	Pension Trust	Other Employee Benefits Trust	Totals
Assets			
Cash and cash equivalents	\$ 9,527	\$ 5,945	\$ 15,472
Receivables			
Contributions	17,166	2,062	19,228
Due from State for teachers	24,092	—	24,092
Due from other plans	1,331	—	1,331
Other	1,101	—	1,101
Total receivables	43,690	2,062	45,752
Prepaid expenses	2,806	—	2,806
Investments, at fair value			
Equity in pooled trust	10,505,412	532,418	11,037,830
Other investments	1,620,178	—	1,620,178
Total investments	12,125,590	532,418	12,658,008
Total assets	12,181,613	540,425	12,722,038
Liabilities			
Accounts payable	5,117	281	5,398
Due to other plans	1,331	—	1,331
Incurred but not reported claims	—	1,005	1,005
Other	—	6,463	6,463
Total liabilities	6,448	7,749	14,197
Fiduciary Net position restricted for pension and other postemployment benefits	\$ 12,175,165	\$ 532,676	\$ 12,707,841

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefits Trust Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Pension Trust	Other Employee Benefits Trust	Totals
Additions			
Contributions			
Member contributions	\$ 213,948	\$ 1,763	\$ 215,711
Employer contributions	484,095	51,198	535,293
New employer contributions	1,232	—	1,232
Supplemental employer contributions	197	—	197
State contributions for teachers	112,623	—	112,623
Interest on service credits purchased	98	—	98
Service credit transfer payments	18,269	—	18,269
Total contributions	830,462	52,961	883,423
Other income	15	1,615	1,630
Investment income			
Increase in fair value of investments	2,700,602	104,283	2,804,885
Interest	48,700	1,031	49,731
Dividends	72,779	—	72,779
Other investment income	956	—	956
	2,823,037	105,314	2,928,351
Less investment expense	187,804	236	188,040
Net investment income	2,635,233	105,078	2,740,311
Total additions	3,465,710	159,654	3,625,364
Deductions			
Retirement benefits	975,612	—	975,612
Death benefits	3,781	—	3,781
Distributions	32,261	—	32,261
Refund of contributions	4,811	—	4,811
Administrative expense	10,755	77	10,832
Service credit transfers	18,269	—	18,269
OPEB benefits	—	30,984	30,984
Total deductions	1,045,489	31,061	1,076,550
Net Increase	2,420,221	128,593	2,548,814
Net position restricted for pension and other postemployment benefits			
Fiduciary Net position - beginning	9,754,944	404,083	10,159,027
Fiduciary Net position - ending	\$ 12,175,165	\$ 532,676	\$ 12,707,841

State of Rhode Island
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2021
(Expressed in Thousands)

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	State Police Retirement Fund Trust	Judicial Retirement Benefits Trust	Judicial Retirement Fund Trust	Teachers' Survivors Benefit Plan	Defined Contribution Plan	FICA Alternative Retirement Program	Totals
Assets										
Cash and cash equivalents	\$ 5,574	\$ 1,087	\$ 1,464	\$ 73	\$ 165	\$ 555	\$ 609	\$ —	\$ —	9,527
Receivables										
Contributions	15,854	1,310	—	—	—	—	2	—	—	17,166
Due from State for teachers	24,092	—	—	—	—	—	—	—	—	24,092
Due from other plans	751	580	—	—	—	—	—	—	—	1,331
Other	902	135	2	20	—	37	5	—	—	1,101
Total receivables	41,599	2,025	2	20	—	37	7	—	—	43,690
Prepaid expenses	2,171	472	37	6	19	—	101	—	—	2,806
Investments, at fair value										
Equity in Pooled Trust	7,684,124	2,077,567	194,868	23,412	101,220	828	423,393	—	—	10,505,412
Other-Defined Contribution Plan	—	—	—	—	—	—	—	1,615,725	4,453	1,620,178
Total investments	7,684,124	2,077,567	194,868	23,412	101,220	828	423,393	1,615,725	4,453	12,125,590
Total assets	7,733,468	2,081,151	196,371	23,511	101,404	1,420	424,110	1,615,725	4,453	12,181,613
Liabilities										
Accounts payable	4,020	850	66	12	32	—	137	—	—	5,117
Due to other plans	580	751	—	—	—	—	—	—	—	1,331
Total liabilities	4,600	1,601	66	12	32	—	137	—	—	6,448
Fiduciary Net position restricted for pension benefits	\$ 7,728,868	\$ 2,079,550	\$ 196,305	\$ 23,499	\$ 101,372	\$ 1,420	\$ 423,973	\$ 1,615,725	\$ 4,453	\$ 12,175,165

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	State Police Retirement Fund Trust	Judicial Retirement Benefits Trust	Judicial Retirement Fund Trust	Teachers' Survivors Benefit Plan	Defined Contribution Plan	FICA Alternative Retirement Program	Totals
Additions										
Contributions										
Member contributions	\$ 88,818	\$ 19,495	\$ 2,324	\$ —	\$ 1,215	\$ 126	\$ 736	\$ 100,919	\$ 315	\$ 213,948
Employer contributions	368,035	60,404	5,241	16,387	2,246	399	736	30,647	—	484,095
New employer contributions	—	1,232	—	—	—	—	—	—	—	1,232
Supplemental employer contributions	197	—	—	—	—	—	—	—	—	197
State contributions for teachers	112,623	—	—	—	—	—	—	—	—	112,623
Interest on service credits purchased	74	8	16	—	—	—	—	—	—	98
Service credit transfers (net)	7,185	11,084	—	—	—	—	—	—	—	18,269
Total contributions	576,932	92,223	7,581	16,387	3,461	525	1,472	131,566	315	830,462
Investment income										
Increase in fair value of investments	1,726,594	463,216	43,094	6,305	22,465	183	94,751	343,994	—	2,700,602
Interest	35,708	9,551	888	129	463	4	1,957	—	—	48,700
Dividends	53,007	14,183	1,319	187	688	6	2,905	484	—	72,779
Other investment income	—	—	—	—	—	—	—	—	956	956
	1,815,309	486,950	45,301	6,621	23,616	193	99,613	344,478	956	2,823,037
Less investment expense	137,320	37,172	3,460	477	1,801	15	7,559	—	—	187,804
Net investment income	1,677,989	449,778	41,841	6,144	21,815	178	92,054	344,478	956	2,635,233
Miscellaneous revenue										
	9	1	—	—	—	—	—	5	—	15
Total additions	2,254,930	542,002	49,422	22,531	25,276	703	93,526	476,049	1,271	3,465,710
Deductions										
Retirement benefits	825,477	111,964	6,872	16,269	3,983	396	10,651	—	—	975,612
Death benefits	2,899	882	—	—	—	—	—	—	—	3,781
Distributions	—	—	—	—	—	—	—	32,062	199	32,261
Refund of contributions	3,403	603	—	—	—	—	805	—	—	4,811
Administrative expense	6,817	1,714	154	19	79	—	356	1,555	61	10,755
Service credit transfers (net)	7,014	11,255	—	—	—	—	—	—	—	18,269
Total deductions	845,610	126,418	7,026	16,288	4,062	396	11,812	33,617	260	1,045,489
Net increase	1,409,320	415,584	42,396	6,243	21,214	307	81,714	442,432	1,011	2,420,221
Net position restricted for pension benefits										
Fiduciary Net position - beginning	6,319,548	1,663,966	153,909	17,256	80,158	1,113	342,259	1,173,293	3,442	9,754,944
Fiduciary Net position - ending	\$ 7,728,868	\$ 2,079,550	\$ 196,305	\$ 23,499	\$ 101,372	\$ 1,420	\$ 423,973	\$ 1,615,725	\$ 4,453	\$ 12,175,165

State of Rhode Island
Combining Statement of Fiduciary Net Position
Other Employee Benefit Trust Funds
June 30, 2021
(Expressed in Thousands)

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education	Totals
Assets							
Cash and cash equivalents	\$ 3,113	\$ 636	\$ 657	\$ 775	\$ 226	\$ 538	5,945
Receivables							
Contributions Receivable	1,567	14	4	256	10	211	2,062
Investments at fair value - equity in pooled trust	358,092	16,449	5,324	85,646	4,047	62,860	532,418
Total assets	362,772	17,099	5,985	86,677	4,283	63,609	540,425
Liabilities							
Accounts payable	121	2	7	35	8	108	281
Incurred but not reported claims	636	81	3	178	13	94	1,005
Due to other funds	52	2	1	12	1	9	77
Other	6,386	—	—	—	—	—	6,386
Total liabilities	7,195	85	11	225	22	211	7,749
Fiduciary Net position restricted for other postemployment benefits	\$ 355,577	\$ 17,014	\$ 5,974	\$ 86,452	\$ 4,261	\$ 63,398	\$ 532,676

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education	Totals
Additions							
Contributions							
Member contributions	—	\$ —	\$ —	\$ —	\$ —	1,763	\$ 1,763
Employer contributions	41,025	—	—	6,178	—	3,995	51,198
	41,025	—	—	6,178	—	5,758	52,961
Other income	1,165	108	25	223	54	40	1,615
Investment income							
Increase in fair value of investments	69,777	3,347	1,071	16,911	847	12,330	104,283
Interest and dividends	687	36	11	168	9	120	1,031
	70,464	3,383	1,082	17,079	856	12,450	105,314
Less investment expense	159	7	2	38	2	28	236
Net investment income	70,305	3,376	1,080	17,041	854	12,422	105,078
Total additions	112,495	3,484	1,105	23,442	908	18,220	159,654
Deductions							
Benefits	23,771	899	(57)	3,388	164	2,819	30,984
Administrative expense	52	2	1	12	1	9	77
Total deductions	23,823	901	(56)	3,400	165	2,828	31,061
Net increase	88,672	2,583	1,161	20,042	743	15,392	128,593
Net position restricted for other postemployment benefits							
Fiduciary Net position - beginning	266,905	14,431	4,813	66,410	3,518	48,006	404,083
Fiduciary Net position - ending	\$ 355,577	\$ 17,014	\$ 5,974	\$ 86,452	\$ 4,261	\$ 63,398	\$ 532,676

State of Rhode Island
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2021
(Expressed in Thousands)

	Tuition Savings Program	Touro Jewish Synagogue	ABLE Trust	Health Source RI Trust	Totals
Assets					
Cash and cash equivalents	\$ 5,293	\$ —	\$ —	\$ 3,559	\$ 8,852
Receivables					
Program investments sold	3,782	—	1	—	3,783
Investments, at fair value	5,404,933	4,144	2,428	—	5,411,505
Total assets	5,414,008	4,144	2,429	3,559	5,424,140
Liabilities					
Accounts payable	10,120	—	1	3,559	13,680
Total liabilities	10,120	—	1	3,559	13,680
Net position					
Restricted for:					
Tuition Savings Program	5,403,888	—	—	—	5,403,888
Other	—	4,144	2,428	—	6,572
Total net position	\$ 5,403,888	\$ 4,144	\$ 2,428	\$ —	\$ 5,410,460

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Tuition Savings Program	Touro Jewish Synagogue	ABLE Trust	Health Source RI Trust	Totals
Additions					
Program participant subscriptions	\$ 270,417	\$ —	\$ 1,327	\$ 101,327	\$ 373,071
Investment income					
Increase in fair value of investments	605,725	1,018	—	—	606,743
Dividends and interest	148,730	42	214	—	148,986
Total additions	1,024,872	1,060	1,541	101,327	1,128,800
Deductions					
Program participant redemptions	765,032	—	410	101,327	866,769
Administrative expense	20,812	108	—	—	20,920
Total deductions	785,844	108	410	101,327	887,689
Change in net position restricted for:					
Tuition Savings Program	239,028	—	—	—	239,028
Other	—	952	1,131	—	2,083
Net position - beginning (as restated)	5,164,860	3,192	1,297	—	5,169,349
Net position - ending	<u>\$ 5,403,888</u>	<u>\$ 4,144</u>	<u>\$ 2,428</u>	<u>\$ —</u>	<u>\$ 5,410,460</u>

Custodial Funds

Custodial Funds – used to report resources held by the State in a purely custodial capacity.

Confiscated Property – accounts for confiscation of assets or property derived from suspected criminal activity.

Statutory Deposits – accounts for deposits required from financial institutions, principally insurance companies, doing business within the State.

Funds Held for Hospital Patients – accounts for funds deposited to benefit those patients in State care.

Funds Held for Developmentally Disabled Individuals – accounts for funds deposited to benefit those individuals in State care.

Workers' Compensation Insurance Bond Deposits – accounts for bonds the State requires to be posted prior to the dissolution of a business by employers that are self insured for workers' compensation insurance.

Inmate Accounts – accounts for inmate wages earned and deposits made by others for the benefit of specific inmates.

Unclaimed Property – accounts for funds abandoned or unclaimed by rightful owner for a specific period of time.

State of Rhode Island
Combining Statement of Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Confiscated Property	Statutory Deposits	Funds Held for Hospital Patients	Funds Held for Developmentally Disabled Individuals	Workers' Compensation Insurance Bond Deposits	Inmate Accounts	Unclaimed Property	Total
Assets:								
Current Assets:								
Deposits held for others	\$ —	\$ 57,104	\$ —	\$ —	\$ —	\$ —	\$ —	57,104
Other Assets	2,898	—	657	785	2,561	2,584	11,774	21,259
Total current assets	2,898	57,104	657	785	2,561	2,584	11,774	78,363
Total Assets	2,898	57,104	657	785	2,561	2,584	11,774	78,363
Liabilities:								
Current Liabilities:								
Unclaimed Property Claims	—	—	—	—	—	—	1,529	1,529
Due to inmates and beneficiaries	—	—	12	—	—	496	—	508
Total current liabilities	—	—	12	—	—	496	1,529	2,037
Total Liabilities	—	—	12	—	—	496	1,529	2,037
Net Position:								
Restricted	2,898	57,104	645	785	2,561	2,088	10,245	76,326
Total Net Position	\$ 2,898	\$ 57,104	\$ 645	\$ 785	\$ 2,561	\$ 2,088	\$ 10,245	\$ 76,326

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Confiscated Property	Statutory Deposits	Funds Held for Hospital Patients	Funds Held for Developmentally Disabled Individuals	Workers' Compensation Insurance Bond Deposits	Inmate Accounts	Unclaimed Property	Total
Additions:								
Confiscated assets	\$ 1,520	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,520
Statutory deposits	—	3,866	—	—	—	—	—	3,866
Deposits for patients, clients and inmates	—	—	953	1,741	—	7,386	—	10,080
Unclaimed property	—	—	—	—	—	—	35,571	35,571
Interest and investment income	—	1,423	—	—	6	—	—	1,429
Total additions	1,520	5,289	953	1,741	6	7,386	35,571	52,466
Deductions:								
Change in fair value	—	2,540	—	—	—	—	—	2,540
Payments of confiscated assets	909	—	—	—	—	—	—	909
Return of statutory deposits	—	5,473	—	—	—	—	—	5,473
Payments made on behalf of patients, clients and inmates	—	—	1,089	1,454	—	6,763	—	9,306
Transfer of unclaimed funds to the General Fund	—	—	—	—	—	—	18,107	18,107
Return of unclaimed property	—	—	—	—	—	—	13,470	13,470
Total deductions	909	8,013	1,089	1,454	—	6,763	31,577	49,805
Change in restricted net position	611	(2,724)	(136)	287	6	623	3,994	2,661
Restricted net position-beginning, as restated	\$ 2,287	\$ 59,828	\$ 781	\$ 498	\$ 2,555	\$ 1,465	\$ 6,251	\$ 73,665
Restricted net position-ending	\$ 2,898	\$ 57,104	\$ 645	\$ 785	\$ 2,561	\$ 2,088	\$ 10,245	\$ 76,326

State of Rhode Island
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2021
(Expressed in Thousands)

	CFSD	The Met	DHEA	RIHMFC	RIIFC	RIIRBA
Assets and deferred outflows of resources						
Current Assets:						
Cash and cash equivalents	\$ 3,030	\$ 12,624	\$ —	\$ 4,105	\$ 16	\$ 1,123
Investments	—	—	414	—	—	—
Receivables (net)	411	1,749	—	3,142	85	—
Restricted assets:						
Cash and cash equivalents	1,513	—	6,586	346,007	—	—
Investments	—	—	—	121,055	—	—
Receivables (net)	—	—	—	—	—	—
Other assets	—	—	—	44,573	—	—
Due from primary government	512	1,610	2,622	—	—	—
Due from other governments	3,718	—	—	472	—	—
Due from other component units	—	—	—	—	247	—
Inventories	—	—	—	—	—	—
Other assets	504	9	4	5,781	3	6
Total current assets	9,688	15,992	9,626	525,135	351	1,129
Noncurrent Assets:						
Investments	—	—	—	—	—	—
Receivables (net)	—	—	—	10,511	—	—
Restricted assets:						
Cash and cash equivalents	—	—	—	—	—	—
Investments	—	—	—	556,407	—	—
Receivables (net)	—	—	—	—	—	—
Other assets	4,760	—	—	1,287,418	—	—
Capital assets - nondepreciable	—	364	194	—	—	—
Capital assets - depreciable (net)	4,496	221	30	—	—	—
Due from other component units	—	—	—	—	—	—
Other assets, net of amortization	—	—	—	189,888	—	—
Total noncurrent assets	9,256	585	224	2,044,224	—	—
Total assets	18,944	16,577	9,850	2,569,359	351	1,129
Deferred outflows of resources	10,723	—	269	2,985	—	—

(Continued)

State of Rhode Island
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2021
(Expressed in Thousands)

	CFSD	The Met	DHEA	RIHMFC	RIIFC	RIIRBA
Liabilities and deferred inflows of resources						
Current liabilities:						
Accounts payable	4,166	2,071	4	2,126	7	—
Notes Payable	—	—	—	74,460	—	—
Due to primary government	—	—	—	—	—	—
Due to other component units	—	—	—	—	99	299
Unearned revenue	—	—	—	—	3	—
Other liabilities	104	—	—	258,405	—	453
Compensated absences	54	—	9	—	—	—
Current portion of long-term debt	38	—	—	37,048	—	—
Total current liabilities	4,362	2,071	13	372,039	109	752
Noncurrent liabilities:						
Unearned revenue	—	—	—	—	18	—
Notes payable	—	—	—	180,553	—	—
Loans payable	—	—	—	—	—	—
Obligations under capital leases	137	—	—	—	—	—
Net pension liability	36,847	—	277	—	—	—
Net OPEB liability	11,819	—	35	9,508	—	—
Other liabilities	—	—	—	236,645	—	1,825
Compensated absences	941	—	20	1,978	—	—
Bonds payable	—	—	—	1,379,366	—	—
Total noncurrent liabilities	49,744	—	332	1,808,050	18	1,825
Total liabilities	54,106	2,071	345	2,180,089	127	2,577
Deferred inflows of resources	5,814	—	1,435	1,366	—	—
Net position (deficit)						
Net investment in capital assets	4,321	585	224	9,866	—	—
Restricted for:						
Debt	—	—	—	282,886	—	—
Other	2,500	2,127	8,115	—	—	—
Other nonexpendable	—	—	—	—	—	—
Unrestricted	(37,074)	11,794	—	98,137	224	(1,448)
Net position (deficit)	\$ (30,253)	\$ 14,506	\$ 8,339	\$ 390,889	\$ 224	\$ (1,448)

(Continued)

State of Rhode Island
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2021
(Expressed in Thousands)

	RIRRC	QDC	RIIB	RIHEBC	Totals
Assets and deferred outflows of resources					
Current Assets:					
Cash and cash equivalents	\$ 64,725	\$ 738	\$ 6,292	\$ 7,836	\$ 100,489
Investments	—	—	—	—	414
Receivables (net)	6,232	5,355	11,054	223	28,251
Restricted assets:					
Cash and cash equivalents	—	13,704	298,898	250	666,958
Investments	—	—	29,782	—	150,837
Receivables (net)	—	—	106,298	—	106,298
Other assets	—	—	—	—	44,573
Due from primary government	—	2,604	—	—	7,348
Due from other governments	—	—	—	—	4,190
Due from other component units	—	235	—	—	482
Inventories	2,264	—	—	—	2,264
Other assets	806	304	163	66	7,646
Total current assets	<u>74,027</u>	<u>22,940</u>	<u>452,487</u>	<u>8,375</u>	<u>1,119,750</u>
Noncurrent Assets:					
Investments	—	—	—	—	—
Receivables (net)	—	41	65,732	508	76,792
Restricted assets:					
Cash and cash equivalents	—	7,971	—	—	7,971
Investments	127,507	—	—	—	683,914
Receivables (net)	—	—	1,104,674	—	1,104,674
Other assets	—	1,338	—	—	1,293,516
Capital assets - nondepreciable	31,329	180,099	—	—	211,986
Capital assets - depreciable (net)	59,170	122,788	87	27	186,819
Due from other component units	—	923	—	—	923
Other assets, net of amortization	3,440	—	—	—	193,328
Total noncurrent assets	<u>221,446</u>	<u>313,160</u>	<u>1,170,493</u>	<u>535</u>	<u>3,759,923</u>
Total assets	<u>295,473</u>	<u>336,100</u>	<u>1,622,980</u>	<u>8,910</u>	<u>4,879,673</u>
Deferred outflows of resources	<u>72</u>	<u>554</u>	<u>5,219</u>	<u>—</u>	<u>19,822</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2021
(Expressed in Thousands)

	RIRRC	QDC	RIIB	RIHEBC	Totals
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	8,296	5,801	462	—	22,933
Notes Payable	250	—	—	—	74,710
Due to primary government	—	—	—	168	168
Due to other component units	—	—	—	—	398
Unearned revenue	—	8,967	—	—	8,970
Other liabilities	976	8,485	124,655	56	393,134
Compensated absences	537	—	—	—	600
Current portion of long-term debt	4,394	1,679	62,632	—	105,791
Total current liabilities	<u>14,453</u>	<u>24,932</u>	<u>187,749</u>	<u>224</u>	<u>606,704</u>
Noncurrent liabilities:					
Unearned revenue	—	1,360	—	—	1,378
Notes payable	1,643	—	—	—	182,196
Loans payable	—	12,882	—	—	12,882
Obligations under capital leases	—	—	—	—	137
Net pension liability	—	—	—	—	37,124
Net OPEB liability	694	—	—	—	22,056
Other liabilities	123,161	—	49,114	—	410,745
Compensated absences	—	—	—	—	2,939
Bonds payable	4,517	15,569	612,009	—	2,011,461
Total noncurrent liabilities	<u>130,015</u>	<u>29,811</u>	<u>661,123</u>	<u>—</u>	<u>2,680,918</u>
Total liabilities	<u>144,468</u>	<u>54,743</u>	<u>848,872</u>	<u>224</u>	<u>3,287,622</u>
Deferred inflows of resources	<u>131</u>	<u>677</u>	<u>2,048</u>	<u>—</u>	<u>11,471</u>
Net position (deficit)					
Net investment in capital assets	83,816	280,728	87	27	379,654
Restricted for:					
Debt	—	—	—	—	282,886
Other	3,371	10	750,048	250	766,421
Other nonexpendable	—	—	—	—	—
Unrestricted	63,759	496	27,144	8,409	171,441
Net position (deficit)	<u>\$ 150,946</u>	<u>\$ 281,234</u>	<u>\$ 777,279</u>	<u>\$ 8,686</u>	<u>\$1,600,402</u>

(Concluded)

State of Rhode Island
Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	CFSD	The Met	DHEA	RIHMFC	RIIFC	RIIRBA	RIRRC	QDC	RIIB	RIHEBC	Totals
Expenses	\$ 56,464	\$ 16,038	\$ 11,394	\$ 126,114	\$ 95	\$ (93)	\$ 55,700	\$ 16,346	\$ 27,546	\$ 2,432	\$ 312,036
Program revenues:											
Charges for services	2,003	4,772	—	100,810	104	145	58,986	17,268	6,284	2,558	192,930
Operating grants and contributions	54,094	11,688	5,579	23,553	—	—	—	—	247	—	95,161
Capital grants and contributions	3,280	—	—	—	—	—	—	29,763	25,366	—	58,409
Total program revenues	59,377	16,460	5,579	124,363	104	145	58,986	47,031	31,897	2,558	346,500
Net (Expenses) Revenues	2,913	422	(5,815)	(1,751)	9	238	3,286	30,685	4,351	126	34,464
General revenues:											
Interest and investment earnings	—	57	48	24,085	—	—	3,169	8	23,220	7	50,594
Miscellaneous revenues	721	30	—	—	—	—	1,542	—	—	13	2,306
Gain (Loss) on sale of capital assets	—	—	—	—	—	—	—	(2,316)	—	—	(2,316)
Total general revenues	721	87	48	24,085	—	—	4,711	(2,308)	23,220	20	50,584
Change in net position	3,634	509	(5,767)	22,334	9	238	7,997	28,377	27,571	146	85,048
Net position (deficit) - beginning as restated	(33,887)	13,997	14,106	368,555	215	(1,686)	142,949	252,857	749,708	8,540	1,515,354
Net Position - ending	\$ (30,253)	\$ 14,506	\$ 8,339	\$ 390,889	\$ 224	\$ (1,448)	\$ 150,946	\$ 281,234	\$ 777,279	\$ 8,686	\$ 1,600,402

Statistical Section



State of Rhode Island
Annual Comprehensive Financial Report
Fiscal year ended June 30, 2021

2021

Statistical Section

Index

This part of the State's annual comprehensive financial report presents detailed information as to the context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

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These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	
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These schedules contain information to help the reader assess the State's most significant taxes, income and sales.	
Debt Capacity Information	296
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	
Demographic and Economic Information	298
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	
Operating Information	301
These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports of the relevant year.

Note: When applicable, financial data has been reported at restated amounts in the Statistical Section.

State of Rhode Island
Schedule of Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities**										
Net investment in capital assets	\$ 4,049,759	\$ 3,845,461	\$ 3,554,559	\$ 3,356,040	\$ 3,212,380	\$ 3,063,506	\$ 2,934,439	\$ 2,706,209	\$ 2,486,783	\$ 2,302,368
Restricted *	709,429	460,163	850,784	584,682	920,232	733,280	841,777	799,274	775,758	576,387
Unrestricted *	(4,595,435)	(4,929,281)	(5,124,876)	(4,702,373)	(5,035,275)	(4,333,487)	(4,380,849)	(4,454,382)	(1,436,799)	(1,337,807)
Total governmental activities net position (deficit)	\$ 163,753	\$ (623,657)	\$ (719,533)	\$ (761,651)	\$ (902,663)	\$ (536,701)	\$ (604,633)	\$ (948,899)	\$ 1,825,742	\$ 1,540,948
Business-type activities										
Net investment in capital assets	\$ (29,662)	\$ (31,295)	\$ (42,225)	\$ (50,807)	\$ (53,682)	\$ (57,493)	\$ (61,956)	\$ (62,060)	\$ (67,394)	\$ (64,492)
Restricted	231,685	366,561	561,601	471,070	384,198	283,901	155,682	33,795	8,340	9,308
Unrestricted	(22,886)	(28,309)	(27,981)	(26,437)	(23,285)	(19,970)	(21,312)	(19,991)	(86,571)	(157,396)
Total business-type activities net position (deficit)	\$ 179,137	\$ 306,957	\$ 491,395	\$ 393,826	\$ 307,231	\$ 206,438	\$ 72,414	\$ (48,256)	\$ (145,625)	\$ (212,580)
Primary government										
Net investment in capital assets	\$ 4,020,097	\$ 3,814,166	\$ 3,512,334	\$ 3,305,233	\$ 3,158,698	\$ 3,006,013	\$ 2,872,483	\$ 2,644,149	\$ 2,419,389	\$ 2,237,876
Restricted *	941,114	826,724	1,412,385	1,055,752	1,304,430	1,017,181	997,459	833,069	784,098	585,695
Unrestricted *	(4,618,321)	(4,957,590)	(5,152,857)	(4,728,810)	(5,058,560)	(4,353,457)	(4,402,161)	(4,474,373)	(1,523,370)	(1,495,203)
Total primary government net position (deficit)	\$ 342,890	\$ (316,700)	\$ (228,138)	\$ (367,825)	\$ (595,432)	\$ (330,263)	\$ (532,219)	\$ (997,155)	\$ 1,680,117	\$ 1,328,368

* Reclassifications from fiscal years 2012 through 2015 were made to conform with current presentation.

** Reclassification of fund balance categories was done for 2020 to confirm with current presentation

State of Rhode Island
Schedule of Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 1,399,797	\$ 914,244	\$ 843,756	\$ 751,362	\$ 753,011	\$ 769,469	\$ 695,611	\$ 736,911	\$ 625,081	\$ 653,003
Health and human services	4,959,473	4,361,236	4,063,865	3,965,185	3,802,311	3,652,875	3,631,236	3,302,590	3,038,841	2,970,269
Education	1,929,835	1,802,009	1,803,273	1,708,408	1,619,343	1,595,289	1,472,786	1,399,347	1,364,575	1,334,355
Public safety	610,263	586,841	580,367	433,815	551,000	545,329	478,854	478,826	473,580	468,098
Natural resources	96,158	103,506	103,477	97,253	90,082	87,537	83,979	80,690	76,730	85,039
Transportation	375,266	365,022	426,522	403,365	350,585	343,270	283,085	298,626	300,639	268,523
Interest and other charges	98,595	102,687	99,971	92,231	109,664	83,899	121,845	129,421	129,714	145,964
Total governmental activities	9,469,387	8,235,545	7,921,231	7,451,619	7,275,996	7,077,668	6,767,396	6,426,411	6,009,160	5,925,251
Business-type activities:										
Lottery	773,867	600,854	680,356	521,594	510,302	507,199	484,293	462,153	397,625	399,421
Convention Center	33,499	46,544	51,698	52,684	50,658	48,905	48,628	49,255	48,437	49,439
Employment Security	2,058,867	1,424,693	148,430	149,227	155,672	157,018	167,527	257,145	396,909	559,440
Total business-type activities	2,866,233	2,072,091	880,484	723,505	716,632	713,122	700,448	768,553	842,971	1,008,300
Total primary government expenses	\$ 12,335,620	\$ 10,307,636	\$ 8,801,715	\$ 8,175,124	\$ 7,992,628	\$ 7,790,790	\$ 7,467,844	\$ 7,194,964	\$ 6,852,131	\$ 6,933,551
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 253,378	\$ 261,568	\$ 273,477	\$ 240,236	\$ 224,704	\$ 229,659	\$ 209,005	\$ 212,275	\$ 220,376	\$ 212,750
Health and human services	306,969	394,744	294,852	274,115	252,678	266,091	246,604	229,047	227,158	204,287
Education	40,478	34,724	45,262	34,357	32,250	29,749	29,775	27,617	26,840	26,044
Public safety	41,677	33,909	35,122	38,239	22,070	45,245	39,709	44,192	47,075	37,339
Natural resources	34,447	30,840	30,579	28,429	28,980	28,655	29,258	27,259	28,975	26,060
Transportation	58,163	41,701	34,663	25,929	23,857	25,354	22,806	7,199	1,076	1,660
Operating grants and contributions	4,697,836	3,159,368	2,817,912	2,784,544	2,747,631	2,677,431	2,666,243	2,403,772	2,211,800	2,194,892
Capital grants and contributions	282,976	288,421	295,979	207,673	230,956	178,628	217,604	228,649	190,551	210,720
Total governmental activities program revenues	5,715,924	4,245,275	3,827,846	3,633,522	3,563,126	3,480,812	3,461,004	3,180,010	2,953,851	2,913,752
Business-type activities:										
Charges for services	1,305,481	1,113,028	1,332,911	1,142,564	1,151,505	1,177,083	1,163,752	1,127,206	1,055,070	1,056,285
Operating grants and contributions	1,693,345	1,010,408	1,278	1,259	1,373	1,558	839	53,146	166,164	278,671
Total business-type activities program revenues	2,998,826	2,123,436	1,334,189	1,143,823	1,152,878	1,178,641	1,164,591	1,180,352	1,221,234	1,334,956
Total primary government program revenues	\$ 8,714,750	\$ 6,368,711	\$ 5,162,035	\$ 4,777,345	\$ 4,716,004	\$ 4,659,453	\$ 4,625,595	\$ 4,360,362	\$ 4,175,085	\$ 4,248,708

(Continued)

State of Rhode Island
Schedule of Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expenses)/Revenues										
Governmental activities	\$ (3,753,463)	\$ (3,990,270)	\$ (4,093,385)	\$ (3,818,097)	\$ (3,712,870)	\$ (3,596,856)	\$ (3,306,392)	\$ (3,246,401)	\$ (3,055,309)	\$ (3,011,499)
Business-type activities	132,593	51,345	453,705	420,318	436,246	465,519	464,143	411,799	378,263	326,656
Total primary government net expenses	\$ (3,620,870)	\$ (3,938,925)	\$ (3,639,680)	\$ (3,397,779)	\$ (3,276,624)	\$ (3,131,337)	\$ (2,842,249)	\$ (2,834,602)	\$ (2,677,046)	\$ (2,684,843)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 4,143,930	\$ 3,693,329	\$ 3,609,427	\$ 3,474,545	\$ 3,308,575	\$ 3,266,347	\$ 3,206,935	\$ 2,980,387	\$ 2,870,969	\$ 2,824,368
Interest and investment earnings	3,110	12,884	19,028	10,548	6,313	3,134	3,212	4,852	4,893	4,304
Miscellaneous	109,667	142,310	101,495	124,370	146,205	90,836	107,382	108,398	143,240	118,506
Gain on sale of capital assets	8,326	—	—	—	598	4,693	993	953	3,757	—
Special items	—	—	—	—	—	—	(5,000)	—	—	—
Transfers	275,840	251,466	368,236	343,273	338,978	335,765	345,190	332,824	333,804	344,386
Payments from component units	—	—	—	—	—	—	—	—	—	—
Total governmental activities	4,540,873	4,099,989	4,098,186	3,952,736	3,800,669	3,700,775	3,658,712	3,427,414	3,356,663	3,291,564
Business-type activities:										
Interest and investment earnings	156	764	639	604	312	164	186	109	117	94
Miscellaneous	15,271	14,148	11,461	8,946	6,814	4,106	1,531	31,208	24,490	16,564
Transfers	(275,840)	(251,466)	(368,236)	(343,273)	(338,978)	(335,765)	(345,190)	(332,824)	(333,804)	(344,386)
Total business-type activities	(260,413)	(236,554)	(356,136)	(333,723)	(331,852)	(331,495)	(343,473)	(301,507)	(309,197)	(327,728)
Total primary government	4,280,460	3,863,435	3,742,050	3,619,013	3,468,817	3,369,280	3,315,239	3,125,907	3,047,466	2,963,836
Changes in Net Position										
Governmental activities	787,410	109,719	4,801	134,639	87,799	103,919	352,320	181,013	301,354	280,065
Business-type activities	(127,820)	(185,209)	97,569	86,595	104,394	134,024	120,670	110,292	69,066	(1,072)
Total primary government	659,590	(75,490)	102,370	221,234	192,193	237,943	472,990	291,305	370,420	278,993

(Continued)

State of Rhode Island
Schedule of Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Position (deficit), beginning of year as restated										
Governmental activities	\$ (623,657)	\$ (719,533)	\$ (761,651)	\$ (902,663)	\$ (536,701)	\$ (604,633)	\$ (948,899)	\$ 1,825,742	\$ 1,540,948	\$ 1,138,430
Business-type activities	306,957	491,395	393,826	307,231	206,438	72,414	(48,256)	(145,625)	(212,580)	(211,508)
Total primary government	(316,700)	(228,138)	(367,825)	(595,432)	(330,263)	(532,219)	(997,155)	1,680,117	1,328,368	926,922
Effect of Restatement in Subsequent Period										
Governmental activities	—	(13,843)	37,317	6,373	(453,761)	(35,987)	(8,054)	(2,955,654)	(16,560)	122,453
Business-type activities	—	771	—	—	(3,601)	—	—	(12,923)	(2,111)	—
Total primary government	—	(13,072)	37,317	6,373	(457,362)	(35,987)	(8,054)	(2,968,577)	(18,671)	122,453
Net Position (deficit), June 30 as restated										
Governmental activities	163,753	(623,657)	(719,533)	(761,651)	(902,663)	(536,701)	(604,633)	(948,899)	1,825,742	1,540,948
Business-type activities	179,137	306,957	491,395	393,826	307,231	206,438	72,414	(48,256)	(145,625)	(212,580)
Total primary government	\$ 342,890	\$ (316,700)	\$ (228,138)	\$ (367,825)	\$ (595,432)	\$ (330,263)	\$ (532,219)	\$ (997,155)	\$ 1,680,117	\$ 1,328,368

(Concluded)

State of Rhode Island
Schedule of Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 1,538	\$ 7,918	\$ 1,558	\$ 1,626	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	276,172	141,229	119,677	97,185	117,668	133,193	134,231	120,898	110,178	78,940
Unrestricted										
Committed	8,135	6,791	5,206	3,210	2,556	3,975	2,561	4,770	4,035	22,793
Assigned	291,985	6,851	37,255	42,385	67,931	128,422	130,964	72,005	105,639	97,639
Unassigned	319,425	225,138	207,336	218,136	201,818	235,096	234,131	197,706	181,282	173,782
Total General Fund (as restated)	<u>897,255</u>	<u>387,927</u>	<u>371,032</u>	<u>362,542</u>	<u>389,973</u>	<u>500,686</u>	<u>501,887</u>	<u>395,379</u>	<u>401,134</u>	<u>373,154</u>
All Other Governmental Funds										
Nonspendable	174	174	174	174	174	174	174	174	174	174
Restricted	928,708	843,088	794,052	862,804	916,016	614,687	660,845	615,667	660,198	619,799
Unrestricted										
Committed	42,268	51,116	87,111	76,782	63,673	39,175	10,727	4,118	163	1,742
Assigned	579	—	—	—	—	—	—	—	255	318
Unassigned	—	(588)	(694)	(1,130)	(1,518)	(1,519)	(1,486)	(4,028)	(4,113)	(4,717)
Total All Other Governmental Funds	<u>971,729</u>	<u>893,790</u>	<u>880,643</u>	<u>938,630</u>	<u>978,345</u>	<u>652,517</u>	<u>670,260</u>	<u>615,931</u>	<u>656,677</u>	<u>617,316</u>
Total - All Governmental Funds										
Nonspendable	1,712	8,092	1,732	1,800	174	174	174	174	174	174
Restricted	1,204,880	984,317	913,729	959,989	1,033,684	747,880	795,076	736,565	770,376	698,739
Unrestricted										
Committed	50,403	57,907	92,317	79,992	66,229	43,150	13,288	8,888	4,198	24,535
Assigned	292,564	6,851	37,255	42,385	67,931	128,422	130,964	72,005	105,894	97,957
Unassigned	319,425	224,550	206,642	217,006	200,300	233,577	232,645	193,678	177,169	169,065
Total - All Governmental Funds	<u>\$ 1,868,984</u>	<u>\$ 1,281,717</u>	<u>\$ 1,251,675</u>	<u>\$ 1,301,172</u>	<u>\$ 1,368,318</u>	<u>\$ 1,153,203</u>	<u>\$ 1,172,147</u>	<u>\$ 1,011,310</u>	<u>\$ 1,057,811</u>	<u>\$ 990,470</u>

Prior year balances have been reclassified to agree to current year presentation

State of Rhode Island
Schedule of Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Taxes	\$4,141,193	\$3,686,449	\$3,603,497	\$3,472,042	\$3,310,524	\$3,266,616	\$3,210,123	\$2,975,016	\$2,868,503	\$2,814,331
Licenses, fines, sales, and services	438,935	444,469	430,616	410,726	373,066	380,376	348,214	332,655	320,767	313,724
Departmental restricted revenue	305,523	354,123	283,896	231,624	218,618	244,754	229,492	223,314	222,027	194,279
Federal grants	4,975,872	3,449,540	3,113,925	2,986,155	2,966,335	2,865,006	2,889,963	2,630,678	2,402,444	2,411,262
Income from investments	3,073	12,633	18,554	9,783	6,138	3,017	3,156	4,809	4,840	4,280
Other revenues	114,495	148,874	96,519	130,381	137,832	100,356	106,872	115,804	147,090	121,202
Total operating revenues	\$9,979,091	\$8,096,088	\$7,547,007	\$7,240,711	\$7,012,513	\$6,860,125	\$6,787,820	\$6,282,276	\$5,965,671	\$5,859,078
Expenditures:										
Current:										
General government	\$1,338,320	\$ 800,221	\$ 745,574	\$ 707,953	\$ 749,616	\$ 764,066	\$ 697,289	\$ 656,826	\$ 634,010	\$ 635,554
Health and human services	4,925,442	4,325,361	4,034,359	3,928,845	3,831,633	3,694,123	3,661,964	3,325,538	3,042,705	2,969,166
Education	1,839,342	1,662,336	1,642,764	1,579,936	1,526,076	1,467,236	1,403,807	1,357,903	1,330,388	1,282,063
Public safety	587,243	578,721	577,168	555,393	534,495	504,217	490,981	478,108	463,734	459,114
Natural resources	85,374	83,703	81,986	80,820	77,680	78,307	79,941	76,127	70,202	75,156
Transportation	586,942	661,629	593,988	474,310	387,518	386,712	373,715	383,816	373,887	399,512
Capital outlays	131,900	248,444	267,151	203,687	194,955	185,361	171,469	139,848	130,415	111,044
Intergovernmental										
Debt service:										
Principal	205,453	202,571	179,561	153,974	141,378	103,310	190,784	176,885	176,970	164,245
Interest and other charges	118,958	114,774	114,596	112,311	125,060	99,802	140,728	122,663	126,852	135,806
Total operating expenditures	\$9,818,974	\$8,677,760	\$8,237,147	\$7,797,229	\$7,568,411	\$7,283,134	\$7,210,678	\$6,717,714	\$6,349,163	\$6,231,660
Excess (deficiency) of revenues over (under) expenditures	\$ 160,117	\$ (581,672)	\$ (690,140)	\$ (556,518)	\$ (555,898)	\$ (423,009)	\$ (422,858)	\$ (435,438)	\$ (383,492)	\$ (372,582)

(Continued)

State of Rhode Island
Schedule of Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Other financing sources (uses):										
Issuance of bonds and notes	\$ 135,900	\$ 386,705	\$ 255,820	\$ 149,375	\$ 336,925	\$ 72,000	\$ 121,125	\$ 53,150	\$ 81,400	\$ 145,035
Issuance of refundings and other escrow assets	87,660	—	—	43,020	91,560	459,235	830,139	78,700	88,175	146,730
Capital leases	—	—	—	1,328	25,932	5,021	49,495	—	26,690	31,980
Premium and accrued interest	16,755	69,413	16,588	14,893	87,513	73,516	82,553	14,719	27,507	45,437
Transfers in	516,796	513,359	627,562	593,815	577,435	572,569	622,520	566,076	592,804	581,679
Payments from component units	—	—	—	—	—	—	—	—	—	—
Payment to refunded bonds escrow agent	(89,005)	(82,028)	—	(60,111)	(109,895)	(532,780)	(866,168)	(91,991)	(101,172)	(172,094)
Discount on issuance of debt	—	—	—	—	—	—	—	—	—	—
Proceeds from termination of investment contracts	—	—	—	—	—	—	26,361	—	—	—
Transfers out	(240,956)	(261,893)	(259,326)	(257,510)	(238,457)	(236,804)	(277,330)	(231,717)	(264,571)	(235,253)
Total other financing sources (uses)	427,150	625,556	640,644	484,810	771,013	412,757	588,695	388,937	450,833	543,514
Special items	—	—	—	—	—	—	(5,000)	—	—	—
Net change in fund balances	587,267	43,884	(49,496)	(71,708)	215,115	(10,252)	160,837	(46,501)	67,341	170,932
Fund Balance, beginning of year as restated	1,281,717	1,251,676	1,301,172	1,368,318	1,153,203	1,172,147	1,011,310	1,057,811	990,470	796,014
Effect of Restatement in Subsequent Period	—	(13,843)	—	4,562	—	(8,692)	—	—	—	23,524
Fund Balance, June 30 as restated	\$ 1,868,984	\$ 1,281,717	\$ 1,251,676	\$ 1,301,172	\$ 1,368,318	\$ 1,153,203	\$ 1,172,147	\$ 1,011,310	\$ 1,057,811	\$ 990,470

(Continued)

State of Rhode Island
Schedule of Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total operating expenditures	\$9,818,974	\$8,677,760	\$8,237,147	\$7,797,229	\$7,568,411	\$7,283,134	\$7,210,678	\$6,717,714	\$6,349,163	\$6,231,660
<p>*The capital outlay amount used to calculate the debt service as a percentage of noncapital expenditures is from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities, and includes infrastructure additions reported separately above as transportation expense.</p>										
Capital outlays	\$ 435,027	\$ 531,688	\$ 416,953	\$ 340,650	\$ 339,270	\$ 378,935	\$ 327,792	\$ 360,267	\$ 315,644	\$ 264,770
Total noncapital expenditures	\$9,383,947	\$8,146,072	\$7,820,194	\$7,456,579	\$7,229,141	\$6,904,199	\$6,882,886	\$6,357,447	\$6,033,519	\$5,966,890
Debt service as a percentage of noncapital expenditures	3.5 %	3.9 %	3.8 %	3.6 %	3.9 %	3.5 %	4.8 %	4.7 %	5.0 %	5.1 %

Certain prior year amounts have been reclassified to conform to the current year presentation.

(Concluded)

State of Rhode Island
Schedule of Taxable Sales by Industry
Prior Ten Calendar Years
(expressed in millions)

Taxable Sales By Industry:	Calendar Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Grocery, Food Stores, Delis, Bakeries	\$ 1,333	\$ 1,225	\$ 1,258	\$ 1,203	\$ 1,265	\$ 1,194	\$ 1,162	\$ 1,189	\$ 1,097	\$ 1,092
Restaurants and Bars	2,380	2,930	2,814	2,773	2,594	2,472	2,311	2,199	2,113	1,983
Room Rentals - Motels, Hotels	405	681	647	619	592	652	503	429	531	389
Utilities - Telephone, Electric, Gas, Water	248	267	286	266	255	592	673	601	618	583
Total	\$ 4,366	\$ 5,103	\$ 5,005	\$ 4,861	\$ 4,706	\$ 4,910	\$ 4,649	\$ 4,418	\$ 4,359	\$ 4,047
Direct sales tax rate	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %

Data is presented only for taxable sales of industries tracked by the Division of Taxation.

State of Rhode Island
Schedule of Personal Income by Industry
Prior Ten Calendar Years
(expressed in millions)

	Calendar Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Farm Earnings	\$ 31	\$ 20	\$ 22	\$ 29	\$ 19	\$ 26	\$ 21	\$ 26	\$ 26	\$ 22
Private Earnings										
Forestry, Fishing and Other	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	66	(D)
Mining	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	11	(D)
Utilities	221	209	204	175	160	150	146	144	132	144
Construction	2,500	2,456	2,291	(D)	2,025	1,952	1,914	1,868	1,930	1,756
Manufacturing	3,250	3,229	3,172	3,124	3,044	3,098	3,007	2,888	2,790	2,725
Wholesale Trade	1,691	1,699	1,693	1,692	1,641	1,667	1,561	1,467	1,386	1,319
Retail Trade	2,545	2,525	2,378	2,201	2,173	2,223	2,180	2,193	2,188	2,114
Transportation and warehousing	818	821	780	722	698	685	646	641	642	622
Information	592	589	575	568	767	815	826	817	867	874
Finance and Insurance	3,536	3,302	3,214	3,332	2,976	2,883	2,822	2,527	2,432	2,063
Real Estate and Rental and Leasing	865	858	738	635	664	633	672	758	841	785
Professional, scientific, technical services	3,431	3,276	3,151	3,015	2,839	2,838	2,700	2,554	2,476	2,411
Management of companies and enterprises	1,886	1,742	1,940	1,951	1,902	1,802	1,700	1,559	1,409	1,230
Administrative and waste services	1,693	1,653	1,601	1,499	1,388	1,362	1,312	1,265	1,176	1,108
Educational services	1,642	1,627	1,551	1,461	1,419	1,427	1,371	1,295	1,271	1,297
Health care and social assistance	5,611	5,511	5,222	5,091	5,055	5,052	4,885	4,782	4,650	4,592
Arts, entertainment, and recreation	321	452	507	529	525	496	478	419	390	377
Accommodation and food services	1,346	1,683	1,519	1,423	1,359	1,274	1,176	1,166	1,118	1,013
Other services, except public administration	1,339	1,414	1,395	1,349	1,316	1,273	1,222	1,160	1,157	1,112
Government and Government Enterprises										
Federal/Civilian	1,431	1,376	1,340	1,312	1,227	1,188	1,147	1,106	1,122	1,104
Military	593	587	550	599	557	474	475	502	508	508
State and Local	4,771	4,749	4,592	4,400	4,309	4,213	4,110	3,973	3,906	3,942
Total Personal Income by Industry*	\$ 40,203	\$ 39,866	\$ 38,528	\$ 37,319	\$ 36,157	\$ 35,620	\$ 34,447	\$ 33,183	\$ 32,495	\$ 31,193

* Total Personal Income by Industry may not sum due to inclusion of non-disclosed data in total amount.

The U.S. Bureau of Economic Analysis has released updated statistics which resulted in restatements for amounts previously reported for calendar years 2010 -2017.

Source: US Bureau of Economic Analysis

(D) Not shown to avoid disclosure of confidential information.

State of Rhode Island
Schedule of Personal Income Tax Revenue as a Percent of Personal Income
Prior Ten Fiscal Years
(expressed in millions)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Personal Income Tax (PIT) Revenue	\$ 1,406	\$ 1,397	\$ 1,345	\$ 1,244	\$ 1,217	\$ 1,228	\$ 1,116	\$ 1,086	\$ 1,060	\$ 1,021
Personal Income	62,447	58,651	56,468	54,084	52,804	51,709	49,404	48,519	47,689	46,299
PIT Revenue as a Percent of Personal Income	2.25 %	2.38 %	2.38 %	2.30 %	2.30 %	2.37 %	2.26 %	2.24 %	2.22 %	2.21 %

Source: Office of Revenue Analysis
*Includes wages, interest, dividends, rents,
pensions and transfer payments.*

State of Rhode Island
Schedule of Personal Income Tax Rates
Prior Ten Calendar Years

		Tax Rates on the Portion of Taxable Income in Ranges				
Tax Year 2020 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - 65,250	4.75% \$65,250 - \$148,350	5.99% over \$148,350		
Tax Year 2019 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$64,050	4.75% \$64,050 - \$145,600	5.99% over \$145,600		
Tax Year 2018 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$62,550	4.75% \$62,550 - \$142,150	5.99% over \$142,150		
Tax Year 2017 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$61,300	4.75% \$61,300 - \$139,400	5.99% over \$139,400		
Tax Year 2016 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$60,850	4.75% \$60,850 - \$138,300	5.99% over \$138,300		
Tax Year 2015 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$60,550	4.75% \$60,550 - \$137,650	5.99% over \$137,650		
Tax Year 2014 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$59,600	4.75% \$59,600 - \$135,500	5.99% over \$135,500		
Tax Year 2013 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$58,600	4.75% \$58,600 - \$133,250	5.99% over \$133,250		
Tax Year 2012 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$57,150	4.75% \$57,150 - \$129,900	5.99% over \$129,900		
Tax Year 2011 All Filing Status Types	Tax Rate Income Bracket	3.75% \$ 0 - \$55,000	4.75% \$55,000 - \$125,000	5.99% over \$125,000		

Source: Department of Revenue - Division of Taxation

State of Rhode Island
Schedule of Resident Personal Income Tax Filers & Liability by AGI
Tax Years 2010 through 2019

<u>Tax Year 2019</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	169,015	31.90 %	\$ 12,004,112	0.91 %
\$25,001 - \$50,000	128,545	24.26 %	84,555,306	6.39 %
\$50,001 - \$75,000	78,730	14.86 %	112,489,139	8.50 %
\$75,001 - \$100,000	50,196	9.47 %	112,922,398	8.53 %
\$100,001 - \$200,000	77,825	14.69 %	359,389,247	27.16 %
\$200,001 - \$500,000	21,314	4.02 %	302,004,089	22.82 %
\$500,001 - \$1,000,000	3,021	0.57 %	115,438,113	8.72 %
\$1,000,001 and greater	1,194	0.23 %	224,554,211	16.97 %
	<u>529,840</u>	<u>100.00 %</u>	<u>\$ 1,323,356,615</u>	<u>100.00 %</u>

<u>Tax Year 2018</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	168,885	33.04 %	\$ 12,516,825	1.04 %
\$25,001 - \$50,000	123,549	24.16 %	82,115,469	6.85 %
\$50,001 - \$75,000	74,969	14.66 %	107,644,389	8.98 %
\$75,001 - \$100,000	47,853	9.36 %	108,478,237	9.04 %
\$100,001 - \$200,000	73,511	14.38 %	341,333,662	28.46 %
\$200,001 - \$500,000	18,908	3.70 %	269,715,269	22.49 %
\$500,001 - \$1,000,000	2,570	0.50 %	98,018,372	8.17 %
\$1,000,001 and greater	1,038	0.20 %	179,528,957	14.97 %
	<u>511,283</u>	<u>100.00 %</u>	<u>\$ 1,199,351,180</u>	<u>100.00 %</u>

<u>Tax Year 2017</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	173,455	34.56 %	\$ 13,071,271	1.21 %
\$25,001 - \$50,000	120,894	24.09 %	80,782,374	7.47 %
\$50,001 - \$75,000	72,481	14.44 %	104,524,797	9.67 %
\$75,001 - \$100,000	45,756	9.12 %	104,790,845	9.69 %
\$100,001 - \$200,000	69,443	13.84 %	323,717,549	29.95 %
\$200,001 - \$500,000	16,766	3.34 %	240,752,018	22.27 %
\$500,001 - \$1,000,000	2,251	0.45 %	86,024,931	7.96 %
\$1,000,001 and greater	837	0.17 %	127,304,302	11.78 %
	<u>501,883</u>	<u>100.00 %</u>	<u>\$ 1,080,968,087</u>	<u>100.00 %</u>

<u>Tax Year 2016</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	178,845	35.59 %	\$ 14,309,901	1.28 %
\$25,001 - \$50,000	119,884	23.86 %	83,011,473	7.43 %
\$50,001 - \$75,000	71,266	14.18 %	107,036,620	9.58 %
\$75,001 - \$100,000	45,370	9.03 %	106,648,459	9.55 %
\$100,001 - \$200,000	67,374	13.41 %	313,908,244	28.10 %
\$200,001 - \$500,000	16,510	3.29 %	237,228,771	21.24 %
\$500,001 - \$1,000,000	2,312	0.46 %	88,073,796	7.89 %
\$1,000,001 and greater	961	0.19 %	166,731,910	14.93 %
	<u>502,522</u>	<u>100.00 %</u>	<u>\$ 1,116,949,174</u>	<u>100.00 %</u>

<u>Tax Year 2015</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	181,611	36.77 %	\$ 14,296,084	1.17 %
\$25,001 - \$50,000	115,747	23.44 %	83,335,501	6.82 %
\$50,001 - \$75,000	68,878	13.95 %	110,057,592	9.00 %
\$75,001 - \$100,000	44,457	9.00 %	109,913,917	8.99 %
\$100,001 - \$200,000	64,897	13.14 %	302,002,270	24.70 %
\$200,001 - \$500,000	15,145	3.07 %	218,229,138	17.85 %
\$500,001 - \$1,000,000	2,144	0.43 %	81,482,245	6.67 %
\$1,000,001 and greater	973	0.20 %	303,125,066	24.80 %
	<u>493,852</u>	<u>100.00 %</u>	<u>\$ 1,222,441,813</u>	<u>100.00 %</u>

State of Rhode Island
Schedule of Resident Personal Income Tax Filers & Liability by AGI
Tax Years 2010 through 2019

<u>Tax Year 2014</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	185,935	37.56 %	\$ 14,665,245	1.34 %
\$25,001 - \$50,000	114,881	23.21 %	82,902,886	7.57 %
\$50,001 - \$75,000	68,668	13.87 %	109,495,169	10.00 %
\$75,001 - \$100,000	44,097	8.91 %	109,097,854	9.96 %
\$100,001 - \$200,000	63,469	12.82 %	296,654,641	27.07 %
\$200,001 - \$500,000	14,888	3.01 %	216,813,938	19.79 %
\$500,001 - \$1,000,000	2,126	0.43 %	80,900,417	7.39 %
\$1,000,001 and greater	972	0.20 %	184,862,456	16.88 %
	<u>495,036</u>	<u>100.00 %</u>	<u>\$ 1,095,392,606</u>	<u>100.00 %</u>

<u>Tax Year 2013</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	186,349	38.17 %	\$ 15,089,983	1.50 %
\$25,001 - \$50,000	113,558	23.26 %	82,381,470	8.17 %
\$50,001 - \$75,000	67,598	13.85 %	107,951,956	10.70 %
\$75,001 - \$100,000	43,910	8.99 %	109,078,637	10.82 %
\$100,001 - \$200,000	60,524	12.40 %	284,258,122	28.18 %
\$200,001 - \$500,000	13,449	2.75 %	197,666,346	19.60 %
\$500,001 - \$1,000,000	1,977	0.40 %	75,753,497	7.51 %
\$1,000,001 and greater	825	0.17 %	136,376,437	13.52 %
	<u>488,190</u>	<u>100.00 %</u>	<u>\$ 1,008,556,448</u>	<u>100.00 %</u>

<u>Tax Year 2012</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	185,433	38.36 %	\$ 15,788,095	1.55 %
\$25,001 - \$50,000	114,123	23.61 %	83,752,981	8.24 %
\$50,001 - \$75,000	67,181	13.90 %	107,779,597	10.60 %
\$75,001 - \$100,000	43,316	8.96 %	108,406,641	10.66 %
\$100,001 - \$200,000	58,008	12.00 %	273,640,681	26.93 %
\$200,001 - \$500,000	12,612	2.61 %	186,607,713	18.36 %
\$500,001 - \$1,000,000	1,863	0.39 %	72,200,723	7.10 %
\$1,000,001 and greater	901	0.19 %	168,326,180	16.56 %
	<u>483,437</u>	<u>100.00 %</u>	<u>\$ 1,016,502,611</u>	<u>100.00 %</u>

<u>Tax Year 2011</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	187,194	38.94 %	\$ 16,926,831	1.75 %
\$25,001 - \$50,000	113,669	23.64 %	85,575,958	8.82 %
\$50,001 - \$75,000	67,075	13.95 %	108,935,845	11.23 %
\$75,001 - \$100,000	42,991	8.94 %	109,489,374	11.29 %
\$100,001 - \$200,000	56,062	11.66 %	270,444,262	27.88 %
\$200,001 - \$500,000	11,501	2.39 %	171,575,565	17.69 %
\$500,001 - \$1,000,000	1,582	0.33 %	61,270,009	6.32 %
\$1,000,001 and greater	714	0.15 %	145,706,695	15.02 %
	<u>480,788</u>	<u>100.00 %</u>	<u>\$ 969,924,539</u>	<u>100.00 %</u>

<u>Tax Year 2010</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	179,885	38.65 %	\$ 20,705,060	2.32 %
\$25,001 - \$50,000	112,371	24.14 %	86,321,200	9.65 %
\$50,001 - \$75,000	66,255	14.24 %	111,244,636	12.44 %
\$75,001 - \$100,000	41,956	9.01 %	109,185,357	12.21 %
\$100,001 - \$200,000	52,857	11.36 %	271,103,111	30.32 %
\$200,001 - \$500,000	10,147	2.18 %	146,038,132	16.33 %
\$500,001 - \$1,000,000	1,337	0.29 %	46,337,234	5.18 %
\$1,000,001 and greater	626	0.13 %	103,258,427	11.55 %
	<u>465,434</u>	<u>100.00 %</u>	<u>\$ 894,193,157</u>	<u>100.00 %</u>

Source: Department of Revenue - Division of Taxation

(Concluded)

State of Rhode Island
Schedule of Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
General obligation bonds	\$1,524,060	\$1,499,293	\$1,324,337	\$1,267,433	\$1,327,520	\$1,238,951	\$1,162,764	\$1,137,468	\$1,146,789	\$1,153,616
Revenue bonds (blended component units)	717,953	727,353	755,610	765,150	748,304	780,270	789,580	846,475	848,212	846,327
Capital leases	137,444	170,362	204,105	201,478	228,531	231,090	255,581	224,206	245,150	237,464
Special purpose bonds	647,085	704,755	666,788	648,237	606,195	391,240	435,600	415,955	468,730	519,060
Total governmental activities	3,026,542	3,101,763	2,950,840	2,882,298	2,910,550	2,641,551	2,643,525	2,624,104	2,708,881	2,756,467
Business-type Activities										
Revenue bonds	194,970	207,374	222,752	234,542	195,772	208,627	221,775	230,838	234,321	241,535
Total primary government	\$3,221,512	\$3,309,137	\$3,173,592	\$3,116,840	\$3,106,322	\$2,850,178	\$2,865,300	\$2,854,942	\$2,943,202	\$2,998,002
Debt as a Percentage of Personal Income	5.0 %	5.5 %	5.5 %	5.6 %	5.8 %	5.8 %	5.8 %	6.0 %	6.8 %	7.5 %
Amount of Debt Per Capita	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3

State of Rhode Island
Schedule of Pledged Revenue Coverage
Last Ten Fiscal Years
(expressed in thousands)

	Current Debt Service as Reported in the Prior Year Financial Statements									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenue Bonds-Tobacco Settlement Financing Corporation (TSFC)										
Revenue:										
Tobacco settlement revenue, cash basis	\$ 46,987	\$ 41,489	\$ 43,882	\$ 45,916	\$ 31,057	\$ 47,432	\$ 45,295	\$ 51,757	\$ 46,692	\$ 49,944
Investment income	9	714	1,043	540	212	50	1,436	3,300	3,376	3,234
Total revenue	46,996	42,203	44,925	46,456	31,269	47,482	46,731	55,057	50,068	53,178
Less: operating expenses	72	87	65	52	84	141	126	62	33	74
Net available revenue	\$ 46,924	\$ 42,116	\$ 44,860	\$ 46,404	\$ 31,185	\$ 47,341	\$ 46,605	\$ 54,995	\$ 50,035	\$ 53,104
Debt service										
Interest and required principal payments (c)	\$ 35,507	\$ 35,701	\$ 36,006	\$ 36,287	\$ 37,996	\$ 38,139	\$ 35,633	\$ 35,229	\$ 36,085	\$ 37,029
Covered ratio before turbo principal payment	132 %	118 %	125 %	128 %	82 %	124 %	131 %	156 %	139 %	143 %
Turbo principal payments (b)	11,860	6,945	9,160	10,315	6,275	10,005	25,520	20,340	14,265	15,735
Total debt service	\$ 47,367	\$ 42,646	\$ 45,166	\$ 46,602	\$ 44,271	\$ 48,144	\$ 61,153	\$ 55,569	\$ 50,350	\$ 52,764
Coverage ratio after turbo principal payments (a)	99 %	99 %	99 %	100 %	70 %	98 %	76 %	99 %	99 %	101 %
Revenue Bonds-GARVEE (Federal Highway)										
Revenue - FHWA participation	\$ 65,517	\$ 57,493	\$ 57,521	\$ 23,555	\$ 19,116	\$ 6,254	\$ 48,356	\$ 48,387	\$ 48,382	\$ 48,382
Net available revenue	\$ 65,517	\$ 57,493	\$ 57,521	\$ 23,555	\$ 19,116	\$ 6,254	\$ 48,356	\$ 48,387	\$ 48,382	\$ 48,382
Debt service (d)										
Principal	\$ 37,305	\$ 35,525	\$ 33,975	\$ —	\$ —	\$ —	\$ 34,160	\$ 32,615	\$ 31,075	\$ 29,590
Interest	28,214	22,012	23,560	23,560	19,116	6,254	14,196	15,772	17,308	18,792
Total debt service	\$ 65,519	\$ 57,537	\$ 57,535	\$ 23,560	\$ 19,116	\$ 6,254	\$ 48,356	\$ 48,387	\$ 48,383	\$ 48,382
Coverage (a)	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
Revenue Bonds - Motor Fuel (Gas Tax)										
Revenue - 2 cents per gallon of the gasoline tax	\$ 8,151	\$ 8,270	\$ 9,776	\$ 8,976	\$ 8,845	\$ 8,981	\$ 8,793	\$ 8,473	\$ 8,275	\$ 8,412
Net available revenue	\$ 8,151	\$ 8,270	\$ 9,776	\$ 8,976	\$ 8,845	\$ 8,981	\$ 8,793	\$ 8,473	\$ 8,275	\$ 8,412
Debt service										
Principal	\$ 3,980	\$ 3,790	\$ 3,605	\$ —	\$ 4,200	\$ 4,375	\$ 4,185	\$ 3,985	\$ 3,840	\$ 3,710
Interest	1,381	1,571	1,751	948	2,661	2,839	3,006	3,162	3,304	3,439
Coverage (a)	152 %	154 %	183 %	947 %	129 %	124 %	122 %	119 %	116 %	118 %

(a) Coverage equals net available revenue divided by debt service.

(b) Debt service principal includes "Turbo Maturity" redemptions, whereby TSFC is required to apply 100% of all collections that are in excess of current funding requirements to the early redemption of the bonds.

(c) The amount reflected above is less than the amount included in the financial statements for the TSFC as the latter amount includes accreted interest paid in connection with the repurchase of certain capital appreciation bonds.

(d) The large variance in Fiscal 2016 occurred because the bonds were refunded.

Source: Department of Administration

State of Rhode Island

Schedule of Nominal Personal Income and Per Capita Personal Income
Prior Ten Calendar Years

Resident Population
Prior Ten Calendar Years

	Personal Income				Per Capita Personal Income				Population			
	(in billions)				(in dollars)				(in thousands)			
	United States		Rhode Island		United States		Rhode Island		United States		Rhode Island	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Population	Percent Change	Population	Percent Change
2020	19,607	6.6%	64.3	7.3%	59,510	6.2%	60,825	7.4%	329,484	0.4%	1,057	-0.1%
2019	18,402	4.1%	59.9	4.4%	56,047	3.6%	56,616	4.5%	328,330	0.5%	1,058	-0.1%
2018	17,681	5.0%	57.4	3.7%	54,098	4.4%	54,158	3.5%	326,838	0.5%	1,059	0.3%
2017	16,845	4.7%	55.3	3.9%	51,811	4.0%	52,341	4.0%	325,122	0.6%	1,057	-0.1%
2016	16,093	2.6%	53.2	1.5%	49,812	1.9%	50,320	1.4%	323,072	0.7%	1,058	0.1%
2015	15,681	4.8%	52.4	3.6%	48,891	4.0%	49,625	3.5%	320,739	0.7%	1,057	0.0%
2014	14,970	5.5%	50.6	4.3%	47,017	4.7%	47,937	4.2%	318,386	0.7%	1,057	0.1%
2013	14,189	1.3%	48.5	0.1%	44,894	0.6%	45,990	0.0%	316,060	0.7%	1,056	0.1%
2012	14,003	5.0%	48.5	3.7%	44,614	4.3%	45,978	3.5%	313,878	0.7%	1,055	0.1%
2011	13,330	5.9%	46.8	3.7%	42,783	5.1%	44,403	3.7%	311,583	0.7%	1,054	0.0%

Source: United States Bureau of Economic Analysis

Schedule of Economic Indicators
Prior Ten Calendar Years

	Civilian Labor Force		Existing Single Family Home Sales	
	(in thousands)			
	Number in Labor Force	Percent Change	Number of Sales	Percent Change
2020	542	-3.0%	13,892	2.0%
2019	559	0.1%	13,618	1.1%
2018	558	0.4%	13,465	-7.8%
2017	556	0.4%	14,605	2.0%
2016	553	-0.3%	14,312	8.6%
2015	555	-0.3%	13,177	8.7%
2014	557	-0.4%	12,119	-4.5%
2013	559	-0.3%	12,684	11.4%
2012	560	-0.3%	11,390	11.6%
2011	562	-1.6%	10,203	-2.1%

Source: IHS Long Term Quarterly Forecast from September 2019

State of Rhode Island
Principal Employers (Non-Governmental)
2021 and 2012

2021				2012			
Rank	Employer	Employed	Percentage	Rank	Employer	Employed	Percentage
1	Lifespan	16,564	3.06 %	1	Lifespan	9,984	1.80 %
2	CVS Health Corp.	8,600	1.59 %	2	CVS Corporation	6,200	1.11 %
3	Care New England	7,548	1.39 %	3	Citizens Financial Group (Royal Bank of Scotland)	5,350	0.95 %
4	Brown University	4,709	0.87 %	4	Care New England	5,150	0.92 %
5	Citizens Financial Group Inc.	4,571	0.84 %	5	Brown University	4,525	0.81 %
6	General Dynamics Electric Boat	4,500	0.83 %	6	Roman Catholic Diocese of Providence	3,600	0.64 %
7	Naval Undersea Warfare Center	3,515	0.65 %	7	CharterCare Health Partners	3,091	0.55 %
8	Fidelity Investments	3,200	0.59 %	8	Bank of America	3,000	0.54 %
9	Roman Catholic Diocese	2,600	0.48 %	9	Fidelity Investments	3,000	0.54 %
10	Bank of America Corp.	2,500	0.46 %	10	Naval Undersea Warfare Center	2,752	0.49 %
	Total employment	542,000	10.76 %			560,000	8.35 %

Source: Providence Business News

Some employers are not listed because they did not wish to participate.

State of Rhode Island
Full Time State Employees by Function
Last Ten Fiscal Years

Full Time State Employees as of June 30th for each fiscal year

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Full-time Employees										
General Government	2,350	2,371	2,573	2,457	2,496	2,428	2,364	2,384	2,414	2,337
Health and Human Services	3,166	3,345	3,211	3,096	3,196	3,190	3,273	3,353	3,273	3,118
Education	356	351	358	357	352	353	340	359	370	354
Public Safety	2,995	3,011	3,025	3,032	3,031	3,007	3,029	3,057	3,023	3,002
Natural Resources	813	813	861	851	860	843	879	904	898	887
Transportation	705	743	789	740	741	705	735	771	781	797
State Total	10,385	10,634	10,817	10,533	10,676	10,526	10,620	10,828	10,759	10,495

Source: Department of Administration

State of Rhode Island
Schedule of Operating Indicators by Function
Prior Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Division of Taxation										
Dollars received electronically (expressed in thousands)	\$3,343,618	\$3,232,999	\$3,094,923	\$2,948,315	\$2,788,256	\$2,732,982	\$2,630,196	\$2,479,404	\$2,422,640	\$2,330,068
Number of business transactions processed electronically	979,410	891,270	844,749	809,922	1,219,895	1,042,129	1,026,097	1,160,506	988,669	970,394
Personal Income Tax returns filed electronically -Tax Year	605,932	588,220	559,995	546,404	555,142	531,354	505,137	490,000	463,900	451,406
Department of Labor and Training										
Labor force total (expressed in thousands)	553	555	555	553	553	555	553	554	560	566
Unemployment rate (percentage)	6.2 %	3.7 %	4.3 %	4.7 %	5.6 %	6.7 %	7.7 %	8.9 %	11.1 %	11.4 %
Health and Human Services										
Department of Children, Youth and Families										
Average Number of Children in Out of Home Placement	3,016	2,991	2,838	2,531	2,535	2,484	2,306	2,141	2,116	2,249
Number of births (expressed in thousands)	11	11	11	12	12	12	11	11	12	12
Education										
Office of Postsecondary Commissioner										
Enrollment - Higher Education	35,807	38,405	39,779	40,098	41,030	43,335	42,765	42,786	44,504	43,254
Number of certificates and degrees awarded - Higher Education	8,699	8,594	8,372	8,325	7,888	7,675	7,400	7,256	6,804	6,500
Public Safety										
Department of Corrections										
Incarcerated offenders (male)	2,413	2,521	2,644	2,819	3,068	3,047	3,060	2,988	3,022	3,084
Incarcerated offenders (female)	131	145	140	138	125	136	154	173	169	189
Natural Resources										
Department of Environmental Management										
Hatchery fish raised and restocked (approximated in thousands)	150	178	180	180	143	141	145	138	131	114
Park visitations (expressed in thousands)	10,545	8,652	8,775	8,111	7,884	6,393	1,904	1,302	3,449	5,213
Recreational registrations (boats)	38,663	38,784	38,880	43,259	40,178	38,463	38,950	39,012	38,583	40,525
Transportation										
Department of Transportation										
Vehicle miles traveled (expressed in millions)	6,864	7,905	8,009	8,001	7,927	7,832	7,677	7,775	7,786	7,901

Source: Various Agencies

State of Rhode Island
Schedule of Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>General Government</u>										
Buildings	17	17	17	16	17	17	16	16	16	16
Vehicles	186	192	182	118	126	161	163	272	257	251
<u>Health and Human Services</u>										
Buildings	183	182	188	188	188	188	205	199	199	196
Vehicles	227	232	243	248	273	281	280	291	286	304
<u>Education</u>										
Buildings	10	9	12	12	12	13	12	12	9	10
Vehicles	19	19	19	19	18	18	17	16	13	14
<u>Public Safety</u>										
Buildings	65	68	67	66	66	66	65	65	64	62
Vehicles	651	661	627	674	669	656	646	635	643	561
<u>Natural Resources</u>										
Buildings	68	66	60	81	80	81	78	80	80	67
Vehicles	402	396	381	388	424	443	416	431	419	426
Number of state parks, beaches, bike paths	34	34	34	34	34	25	26	21	21	21
Area of state parks, beaches (acres)	8,038	8,038	8,038	8,038	8,038	8,038	8,052	8,052	8,052	8,052
<u>Transportation</u>										
Buildings	23	23	23	22	21	19	33	23	23	21
Vehicles	885	881	833	790	693	606	652	558	547	555
Miles of state highway	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272

Source: Department of Administration

**The Rhode Island Commerce Corporation assisted in providing artwork for the
State of Rhode Island's 2021 Annual Comprehensive Financial Report**

Cover – Mansion Beach – Block Island



Introductory Section – Lincoln Woods – Lincoln



Financial Section – Providence Athenaeum – Providence



Management's Discussion and Analysis – National Wildlife Preserve Trail – Block Island



Basic Financial Statements – Sailboats Racing - Newport



Required Supplementary Information – Rocky Point State Park – Warwick



Combining Financial Statements – Brenton Point – Newport



Statistical Section – Ocean House – Westerly

