

# State of Rhode Island Annual Comprehensive Financial Report

*Fiscal year ended June 30, 2023*



**Daniel J. McKee, Governor**

**Department of Administration**  
Jonathan Womer, Director of Administration

**Office of Accounts and Control**  
Dorothy Pascale, CPA, State Controller

**2023**

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# Introductory Section



*State of Rhode Island*  
**Annual Comprehensive Financial Report**  
*Fiscal year ended June 30, 2023*

**2023**



STATE OF RHODE ISLAND  
**DEPARTMENT OF ADMINISTRATION**

Office of Accounts and Control

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February 28, 2024

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, 2023.

## **INTRODUCTION TO REPORT**

*Responsibility:* This report was prepared by the Rhode Island 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 (GASB). 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 Rhode Island General Laws (RIGL). The Independent Auditor's Report is included within the Financial Section of this report.

*Internal Control Structure:* Management 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 Management Discussion and Analysis 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 for 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 about 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 within the State's Constitution, which can be amended only by a majority vote of the State's citizens, and by the RIGL; these laws 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. Additionally, the State 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 Rhode Island Constitution and 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 (REC), which is made up of the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor. The REC 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 State Constitution. 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 to 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. At the issuance of these financial statements, the enacted fiscal year 2024 budget (RIGL 35-6-1(e)) requires 50% of all general revenue received, net of the transfer to the state budget reserve and cash stabilization account, in excess of those estimates adopted for the year as contained in the final enacted budget, to be transferred to the new supplemental budget reserve (Supplemental Reserve); and 50% to be transferred to the Employee's Retirement System of the State of Rhode Island. The portion remaining thereof after the previous noted mandated transfers, 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, with such appropriations to be approved by a majority of each chamber of the General Assembly.

A five-year financial projection is prepared annually as part of the Governor's budget submission pursuant to RIGL Section 35-3-1. 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 about 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 its interpretation.

*Economic Conditions and Outlook:* The second quarter report for fiscal year 2024 prepared by the State Budget Office contains estimates of annual expenditures based upon analysis of expenditures through the second quarter of fiscal year 2024 as compared to general revenue resources adopted at the November 2023 Caseload and Revenue Estimating Conferences. The projected fiscal year 2024 balance, based upon these assumptions, is estimated to reflect a \$164.3 million general revenue surplus at year end in the General Fund.

The second quarter report projected surplus is the result of an opening surplus of \$427 million combined with an adjusted appropriated surplus of \$45.2 million, estimated revenues of \$5.3 billion and a transfer of \$171.9 million of budget reserve and cash stabilization, offset by estimated expenditures of \$5.4 billion as well as a transfer of \$55 million to the Employee's Retirement System.

The second quarter reported expenditures of \$5.4 billion are revised downward by \$25.9 million from enacted appropriations, primarily due to a downward revision of agency spending of \$51.5 million as well as a \$19.6 million decrease in adopted estimates from the November 2023 Caseload Estimating Conference, which impacted several departments in the Health and Human Services functional area. These projected decreases are offset by the adjusted appropriated surplus of \$45.2 million mentioned above.

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 \$42.1 million, up from \$5.28 billion to \$5.32 billion compared with the enacted fiscal year 2024 estimate. The largest factor is an expected increase to taxes of \$12.5 million. The transfer from the Rhode Island Lottery is also expected to increase by \$8.2 million. Departmental receipts are expected to be \$13.1 million higher than the enacted budget, largely due to increased interest payments on the State's General Fund.

The economic forecast used to generate those estimates was provided by S&P Global Market Intelligence. Employment growth is expected to be weak, growing at -0.2% in fiscal year 2024, although a tight labor market keeps the unemployment rate low at 2.7%. Growth in total wages is expected to outpace inflation, with those growth rates forecasted at 4.5% and 2.9%, respectively. Nominal growth in personal consumption expenditures is estimated at 3.8%, down from 6.4% in fiscal year 2023. S&P reported that they expect Rhode Island to perform slightly better than the New England average in the medium term, although that is partially driven by Rhode Island's continued jobs deficit (and thus ongoing rebound) compared to before the pandemic. As of December 2023, Rhode Island had 8,000 fewer jobs than before the pandemic. Vermont is the only other New England state to not have recovered all its jobs lost (although Connecticut is fluctuating around their pre-pandemic job count).

*Additional Federal Funding Supports:* During FY 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 appropriated \$126 million of the funding in FY 2022 and an additional \$440.9 million in FY 2023. The State has until December 31, 2024, to obligate its ARPA funding. As of the end of FY 2023, \$695.9 million had been obligated in accordance with U.S. Treasury's definition of obligation, and \$393.4 million had been expended. 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;

preventing cuts in public services caused by pandemic-induced revenue losses; investing in water, sewer, or broadband infrastructure; and supporting surface transportation projects.

*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 for FY 2024 and beyond. The FY 2024 Budget was enacted by the General Assembly and signed into law by the Governor on June 16, 2023.

Several changes were authorized in the 2023 session of the General Assembly that will impact future general revenues. These include:

- **Creating a Statewide Low Income Housing Tax Credit (LIHTC) Program:** Provides a tax incentive for developers to expand subsidized housing options for low-income households. Elsewhere in the Northeast, state LIHTC investments have proved to leverage additional federal resources and successfully close financing gaps needed to finalize development proposals and get shovels in the ground for new housing production. The new program will award tax benefits to developers through a competitive process and will be capped at \$30 million annually.
- **Building a Robust Housing Department:** Builds on the Governor's goal to create a robust Housing Department to support the implementation of last year's historic \$250 million housing investment by adding 21 FTEs to the newly created Department of Housing.
- **Growing our Life Sciences Economy:** Makes a \$45 million investment in the life sciences sector which includes the development of wet lab incubator spaces. Establishes a quasi-public agency to coordinate life sciences investments.
- **Providing Tangible Tax Relief:** Establishes a statewide exemption of \$50,000, with reimbursement to cities and towns starting in FY25. Municipalities may not increase tangible tax rates.
- **Increasing K-12 Funding:** Increases year over year K-12 education funding by \$57.8 million which includes fully funding the multilingual learner categorical and the special education categorical.
- **Creating the RI Ready Municipal Road Program:** Creates a \$20 million matching grant program to help cities and towns make crucial infrastructure improvements.
- **Leveraging State Funds to Improve Rhode Island's Infrastructure:** Leverages \$87.8 million in state funding to unlock additional federal dollars to improve Rhode Island's roads and bridges. Leverages \$28.5 million in state funding to unlock additional federal dollars for clean drinking water initiatives.

Other initiatives:

- **Increasing the Earned Income Tax Credit (EITC):** Increases the EITC from 15 percent of federal amount to 16 percent.
- **Strengthening Rhode Island's Rainy Day Fund:** Contributes \$55 million (approximately 1 percent of general revenues) to a supplementary Rainy Day Fund. Rhode Island's current Rainy Day

Fund is set to 5 percent of general revenues and is significantly lower than the 15 percent cap used by Massachusetts and Connecticut. A larger fund balance will better position Rhode Island to weather economic downturns and will be viewed favorably by ratings agencies.

## 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, 2022. This is the twelfth 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 one year. We believe that our ACFR for the fiscal year ended June 30, 2023 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. 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, CFF  
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

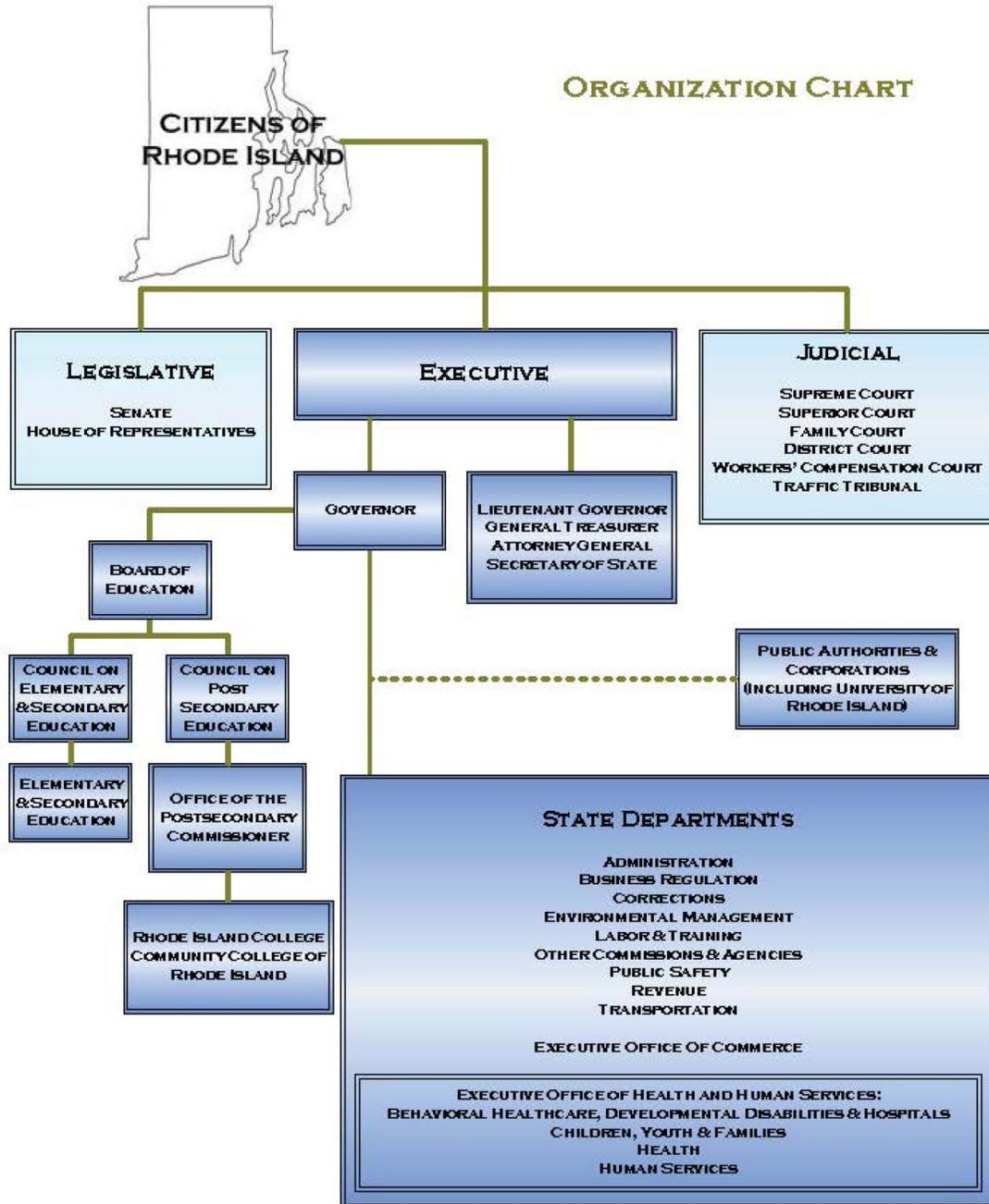
June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO

# STATE OF RHODE ISLAND

## ORGANIZATION CHART



As of June 30, 2023

**STATE OF RHODE ISLAND**  
**OFFICIALS OF STATE GOVERNMENT**  
*June 30, 2023*

**EXECUTIVE BRANCH**

**Governor**  
Daniel J. McKee

**Lieutenant Governor**  
Sabina Matos

**Secretary of State**  
Gregg M. Amore

**General Treasurer**  
James A. Diossa

**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, 2023*

**2023**



# Office of the Auditor General

State of Rhode Island - General Assembly

David A. Bergantino, CPA, CFE – Auditor General

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## 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 Audit of the Financial Statements**

#### ***Opinions***

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 (State) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

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, 2023, 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.

The following components of the State's basic financial statements 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:

- 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 2% of the revenues of the aggregate remaining fund information;
- the Convention Center Authority, a major fund, which represents 26% of the assets and deferred outflows and less than 3% 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 24% of the assets and 22% of the revenues, including additions, of the aggregate remaining fund information; and
- the discretely presented component units of the State. These entities collectively represent 100% of the total assets and revenues of the aggregate discretely presented component units.

***Basis for Opinions***

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

***Emphasis of Matter***

As discussed in Note 1(V) to the financial statements, the State implemented Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). See Note 15B for additional SBITA disclosures. Our opinions were not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the

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

underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and the other auditors. In our opinion, based on our audit and the reports of other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we will issue our report dated February 27, 2024 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. 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.



David A. Bergantino, CPA, CFE  
Auditor General  
February 27, 2024

# Management's Discussion and Analysis



**State of Rhode Island**  
Fiscal Year Ended  
June 30, 2023



As managers of the State financial records, we offer readers of the State of Rhode Island Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2023. 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.

## 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, 2023 by \$3.1 billion. This amount is presented as "net position" on the Statement of Net Position for the Total Primary Government. Of this amount, \$2.4 billion was reported as restricted net position, \$4.8 billion as net investment in capital assets, and \$4.1 billion was reported as a deficit unrestricted net position.
- **Changes in Net Position:** The net increase to the primary government net position of \$1.5 billion, was attributable to an increase in governmental activities of \$1.3 billion and an increase to net position of \$233.1 million during the fiscal year for business-type activities. The increase to governmental activities was primarily due to government wide adjustments of \$339.1 million, Intermodal Surface Transportation Fund surplus of \$311.2 million, and Rhode Island Capital Plan (RICAP) surplus of \$306.8 million. The increase to the business-type activities was primarily due to the Employment Security Fund operating at a \$197.3 million surplus during the fiscal year ended June 30, 2023.

### Governmental Funds

- As of the close of the current fiscal year, governmental funds, reported on a modified accrual basis, have a combined ending fund balance of \$3.2 billion. This is an increase of \$616.0 million compared with the previous fiscal year.
- As of June 30, 2023, the General Fund reported an ending fund balance of \$1.2 billion, an increase of \$209.5 million (21%) as compared to the prior year fund balance.
- Total General Fund expenditures were \$201.0 million greater than fiscal 2022 due to greater spending across a number of categories the most significant of which are discussed below.
  - The year-over-year increase of \$218.5 million in Education includes \$95.6 million in additional funding from American Rescue Plan Act Elementary and Secondary School Emergency Relief (ESSER) and other direct award funds for education aid to local school districts and state schools to fund recovery from the COVID-19 pandemic. Additionally there was a \$58.5 million increase for school housing aid spending to support school construction projects and \$39.8 million in additional funding for education aid to local school districts and state schools.
  - The year-over-year increase of \$47.6 million in Public Safety is driven by \$28.4 million in additional spending for personnel and staffing costs for the Department of Corrections and \$9.7 million for state police operations and expenditures related to communication and technology.
  - The year-over-year decrease of \$94.1 million in Health and Human Services function is attributable to the reduction in COVID-19 related expenditures at RIDOH that were eligible for FEMA reimbursement.

## Proprietary Funds

- Rhode Island Lottery transferred \$434.7 million to the General Fund to support general revenue expenditures during the fiscal year, an increase of \$46.0 million in comparison with the previous fiscal year.
- The Employment Security Fund ended the fiscal year with a net position of \$540.0 million, an increase of \$197.3 million from the prior fiscal year. Driving this increase were employer premiums received totaling \$240.1 million as well as a General Fund transfer of State Fiscal Recovery Fund (SFRF) funds of \$100.0 million. These increases were offset by unemployment benefits processed of \$154.7 million, a decrease of approximately \$296.3 million from fiscal year 2022. The benefit decrease was attributable to the cessation of enhanced employment benefits authorized under the Coronavirus Aid, Relief, and Economic Security Act.
- The Rhode Island Convention Center Authority (the Authority) ended the fiscal year with a net position of \$12.2 million. This was an increase of \$34.7 million to the net position when compared with the prior year and has resulted in the Authority reversing its historically negative net position. The driver of this increase was State appropriations of \$51.0 million, which were comprised of \$35.4 million from the General Fund for debt service and operations and \$15.5 million from Rhode Island Capital Plan Fund (RICAP) for capital improvements. Due to these appropriations, the amount of debt related to capital assets no longer exceeds the net book value of the capital assets, which was the main driver of the Authority's historically negative net 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 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 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 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, health and human services programs, parks and recreation, and general administration. Most of these activities are funded by taxes, intergovernmental transfers, and federal grants.
- The business-type activities are those activities primarily funded by customer charges. 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 presentation included herewith.

## 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 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, focus of the governmental fund financial statements 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 within these financial statements. Individual fund data for each of these non-major governmental funds can be found in the other supplementary information section of this Annual Comprehensive Financial Report (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 longer-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 Fund (RICCA), and the Employment Security Fund. Each of these funds are 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 post-employment 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 non-major component units. The criteria for distinguishing between major and non-major 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 for 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 post-employment benefit obligations. This section also includes a budgetary comparison schedule for the General Fund and Intermodule Surface Transportation fund which have a legally enacted budget.

## Other Supplementary Information

This section includes the combining financial statements for non-major 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 \$3.1 billion at the end of fiscal year 2023, compared to a net position of \$1.6 billion for the prior fiscal year. Governmental activities reported a unrestricted deficit net position of \$4.1 billion.

A portion of the State's net position reflects 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, 2023 and 2022  
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 5,431,879	\$ 5,140,524	\$ 660,933	\$ 441,292	\$ 6,092,812	\$ 5,581,816
Capital assets	5,447,549	5,183,257	142,357	147,272	5,589,906	5,330,529
Total assets	10,879,428	10,323,781	803,290	588,564	11,682,718	10,912,345
Deferred outflows of resources	575,751	571,643	6,564	8,532	582,315	580,175
Long-term liabilities outstanding	6,284,550	5,940,537	175,369	182,635	6,459,919	6,123,172
Other liabilities	2,349,169	2,742,871	71,610	79,998	2,420,779	2,822,869
Total liabilities	8,633,719	8,683,408	246,979	262,633	8,880,698	8,946,041
Deferred inflows of resources	287,558	928,651	29,345	33,985	316,903	962,636
Net position (deficit):						
Net investment in capital assets	4,771,719	4,315,804	2,612	(27,576)	4,774,331	4,288,228
Restricted	1,859,053	1,461,030	544,732	345,148	2,403,785	1,806,178
Unrestricted	(4,096,870)	(4,493,469)	(13,814)	(17,094)	(4,110,684)	(4,510,563)
Total net position (deficit)	<u>\$ 2,533,902</u>	<u>\$ 1,283,365</u>	<u>\$ 533,530</u>	<u>\$ 300,478</u>	<u>\$ 3,067,432</u>	<u>\$ 1,583,843</u>

As indicated above, the State reported a deficit balance in unrestricted net position of \$4.1 billion as of June 30, 2023. 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 or asset for the pension plans for which 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, 2023 the net pension liability related to governmental activities was \$3.1 billion and the net pension liability related to business-type activities was \$18.7 million. In addition, the net OPEB liability related to governmental activities was \$256.7 million and the net OPEB liability related to business-type activities was \$2.6 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 to fund specific projects or activities.

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, 2023 approximately \$522.9 million of principal and \$167.6 million of accreted interest are included in the State 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, 2023, approximately \$54.4 million of such bonds are outstanding.
- *Certificates of Participation (COPs)* - COPs proceeds 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. Obligations of the State to make payments for COPs is subject to and dependent upon annual General Assembly appropriations. As of June 30, 2023, approximately \$83.6 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 the financing of these types of projects.

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## Changes in Net Position

### Governmental Activities

The State's overall net position related to governmental activities increased by almost \$1.3 billion for fiscal year 2023.

Total revenues and transfers of \$11.6 billion increased by \$277.2 million compared to fiscal 2022. This increase to revenue primarily resulted from federal assistance (reported as operating grants) of \$5.1 billion, an increase of \$282.5 million compared to fiscal year 2022. These increases were primarily attributable to the Health and Human Services and Education functional areas for \$165.3 million and \$102.3 million, respectively. Tax revenue decreased \$113.1 million during fiscal year 2023, the main driver being personal income taxes which had a decrease of \$188.6 million over the prior year.

The State's expenses, which cover a wide range of services, had an increase of \$146.3 million. The increase was driven by \$2.2 billion of expenses in Education activities, an increase of \$269.1 million compared to fiscal year 2022. Offsetting this increase were decreases of \$93.6 million and \$44.2 million in Health and Human Services and General Government expenses, respectively.

The increase to Education expenses of \$269.1 million is primarily driven by General Fund expenditures due to \$95.6 million of ESSER funding, \$58.5 million increase to school housing aid spending for school construction projects and \$39.8 million of additional funding for education aid to local and State schools.

The decrease in Health and Human Services expenses of \$93.6 million is attributable to a decrease in various COVID-19 pandemic funds and American Rescue Plan Act Enhanced Federal Medical Assistance Percentage (FMAP) spending.

The General Government expenses had a decrease of \$44.2 million during fiscal year 2023 compared to the previous fiscal year. The decrease is largely attributable to a \$31.5 million decrease to subrecipient awards distributed from the Bond Capital Fund.

### Business-Type Activities

- The Employment Security Fund net position increased year over year. Employer premiums of \$240.1 million and a General Fund transfer of \$100.0 million were the significant drivers of this increase. Offsetting these increases were benefits paid from the fund totaling \$154.7 million, a decrease of approximately \$296.3 million from fiscal year 2022. The benefit decrease was attributable to the cessation of enhanced employment benefits authorized under the Coronavirus Aid, Relief, and Economic Security Act.
- The RI Lottery's transfer to the General Fund of \$434.7 million an increase of 11.8% compared to fiscal year 2022. There was continued strong growth in Video Lottery Terminals, online games, sports betting and table game activities.

Fiscal Year Ended June 30, 2023

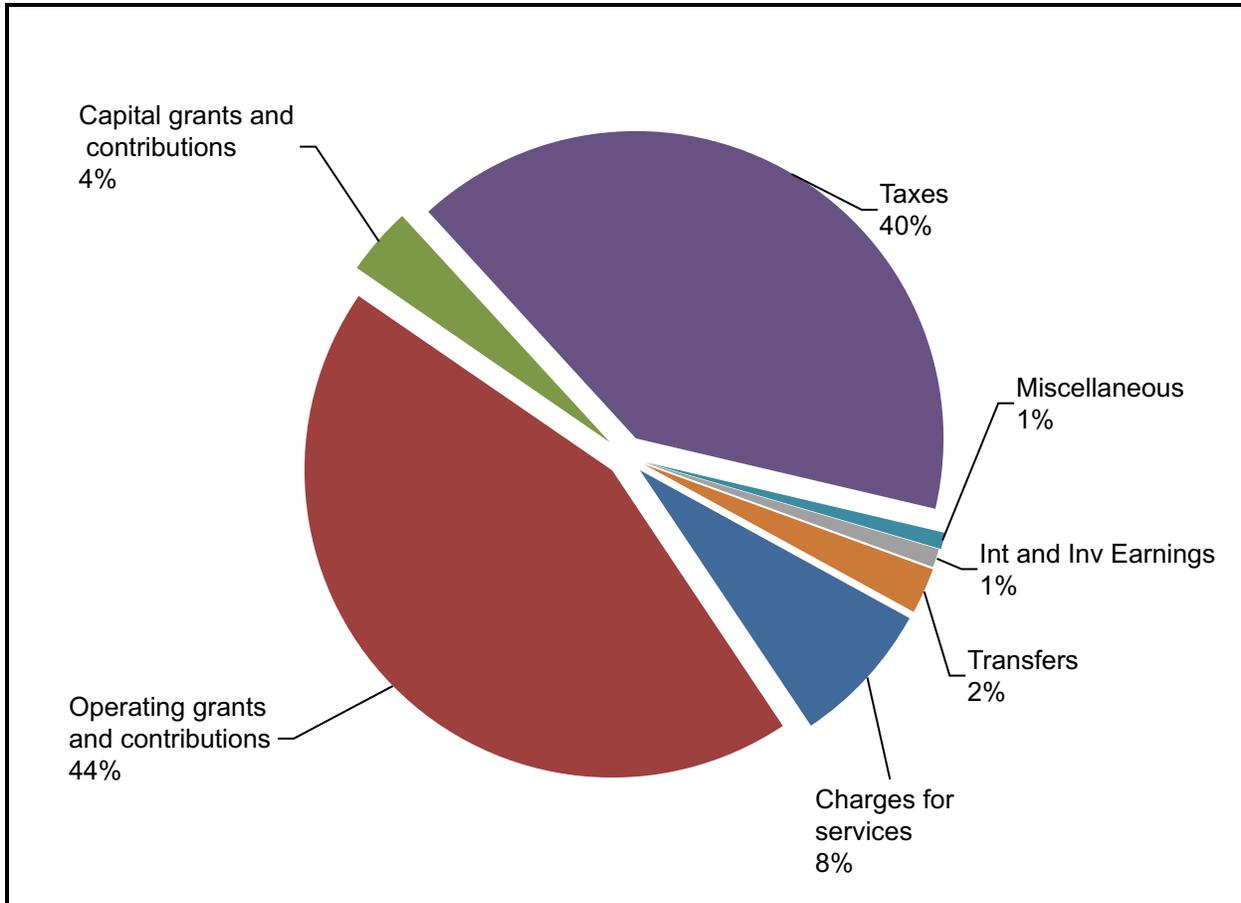
A more detailed analysis of changes in revenues and program expenses for both governmental activities and business-type activities is as follows:

State of Rhode Island Changes in Net Position  
For the Fiscal Years Ended June 30, 2023 and 2022  
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 885,186	\$ 871,130	\$ 1,774,834	\$ 1,700,596	\$ 2,660,020	\$ 2,571,726
Operating grants and contributions	5,104,997	4,822,534	19	311,317	5,105,016	5,133,851
Capital grants and contributions	416,903	335,376	—	—	416,903	335,376
General revenues:						
Taxes	4,700,350	4,813,492	—	—	4,700,350	4,813,492
Interest and investment earnings	113,869	6,026	3,592	350	117,461	6,376
Miscellaneous	102,907	120,875	10,386	8,046	113,293	128,921
Gain on sale of capital assets	—	1,439	—	—	—	1,439
Total revenues	<u>11,324,212</u>	<u>10,970,872</u>	<u>1,788,831</u>	<u>2,020,309</u>	<u>13,113,043</u>	<u>12,991,181</u>
Program expenses:						
General government	1,502,761	1,546,983	—	—	1,502,761	1,546,983
Health and human services	5,343,135	5,436,751	—	—	5,343,135	5,436,751
Education	2,246,321	1,977,247	—	—	2,246,321	1,977,247
Public safety	644,170	627,380	—	—	644,170	627,380
Natural resources	141,230	125,582	—	—	141,230	125,582
Transportation	395,122	400,677	—	—	395,122	400,677
Interest and other charges	84,676	96,490	—	—	84,676	96,490
Lottery	—	—	1,062,933	1,040,555	1,062,933	1,040,555
Convention Center	—	—	54,366	47,523	54,366	47,523
Employment Security	—	—	154,740	451,040	154,740	451,040
Total expenses	<u>10,357,415</u>	<u>10,211,110</u>	<u>1,272,039</u>	<u>1,539,118</u>	<u>11,629,454</u>	<u>11,750,228</u>
Excess (deficiency) before transfers	966,797	759,762	516,792	481,191	1,483,589	1,240,953
Transfers (net)	283,740	359,850	(283,740)	(359,850)	—	—
Change in net position	<u>1,250,537</u>	<u>1,119,612</u>	<u>233,052</u>	<u>121,341</u>	<u>1,483,589</u>	<u>1,240,953</u>
Net position (deficit) - Beginning	1,283,365	163,753	300,478	179,137	1,583,843	342,890
Cumulative effect of prior period adjustments	—	—	—	—	—	—
Net position (deficit) - Beginning, as restated	<u>1,283,365</u>	<u>163,753</u>	<u>300,478</u>	<u>179,137</u>	<u>1,583,843</u>	<u>342,890</u>
Net position (deficit) - Ending	<u>\$ 2,533,902</u>	<u>\$ 1,283,365</u>	<u>\$ 533,530</u>	<u>\$ 300,478</u>	<u>\$ 3,067,432</u>	<u>\$ 1,583,843</u>

**Chart 1** depicts the State's sources of revenues from Governmental Activities for the fiscal year ended June 30, 2023.

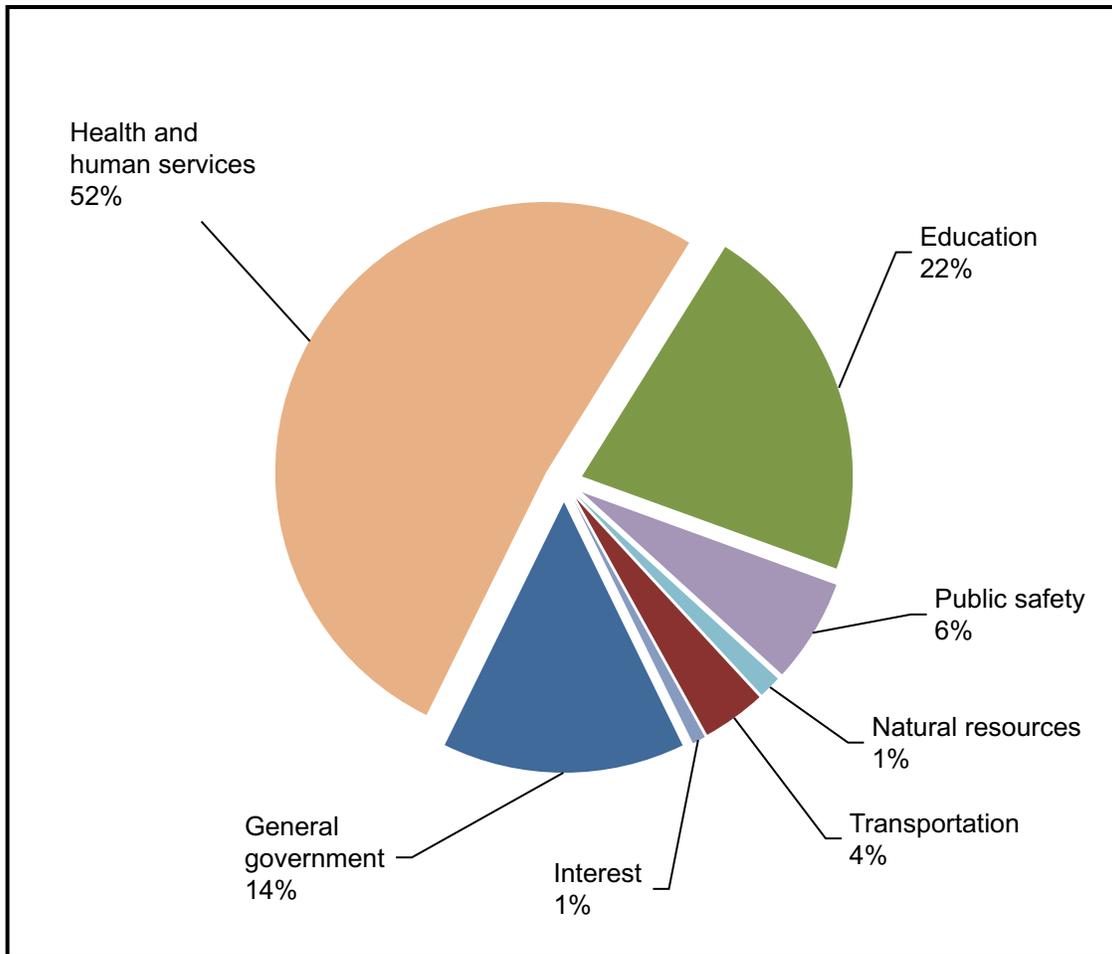
**Chart 1 - Revenues and Transfers - Governmental Activities**



The relative mix of revenue and transfers by source for governmental activities remained fairly consistent during fiscal 2023 versus the prior fiscal year. Operational grants and contributions represent one of the largest sources of revenue at 44% of the total followed by Taxes at 40%.

**Chart 2** depicts the purposes for which program expenses related to Governmental Activities were expended during the fiscal year ended June 30, 2023.

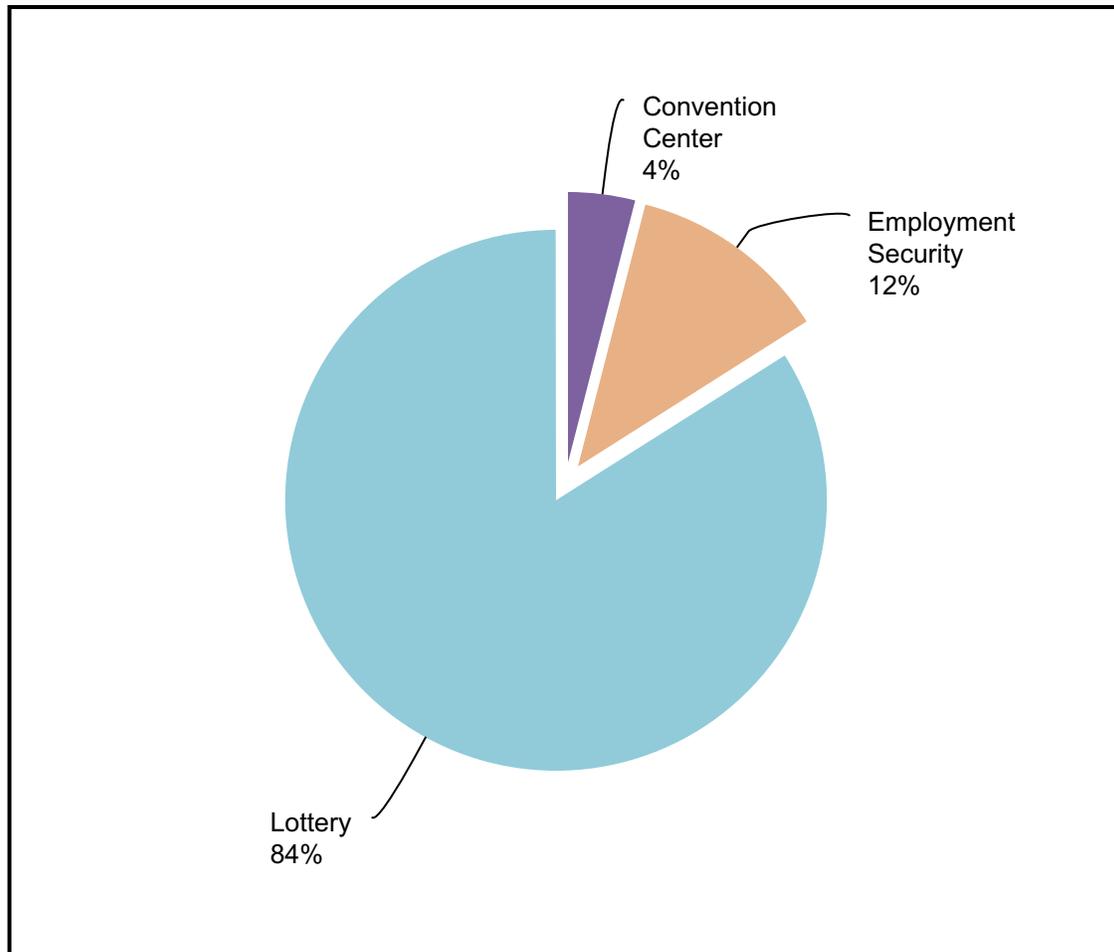
**Chart 2 - Program Expenses - Governmental Activities**



The relative mix of program expenses for governmental activities remained about the same in fiscal year 2023 as for the prior fiscal year.

**Chart 3** depicts the program expenses related to Business Type Activities during the fiscal year ended June 30, 2023.

**Chart 3 - Program Expenses - Business Type Activities**



There was a decrease in Employment Security from prior fiscal year due to the cessation of pandemic supplemental benefits. The increase to Lottery expenses is consistent with fully functional operations.

## 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 \$3.2 billion, an increase of \$616.0 million from June 30, 2022. A breakdown of the components follows (expressed in thousands):

	2023	2022	2023 vs 2022 Change	Percent
Governmental Funds				
Non-spendable	\$ 194,803	\$ 1,497	\$ 193,306	12,912.9 %
Restricted	2,291,918	1,939,645	352,273	18.2 %
Unrestricted				
Committed	148,402	112,119	36,283	32.4 %
Assigned	416,913	32,378	384,535	1,187.6 %
Unassigned	126,497	476,914	(350,417)	(73.5)%
Total	<u>\$ 3,178,533</u>	<u>\$ 2,562,553</u>	<u>\$ 615,980</u>	24.0 %

Governmental funds report fund balance as non-spendable, 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:

- *Non-spendable fund balance* - amounts that cannot be spent because they are either (a) not in spendable form, for example: fund balance associated with inventories, 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:

- *Nonspendable* - net increase of \$193.3 million is primarily attributable to Medicaid Capitation prepayment.
- *Restricted* - net increase of \$352.3 million is primarily related to RICAP fund balance legislatively approved for various capital projects and \$68.0 million increase to Bond Capital Fund.
- *Committed* - net increase of \$36.3 million is primarily attributable to a increase in the RI Highway Maintenance Account within the Intermodal Surface Transportation Fund.
- *Assigned* - net increase of \$384.5 million is primarily resulted from an increase in the amount of assigned fund balance allocated to fund the subsequent year's budget as the State's opening surplus.
- *Unassigned* - net decrease of \$350.4 million is primarily due to Medicaid Capitation classified as nonspendable, additional transfers to RICAP for appropriated amounts, and significant increase in the opening surplus in fiscal year 2023 that offsets the unassigned fund balance.

*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):

	2023	2022	2023 vs 2022 Change	Percent
Non-spendable	\$ 194,629	\$ 1,323	\$ 193,306	14,611.2 %
Restricted	435,780	461,970	(26,190)	(5.7)%
Unrestricted				
Committed	20,381	11,790	8,591	72.9 %
Assigned	415,828	31,720	384,108	1,210.9 %
Unassigned	126,573	476,914	(350,341)	(73.5)%
Total	<u>\$ 1,193,191</u>	<u>\$ 983,717</u>	<u>\$ 209,474</u>	21.3 %

Revenues and other sources of the General Fund totaled \$10.6 billion in fiscal year 2023, an increase of \$0.2 billion or 2.0% 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):

	2023	2022	Increase (decrease) from 2022	
			Amount	Percent
Revenues				
Taxes:				
Personal income	\$ 1,810,486	\$ 1,984,975	\$ (174,489)	-8.8 %
Sales and use	1,721,748	1,685,487	36,261	2.2 %
General business	600,393	617,121	(16,728)	-2.7 %
Other	99,410	61,929	37,481	60.5 %
Subtotal	<u>4,232,037</u>	<u>4,349,512</u>	<u>(117,475)</u>	<u>-2.7 %</u>
Federal grants	5,023,852	4,744,086	279,766	5.9 %
Restricted revenues	327,533	398,431	(70,898)	(17.8)%
Licenses, fines, sales, and services	413,645	407,799	5,846	1.4 %
Other revenues	117,481	68,954	48,527	70.4 %
Subtotal	<u>5,882,511</u>	<u>5,619,270</u>	<u>263,241</u>	<u>4.7 %</u>
Total revenues	<u>10,114,548</u>	<u>9,968,782</u>	<u>145,766</u>	<u>1.5 %</u>
Other sources				
Transfer from Lottery	434,667	388,642	46,025	11.8 %
Other transfers	75,988	56,551	19,437	34.4 %
Total revenues and other sources	<u>\$ 10,625,203</u>	<u>\$ 10,413,975</u>	<u>\$ 211,228</u>	<u>2.0 %</u>

### Significant Drivers of Revenue

The State's unemployment rate fell to 3.2% during fiscal year 2023, according to S&P Global, down 0.8 percentage points from the 4.0% rate realized during fiscal year 2022. The fiscal 2023 unemployment rate is 0.5 percentage points lower than the fiscal year 2019 rate of 3.7%, the last full fiscal year prior to the COVID-19 pandemic. Nominal personal income growth increased to 3.5% during fiscal year 2023 from 1.3% growth for fiscal year 2022. Fiscal year 2022 personal income growth had been weighed down by the tapering-off of various stimulus and unemployment programs related to the pandemic. A return to modest annual growth in the 3% to 4% range likely indicates a stabilization around pre-pandemic historic averages.

Despite modest personal income growth, however, the State saw a decline in personal income tax collections for fiscal year 2023. Fiscal year 2023 personal income taxes decreased by \$174.5 million, or 8.8% from fiscal year 2022 levels. Personal income tax withholding payments rose to 3.9% compared to fiscal year 2022. However, all the other components of personal income tax contributed to negative growth for fiscal year 2023. Final personal income tax payments from tax returns decreased 18.2% during fiscal year 2023 compared to the prior year. There was also a 10.3% decrease in personal income tax estimated payments (payments made by individuals on non-withholding sources of income, such as capital gains, private contracting, or "gig" work), and a 24.4% increase in personal income tax refunds paid. Accounting for these changes is likely a combination of the aforementioned waning federal fiscal stimulus from prior years and poor performance in equities markets.

General sales and use tax revenues posted an increase of 2.2% for fiscal year 2023 compared to fiscal year 2022. This growth has slowed from the 14.3% increase observed for fiscal 2022 over 2021. The strong increase in fiscal year 2022 sales and use tax was likely attributable to inflation for consumer goods, along with some continued spending of savings accumulated during the pandemic on taxable goods. U.S. total personal savings fell sharply throughout fiscal year 2022 and ticked up slightly in fiscal year 2023, indicating a spend-down of accumulated pandemic savings in 2022 followed by a pullback in consumer spending during 2023. Furthermore, fiscal year 2022 wage growth outpaced inflation by 1.8 percentage points, whereas fiscal year 2023 inflation outpaced wage growth by 0.9 percentage points, resulting in a slight decline in consumers' real purchasing power.

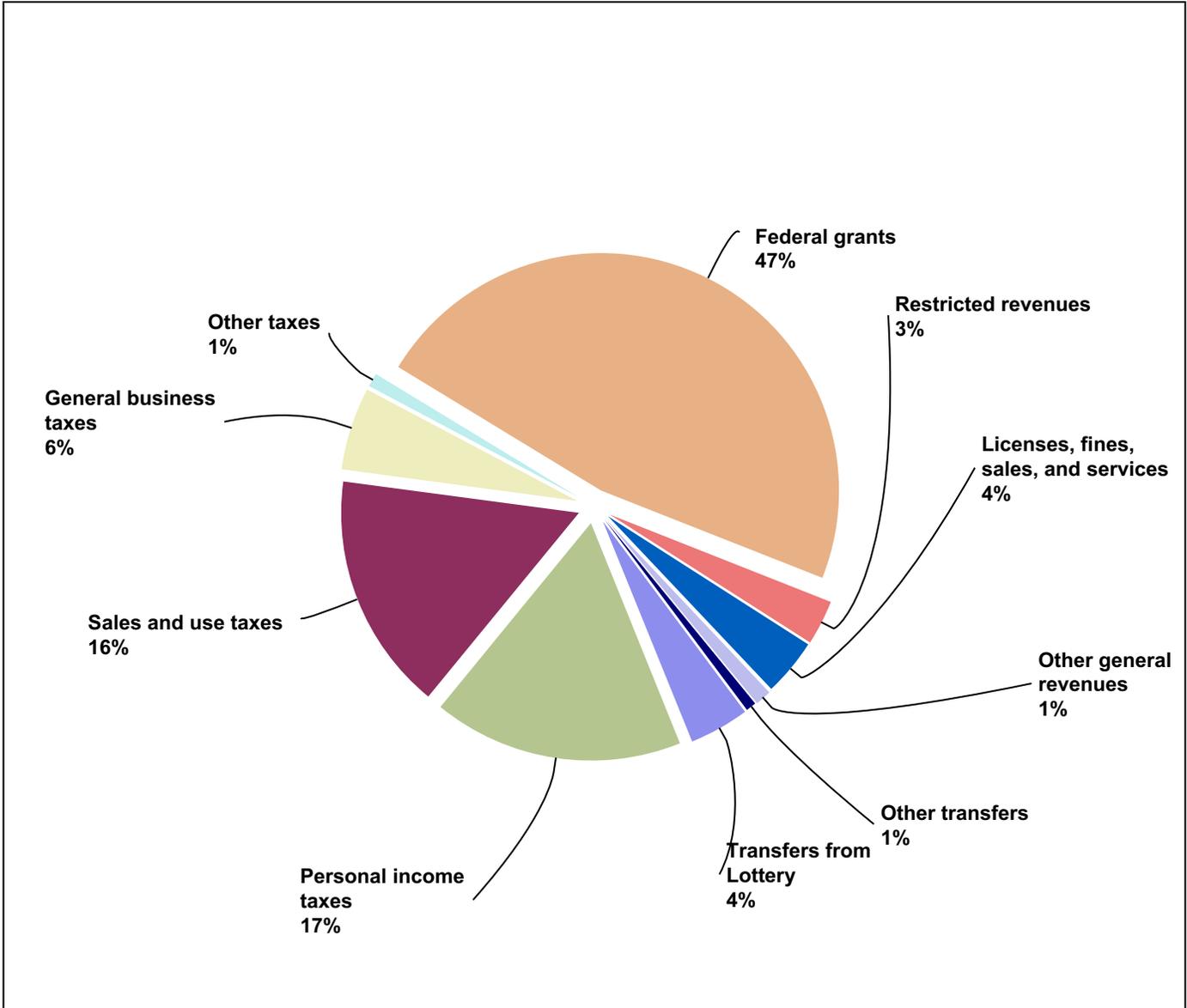
General business tax revenues fell by 2.5% for fiscal year 2023, driven largely by a decline in business corporation taxes, of 5.5%. After two years of double-digit growth in national corporate profits in fiscal year 2021 and fiscal year 2022, corporate profits growth cooled to a growth rate of 5.3% for fiscal year 2023. Business corporation tax refunds and adjustments increased by 78.5% during fiscal year 2023, depressing revenue compared to the prior year.

Other taxes increased by 60.5% from fiscal year 2022. All of this growth is attributable to estate and transfer tax revenues, which increased by \$43.0 million, or 109.4%, from fiscal year 2022, driven mostly by a few larger-than-average payments. However, this gain was slightly offset by a decrease in realty transfer tax revenues which fell 25.3% from fiscal year 2022 levels, reflective of a sharp cooling in housing market.

Finally, the R.I. Lottery's transfer to the General Fund was up 11.8% for fiscal year 2023 compared to fiscal year 2022. This performance is largely driven by strong growth to video lottery terminal (slot machine) receipts, which increased by 10.6%, and table game activity, which grew by 9.2%. This also includes strong growth of 14.3% in remote sports betting and 3.7% growth in traditional lottery, driven in part by increased play resulting from multiple large Powerball and Mega Millions jackpots, including the record-high \$2.0 billion November 2022 Powerball jackpot.

Chart 4 illustrates the fiscal year 2023 General Fund Revenue and transfers.

**Chart 4 - Revenues and Other Sources - General Fund**



Expenditures and transfers out totaled \$10.4 billion during fiscal year 2023, an increase of \$90.8 million, or 0.9%, 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):

	2023	2022	Increase (decrease) from 2022	
			Amount	Percent
General government	\$ 1,241,092	\$ 1,233,846	\$ 7,246	0.59 %
Health and human services	5,352,501	5,446,643	(94,142)	(1.73)%
Education	2,183,718	1,965,268	218,450	11.12 %
Public safety	701,231	653,607	47,624	7.29 %
Natural resources	125,842	112,029	13,813	12.33 %
Debt Service:				
Principal	162,860	155,990	6,870	4.40 %
Interest	61,425	60,261	1,164	1.93 %
Total expenditures	9,828,669	9,627,644	201,025	2.09 %
Transfers out	593,936	704,158	(110,222)	(15.65)%
Total expenditures and transfers out	<u>\$ 10,422,605</u>	<u>\$ 10,331,802</u>	<u>\$ 90,803</u>	0.88 %

### Significant Drivers of Expenditures

The year-over-year increase of approximately \$7.2 million to the General Government function is primarily attributable to aid provided to municipalities for the full phase out of the motor vehicle excise tax.

The year-over-year decrease of \$94.1 million in health and human services functions spending is attributable to a reduction of RIDOH's COVID expenditures pending FEMA reimbursements.

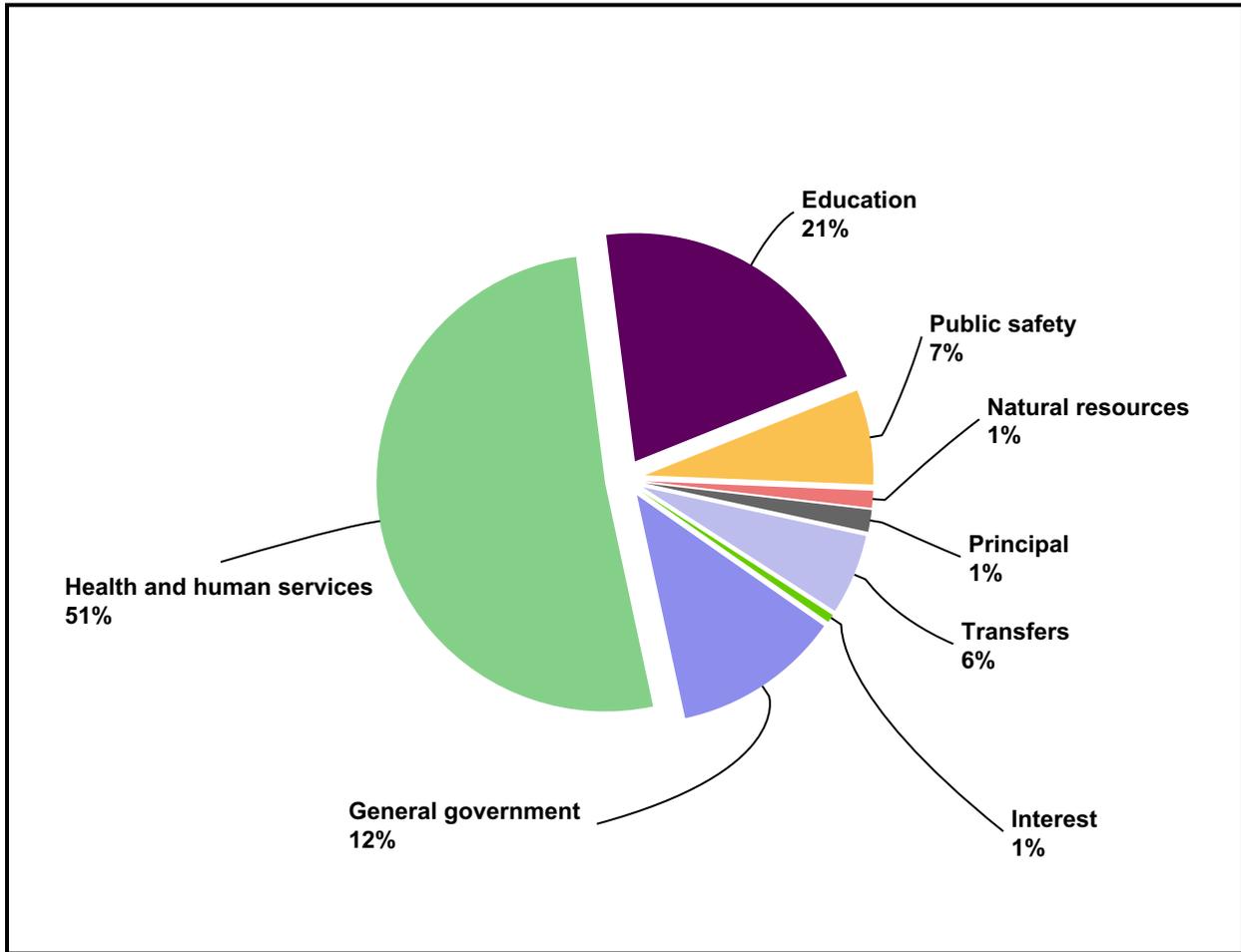
The year-over-year increase to the Education function expenditures of \$218.5 million is primarily the result of \$95.6 million more in additional funding from American Rescue Plan Act Elementary and Secondary School Emergency Relief (ESSER) and other direct award funds for education aid to local school districts and state schools as a response to the COVID-19 pandemic recovery; a \$58.5 million increase for school housing aid spending to support school construction projects; and \$39.8 million in additional funding for education aid to local school districts and state schools via the education aid funding formula.

The year-over-year increase to the Public Safety function expenditures of \$47.6 million is primarily the result of \$28.4 million of additional spending for personnel and staffing costs for the Department of Corrections and \$9.7 million for state police operations and expenditures related to communication and technology.

A significant portion of the year-over-year increase to the Natural Resources function expenditures of \$13.8 million is attributable to a \$6.6 million increase in transfers to the Rhode Island Infrastructure Bank to finance the state match for federal clean and drinking water programs and \$1.8 million for the Bureau of Environmental Protection to support fish, plants and other aquatic life and drinking water quality.

Chart 5 depicts the General Fund expenditures and other uses for fiscal year 2023.

**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, federal grants, 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):

	2023	2022	Increase (decrease) from 2022	
			Change	Percent
Restricted	\$ 202,443	\$ 222,694	\$ (20,251)	(9.09)%
Unrestricted				
Committed	127,819	99,878	27,941	27.98 %
Assigned	695	658	37	5.62 %
Total	<u>\$ 330,957</u>	<u>\$ 323,230</u>	<u>\$ 7,727</u>	<u>2.39 %</u>

The net increase of \$27.9 million in the committed portion of the unrestricted fund balance resulted from multiple factors including an increase in the RI Highway Maintenance Account. The increase in the RI Highway and Maintenance Account is a result of carryforward used primarily for State Match to Federal projects. For FY23, RI Highway Maintenance funds were dedicated for multi-years therefore creating a

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carryforward into the next fiscal year. All funding is allocated in the 10-year transportation improvement plan for projects.

### **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.

At the issuance of these financial statements, the enacted fiscal year 2024 budget (RIGL 35-6-1(e)) requires 50% of all general revenues received, net of the transfer to the state budget reserve and cash stabilization account, in excess of those estimates adopted for the year as contained in the final enacted budget to be transferred to the new Supplemental State Budget Reserve; and 50% to be transferred to the Employee's Retirement System of the State of Rhode Island. 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. The General Assembly typically ends a fiscal year with a surplus, which under Rhode Island law is re-appropriated to the following fiscal year.

A reduction in the collection of tax revenue resulted in a significant decrease of \$61.2 million between the original budget and the final budget. General revenue appropriations increased from the original budget by \$132.0 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, 2023

	Original Budget	Final Budget	Actual*	Final Budget vs. Actual Variance
Revenues and other sources:				
Taxes:				
Personal income	\$ 1,910,300	\$ 1,813,700	\$ 1,813,605	\$ (95)
General business	602,600	597,500	600,394	2,894
Sales and use	1,733,200	1,736,100	1,721,748	(14,352)
Other taxes	80,300	95,100	99,411	4,311
Departmental revenue	464,000	478,000	491,638	13,638
Other sources:				
Lottery transfer	418,700	434,200	434,667	467
Unclaimed property	14,000	14,700	18,503	3,803
Miscellaneous	37,300	29,900	26,802	(3,098)
Non-Budgeted proceeds from forward delivery bond agreement	—	—	5,900	5,900
Total revenues and other sources	<u>5,260,400</u>	<u>5,199,200</u>	<u>5,212,668</u>	<u>13,468</u>
Expenditures and other uses:				
General government	823,045	1,067,241	1,030,725	(36,516)
Health and Human services	1,896,629	1,732,768	1,690,352	(42,416)
Education	1,711,492	1,710,923	1,705,228	(5,695)
Public safety	554,569	577,680	564,248	(13,432)
Natural resources	56,425	85,597	84,376	(1,221)
Total expenditures and other uses	<u>5,042,160</u>	<u>5,174,209</u>	<u>5,074,929</u>	<u>(99,280)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 218,240</u>	<u>\$ 24,991</u>	<u>\$ 137,739</u>	<u>\$ 112,748</u>

\*See Notes on the General Fund Budgetary Comparison Schedule

The majority of the revenue variance noted in the table above is related to sales and use taxes and departmental receipts. After several years of double-digit growth, total sales and use taxes grew by a modest 2.1% during fiscal year 2023 compared to fiscal year 2022. The state's 7.0% sales tax grew by 3.5%, offset by decreases in cigarette and alcohol excise taxes. The end of fiscal 2023 saw notably weak growth in sales tax, with January through June 2023 growing by 1.3% compared to the prior year (although some of this weakness was due to a \$8.7 million sales tax refund paid in June 2023). This weakness at the end of fiscal year 2023 accounts for the negative variance of \$14.4 million between sales and use tax revenue in the final budget and the actual revenue.

Actual fiscal year 2023 sales and use tax revenues received were \$14.4 million less than the estimated sales and use tax revenues included in the fiscal year 2023 final budget. In contrast, departmental revenue received during fiscal year 2023 were \$13.7 million more than estimated for the fiscal year 2023 final budget.

The positive variance in departmental receipts is mainly due to increase interest payments to the State's General Fund balance. At the May 2023 Revenue Estimating Conference, the Office of the General Treasurer estimated General Fund interest revenue at \$46.0 million for fiscal year 2023. Actual fiscal year

2023 interest payments totaled \$59.7 million, a variance of \$13.7 million that aligns with the \$13.6 million in departmental receipt variance noted above.

While not captured in the variance column of the table above, there were notable revisions between the original budget and actual revenue. Personal income tax revenue was \$96.7 million less than the original budget. This reflects a labor market that softened over the course of FY 2023. Between January 2023 and June 2023, the State lost 3,800 jobs according to the Department of Labor and Training's establishment survey. This was partially offset by actual lottery revenue that was \$16.0 million greater than the original budget. This is mostly due to strength for video lottery terminal activity, reflecting continued recovery from the pandemic.

The positive general revenue expenditure variance for the General Government function of approximately \$36.5 million was primarily due to less than enacted expenditures occurring in the General Assembly of \$11.9 million, the Department of Administration of \$9.9 million, the Department of Revenue of \$6.6 million, and the Department of Labor and Training of \$5.0 million.

The final enacted budget included general revenue appropriations for certain COVID-19 pandemic-related expenses categorized as general revenue expenses in anticipation of Federal Emergency Management Agency (FEMA) reimbursements during fiscal year 2023. Actual expenditures pending FEMA reimbursement were less than what was assumed in the final enacted budget resulting in a positive variance of \$0.6 million, \$0.2 million of which was experienced by the Department of Administration.

The positive expenditure variance of \$6.6 million by the Department of Revenue is primarily attributable to surpluses occurring at the Registry of Motor Vehicles of \$4.8 million and \$1.2 million at the Division of Taxation. The remaining positive variance is attributable to operating surplus across multiple agencies in the General Government function.

The Department of Labor and Training concluded fiscal year 2023 with a surplus totaling \$5 million, largely attributable to unexpended state appropriations for various workforce development initiatives, including the Real Jobs Rhode Island program surplus of \$4.0 million and FMAP Extension and Healthcare Workforce Support - Skills RI of \$0.6 million.

The positive variance of \$42.4 million in the Health and Human Services function is primarily attributable to a positive variance of \$16.3 million and \$11.7 million experienced at the Department of Human Services and the Department of Children Youth and Families, respectively. This surplus reflects lower expenditures for individual and family support program operations of \$4.9 million, the Office of Veterans Services of \$5.5 million, as well as for family and child welfare programs of \$9.1 million.

Additionally, operating surplus occurred within other several major health and human services agencies, including the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) of \$8.5 million and the Executive Office of Health and Human Services (EOHHS) of \$4.5 million. The positive variance in the BHDDH is primarily attributable to lower expenditures of \$8.3 million occurring in the State psychiatric hospital and \$6.1 million for the Eleanor Slater Hospital system. These savings were partially offset by \$4.2 million in additional spending above caseload expenditure estimates for private and state owned developmentally disabled services. The positive variance in the EOHHS was primarily attributable to lower expenditures of \$10.2 million occurring for Medicaid benefits under the Rhody Health Partners and general medical assistance programs. These savings were partially offset by \$4.1 million in additional spending for long-term care assistance and \$3.0 million in managed care services.

The positive variance to the Education function of approximately \$5.7 million is driven by a surplus of \$4.5 million in the Department of Elementary and Secondary Education. Approximately \$0.6 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 \$3.8 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 year 2023 ERSRI billings than were estimated as part of the final enacted budget, the relative variance represents only 2.9% of appropriated program financing.

The positive expenditure variance of \$13.4 million to the Public Safety function is mostly attributable to \$7.7 million of savings that occurred in the Department of Public Safety's State Police and Security Services programs as well as \$1.0 million in personnel cost and contracted service savings that occurred in the Office of Attorney General's Civil Division and Insurance Unit.

## Capital Assets and Debt Administration

### Capital Assets

The State investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$5.6 billion, net of accumulated depreciation of \$4.5 billion. This investment in capital assets includes land, buildings, improvements, equipment, intangibles, infrastructure, computer systems, and construction in progress. The total increase in the State investment in capital assets for the current fiscal year was approximately 4.9% 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 \$530.4 million for the fiscal year. Of this amount, \$454.7 million was used to construct or reconstruct highways. Depreciation charges for the fiscal year totaled \$290.0 million.

State of Rhode Island Capital Assets as of June 30, 2023 and 2022 (Expressed in Thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Capital assets not being depreciated or amortized						
Land	\$ 419,652	\$ 400,695	\$ 46,808	\$ 46,808	\$ 466,460	\$ 447,503
Works of Art	5,643	5,358	—	—	5,643	5,358
Intangibles	188,513	186,230	—	—	188,513	186,230
Construction in progress	1,113,561	849,943	6,264	839	1,119,825	850,782
Total capital assets not being depreciated or amortized	1,727,369	1,442,226	53,072	47,647	1,780,441	1,489,873
Capital assets being depreciated or amortized						
Land improvements	8,331	8,331	—	—	8,331	8,331
Buildings	885,416	882,128	281,736	281,736	1,167,152	1,163,864
Building improvements	582,048	565,263	—	—	582,048	565,263
Equipment	391,416	377,556	53,174	50,948	444,590	428,504
Intangibles	342,252	344,315	—	—	342,252	344,315
Intangibles: right to use	93,978	93,927	1,401	1,401	95,379	95,328
Intangibles: subscription-based IT assets	16,020	—	—	—	16,020	—
Infrastructure	5,663,705	5,471,857	—	—	5,663,705	5,471,857
	7,983,166	7,743,377	336,311	334,085	8,319,477	8,077,462
Less: Accumulated depreciation or amortization	4,262,986	4,002,346	247,026	234,460	4,510,012	4,236,806
Total capital assets being depreciated or amortized, net	3,720,180	3,741,031	89,285	99,625	3,809,465	3,840,656
Total capital assets (net)	<u>\$ 5,447,549</u>	<u>\$ 5,183,257</u>	<u>\$ 142,357</u>	<u>\$ 147,272</u>	<u>\$ 5,589,906</u>	<u>\$ 5,330,529</u>

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 \$2.5 billion, of which \$1.5 billion is general obligation debt, \$524.1 million is special obligation debt and \$522.9 million is debt for the blended component units. Additionally, accreted interest of \$167.6 million has been recognized for debt of one blended component unit, which is not scheduled to be paid until year 2052. On an overall basis the State total bonded debt increased by \$29.1 million during fiscal year 2023. This increase consists of a \$120.0 million increase to general obligation debt, a decrease of \$62.8 million in special obligation debt, and a decrease of \$28.1 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 \$133.7 million and \$1.2 billion are supported by pledged revenue. These obligations are discussed in the financial statement Notes 7 and 13.

During October 2022, the State issued \$222.7 million of general obligation bonds with interest rates from 4.13% - 5.00%, maturing from 2023 through 2040. The total premium paid on these bonds was \$14.1 million. In accordance with certain bond statutes, net premiums of \$9.3 million were transferred to RI Infrastructure Bank to provide municipalities with low-cost financial assistance for road and bridge projects and \$4.2 million was transferred to the Rhode Island Capital Asset Protection Program.

The State had entered into a Forward Delivery Bond Purchase Agreement with a financial institution in March 2021, granting the option to purchase the State's General Obligation Bonds, Consolidated Capital Development Loan of 2022, Refunding Series 1, in exchange for an upfront payment of \$5.9 million, which was held as a deposit liability until the purchase option was exercised. In July 2022, the State issued \$43.2 million of general obligation refunding bonds interest rates from 4.00% - 5.00%, maturing from 2023 through 2032. The bonds were not issued at a premium or discount, however the \$5.9 million upfront payment was recognized as an Other Financing Source for fiscal year 2023.

This upfront payment represented the approximate present value savings of debt service had the State been able to execute a tax-exempt advance refunding. The proceeds of the CCDL 2022 Refunding Series 1 bonds were used to refund \$43.2 million of the State General Obligation Bonds, Consolidated Capital Development Loan of 2012 Series B. The forward refunding resulted in a deferred loss (difference between the reacquisition price and the net carry amount of the old debt) of approximately \$4.0 million that was recorded as a deferred outflow of resources

The State's assigned general obligation bond ratings are as follows: AA (Stable) and Aa2 (Stable) by Standard & Poor's Ratings Services (S&P) and by Moody's Investor Service, Inc.

Bonds authorized by the voters that remain unissued as of June 30, 2023 amounted to \$618.3 million; other obligations that are authorized but unissued totaled \$154.5 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 Year 2024 Budget

The second quarter report for fiscal year 2024 prepared by the State Budget Office contains estimates of annual expenditures based upon analysis of expenditures through the second quarter of fiscal year 2024 as compared to general revenue resources adopted at the November 2023 Caseload and Revenue Estimating Conferences. The projected fiscal year 2024 balance, based upon these assumptions, is estimated to reflect a \$164.3 million general revenue surplus at year end to the General Fund.

The second quarter report projected surplus is the result of an opening surplus of \$427.0 million combined with an adjusted appropriated surplus of \$45.2 million, estimated revenues of \$5.3 billion and a transfer of \$171.9 million of budget reserve and cash stabilization, offset by estimated expenditures of \$5.4 billion as well as a transfer of \$55.0 million to the Employee's Retirement System.

The second quarter reported expenditures of \$5.4 billion are revised downward by \$25.9 million from enacted appropriations, primarily due to a downward revision of agency spending of \$51.5 million as well as a \$19.6 million decrease in adopted estimates from the November 2023 Caseload Estimating Conference, which impacted several departments in the Health and Human Services functional area. These projected decreases are offset by the adjusted appropriated surplus of \$45.2 million mentioned above.

The November 2023 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 \$42.1 million, up from \$5.28 billion to \$5.32 billion compared with the enacted fiscal year 2024 estimate. The largest factor is an expected increase to taxes of \$12.5 million. The transfer from the Rhode Island Lottery is also expected to increase by \$8.2 million. Departmental receipts are expected to be \$13.1 million higher than the enacted budget, largely due to increased interest payments to the State's General Fund.

The economic forecast used to generate those estimates was provided by S&P Global Market Intelligence. Employment growth is expected to be weak, growing at (0.2)% in fiscal year 2024, although a tight labor market keeps the unemployment rate low at 2.7%. Growth in total wages is expected to outpace inflation, with those growth rates forecasted at 4.5% and 2.9%, respectively. Nominal growth in personal consumption expenditures is estimated at 3.8%, down from 6.4% in fiscal year 2023. S&P reported that they expect Rhode Island to perform slightly better than the New England average for the medium term, although that is partially driven by Rhode Island's continued jobs deficit (and thus ongoing rebound) compared to before the pandemic. As of December 2023, Rhode Island at 8,000 fewer jobs than before the pandemic. Vermont is the only other New England state to not have recovered all its jobs lost (although Connecticut is fluctuating around their pre-pandemic job count).

## Conditions Expected to Affect Future Operations

### American Rescue Plan - State Fiscal Recovery Funding

During fiscal year 2021, the federal American Rescue Plan Act (ARPA) awarded the State of Rhode Island \$1.1 billion through the State Fiscal Recovery Fund included in the act. The State appropriated \$126.0 million of the funding in fiscal year 2022 and an additional \$440.9 million in fiscal year 2023. The State has until December 31, 2024, to obligate its ARPA funding. As of the end of fiscal year 2023, \$695.9 million had been obligated in accordance with U.S. Treasury's definition of obligation, and \$393.4 million had been expended. 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; preventing cuts in public services caused by pandemic-induced revenue losses; investing in water, sewer, or broadband infrastructure; and supporting surface transportation projects.

### Federal Tax Legislation

Rhode Island has seen significant impacts from federal tax legislation, starting with the 2017 Tax Cuts and Jobs Act (TCJA) and continuing through the pandemic-era stimulus bills. Any changes at the federal level that impact individual or corporate taxable income can flow down to those entities' Rhode Island tax return (in contrast to federal tax rate or tax credit changes, which only apply to federal returns). According to a study commissioned by the State, TCJA's business provisions added \$50.5 million in revenue during fiscal year 2023, while the law's individual provisions added \$13.6 million. Some of TCJA's individual provisions expire at the end of 2025, although the State impact of those expiring provisions is expected to be small given that they mainly impact federal income tax rates. At the same time, there were some provisions of TCJA that increased business taxes starting in tax year 2022. As of February 2024, Congress is considering whether to delay these business tax increases, which would have an impact on Rhode Island revenue. How Congress handles these provisions and the provisions expiring at the end of 2025 will have implications for future State personal income tax and corporate income tax collections.

### Lottery Revenue

During June 2023, the Governor signed legislation allowing for online casino gaming in Rhode Island, known as iGaming. The bill authorized iGaming beginning in March 2024. The proposal includes both table and slot machine games and is only allowed for those 21 years and older. The November 2023 Revenue Estimating Conference assumed iGaming revenues of \$4.9 million in fiscal year 2024 and \$25.1 million in fiscal year 2025 (net of expenditures for the State's Lottery Division).

During November 2023, the State commissioned a study by Christiansen Capital Advisors (CCA) forecasting lottery revenue under the status quo and potential future scenarios. The study looked at the possibility of the expansion of online gaming in Massachusetts, through the adoption of iLottery (online instant games) or iGaming (online casino games). CCA estimated that Massachusetts iLottery would reduce State revenue by around \$2.0 million per year, while iGaming would cost the State \$7.0 million per year. Massachusetts lawmakers failed to adopt iLottery in that state's fiscal year 2024 budget, and the governor has proposed it as part of the fiscal year 2025 budget. There have been no similar proposals for iGaming in Massachusetts.

More impactful is the expansion of land-based gaming, either through the addition of table games at the existing Plainridge Park in Plainville, Massachusetts, or the construction of a new tribal casino in Taunton, Massachusetts. Tables at Plainridge Park are estimated to cost the State \$24.0 million per year, while a Taunton casino reduces revenue by \$19.0 million per year. There has been no recent action on either gaming expansion.

CCA also estimated the reduction in revenue from an indoor smoking ban at the State's two casinos, which it estimated at \$12.0 million per year. Massachusetts casinos never allowed smoking, and Connecticut's tribal casinos ended smoking during the pandemic. There were proposals during the State's 2023 legislative session to ban smoking at Rhode Island's casinos, but there are no current plans to do so.

On June 29, 2023, the Lottery received \$13.5 million, which is recorded as unearned contract revenue. These payments will be recognized as contract revenue over the term of the extended contract.

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 \$100.0 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.

### **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 actuarial 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 \$1.0 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) \$300.0 million of new GARVEE debt that will be repaid with federal funds, and 3) \$129.0 million of federal funds made available sooner by restructuring existing federally funded debt. The plan is expected to save nearly \$1.0 billion over 10 years by addressing transportation infrastructure problems on a more proactive basis. Since RhodeWorks was enacted in 2016, DOT has overseen 304 projects including completion of 306 bridges.

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.

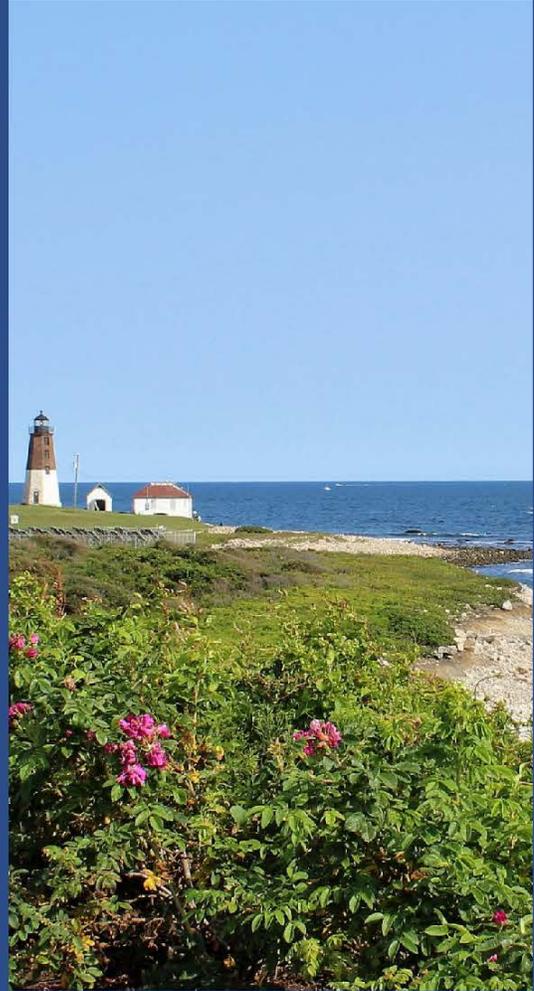
### **Statewide School Construction Funding**

Voters approved a \$250.0 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 15.0% of the state share of their approval on a pay-as-you-go basis for projects that have not been completed and for projects that have not been issued permanent financing (bonds) through RIHEBC. The State has authorized school project awards approximating the approved \$250.0 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. Additionally, another \$250.0 million bond was authorized by the voters during the November 2022 election.

## **Requests for Information**

This report is designed to provide a general overview of the State's finances and accountability for the State's 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](mailto: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, 2023



**State of Rhode Island**  
**Statement of Net Position**  
**June 30, 2023**  
**(Expressed in Thousands)**

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Total	
<b>Assets and deferred outflows of resources</b>				
Current assets:				
Cash and cash equivalents	\$ 3,454,419	\$ 61,447	\$ 3,515,866	\$ 528,547
Funds on deposit with fiscal agent	232,874	456,887	689,761	—
Investments	—	—	—	52,939
Receivables (net)	780,393	87,540	867,933	116,842
Lease receivable	899	2,780	3,679	10,075
Restricted assets:				
Cash and cash equivalents	49,928	28,676	78,604	1,073,020
Investments	—	—	—	148,916
Receivables (net)	—	—	—	99,328
Other assets	—	—	—	31,228
Due from primary government	—	—	—	30,420
Due from component units	4,564	—	4,564	5,856
Internal balances	5,371	(5,371)	—	—
Due from other governments and agencies	472,116	1,486	473,602	982
Inventories	2,020	1,410	3,430	9,393
Prepaid items	7,846	—	7,846	—
Other assets	203,964	943	204,907	19,020
Total current assets	5,214,394	635,798	5,850,192	2,126,566
Non-current assets:				
Investments	—	—	—	309,117
Receivables (net)	134,231	—	134,231	42,077
Due from other governments and agencies	19,959	—	19,959	—
Restricted assets:				
Cash and cash equivalents	—	—	—	66,288
Investments	—	—	—	1,218,155
Receivables (net)	—	—	—	1,187,097
Other assets	—	—	—	1,244,824
Due from component units	27,802	—	27,802	61
Net pension asset	1,038	—	1,038	—
Net OPEB asset	15,182	—	15,182	—
Capital assets - non-depreciable	1,727,369	53,072	1,780,441	499,125
Capital assets - depreciable (net)	3,647,443	88,288	3,735,731	1,991,974
Right to use lease assets (net)	62,731	997	63,728	42,470
Subscription-based IT assets (net)	10,006	—	10,006	12,581
Lease receivable	19,273	25,032	44,305	217,238
Other assets	—	103	103	234,765
Total non-current assets	5,665,034	167,492	5,832,526	7,065,772
Total assets	10,879,428	803,290	11,682,718	9,192,338
<b>Deferred outflows of resources</b>	575,751	6,564	582,315	116,127

(Continued)

**State of Rhode Island**  
**Statement of Net Position**  
**June 30, 2023**  
**(Expressed in Thousands)**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>	
<b>Liabilities and deferred inflows of resources</b>				
Current Liabilities:				
Accounts payable	\$ 907,173	\$ 24,791	\$ 931,964	\$ 85,140
Notes payable	—	—	—	104,898
Loans Payable	—	—	—	1,915
Due to primary government	—	—	—	4,564
Due to component units	30,420	—	30,420	356
Due to other governments and agencies	—	3,164	3,164	—
Accrued expenses	—	4,810	4,810	9,932
Current portion of long term lease liability	16,689	329	17,018	3,335
Current portion of Subs. based liability	6,589	—	6,589	5,433
Unearned revenue	910,359	—	910,359	74,565
Other current liabilities	171,119	1,043	172,162	589,103
Current portion of long-term liabilities	306,820	25,090	331,910	162,841
Obligation for unpaid prize awards	—	12,383	12,383	—
Total current liabilities	<u>2,349,169</u>	<u>71,610</u>	<u>2,420,779</u>	<u>1,042,082</u>
Non-current Liabilities:				
Due to primary government	—	—	—	27,802
Net pension liability	1,994,860	18,689	2,013,549	276,587
Net pension liability-special funding situation	1,148,198	—	1,148,198	—
Net OPEB liability	256,682	2,578	259,260	124,581
Unearned revenue	—	12,869	12,869	2,716
Due to component units	—	—	—	30
Notes payable	—	—	—	284,466
Loans payable	—	—	—	20,320
Certificates of Participation	62,516	—	62,516	—
Lease liability	53,696	685	54,381	41,861
Subscription-based IT liability	1,900	—	1,900	4,679
Compensated absences	23,471	348	23,819	27,319
Bonds payable	2,652,655	140,200	2,792,855	2,863,634
Other liabilities	90,572	—	90,572	429,832
Total non-current liabilities	<u>6,284,550</u>	<u>175,369</u>	<u>6,459,919</u>	<u>4,103,827</u>
Total liabilities	<u>8,633,719</u>	<u>246,979</u>	<u>8,880,698</u>	<u>5,145,909</u>
<b>Deferred inflows of resources</b>	<u>287,558</u>	<u>29,345</u>	<u>316,903</u>	<u>321,464</u>
<b>Net position (deficit)</b>				
Net investment in capital assets	4,771,719	2,612	4,774,331	1,866,245
Restricted for:				
Capital Projects	1,162,956	—	1,162,956	—
Debt	75,649	4,768	80,417	260,541
Employment security programs	186,409	539,964	726,373	—
Infrastructure Bank loan programs	—	—	—	921,271
General government operations	78,702	—	78,702	—
Health and Human Services	246,400	—	246,400	—
Other	108,763	—	108,763	203,207
Nonexpendable	174	—	174	354,629
Unrestricted (deficit)	(4,096,870)	(13,814)	(4,110,684)	235,199
Total net position	<u>\$ 2,533,902</u>	<u>\$ 533,530</u>	<u>\$ 3,067,432</u>	<u>\$ 3,841,092</u>

(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, 2023  
(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	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 1,502,761	\$ 296,849	\$ 594,759	\$ 607	\$ (610,546)	\$ —	\$ (610,546)	\$ —
Health and human services	5,343,135	401,985	3,812,894	7,162	(1,121,094)	—	(1,121,094)	—
Education	2,246,321	55,374	463,058	474	(1,727,415)	—	(1,727,415)	—
Public safety	644,170	55,612	108,036	7,320	(473,202)	—	(473,202)	—
Natural resources	141,230	42,095	26,738	2,890	(69,507)	—	(69,507)	—
Transportation	395,122	33,271	99,512	398,450	136,111	—	136,111	—
Interest and other charges	84,676	—	—	—	(84,676)	—	(84,676)	—
Total governmental activities	10,357,415	885,186	5,104,997	416,903	(3,950,329)	—	(3,950,329)	—
Business-type activities:								
State Lottery	1,062,933	1,494,982	—	—	—	432,049	432,049	—
Convention Center	54,366	34,675	—	—	—	(19,691)	(19,691)	—
Employment Security	154,740	245,177	19	—	—	90,456	90,456	—
Total business-type activities	1,272,039	1,774,834	19	—	—	502,814	502,814	—
Total primary government	\$ 11,629,454	\$ 2,660,020	\$ 5,105,016	\$ 416,903	\$ (3,950,329)	\$ 502,814	\$ (3,447,515)	\$ —
<b>Component units:</b>	\$ 1,764,167	\$ 861,459	\$ 841,842	\$ 228,362				\$ 167,496
<b>General Revenues:</b>								
Taxes:								
Personal income					1,801,634	—	1,801,634	—
General business					606,737	—	606,737	—
Sales and use					1,719,557	—	1,719,557	—
Gasoline					158,273	—	158,273	—
Other					414,149	—	414,149	—
Interest and investment earnings (losses)					113,869	3,592	117,461	40,988
Miscellaneous revenue					102,907	10,386	113,293	69,670
Net gain (loss) on sale of capital assets					—	—	—	138
<b>Transfers (net)</b>					283,740	(283,740)	—	—
Total general revenues and transfers					5,200,866	(269,762)	4,931,104	110,796
Change in net position					1,250,537	233,052	1,483,589	278,292
<b>Net position - beginning as restated</b>					1,283,365	300,478	1,583,843	3,562,800
<b>Net position - ending</b>					\$ 2,533,902	\$ 533,530	\$ 3,067,432	\$ 3,841,092

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

**State of Rhode Island  
Balance Sheet  
Governmental Funds  
June 30, 2023  
(Expressed in Thousands)**

	General	Intermodal Surface Transportation	Rhode Island Capital Plan	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,751,727	\$ 166,655	\$ 1,015,156	\$ 489,009	\$ 3,422,547
Funds on deposit with fiscal agent	—	181,649	—	51,225	232,874
Restricted cash equivalents	—	—	—	49,928	49,928
Receivables (net)	797,753	15,272	—	88,023	901,048
Due from other funds	11,205	50	—	1,161	12,416
Due from other governments and agencies	393,777	95,498	—	—	489,275
Loans to other funds	15,312	—	—	—	15,312
Lease Receivables	16,641	3,278	—	253	20,172
Other assets	197,711	—	—	—	197,711
<b>Total assets</b>	<b>\$ 3,184,126</b>	<b>\$ 462,402</b>	<b>\$ 1,015,156</b>	<b>\$ 679,599</b>	<b>\$ 5,341,283</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	776,988	89,654	9,424	4,100	880,166
Due to other funds	—	—	427	1,043	1,470
Due to component units	16,630	5,433	6,126	1,928	30,117
Loans from other funds	—	—	—	15,008	15,008
Unearned revenue	910,090	—	—	—	910,090
Other liabilities	136,514	15,921	707	1,354	154,496
<b>Total liabilities</b>	<b>1,840,222</b>	<b>111,008</b>	<b>16,684</b>	<b>23,433</b>	<b>1,991,347</b>
<b>Deferred inflows of resources</b>	<b>150,713</b>	<b>20,437</b>	<b>—</b>	<b>253</b>	<b>171,403</b>
<b>Fund Balances</b>					
Non-spendable	194,629	—	—	174	194,803
Restricted	435,780	202,443	998,472	655,223	2,291,918
Committed	20,381	127,819	—	202	148,402
Assigned	415,828	695	—	390	416,913
Unassigned	126,573	—	—	(76)	126,497
<b>Total fund balances</b>	<b>1,193,191</b>	<b>330,957</b>	<b>998,472</b>	<b>655,913</b>	<b>3,178,533</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,184,126</b>	<b>\$ 462,402</b>	<b>\$ 1,015,156</b>	<b>\$ 679,599</b>	<b>\$ 5,341,283</b>

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, 2023**  
**(Expressed in Thousands)**

Fund balance - total governmental funds \$ 3,178,533

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	9,595,860	
Accumulated depreciation	(4,224,680)	
		5,371,180
Right to use lease assets	93,979	
Accumulated depreciation	(31,247)	
		62,732
Subscription-based IT assets	7,146	
Accumulated depreciation	(2,701)	
		4,445

Deferred outflows of resources 575,751

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	(102,010)	
Bonds payable	(2,681,055)	
Net premium/discount on Bonds	(168,155)	
Obligations under leases	(79,365)	
Premium on Certificates of Participation	(4,221)	
Lease Liability	(70,309)	
Subscription-based IT liability	(3,684)	
Interest payable	(23,754)	
Net pension liabilities	(3,143,058)	
Net OPEB liabilities	(256,682)	
Other liabilities	(90,484)	
		(6,622,777)

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

Receivables	2,800	
Due from component units	32,061	
Net OPEB asset	15,182	
Net pension asset	1,038	
Prepaid asset	7,846	
Unavailable revenue	151,232	
		210,159

Deferred inflows of resources (267,387)

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. 21,266

Net position - total governmental activities \$ 2,533,902

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, 2023**  
**(Expressed in Thousands)**

	<u>General</u>	<u>Intermodal Surface Transportation</u>	<u>Rhode Island Capital Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 4,232,037	\$ 233,958	\$ —	\$ 239,053	\$ 4,705,048
Licenses, fines, tolls, sales, and services	413,645	31,786	—	2,042	447,473
Departmental restricted revenue	327,533	1,433	—	—	328,966
Federal grants	5,023,852	495,994	—	—	5,519,846
Income from investments	59,650	11,650	20,101	21,684	113,085
Other revenues	57,831	1,358	—	48,194	107,383
Total revenues	<u>10,114,548</u>	<u>776,179</u>	<u>20,101</u>	<u>310,973</u>	<u>11,221,801</u>
<b>Expenditures:</b>					
Current:					
General government	1,241,092	—	—	240,310	1,481,402
Health and human services	5,352,501	—	—	—	5,352,501
Education	2,183,718	—	—	171	2,183,889
Public safety	701,231	—	—	—	701,231
Natural resources	125,842	—	—	—	125,842
Transportation	—	691,724	—	3,246	694,970
Capital outlays	—	—	80,069	163,420	243,489
Debt service:					
Principal	162,860	47,513	1,494	28,090	239,957
Interest and other charges	61,425	25,797	—	23,060	110,282
Total expenditures	<u>9,828,669</u>	<u>765,034</u>	<u>81,563</u>	<u>458,297</u>	<u>11,133,563</u>
Excess (deficiency) of revenues over (under) expenditures	285,879	11,145	(61,462)	(147,324)	88,238
<b>Other financing sources (uses):</b>					
Issuance of bonds and notes	—	—	—	222,750	222,750
Issuance of refunding bonds	—	—	—	43,240	43,240
Proceeds from forward delivery bond agreement	5,900	—	—	—	5,900
Subscription-based IT financing	976	282	—	25	1,283
Debt Issuance Premiums	—	—	—	14,548	14,548
Transfers in	510,655	58,253	432,033	31,224	1,032,165
Payment to advance refunded bonds escrow agent	—	—	—	(43,719)	(43,719)
Transfers out	(593,936)	(61,953)	(71,324)	(21,212)	(748,425)
Total other financing sources (uses)	<u>(76,405)</u>	<u>(3,418)</u>	<u>360,709</u>	<u>246,856</u>	<u>527,742</u>
Net change in fund balances	209,474	7,727	299,247	99,532	615,980
Fund balances - beginning	983,717	323,230	699,225	556,381	2,562,553
Fund balances - ending	<u>\$ 1,193,191</u>	<u>\$ 330,957</u>	<u>\$ 998,472</u>	<u>\$ 655,913</u>	<u>\$ 3,178,533</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, 2023**  
**(Expressed in Thousands)**

Net change in fund balances - total governmental funds \$ 615,980

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	525,255	
Depreciation expense	<u>(272,152)</u>	
		253,103

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	239,956	
Debt defeased in refunding	43,240	
Accrued interest and other charges	(1,284)	
Proceeds from sale of debt	(265,990)	
Refunding loss deferral	3,999	
Deferral of premium/discount	(19,980)	
Amortization of premium/discount	42,585	
Accreted interest	(15,725)	
Amortization of refunding gains/losses	(3,794)	
		23,007

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	(5,806)	
Pension expenses, net of related deferred outflows	222,775	
OPEB expenses, net of related deferred outflows	40,662	
Program expenses	(2,979)	
Program and miscellaneous revenue	(5,609)	
Operating and capital grant revenue	110,686	
General revenue - taxes	<u>(4,699)</u>	
		355,030

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.

	3,417
Change in net position - total governmental activities	<u><u>\$ 1,250,537</u></u>

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, 2023**  
**(Expressed in Thousands)**

	Business-type Activities- Enterprise Funds				Governmental Activities
	R.I.			Totals	Internal Service Funds
	R.I. Lottery	Convention Center	Employment Security		
<b>Assets and deferred outflows of resources</b>					
Current assets:					
Cash and cash equivalents	\$ 43,874	\$ 9,573	\$ 8,000	\$ 61,447	\$ 31,916
Restricted cash and cash equivalents	—	28,676	—	28,676	—
Funds on deposit with fiscal agent	—	—	456,887	456,887	—
Receivables (net)	8,459	1,693	77,388	87,540	13,603
Due from other funds	—	—	—	—	5,327
Due from other governments and agencies	—	—	1,486	1,486	—
Loans to other funds	—	—	—	—	173
Lease Receivable	91	2,689	—	2,780	—
Inventories	1,410	—	—	1,410	2,021
Other assets	345	598	—	943	6,235
Total current assets	<u>54,179</u>	<u>43,229</u>	<u>543,761</u>	<u>641,169</u>	<u>59,275</u>
Non-current assets:					
Capital assets - non-depreciable	—	53,072	—	53,072	—
Capital assets - depreciable (net)	307	87,981	—	88,288	3,630
Right to use asset - lease (net)	951	46	—	997	—
Subscription-based IT assets (net)	—	—	—	—	5,562
Lease receivable	2,236	22,796	—	25,032	—
Other assets	—	103	—	103	—
Total non-current assets	<u>3,494</u>	<u>163,998</u>	<u>—</u>	<u>167,492</u>	<u>9,192</u>
Total assets	<u>57,673</u>	<u>207,227</u>	<u>543,761</u>	<u>808,661</u>	<u>68,467</u>
<b>Deferred outflows of resources</b>	<u>4,376</u>	<u>2,188</u>	<u>—</u>	<u>6,564</u>	<u>—</u>
<b>Liabilities and deferred inflows of resources</b>					
Current liabilities:					
Accounts payable	16,938	7,277	576	24,791	27,011
Due to other funds	5,240	74	57	5,371	10,902
Due to other governments and agencies	—	—	3,164	3,164	—
Loans from other funds	—	—	—	—	477
Lease liability	307	22	—	329	—
Accrued expenses	4,810	—	—	4,810	—
Unearned revenue	675	3,582	—	4,257	—
Subscription-based IT liability	—	—	—	—	4,351
Other current liabilities	894	149	—	1,043	4,033
Bonds payable	—	20,525	—	20,525	—
Compensated absences	308	—	—	308	—
Obligation for unpaid prize awards	12,383	—	—	12,383	—
Total current liabilities	<u>41,555</u>	<u>31,629</u>	<u>3,797</u>	<u>76,981</u>	<u>46,774</u>
Non-current liabilities:					
Net pension liability	18,689	—	—	18,689	—
Net OPEB liability	2,578	—	—	2,578	—
Unearned revenue	12,825	44	—	12,869	—
Subscription-based IT liability	—	—	—	—	427
Bonds payable	—	140,200	—	140,200	—
Compensated absences	348	—	—	348	—
Lease liability	661	24	—	685	—
Total non-current liabilities	<u>35,101</u>	<u>140,268</u>	<u>—</u>	<u>175,369</u>	<u>427</u>
Total liabilities	<u>76,656</u>	<u>171,897</u>	<u>3,797</u>	<u>252,350</u>	<u>47,201</u>
<b>Deferred inflows of resources</b>	4,029	25,316	—	29,345	—
<b>Net Position (Deficit)</b>					
Net investment in capital assets	291	2,321	—	2,612	4,414
Restricted for:					
Debt	—	4,768	—	4,768	—
Employment insurance programs	—	—	539,964	539,964	—
Unrestricted (deficit)	(18,927)	5,113	—	(13,814)	16,852
Total net position (deficit)	<u>\$ (18,636)</u>	<u>\$ 12,202</u>	<u>\$ 539,964</u>	<u>\$ 533,530</u>	<u>\$ 21,266</u>

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, 2023**  
**(Expressed in Thousands)**

	Business-type Activities- Enterprise Funds				Governmental Activities
	R.I.				Internal Service Funds
	R.I. Lottery	Convention Center	Employment Security	Totals	
<b>Operating revenues:</b>					
Charges for services	\$ —	\$ 31,070	\$ —	\$ 31,070	\$ 499,688
Employer premiums	—	—	240,090	240,090	—
Lottery sales	316,303	—	—	316,303	—
Video lottery (net)	531,976	—	—	531,976	—
Lease Revenue	—	3,009	—	3,009	—
Table games	136,600	—	—	136,600	—
Sports book	509,469	—	—	509,469	—
Federal grants	—	—	19	19	—
Miscellaneous	634	596	5,087	6,317	—
Total operating revenues	1,494,982	34,675	245,196	1,774,853	499,688
<b>Operating expenses:</b>					
Personnel services	11,687	17,508	—	29,195	61,300
Supplies, materials, and services	394,876	14,988	—	409,864	431,663
Prize awards, net of prize recoveries	655,938	—	—	655,938	—
Depreciation and amortization	432	13,324	—	13,756	4,091
Benefits paid	—	—	154,740	154,740	—
Total operating expenses	1,062,933	45,820	154,740	1,263,493	497,054
<b>Operating income (loss)</b>	432,049	(11,145)	90,456	511,360	2,634
<b>Non-operating revenues (expenses):</b>					
Interest revenue	2,136	1,456	—	3,592	786
Other non-operating revenues (expenses)	1,485	2,002	6,899	10,386	(3)
Interest expense	—	(8,546)	—	(8,546)	—
Total non-operating revenue (expenses)	3,621	(5,088)	6,899	5,432	783
Income (loss) before transfers	435,670	(16,233)	97,355	516,792	3,417
<b>Transfers in</b>	—	50,957	99,970	150,927	—
<b>Transfers out</b>	(434,667)	—	—	(434,667)	—
Change in net position	1,003	34,724	197,325	233,052	3,417
<b>Net position (deficit) - beginning</b>	(19,639)	(22,522)	342,639	300,478	17,849
<b>Net position (deficit) - ending</b>	\$ (18,636)	\$ 12,202	\$ 539,964	\$ 533,530	\$ 21,266

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, 2023**  
**(Expressed in Thousands)**

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities
	R.I. Lottery	R.I. Convention Center	Employment Security		Internal Service Funds
<b>Cash flows from operating activities:</b>					
Cash received from gaming activities	\$ 1,506,420	\$ —	\$ —	\$ 1,506,420	\$ —
Cash received from customers	—	30,899	—	30,899	503,126
Cash received from employer premiums	—	—	242,007	242,007	—
Cash received from grants	—	—	(1,664)	(1,664)	—
Cash payments for gaming activities	(1,042,190)	—	—	(1,042,190)	—
Cash payments to suppliers	(7,222)	(15,064)	—	(22,286)	(426,268)
Cash payments to employees	(12,032)	(17,619)	—	(29,651)	(61,977)
Cash payments for benefits - Employment Security Fund	—	—	(156,598)	(156,598)	—
Other operating revenue (expense)	—	11,423	(1,315)	10,108	(5)
Net cash provided by (used for) operating activities	444,976	9,639	82,430	537,045	14,876
<b>Cash flows from non-capital financing activities:</b>					
Loans from other funds	—	—	—	—	340
Loans to other funds	—	—	—	—	(1,370)
Repayment of loans to other funds	—	—	—	—	(357)
Repayment of loans from other funds	—	—	—	—	(7,117)
Transfers in	—	40,610	100,068	140,678	—
Transfers out	(432,738)	—	—	(432,738)	—
Cash overdraft	(9,102)	—	—	(9,102)	—
Net transfers from (to) fiscal agent	—	—	(180,495)	(180,495)	—
Net cash provided by (used for) non-capital financing activities	(441,840)	40,610	(80,427)	(481,657)	(8,504)
<b>Cash flows from capital and related financing activities:</b>					
Principal paid on capital obligations	—	(20,250)	—	(20,250)	—
Principal and interest under leases	(300)	3,293	—	2,993	3,864
Interest paid on capital obligations	—	(7,499)	—	(7,499)	111
Acquisition of capital assets	(194)	(5,254)	—	(5,448)	(9,563)
Net cash provided by (used for) capital and related financing activities	(494)	(29,710)	—	(30,204)	(5,588)
<b>Cash flows from investing activities:</b>					
Interest on investments	2,136	1,077	—	3,213	786
Net cash provided by investing activities	2,136	1,077	—	3,213	786
Net increase (decrease) in cash and cash equivalents	4,778	21,616	2,003	28,397	1,570
Cash and cash equivalents, July 1	39,096	16,633	5,997	61,726	30,346
Cash and cash equivalents, June 30	<u>\$ 43,874</u>	<u>\$ 38,249</u>	<u>\$ 8,000</u>	<u>\$ 90,123</u>	<u>\$ 31,916</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	432,049	(11,145)	90,456	511,360	2,634
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>					
Depreciation and amortization	432	13,324	—	13,756	4,075
Other revenue (expense) and transfers in (out)	860	7,927	(5,138)	3,649	62
Net changes in assets and liabilities:					
Receivables (net)	(3,092)	(45)	1,918	(1,219)	5,612
Lease Receivable	525	—	—	525	—
Inventory	(450)	—	—	(450)	12
Deferred outflows of resources	866	—	—	866	—
Prepaid items	13	53	—	66	197
Due to / due from transactions	7	—	555	562	—
Accounts and other payables	4,571	(239)	(3,674)	658	2,818
Accrued expenses	(2,844)	—	(4)	(2,848)	(534)
Net pension liability	2,131	—	—	2,131	—
Net OPEB liability	432	—	—	432	—
Deferred inflows of resources	(4,332)	—	—	(4,332)	—
Unearned revenue	13,338	(236)	(1,683)	11,419	—
Prize awards payable	470	—	—	470	—
Total adjustments	12,927	20,784	(8,026)	25,685	12,242
Net cash provided by (used for) operating activities	<u>\$ 444,976</u>	<u>\$ 9,639</u>	<u>\$ 82,430</u>	<u>\$ 537,045</u>	<u>\$ 14,876</u>

(Continued)

**State of Rhode Island**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

**Supplemental disclosure of noncash financing activities:**

***RI Lottery***

Recognition of lease receivable and related deferred lease revenues and interest due to change in lease terms.	<u>\$</u> <u>436</u>
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***RI Convention Center***

Recognition of lease receivable and related deferred lease revenues and interest	<u>\$</u> <u>2,655</u>
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Settlement of offsetting obligation and receivables under management agreement	<u>\$</u> <u>26</u>
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Disposal of capital assets	<u>\$</u> <u>(9)</u>
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(Concluded)

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, 2023**  
**(Expressed in Thousands)**

	Pension and Other Employee Benefit Trusts	Investment Trust Ocean State Investment Pool	Private Purpose Trusts	Custodial Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 18,144	\$ —	\$ 7,757	\$ —
Deposits held for others	—	—	—	46,787
Receivables				
Contributions	20,981	—	—	—
Due from State for teachers	24,747	—	—	—
Due from other plans	1,546	—	—	—
Other	1,406	—	—	23,078
Miscellaneous	—	—	195	—
Total receivables	48,680	—	195	23,078
Prepaid expenses	1,682	—	—	—
Investments, at fair value				
Equity in short-term investment fund	—	61,396	—	—
Equity in pooled trusts	11,169,582	—	—	—
Other investments	1,746,212	—	4,223,226	—
Total investments	12,915,794	61,396	4,223,226	—
Total assets	12,984,300	61,396	4,231,178	69,865
<b>Liabilities</b>				
Accounts payable	6,603	56	10,871	—
Due to other plans	4,547	—	—	—
Incurred but not reported claims	923	—	—	—
Other	9,974	—	—	—
Unclaimed property claims	—	—	—	1,730
Due to inmates and beneficiaries	—	—	—	617
Total liabilities	22,047	56	10,871	2,347
<b>Net position</b>				
Restricted for:				
Pension benefits	12,387,315	—	—	—
Other postemployment benefits	574,938	—	—	—
External investment pool participants	—	61,340	—	—
Tuition savings program	—	—	4,212,418	—
Individuals, organizations and other governments	—	—	—	67,518
Other	—	—	7,889	—
Total fiduciary net position	\$ 12,962,253	\$ 61,340	\$ 4,220,307	\$ 67,518

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, 2023**  
**(Expressed in Thousands)**

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Investment Trust Ocean State Investment Pool</b>	<b>Private Purpose Trusts</b>	<b>Custodial Funds</b>
<b>Additions</b>				
Contributions				
Member contributions	\$ 232,724	\$ —	\$ —	\$ —
Employer contributions	592,402	—	—	—
Additional employer contributions	91	—	—	—
Supplemental employer contributions	35	—	—	—
State contributions for teachers	122,455	—	—	—
Interest on service credits purchased	133	—	—	—
Service credit transfers	16,827	—	—	—
From program participants	—	228,186	312,309	—
Total contributions	<u>964,667</u>	<u>228,186</u>	<u>312,309</u>	<u>—</u>
Other income	<u>1,925</u>	<u>—</u>	<u>—</u>	<u>—</u>
Investment income				
Increase (Decrease) in fair value of investments	1,038,477	—	112,976	(1,470)
Interest	82,453	2,500	—	—
Dividends	82,622	—	148,850	—
Other investment income	405	—	—	—
	<u>1,203,957</u>	<u>2,500</u>	<u>261,826</u>	<u>(1,470)</u>
Less: investment expense	<u>(128,825)</u>	<u>(77)</u>	<u>—</u>	<u>—</u>
Net investment income (loss)	<u>1,075,132</u>	<u>2,423</u>	<u>261,826</u>	<u>(1,470)</u>
Unclaimed property	—	—	—	38,404
Deposits for patients, clients and inmates	—	—	—	9,784
Miscellaneous	—	—	—	4,519
Total additions	<u>2,041,724</u>	<u>230,609</u>	<u>574,135</u>	<u>51,237</u>
<b>Deductions</b>				
Retirement benefits	1,019,520	—	—	—
Death benefits	3,248	—	—	—
Distributions	46,367	249,536	—	—
Program participant redemptions	—	—	789,677	—
Refund of contributions	6,724	—	—	—
Administrative expense	10,817	—	15,584	—
Service credit transfers	16,827	—	—	—
OPEB benefits	31,205	—	—	—
Payments and transfers of unclaimed property	—	—	—	36,241
Payments made on behalf of individuals in State care	—	—	—	9,272
Miscellaneous	—	—	—	9,510
Total deductions	<u>1,134,708</u>	<u>249,536</u>	<u>805,261</u>	<u>55,023</u>
Change in net position restricted for:				
Pension benefits	833,048	—	—	—
Other postemployment benefits	73,968	—	—	—
External investment pool participants	—	(18,927)	—	—
Tuition savings program	—	—	(232,527)	—
Other	—	—	1,401	(3,786)
<b>Fiduciary net position - beginning</b>	<u>12,055,237</u>	<u>80,267</u>	<u>4,451,433</u>	<u>71,304</u>
<b>Fiduciary net position - ending</b>	<u>\$ 12,962,253</u>	<u>\$ 61,340</u>	<u>\$ 4,220,307</u>	<u>\$ 67,518</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, 2023**  
**(Expressed in Thousands)**

	<u>RIAC</u>	<u>RICC</u>	<u>I-195 RDC</u>	<u>RIPTA</u>	<u>RITBA</u>
<b>Assets and deferred outflows of resources</b>					
Current Assets:					
Cash and cash equivalents	\$ 52,946	\$ 17,262	\$ 860	\$ 14,091	\$ 1,029
Investments	50,768	—	—	2,171	—
Receivables (net)	4,791	2,457	165	7,101	87
Lease receivable	2,393	—	—	60	51
Restricted assets:					
Cash and cash equivalents	25,558	207,579	6,557	—	13,144
Investments	—	2,390	—	—	8,292
Receivables (net)	—	29	—	—	945
Due from primary government	21	6,081	177	5,977	1,378
Due from other component units	—	2	—	—	—
Inventories	—	—	—	1,845	47
Other assets	460	336	97	165	277
Total current assets	<u>136,937</u>	<u>236,136</u>	<u>7,856</u>	<u>31,410</u>	<u>25,250</u>
Non-current Assets:					
Investments	—	1,327	—	5,931	—
Receivables (net)	—	9,493	—	—	—
Lease receivable	15,800	—	—	226	53
Restricted assets:					
Cash and cash equivalents	42,142	5,934	—	—	15,054
Investments	9,614	7,334	—	—	111,540
Receivables (net)	1,370	118	—	—	—
Other assets	—	—	—	—	—
Capital assets - non-depreciable	66,671	7,899	556	45,890	4,380
Capital assets - depreciable (net)	433,313	83	—	117,313	213,583
Lease assets (net)	—	1,544	—	—	—
Right to use subscription-based IT asset (net)	—	95	—	875	35
Due from other component units	—	—	—	—	—
Other assets, net of amortization	59	1,105	568	2,014	—
Total non-current assets	<u>568,969</u>	<u>34,932</u>	<u>1,124</u>	<u>172,249</u>	<u>344,645</u>
Total assets	<u>705,906</u>	<u>271,068</u>	<u>8,980</u>	<u>203,659</u>	<u>369,895</u>
<b>Deferred outflows of resources</b>	<u>309</u>	<u>2,254</u>	<u>—</u>	<u>50,476</u>	<u>—</u>

(Continued)

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2023**  
**(Expressed in Thousands)**

	<u>RIAC</u>	<u>RICC</u>	<u>I-195 RDC</u>	<u>RIPTA</u>	<u>RITBA</u>
<b>Liabilities and deferred inflows of resources</b>					
Current Liabilities:					
Accounts payable	2,404	2,876	431	6,998	562
Due to primary government	—	—	—	810	40
Due to other component units	235	—	—	—	—
Accrued Expenses	—	—	—	—	5,108
Unearned revenue	2,079	33,501	584	2,017	6,853
Lease liability	428	422	—	—	—
Subscription-based IT liability	—	7	—	199	—
Other liabilities	9,612	22,308	847	8,551	—
Compensated absences	—	—	—	140	—
Current portion of long-term debt	21,610	1,446	2,085	—	6,680
Total current liabilities	<u>36,368</u>	<u>60,560</u>	<u>3,947</u>	<u>18,715</u>	<u>19,243</u>
Non-current Liabilities:					
Due to primary government	—	—	—	6,381	—
Due to other component units	30	—	—	—	—
Unearned revenue	—	1,581	—	—	—
Notes payable	—	—	—	—	—
Loans payable	—	—	—	—	—
Lease liability	—	1,122	—	—	—
Subscription-based IT liability	—	9	—	717	—
Net pension liability	1,189	129	—	89,933	—
Net OPEB liability	162	17	—	63,839	—
Other liabilities	—	891	—	10,629	—
Compensated absences	—	—	—	326	—
Bonds payable	212,612	5,022	27,970	—	191,669
Total non-current liabilities	<u>213,993</u>	<u>8,771</u>	<u>27,970</u>	<u>171,825</u>	<u>191,669</u>
Total liabilities	<u>250,361</u>	<u>69,331</u>	<u>31,917</u>	<u>190,540</u>	<u>210,912</u>
<b>Deferred inflows of resources</b>	<u>17,640</u>	<u>1,533</u>	<u>—</u>	<u>33,601</u>	<u>101</u>
<b>Net position (deficit)</b>					
Net investment in capital assets	284,330	7,933	556	155,272	110,489
Restricted for:					
Debt	27,906	—	—	—	47,881
Program purposes	—	—	—	—	—
Other	6,930	1,107	6,453	9,279	—
Other nonexpendable	21,085	165,666	—	—	—
Unrestricted (deficit)	97,963	27,752	(29,946)	(134,557)	512
Total net position (deficit)	<u>\$ 438,214</u>	<u>\$ 202,458</u>	<u>\$ (22,937)</u>	<u>\$ 29,994</u>	<u>\$ 158,882</u>

(Continued)

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2023**  
**(Expressed in Thousands)**

	URI	RIC	CCRI	Other Component Units	Totals
<b>Assets and deferred outflows of resources</b>					
Current Assets:					
Cash and cash equivalents	\$ 236,499	\$ 48,109	\$ 47,648	\$ 110,103	\$ 528,547
Investments	—	—	—	—	52,939
Receivables (net)	60,586	7,221	5,549	28,885	116,842
Lease receivable	—	11	46	7,514	10,075
Restricted assets:					
Cash and cash equivalents	—	—	501	819,681	1,073,020
Investments	—	—	—	138,234	148,916
Receivables (net)	—	—	—	98,354	99,328
Other assets	—	—	—	31,228	31,228
Due from primary government	2,388	2,573	2,006	9,819	30,420
Due from other governments	—	—	—	982	982
Due from other component units	—	—	—	5,854	5,856
Inventories	3,649	—	160	3,692	9,393
Other assets	2,247	1,953	4,929	8,556	19,020
Total current assets	<u>305,369</u>	<u>59,867</u>	<u>60,839</u>	<u>1,262,902</u>	<u>2,126,566</u>
Non-current Assets:					
Investments	256,396	39,795	5,668	—	309,117
Receivables (net)	9,714	739	—	22,131	42,077
Lease receivable	—	4	330	200,825	217,238
Restricted assets:					
Cash and cash equivalents	2,486	599	—	73	66,288
Investments	—	—	—	1,089,667	1,218,155
Receivables (net)	185	—	—	1,185,424	1,187,097
Other assets	31,083	1,079	—	1,212,662	1,244,824
Capital assets - non-depreciable	45,328	6,211	16,318	305,872	499,125
Capital assets - depreciable (net)	801,890	179,593	65,384	180,815	1,991,974
Lease assets (net)	6,792	19	24	34,091	42,470
Right to use subscription-based IT asset (net)	10,054	564	914	44	12,581
Due from other component units	—	—	—	61	61
Other assets, net of amortization	3,898	—	—	227,121	234,765
Total non-current assets	<u>1,167,826</u>	<u>228,603</u>	<u>88,638</u>	<u>4,458,786</u>	<u>7,065,772</u>
Total assets	<u>1,473,195</u>	<u>288,470</u>	<u>149,477</u>	<u>5,721,688</u>	<u>9,192,338</u>
<b>Deferred outflows of resources</b>	<u>25,138</u>	<u>8,528</u>	<u>7,312</u>	<u>22,110</u>	<u>116,127</u>

(Continued)

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2023**  
**(Expressed in Thousands)**

	URI	RIC	CCRI	Other Component Units	Totals
<b>Liabilities and deferred inflows of resources</b>					
Current Liabilities:					
Accounts payable	31,355	10,903	10,794	18,817	85,140
Notes payable	—	168	—	104,730	104,898
Loans payable	100	—	—	1,815	1,915
Due to primary government	1,665	1,980	—	69	4,564
Due to other component units	—	—	—	121	356
Lease liability	655	11	518	1,301	3,335
Subscription-based IT liability	4,799	408	—	20	5,433
Accrued expenses	—	4,824	—	—	9,932
Unearned revenue	15,947	5,083	3,941	4,560	74,565
Other liabilities	23,291	131	—	513,200	577,940
Compensated absences	2,253	4,578	3,586	606	11,163
Current portion of long-term debt	13,273	1,079	323	116,345	162,841
Total current liabilities	<u>93,338</u>	<u>29,165</u>	<u>19,162</u>	<u>761,584</u>	<u>1,042,082</u>
Non-current Liabilities:					
Due to primary government	14,120	7,301	—	—	27,802
Due to other component units	—	—	—	—	30
Unearned revenue	—	—	—	1,135	2,716
Notes payable	—	—	—	284,466	284,466
Loans payable	48	—	—	20,272	20,320
Lease liability	6,357	9	283	34,090	41,861
Subscription-based IT liability	3,763	185	—	5	4,679
Net pension liability	95,758	31,079	26,669	31,830	276,587
Net OPEB liability	21,377	9,973	8,294	20,919	124,581
Other liabilities	5,993	490	—	411,829	429,832
Compensated absences	22,010	1,091	673	3,219	27,319
Bonds payable	250,109	9,782	—	2,166,470	2,863,634
Total non-current liabilities	<u>419,535</u>	<u>59,910</u>	<u>35,919</u>	<u>2,974,235</u>	<u>4,103,827</u>
Total liabilities	<u>512,873</u>	<u>89,075</u>	<u>55,081</u>	<u>3,735,819</u>	<u>5,145,909</u>
<b>Deferred inflows of resources</b>	<u>26,285</u>	<u>13,831</u>	<u>9,016</u>	<u>219,457</u>	<u>321,464</u>
<b>Net position (deficit)</b>					
Net investment in capital assets	606,836	165,463	81,516	453,850	1,866,245
Restricted for:					
Debt	—	—	—	184,754	260,541
Program purposes	—	—	—	921,271	921,271
Other	142,106	7,157	4,526	25,649	203,207
Nonexpendable	133,127	31,688	3,063	—	354,629
Unrestricted (deficit)	77,106	(10,216)	3,587	202,998	235,199
Total net position (deficit)	<u>\$ 959,175</u>	<u>\$ 194,092</u>	<u>\$ 92,692</u>	<u>\$ 1,788,522</u>	<u>\$ 3,841,092</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, 2023**  
**(Expressed in Thousands)**

	<b>RIAC</b>	<b>RICC</b>	<b>I-195 RDC</b>	<b>RIPTA</b>	<b>RITBA</b>	<b>URI</b>	<b>RIC</b>	<b>CCRI</b>	<b>Other Component Units</b>	<b>Totals</b>
<b>Expenses</b>	\$ 80,526	\$ 60,456	\$ 5,938	\$ 148,740	\$ 34,338	\$ 646,824	\$ 159,126	\$ 145,713	\$ 482,506	\$ 1,764,167
<b>Program revenues:</b>										
Charges for services	73,926	5,041	1,036	16,631	31,473	387,542	56,101	37,341	252,368	861,459
Operating grants and contributions	10,615	18,120	5,193	117,074	—	249,491	89,695	115,431	236,223	841,842
Capital grants and contributions	11,374	—	—	40,216	15,159	32,448	11,133	10,895	107,137	228,362
Total program revenues	95,915	23,161	6,229	173,921	46,632	669,481	156,929	163,667	595,728	1,931,663
Net (expenses) revenues	15,389	(37,295)	291	25,181	12,294	22,657	(2,197)	17,954	113,222	167,496
<b>General revenues:</b>										
Interest and investment earnings (losses)	4,647	5,399	89	256	3,154	25,343	5,801	1,298	(4,999)	40,988
Miscellaneous revenue	366	56,993	—	10,127	119	—	925	—	1,140	69,670
Gain (Loss) on sale of capital assets	—	—	92	—	—	—	—	—	46	138
Total general revenue	5,013	62,392	181	10,383	3,273	25,343	6,726	1,298	(3,813)	110,796
Change in net position	20,402	25,097	472	35,564	15,567	48,000	4,529	19,252	109,409	278,292
<b>Net position (deficit) - beginning as restated</b>	<u>417,812</u>	<u>177,361</u>	<u>(23,409)</u>	<u>(5,570)</u>	<u>143,315</u>	<u>911,175</u>	<u>189,563</u>	<u>73,440</u>	<u>1,679,113</u>	<u>3,562,800</u>
<b>Net position (deficit) - ending</b>	<u>\$ 438,214</u>	<u>\$ 202,458</u>	<u>\$ (22,937)</u>	<u>\$ 29,994</u>	<u>\$ 158,882</u>	<u>\$ 959,175</u>	<u>\$ 194,092</u>	<u>\$ 92,692</u>	<u>\$ 1,788,522</u>	<u>\$ 3,841,092</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 to determine 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 incorporation 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 when the following circumstances are met:

- 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 Annual Comprehensive Financial Report (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.

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*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, Amica Mutual Pavilion, and the Veterans Memorial Auditorium Arts and Cultural Center. RICCA is dependent upon annual State appropriations of lease revenue by the General Assembly to fund debt service for its outstanding bonds. Therefore, RICCA's total debt outstanding, including leases, is expected to be repaid entirely with the resources from the State. For more detailed information, a copy of the RICCA 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](http://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 for the period January 1 to June 30 each year. 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 Rhode Island General Laws (RIGLs), 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 within 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 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

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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 non-major 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 non-major categories, are as follows:

### ***Major Component Units***

#### *Rhode Island Airport Corporation (RIAC)*

This corporation was created in 1992 and its purpose is to be responsible for the management, operation, maintenance and improvements of the six airports in the State. RIAC revenues include airline and concession contract revenues, federal grants, licenses, and permits. RIAC leases the land from the State, on which the State's largest airport is located, 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](http://www.pvdairport.com).

#### *Rhode Island Commerce Corporation (RICC)*

This corporation was created in 1995 to promote economic development, 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. 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](http://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](http://www.195district.com).

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### *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 benefiting RIPTA and 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](http://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 provided back office functions for the State's truck tolling initiative that began on June 11, 2018 and ceased on September 24, 2022. 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](http://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 (OPC). 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](http://www.riopc.edu).

### **Non-major 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.

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*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](http://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](http://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 of RIIFC projects by RIIFC. 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](http://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](http://www.commerceri.com).

*Rhode Island Resource Recovery Corporation (RIRRC)*

RIRRC 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 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](http://www.rirrc.org).

*Quonset Development Corporation (QDC)*

QDC 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

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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](http://www.quonset.com).

*The Metropolitan Regional Career and Technical Center (The Met)*

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 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](http://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](http://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, generally accepted accounting principles (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), an office within the State of Rhode Island Department of Administration. 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 non-fiduciary 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 non-fiduciary 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 creditor, grantor, or contributor, 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 non-major 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 529 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 non-major 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 special revenue 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.

#### *R.I. Capital Plan Fund*

This fund accounts for the portion of the payment into the budget reserve account that causes the balance in the budget reserve account to exceed the constitutional limit. Excess funding is transferred to this capital projects fund solely for funding capital projects appropriated by the General Assembly.

### 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](http://www.rilot.com).

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### *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, Amica Mutual Pavilion, 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 non-exchange 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 non-monetary transactions for food commodities and vaccines. Non-monetary 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., expenditures) 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 non-operating items. Operating revenues and expenditures 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 expenditures for enterprise and internal service funds include the cost of sales and services, administrative expenditures and depreciation on capital assets. All revenues and expenditures not meeting these definitions are reported as non-operating 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 are accounted for using the economic resources measurement focus.

The State enacted budget designates the source of funds for expenditures. When a type of expenditure is allocatable 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.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds"

Outstanding balances between funds related to services provided and used, transfers and reimbursements are classified as "due to/due from other funds." Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

### **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.

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## J. Interfund Activity

In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity, for 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 within the fund financial statements. Transfers between governmental and business-type activities are reported at the net amount within the government-wide financial statements.

For 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 (using the first-in, first-out methodology). 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 College inventory consists of supplies and are stated at cost (using the first in, first out methodology). 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

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 estimated useful lives of the assets.

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.

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 Governmental Funds- Statement of Revenues, Expenditures, and Changes in Fund Balances, 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 from 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 from 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 from refundings are presented as either deferred inflows of resources or deferred outflows of resources.

#### **N. Leases and Subscription-Based Information Technology Arrangements (SBITAs)**

##### **Lessee and SBITA Activities**

The State is a lessee for various noncancellable leases for equipment and office facilities. The State also has noncancellable SBITAs for the right to use information technology hardware and software.

For leases and SBITAs that meet the capitalization threshold, the State recognizes a lease or subscription liability, respectively, and an intangible right to use lease asset or subscription asset (capital assets), respectively, on the government-wide Statement of Net Position and on the proprietary fund financial statements.

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For governmental fund financial reporting, the initial value of the lease or subscription liability is reported as other financing sources with a corresponding capital outlay expenditures at lease or subscription commencement.

The lease or subscription liability is initially measured at the present value of payments expected to be made during the term. Subsequently, the lease or subscription liability is reduced by the principal portion of lease payments made.

The lease or subscription asset is initially measured as the amount of the lease liability, plus any payments made at or before the commencement date plus capitalizable implementation costs, less any incentives received at or before the commencement date. Subsequently, the asset is amortized on a straight-line basis over the shorter of the term or the useful life of the underlying asset. If the State is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Generally, the State's incremental borrowing rate is used as the discount rate for leases and SBITAs unless the rate that the lessor or vendor charges is known. The incremental borrowing rate is based on an estimated discount rate at the date of commencement or measurement based on the yield rates from recently issued general obligation bonds relative to U.S. Treasury yield rates on the date of issuance.

The lease or subscription term includes the noncancellable periods of the lease or SBITA, respectively, plus any additional periods covered by either the State or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the State and the lessor have an unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term.

Certain payments are evaluated to determine if they should be included in the measurement of the lease and subscription liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.

The State monitors changes in circumstances that may require remeasurement of a lease or subscription liability. When certain changes occur that are expected to significantly affect the amount of the liability, it is remeasured, and a corresponding adjustment is made to the lease or subscription asset.

For leases and SBITAs below the capitalization threshold and for leases and SBITAs with a maximum possible term of 12 months or less at commencement, an expense or expenditure is recognized based on the provisions of the contract.

### **Lessor Activities**

The State is a lessor for various noncancellable leases of land, buildings, and other assets such as communication towers.

For leases that meet the capitalization threshold at lease commencement, the state recognizes a lease receivable and a deferred inflow of resources on the government-wide Statement of Net Position, on the proprietary and fiduciary fund financial statements, and on the governmental funds Balance Sheet. The lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the amount of the lease receivable, plus lease payments made at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

Generally, the State's incremental borrowing rate for leases is used as the discount rate for lease receivables.

The lease terms include the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the State have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

The State monitors changes in circumstances that may require remeasurement of a lease receivable. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflow of resources.

For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract.

## 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 ERS. 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 actuarial 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. Other Postemployment Benefits (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.

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### 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 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 assets by the government that applies to a future period(s) and therefore 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 assets that applies to a future period, and therefore 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 non-spendable, 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:

- Non-spendable – 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 upon 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, 2023, the State adopted the following new accounting standards issued by GASB:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*
- GASB Statement No. 99, *Omnibus 2022*

In fiscal year 2023, the State implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. This statement establishes accounting and financial reporting guidance for arrangements between governments and an external entity. PPP arrangements generally result in the government conveying control of the right to operate or use a capital asset to an external entity for a period of time in exchange or exchange-like transactions. APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This accounting standard did not have a material impact on the State's financial statements.

In fiscal year 2023, the State implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right to use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

In fiscal year 2023, the State implemented GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*, will be effective for reporting periods beginning after June 15, 2023. This Statement is an amendment of GASB Statement No. 62 and

it aims to improve the clarity of accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice.

GASB Statement No. 101, *Compensated Absences*, will be effective for fiscal years beginning after December 15, 2023. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning recognition and measurement guidance under a unified model which will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation.

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 State's name.

In accordance with Chapter 35-10.1 of the RI 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, 2023 pursuant to this statutory provision. However, the State Investment Commission (SIC) has instituted a collateralization requirement for institutions holding State 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 SIC's 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 collateral classification. 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 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 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, 2023, of the \$1.5 billion invested, \$227.9 million were collateralized purchase agreements.

All of the bank balances of the primary government and its blended component units, except for \$13.0 million, were either covered by federal depository insurance; collateralized by securities held by an independent third party in the State or the blended component unit's name; or collateralized by a Federal Home Loan Bank Letter of Credit in the State or the blended component unit's name.

#### **Cash Equivalents and Investments**

The SIC is responsible for the investment of all State funds. Pursuant to Chapter 35-10 of the RI General Laws, the SIC 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 OSIP Cash Portfolio (the Cash Portfolio) is a portfolio of the OSIP 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. This trust is pursuant to the Rhode Island Local Government Investment Pool Act, G.L. 35-10.2, of the RI 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 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.

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

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

### **Fair Value of Financial Instruments**

GASB Statement No. 72—*Fair Value Measurement and Application* establishes a fair value hierarchy for inputs used to measure fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. The fair value hierarchy is categorized into three levels based upon 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 the substantial 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 assumption about the market participants asset or liability pricing (including assumptions about risk).

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 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 or liability fair value measurement, classified as Level 3 is based on the lowest level of any input that is significant to the fair value measurement.

The following table depicts the State's cash equivalents and investments (expressed in thousands) at June 30, 2023:

**Pooled cash equivalents (at amortized cost)**

Financial company commercial paper	\$ 563,260
Asset backed commercial paper	145,533
U.S. Government agency repurchase agreement	203,941
U.S. Government agency debt	31,978
U.S. Treasury debt	148,402
Certificates of deposit	109,000
Non-Negotiable time deposit	199,545
Non-Financial company commercial paper	68,961
US Treasury repurchase agreement	24,000
Total investments	<u>1,494,620</u>
Less: other liabilities in excess of assets	439
Total investment pool	<u>1,494,181</u>

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

Amounts held by fiduciary trust funds:

Pension trust	5,587
OPEB trust	2,524

Amounts held by discretely presented component units:

URI	64,594
RIC	36,379
RIIRBA	26
RIRRC	4,092
RIHEBC	3,228
RIPTA	7,303

Amounts held for external parties 61,340

**Primary government pooled cash equivalents** \$ 1,309,108

**Add: other primary government cash equivalents and investments**

Money market mutual funds 78,708

**Total primary government cash equivalents and investments** \$ 1,387,816

Cash equivalents and investments	\$ 1,387,816
Cash deposits and interest bearing deposits	2,206,654
Total cash, cash equivalents and investments	<u><u>\$ 3,594,470</u></u>

Statement of Net Position

Cash and cash equivalents	\$ 3,515,866
Restricted cash and cash equivalents	78,604
Total cash, cash equivalents and investments	<u><u>\$ 3,594,470</u></u>

State restricted cash and cash equivalents total \$78.6 million at June 30, 2023. Of this total, \$49.9 million is held by the Tobacco Settlement Financing Corporation and \$28.7 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 at net asset value per unit (NAV) and is calculated daily. The OSIP pooled trust categorizes the inputs to valuation techniques 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. These securities 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 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 to interest rates will adversely affect the fair value of an investment. Based on SIC's 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 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, 2023, information about the State's exposure to interest rate risk for pooled cash equivalents and investments (expressed in thousands) is as follows:

Investment Type	Investment Maturities (in days)				
	Fair Value	Amortized Cost	0-30	31-90	91-180
Financial Company Commercial Paper	\$ 563,207	\$ 563,260	\$ 330,644	\$ 146,919	\$ 85,697
Asset Backed Commercial Paper	145,526	145,533	121,968	14,801	8,764
U.S. Government Agency Repurchase Agreements	203,941	203,941	203,941	—	—
U.S. Government Agency Debt	31,978	31,978	30,000	1,978	—
U.S. Treasury Debt	148,443	148,402	99,666	48,736	—
U.S. Treasury Repurchase Agreement	24,000	24,000	24,000	—	—
Certificates of Deposit	109,000	109,000	88,000	21,000	—
Non-Negotiable Time Deposit	199,545	199,545	199,545	—	—
Non-Financial Company Commercial Paper	68,951	68,961	68,961	—	—
	<u>\$ 1,494,591</u>	<u>\$ 1,494,620</u>	<u>\$ 1,166,725</u>	<u>\$ 233,434</u>	<u>\$ 94,461</u>

At June 30, 2023 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
Financial Company Commercial Paper	\$ 563,207	\$ 563,260	\$ 105,620	\$ 457,640
Asset Backed Commercial Paper	145,526	145,533	8,764	136,769
U.S. Government Agency Repurchase Agreements	203,941	203,941	111,941	92,000
U.S. Government Agency Debt	31,978	31,978	—	31,978
U.S. Treasury Debt	148,443	148,402	148,402	—
U.S. Treasury Repurchase Agreement	24,000	24,000	2,000	22,000
Certificates of Deposit	109,000	109,000	8,000	101,000
Non-Negotiable Time Deposit	199,545	199,545	132,045	67,500
Non-Financial Company Commercial Paper	68,951	68,961	—	68,961
	<u>\$ 1,494,591</u>	<u>\$ 1,494,620</u>	<u>\$ 516,772</u>	<u>\$ 977,848</u>

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

The OSIP has not been assigned credit quality ratings by rating agencies.

As of June 30, 2023, information about the State exposure to interest rate risk and credit risk for non-pooled cash equivalents and investments (expressed in thousands) is as follows:

Issuer	Fair Value (in thousands)	Type of Investment	Moody's Rating	Average Maturities in Days
Fidelity Institutional Money Market Government Portfolio Class I and III	\$ 27,995	Money Market	AAA-mf	24
BlackRock Federal Fund Institutional Shares	404	Money Market	AAA-mf	23
Goldman Sachs Financial Square Treasury Instruments Fund	50,309	Money Market	Aaa-mf	39
	<u>\$ 78,708</u>			

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

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 specifically permitted investments, including any limitations on credit quality and concentrations of credit risk.

The State funds on deposit with fiscal agent reported in the governmental funds (expressed in thousands) at June 30, 2023 with the breakdown by maturity are as follows:

Investment Type	Fair Value	Less Than 1 year	1-5 years	Quality Rating
U.S. Treasuries	\$ 22,691	\$ 22,465	\$ 226	—
U.S. Government Agencies	2,504	2,504	—	Aaa
Money Market Funds	165,061	165,061	—	Aaa-mf
Fixed Income	42,341	37,440	4,901	See Table
	232,597	\$ 227,470	\$ 5,127	
Cash/Cash Reserve	277			
Funds on Deposit with fiscal agent	\$ 232,874			

Cash includes \$0.3 million in uninsured and non-collateralized cash reserve funds on deposit with the fiscal agent.

Quality Rating	Aaa	Aa2	Aa3	A1	A2	A3	Baa1	Unrated	Total
<b>Fixed Income</b>	\$ 25,085	\$ 472	\$ 1,815	\$ 2,331	\$ 1,240	\$ 947	\$ 469	\$ 9,982	\$ 42,341

The following table (expressed in thousands) represents the fair value of investments by type held by the fiscal agent at June 30, 2023:

	Fair Value June 30, 2023	Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs
		(Level 1)	(Level 2)	
Investments at Fair Value				
U.S. Treasuries	\$ 22,691	\$ 22,691	\$	—
U.S. Government Agencies	2,504	—		2,504
Fixed Income	42,341	—		42,341
Total investments by fair value level	\$ 67,536	\$ 22,691	\$	44,845
Investments Measured at Net Asset Value (NAV)				
Money Market Mutual Funds	165,061			
Cash/Cash Reserve	277			
Total Funds on Deposit with Fiscal Agent	\$ 232,874			

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 \$456.9 million held by the Federal Unemployment Insurance Trust Fund within the Business-Type Activities-Employment Security Fund.

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## B. Concentration of Credit Risk

The SIC has adopted limitations for the maximum percentages of the State total short-term investment portfolio that may be invested in a specific investment type or with any one issuer of securities. There is no single issuer exposure that comprises more than 5% of the overall portfolio.

## 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 within 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 Pension System Investments (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 to 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, equity options, real estate, hedge funds, private real assets ex-real estate, crisis protection class - trend following, and emerging markets debt) are valued based on the reported 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 non-publicly 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, private real assets ex-real estate, crisis protection class - trend following investments, equity options, and emerging markets debt represented 7.2%, 21.1%, 5.6%, 3.9%, 4.4%, 1.9% and 1.6% respectively of the total reported fair value of all pooled pension trust investments at June 30, 2023.

**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 expenses of the Office of the General Treasurer 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, private real assets ex-real estate, crisis protection class, equity options, and emerging markets debt), 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, 2023, the carrying amount of pension trust cash deposits was approximately \$11.1 million and the bank balance was approximately \$11.2 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 deposits were required to be collateralized at June 30, 2023 (excluding the collateralized interest-bearing deposits). However, the SIC 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 Federal Home Loan Bank (FHLB) letters of credit are used as collateral, in which case those are required at 100%. The percentage of collateral required is determined by the underlying classification of the collateral.

The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11(2)(iii) 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.

### **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 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 August 25, 2021 and may be amended by a majority vote of SIC members. The SIC approved a revised Investment Policy Statement on December 6, 2023 with an effective date of January 1, 2024. 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, 2023:

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

Consistent with a target asset allocation model adopted by the 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. The prudent person standard 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 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, 2023:

Investment Type	Fair Value (in thousands)
Cash and Cash Equivalents:	
US Cash	\$ 24,721
Non-US Cash	9,792
Commercial Paper	27,229
Repurchase Agreements	10,500
Short-Term Collective Investment Funds	112,058
US Government Securities	493,527
US Government Agency Securities	199,550
Collateralized Mortgage Obligations	33,227
Corporate Bonds	727,098
Emerging Markets Debt - Collective Unit Trust	171,772
Commingled Funds - International Equity	1,069,058
Domestic Equity Securities	2,569,252
International Equity Securities	475,917
Equity Options - Private LLC Investment	197,760
Private Equity	2,237,431
Real Estate	594,143
Hedge Funds	761,990
Crisis Protection Class - Trend Following - Limited partnerships	461,132
Private Real Assets ex-Real Estate	415,932
Derivatives:	
Futures	(5,468)
Credit Default Swaps	277
<b>Investments at Fair Value</b>	<b>\$ 10,586,898</b>
Investment receivable	317,493
Investment payable	(311,937)
<b>Total Pooled Investment Trust</b>	<b>\$ 10,592,454</b>

### (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, 2023	Quoted Prices in Active Market for Identical Assets (level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable Inputs (level 3)
<b><u>Equity Investments</u></b>				
Global Equity	\$ 3,045,169	\$ 3,041,254	\$ 3,805	\$ 110
	<u>\$ 3,045,169</u>	<u>\$ 3,041,254</u>	<u>\$ 3,805</u>	<u>\$ 110</u>
<b><u>Fixed Income</u></b>				
US Government Securities	\$ 493,527	\$ 493,527	\$ —	\$ —
US Government Agency Securities	199,550	—	199,550	—
Corporate Bonds	727,098	—	727,098	—
Collateralized Mortgage Obligations	33,227	—	33,227	—
	<u>\$ 1,453,402</u>	<u>\$ 493,527</u>	<u>\$ 959,875</u>	<u>\$ —</u>
<b><u>Derivative Investments</u></b>				
Equity and Fixed Income Index Futures	\$ (5,468)	\$ (5,468)	\$ —	\$ —
Other Derivatives	277	—	277	—
	<u>\$ (5,191)</u>	<u>\$ (5,468)</u>	<u>\$ 277</u>	<u>\$ —</u>
<b>Commercial Paper</b>	<u>\$ 27,229</u>	<u>\$ —</u>	<u>\$ 27,229</u>	<u>\$ —</u>
<b>Total Investment at Fair Value Level</b>	<u>\$ 4,520,609</u>	<u>\$ 3,529,313</u>	<u>\$ 991,186</u>	<u>\$ 110</u>
<b><u>Investments Measured at Net Asset Value (NAV)</u></b>				
Short-Term Collective Investment Funds	\$ 112,058			
Commingled Funds - International Equity	1,069,058			
Hedge Funds	761,990			
Private Equity	2,237,431			
Real Estate	594,143			
Private Real Assets ex-Real Estate	415,932			
Emerging Markets Debt Collective Unit Trust	171,772			
Equity Options - Private LLC Investment	197,760			
Crisis Protection Class - Trend Following	461,132			
	<u>\$ 6,021,276</u>			
<b><u>Cash and Cash Equivalents</u></b>				
US Cash	\$ 24,721			
Non-US Cash	9,792			
Repurchase Agreements	10,500			
	<u>\$ 45,013</u>			
<b>Net Investment Receivable</b>	<u>5,556</u>			
<b>Total Pooled Investment Trust</b>	<u>\$ 10,592,454</u>			

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 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities classified in Level 3 are valued using consensus pricing.

Derivative instruments classified in Level 2 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):

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-Term Collective Investment Funds (1)	\$ 112,058	\$ —	daily	none
Commingled Funds - International Equity (2)	1,069,058	—	daily	see note below
Hedge Funds (3)	761,990	—	see note below	see note below
Private Equity (4)	2,237,431	1,136,410	see note below	see note below
Real Estate (5)	594,143	186,876	see note below	see note below
Private Real Assets ex-Real Estate (6)	415,932	193,196	see note below	see note below
Crisis Protection Class - Trend Following (7)	461,132	—	see note below	see note below
Emerging Markets Debt - Collective Unit Trust (8)	171,772	—	see note below	see note below
Equity Options - Private LLC investment (9)	197,760	—	see note below	see note below
	<u>\$ 6,021,276</u>	<u>\$ 1,516,482</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 eight 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, 2023. Of the underlying holdings within the hedge funds approximately 60% 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 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 137 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, 2023.

Private equity 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 24 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, 2023.

With the exception of five core/core+ open-end funds which allow for quarterly redemptions (with a notice period of between 15 to 90 days), the investments cannot be redeemed. Redemptions from core/core+ open-end funds may not be fulfilled in a timely manner due to market conditions. The nature of these investments provides for distributions through the liquidation of the underlying assets or net operating cash flows.

**(6) Private Real Assets ex-Real Estate** – These 14 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, 2023.

With the exception of two open-end core funds which allow for quarterly liquidity (with a notice period of between 45 to 60 days), the investments cannot be redeemed. Redemptions from core/core+ open-end funds may not be fulfilled in a timely manner due to market conditions and initial lock-up period. 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, 2023. 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, 2023.

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 this investment has been determined using the NAV per share of the investments as reported by the general partner at June 30, 2023. The underlying investments at June 30, 2023, 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, 2023, 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, 2023	9.62%	8.50%	8.42%	8.77%	8.81%	(7.10)%	7.56%

### (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:

- ICE BofA ML US HY Index
- JP Morgan CLOIE BB Index
- 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, 2023, 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, 2023:

Investment Type	Fair Value (in thousands)	Effective Duration
US Government Agency Securities	\$ 199,550	8.10
US Government Securities	493,527	14.32
Collateralized Mortgage Obligations	33,227	2.86
Corporate Bonds	727,098	4.11
Emerging Market Debt	171,772	5.93
Total Fixed Income	<u>\$ 1,625,174</u>	7.87

At June 30, 2023, the System had investments totaling \$112.0 million in short-term collective investment funds. The cash-equivalent type investments held in those funds had a weighted average maturity of 12 days. 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 repurchase agreements outstanding at June 30, 2023 had maturities of one to two days.

At June 30, 2023, the System had investment in commercial paper totaling \$27.2 million, with maturities ranging from 5 to 230 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 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 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 from underlying mortgages. Therefore, they are sensitive to prepayments 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 managers 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 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, 2023 is as follows (in thousands):

Moody's Quality Rating	US Government Agency	CMO	Corporate Bonds	Grand Total
A1	\$ —	\$ —	\$ 36,566	\$ 36,566
A2	—	143	27,140	27,283
A3	—	—	35,071	35,071
Aa1	—	1,734	4,823	6,557
Aa2	—	7,610	20,691	28,301
Aa3	—	1,283	7,633	8,916
Aaa	190,734	20,272	35,026	246,032
B1	—	—	29,347	29,347
B2	—	—	25,039	25,039
B3	—	—	19,594	19,594
Ba1	—	222	26,210	26,432
Ba2	—	—	34,174	34,174
Ba3	—	—	62,265	62,265
Baa1	—	81	47,804	47,885
Baa2	—	965	63,297	64,262
Baa3	—	—	98,199	98,199
Ca	—	—	587	587
Caa1	—	—	10,493	10,493
Caa2	—	—	3,811	3,811
Caa3	—	—	466	466
Not Rated	8,816	917	138,831	148,564
WR	—	—	31	31
<b>Grand Total</b>	<b>\$ 199,550</b>	<b>\$ 33,227</b>	<b>\$ 727,098</b>	<b>\$ 959,875</b>

*Ratings provided by Moody's Investors Service*

An emerging market debt portfolio totaling \$171.8 million at June 30, 2023 and held within a collective unit trust had an overall average credit quality rating of Baa2 (Moody's).

Investments in commercial paper totaling \$27.2 million at June 30, 2023 were rated P1 and P2 (Moody's).

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**(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 one comingled fund within the System's pooled investment trust that comprises 5.4% of the overall portfolio; otherwise, there is no single issuer exposure within the System's pooled investment trust that comprises more than 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, 2023, 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, 2023, 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	\$ 42,518	\$ 25,994	\$ —	\$ —	\$ 476	\$ (26)	\$ —	\$ 68,962
Brazilian Real	23,594	—	9,190	—	—	—	—	32,784
Canadian Dollar	68,738	50,415	—	184	537	(67)	—	119,807
Chilean Peso	2,231	—	434	—	—	—	—	2,665
Chinese Yuan	11,622	—	8,924	—	—	—	—	20,546
Colombian Peso	431	—	4,268	—	—	—	—	4,699
Czech Republic Koruna	698	—	3,704	—	—	—	—	4,402
Danish Krone	17,404	19,198	—	—	13	—	—	36,615
Egyptian Pound	436	—	175	—	—	—	—	611
Euro Currency	196,818	141,518	764	160,440	4,459	(213)	7,136	510,922
Great Britain Pound	85,479	62,999	—	—	1,793	39	—	150,310
Hong Kong Dollar	106,718	6,969	—	—	407	14	—	114,108
Hungarian Forint	960	—	4,138	—	—	—	—	5,098
Indian Rupee	62,995	—	—	—	—	—	—	62,995
Indonesia Rupiah	8,167	—	7,423	—	—	—	—	15,590
Israeli Shekel	2,274	795	—	—	71	—	—	3,140
Japanese Yen	129,641	89,629	—	—	689	(234)	—	219,725
Kazakhstani Tenge	—	—	327	—	—	—	—	327
Kuwaiti Dinar	3,399	—	—	—	—	—	—	3,399
Malaysian Ringgit	5,563	—	7,849	—	—	—	—	13,412
Mexican Peso	11,765	—	7,647	—	—	—	—	19,412
New Taiwan Dollar	65,612	—	—	—	—	—	—	65,612
New Zealand Dollar	1,174	6,655	—	—	152	—	—	7,981
Norwegian Krone	3,594	686	—	—	24	—	—	4,304
Peruvian Nouveau Sol	—	—	1,446	—	—	—	—	1,446
Philippine Peso	2,713	—	63	—	—	—	—	2,776
Polish Zloty	3,531	—	5,280	—	—	—	—	8,811
Qatari Real	3,669	—	—	—	—	—	—	3,669
Romanian leu	—	—	2,830	—	—	—	—	2,830
Saudi Riyal	17,450	—	—	—	—	—	—	17,450
Singapore Dollar	7,068	6,489	—	—	122	—	—	13,679
Swedish Krona	18,812	15,501	—	—	527	6	—	34,846
Swiss Franc	57,245	49,070	—	—	523	—	—	106,838
South African Rand	13,536	—	6,210	—	—	—	—	19,746
South Korean Won	52,700	—	—	—	—	—	—	52,700
Thailand Baht	8,004	—	7,512	—	—	—	—	15,516
Turkish Lira	2,250	—	1,126	—	—	—	—	3,376
United Arab Emirates Dirham	5,303	—	—	—	—	—	—	5,303
Uruguayan Peso	—	—	468	—	—	—	—	468
<b>Total</b>	<b>\$ 1,044,112</b>	<b>\$ 475,918</b>	<b>\$ 79,778</b>	<b>\$ 160,624</b>	<b>\$ 9,793</b>	<b>\$ (481)</b>	<b>\$ 7,136</b>	<b>\$ 1,776,880</b>
United States Dollar	24,948	—	91,994	2,076,807	—	(4,986)	719,962	2,908,725
<b>Grand Total</b>	<b>\$ 1,069,060</b>	<b>\$ 475,918</b>	<b>\$ 171,772</b>	<b>\$ 2,237,431</b>	<b>\$ 9,793</b>	<b>\$ (5,467)</b>	<b>\$ 727,098</b>	<b>\$ 4,685,605</b>

**(i). Derivatives and Other Similar Investments**

Certain of the System 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,

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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 primarily through futures, forwards and total return swaps.

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 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 (in thousands) at June 30, 2023:

Investment Derivative Instruments	Change in fair value included in investment income	Fair Value at June 30, 2022	Fair Value at June 30, 2023	Notional Amount
Fixed income futures - long	\$ 1	\$ 444	\$ 445	\$ 42,477
Fixed income futures - short	(2,475)	(1,014)	(3,489)	322,487
Equity index futures - long	654	213	867	(22,511)
Equity index futures - short	(3,090)	(200)	(3,290)	(181,355)
Credit default swaps (index)	451	(174)	277	—
Total return swaps	237	(237)	—	—
<b>Total</b>	\$ (4,222)	\$ (968)	\$ (5,190)	
Foreign Currency Forward Contracts Payable				
Pending payable (liability)			\$ (4)	
Pending receivable (asset)			278	
Total			\$ 274	

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, 2023 was \$274 thousand. 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 (Moody's) of nine counterparties were Aa3 (three counterparties), Aa2 (two counterparties), Aa1 (two counterparties), and A1 and WR for the remaining two counterparties.

### Other Investments - Defined Contribution Plan

The SIC 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, 2023, all non-annuity assets, including mutual funds, that are traded and held in retirement plans by TIAA were held at TIAA-Trust, N.A., 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. For investment options that are solely fixed income, weighted-average maturity or duration have been disclosed as a measure of interest rate risk.

Fixed income funds (approximately 1% 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. Short-term investments are generally carried at cost or amortized cost, which approximates fair value.

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

Commingled funds include domestic and international equity index funds. 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) are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

Other investments that are not traded on a national security exchange (primarily private equity, equity options, real estate, private real assets ex-real estate investments) are valued based on the reported 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 non-publicly 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.

Equity options, money market, private equity, real estate, and private real assets ex-real estate represented 3.8%, 1.2%, 3.1%, 1.6%, and 0.5% respectively of the total reported fair value of all pooled OPEB trust investments at June 30, 2023.

**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. When indirect investment expenses for certain types of investments (e.g., private equity, real estate, private real assets-ex real estate, and equity options), are not reported separately to System's 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.

### **Cash Deposits and Cash Equivalents**

At June 30, 2023, the carrying amount of the OPEB System cash deposits was approximately \$4.6 million and the bank balance was \$4.6 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. None of the System deposits were required to be collateralized at June 30, 2023 (excluding the collateralized interest-bearing deposits). However, the SIC 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 Federal Home Loan Bank (FHLB) letters of credit are used as collateral, in which case those are required at 100%. The percentage of collateral required is determined by the underlying classification of the collateral.

The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11(2)(iii) 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 OPEB System also had cash equivalents totaling \$2.5 million invested in the Ocean State Investment Pool at June 30, 2023. See Note 2A for details.

### **Investments - Pool Investment Trust**

#### **(a). General**

The custodian bank holds assets of the OPEB 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 plan's respective contributions to, or withdrawals from, the trust. 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.

**Investment Policy** - The SIC oversees all investments made by the State of Rhode Island, including those made for the OPEB System. 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 an Investment Policy Statement (IPS) which includes specific asset allocation targets and asset class policies. The most recent policy statement was adopted by the SIC on June 22, 2022 and was effective as of January 1, 2023, and may be amended by a majority vote of SIC members. After fiscal year end on June 30, 2023, the SIC approved a revised Investment Policy Statement on December 6, 2023 with an effective date of January 1, 2024. 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 SIC adopted the following asset allocation policy targets as of June 30, 2023:

<b>Asset Class</b>	<b>Target Asset Allocation</b>
<b><i>GROWTH</i></b>	
Global Equity	40.0 %
Private Growth	5.0 %
<i>Subtotal</i>	45.0 %
<b><i>INCOME</i></b>	21.0 %
<b><i>STABILITY</i></b>	
Inflation Protection	8.0 %
Volatility Protection	26.0 %
<i>Subtotal</i>	34.0 %
<b>Total</b>	<b>100.0 %</b>

Consistent with a target asset allocation model adopted by the 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. The prudent person standard 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 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 trust at June 30, 2023:

<b>Investment Type</b>	<b>Fair Value (in thousands)</b>
US Cash and Cash Equivalents:	
US Cash	\$ 622
Money Market Mutual Funds	7,079
Corporate Bonds	10,525
Derivatives:	
Equity and Fixed Income Index Futures	(223)
Commingled Funds - International Equity	102,617
Commingled Funds - Domestic Equity Index Fund	404,358
Equity Options	21,798
Private Equity	17,689
Real Estate	9,308
Private Real Assets ex-Real Estate	3,060
<b>Investment at Fair Value</b>	<b>\$ 576,833</b>
Investment receivable	295
<b>Total Pooled Investment Trust</b>	<b>\$ 577,128</b>

#### (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.

The following table presents the investments measured at fair value at June 30, 2023 (expressed in thousands):

<u>Investments at Fair Value</u>	<u>Fair Value</u> <u>June 30, 2023</u>	<u>Quoted Prices</u> <u>in Active Market</u> <u>for Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>
<b>Fixed Income:</b>			
Corporate Bonds	\$ 10,525	\$ —	\$ 10,525
<b>Derivatives</b>	(223)	(223)	—
Total investments by fair value level	<u>\$ 10,302</u>	<u>\$ (223)</u>	<u>\$ 10,525</u>
<b>Investments measured at the net asset value (NAV)</b>			
Commingled Funds - International Equity	\$ 102,617		
Commingled Funds - Domestic Equity Index Fund	404,358		
Equity Options	21,798		
Money Market Fund	7,079		
Private Equity	17,689		
Real Estate	9,308		
Private Real Assets ex-Real Estate	3,060		
	<u>\$ 565,909</u>		
<b>Cash and Cash Equivalents</b>			
US Cash and Cash Equivalents	<u>622</u>		
<b>Net investment receivable</b>			
	<u>295</u>		
<b>Total Pooled Investment Trust</b>	<u><b>\$ 577,128</b></u>		

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.

Derivative instruments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical assets for those securities.

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):

	<u>Fair Value</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>(if currently</u> <u>eligible)</u>	<u>Redemption</u> <u>Notice Period</u>
Commingled Funds - International Equity	\$ 102,617	\$ —	daily	none
Commingled Funds - Domestic Equity Index Fund	404,358	—	daily	see note below
Equity Options	21,798	—	see note below	see note below
Money Market Fund	7,079	—	see note below	see note below
Private Equity	17,689	10,124	see note below	see note below
Real Estate	9,308	2,027	see note below	see note below
Private Real Assets ex-Real Estate	3,060	—	see note below	see note below
	<u>\$ 565,909</u>	<u>\$ 12,151</u>		

**Commingled Funds – International Equity** – consist of 46 international equity index funds which are intended to replicate the performance of a specific index; e.g., MSCI CAD. 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 managers, which reflects the exchange pricing of the equity holdings within each fund. The international equity commingled funds may be redeemed daily.

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**Commingled Funds – Domestic Equity** – consist of three institutional domestic equity index funds. The fair values of these investments in this type have been determined using the NAV per share of the investments as reported by the commingled fund managers, which reflects the exchange pricing of the equity holdings within each fund. There are no withdrawal limitations for the index funds.

**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, 2023. The underlying investments at June 30, 2023, which consist of equity options and fixed income investments were publicly traded.

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

**Money Market Mutual Funds** – are used as temporary cash management investments. The fair value of these 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.

**Private Equity** – these 8 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, 2023. 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.

**Real Estate** – these 5 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, 2023.

With the exception of two core/core+ open-end funds which allow for quarterly redemptions (with a notice period of between 15 to 90 days), these investments cannot be redeemed. Redemptions from core/core+ open-end funds may not be fulfilled in a timely manner due to market conditions. The nature of these investments provides for distributions through the liquidation of the underlying assets or net operating cash flows.

**Private Real Assets ex-Real Estate** – This fund provides inflation-protection and current income to the portfolio through investment 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, hospitals, farmlands, etc. The fair value of this investment has been determined using the NAV per share of the investment as reported by the general partner at June 30, 2023.

This investment allows for quarterly liquidity (with a notice period of between 45 to 60 days). Redemptions may not be fulfilled in a timely manner due to market conditions and initial lock-up period. The nature of this investment provides for distributions through the liquidation of the underlying assets or net operating cash flows.

### (c). Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2023, the annual money-weighted returns on investments within each of the plans, net of investment expense, are shown in the following table:

	State Employees	Teachers	Judges	State Police	Legislators	BOE
Money-weighted rate of return - year ended June 30, 2023	11.89%	16.85%	9.70%	11.27%	11.07%	11.07%

### (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 US High Yield, US Aggregate Bond, and JP Morgan CLOIE BB Index.

The fixed income indices currently used by the System is:

- ICE BofA ML US HY Index
- JP Morgan CLOIE BB Index
- Emerging Market Debt Custom BM: 50% JPM EMBI Global Diversified Index + 50% JPM GBI-EM Global Diversified Index
- Bloomberg US Aggregate Bond Index

At June 30, 2023, no fixed income manager was outside of their policy guidelines.

The following table shows the OPEB System's fixed income investments by type, fair value and the effective duration at June 30, 2023 (expressed in thousands):

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Effective Duration</u>
Corporate Bonds	\$ 10,525	0.89
Total Fixed Income	<u>\$ 10,525</u>	

In addition to the fixed income investments shown above, the following table depicts the investment type, fair value and effective duration for two commingled domestic equity fund investments and a private equity investment that primarily invest in fixed income securities at June 30, 2023 (expressed in thousands):

<u>Investment</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
US Aggregate Bond Index NL	Commingled Funds - Domestic Equity	\$ 167,064	6.29
US High Yield Bond Index NL	Commingled Funds - Domestic Equity	\$ 69,544	3.54
Sycamore Tree CLO Fund LP	Private Equity	\$ 12,300	Not available

#### (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 OPEB System generally manages exposure to credit risk 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 OPEB System's exposure to credit risk on corporate bonds as of June 30, 2023 is as follows (expressed in thousands):

<u>Quality Rating (1)</u>	<u>Corporate Bonds</u>
Ba1	\$ 1,377
Ba2	1,840
Ba3	7,308
Fair Value	<u>\$ 10,525</u>

(1) Moody's Investors Service Ratings

In addition to the exposure to credit risk on corporate bonds shown above, the following table depicts credit ratings for two commingled domestic equity fund investments and a private equity investment that primarily invest in fixed income securities at June 30, 2023 (expressed in thousands):

<u>Investment</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Quality</u>	<u>Credit Quality Breakdown</u>
US Aggregate Bond Index NL	Commingled Funds - Domestic Equity	\$167,064	AA2	Aaa-71.7%, Aa-2.9%, A-11.6%, Baa-12.5%, Not rated-1.3%
US High Yield Bond Index NL	Commingled Funds - Domestic Equity	\$69,544	B2	BBB or higher - 0.4%, BB-46.0%, B-40.3%, CCC or lower-12.1%, Not rated-1.1%
Sycamore Tree CLO Fund LP	Private Equity	\$12,300	Not available	AAA-61.7%, AA-12.3%, A-5.9%, BBB(-)-5.9%, BB(-)-3.5%, Not rated-10.6%

Average Credit Quality for the US Aggregate Bond Index NL reflects market value weight of all the rated securities held by the portfolio (excluding unrated securities) using the middle rating provided by either S&P, Moody's and Fitch or lower if only two agency ratings are available. Information on the methodology for determining average credit quality for the other two funds listed was not available.

#### **(f). Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the OPEB System investments in a single issuer. There is no single issuer exposure within the OPEB System portfolio that comprises more than 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 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, 2023, 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.

#### **(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, 2023, is detailed in the following table:

Currency Code	Currency	Commingled Funds
AUD	Australian Dollar	\$ 4,860
ATS	Austrian Schilling	122
BEF	Belgian Franc	609
BRL	Brazilian Real	1,584
CAD	Canadian Dollar	7,781
CLP	Chilean Peso	154
CNY	Chinese Yuan	8,474
COP	Colombian Peso	29
CZK	Czech Republic Koruna	48
DKK	Danish Krone	2,024
NLG	Dutch Guilder	3,079
EGP	Egyptian Pound	23
FIM	Finnish Markka	579
FRF	French Franc	8,249
DEM	German Deutsche Mark	5,707
GBP	Great Britain Pound	9,766
GRD	Greek Drachmae	132
HKD	Hong Kong Dollar	1,657
HUF	Hungarian Forint	67
INR	Indian Rupee	4,143
IDR	Indonesia Rupiah	566
IEP	Irish Pound	539
ILS	Israeli Shekel	412
ITL	Italian Lira	1,682
JPY	Japanese Yen	14,835
KWD	Kuwaiti Dinar	235
MYR	Malaysian Ringgit	379
MXN	Mexican Peso	803
TWD	New Taiwan Dollar	4,484
NZD	New Zealand Dollar	135
NOK	Norwegian Krone	418
PEN	Peruvian Nouveau Sol	76
PHP	Philippine Peso	183
PLN	Polish Zloty	238
PTE	Portuguese Escudo	139
QAR	Qatari Real	255
SAR	Saudi Riyal	1,203
SGD	Singapore Dollar	927
ESP	Spanish Peseta	1,737
SEK	Swedish Krona	2,148
CHF	Swiss Franc	6,647
ZAR	South African Rand	913
KRW	South Korean Won	3,498
THB	Thailand Baht	548
TRY	Turkish Lira	157
AED	United Arab Emirates Dirham	369
	<b>Total</b>	<b>\$ 102,613</b>

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**(i). Derivatives and Other Similar Investments**

Certain of the System 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 futures contracts. 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.

**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.

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 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.

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 (in thousands) at June 30, 2023:

Investment Derivative Instruments	Fair Value at June 30, 2022	Fair Value at June 30, 2023	Notional Amount
Fixed income futures - long	N/A	\$ 1	\$ 1,498
Fixed income futures - short	N/A	(154)	15,862
Equity index futures - long	N/A	9	(1,098)
Equity index futures - short	N/A	(79)	(9,319)
<b>Total</b>	<u>\$ —</u>	<u>\$ (223)</u>	

### E. Private Purpose Trusts

The Tuition Savings Program had investments of approximately \$4.2 billion in a number of mutual funds and other investment vehicles as of June 30, 2023. These investments are categorized as Level 1 of the fair value hierarchy, with the exception of investment contracts totaling \$674.2 million which are reported at contract value and therefore not subject to the fair value hierarchy.

The Touro Jewish Synagogue Fund had investments of approximately \$3.7 million in the Fidelity Balanced Fund as of June 30, 2023. These investments are categorized as Level 1 of the fair value hierarchy.

The ABLE Consortium Trust investments consist of mutual funds and other investment vehicles as of June 30, 2023. 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, 2023, 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, 2023 (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	\$ 856,969	\$ 419,316	\$ 2,985	\$ 1,279,270	\$ (364,646)	\$ 914,624	\$ 492,075
Less current portion	837,314	279,461	2,025	1,118,800	(338,407)	780,393	472,116
Non-current portion	<u>\$ 19,655</u>	<u>\$ 139,855</u>	<u>\$ 960</u>	<u>\$ 160,470</u>	<u>\$ (26,239)</u>	<u>\$ 134,231</u>	<u>\$ 19,959</u>
Business-type activities receivables	\$ 73,747	\$ 55,279	\$ —	\$ 129,026	\$ (41,486)	\$ 87,540	\$ 1,486
Less current portion	73,747	55,279	—	129,026	(41,486)	87,540	1,486
Non-current portion	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Within the governmental activities, 70.9% of the net receivables is attributed to net taxes receivable (\$208 million is uncollectible) and 28.8% to net accounts receivables (\$155.8 million is uncollectible). In fiscal year 2023, a significant amount of the account receivables related to the opioid settlement, which totaled \$114.1 million and medicaid accruals, which totaled \$47.5 million. These amounts represent 43.3% and 18.0% of the net accounts receivable, respectively.

In January 2022, the State joined the national opioid settlement with three major opioid distributors, which will provide over \$90.0 million in funding for state and local efforts to address Rhode Island's opioid crisis. The Settlement Agreement states that all the funds will be directed to opioid abatement, including expanding access to opioid use disorder prevention, intervention, treatment, and recovery. Together with settlements secured by Attorney General Peter Neronha against opioid manufacturer Johnson & Johnson for \$21.0 million and consulting firm McKinsey & Co. for \$2.5 million, the State's opioid litigation recoveries total over \$114.0 million over the next 18 years.

The due from other governments and agencies include \$160.6 million in Medicaid accruals due from the federal government, which represents 32.6% of the total due from other governments.

Receivables related to the Employment Security Fund totaled \$77.4 million, which represent 88.4% of the total receivable net for business-type activities.

#### Note 4. Intra-Entity Receivables and Payables

Intra-entity receivables and payables as of June 30, 2023 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	\$ 11,205	\$ —	Assessed Fringe Benefits overpayment refunds and RI Lottery residual net income transfer
Intermodal Surface Transportation	50	—	Transportation funding
RI Capital Plan	—	427	Project Funding
Total Major Funds	<u>11,255</u>	<u>427</u>	
Non-Major Funds			
RI Temporary Disability Insurance	864	—	Operating expenses
Historic Tax Credit Financing	297	—	Appropriations from other funds
Permanent School	—	30	Operating expenses
Bond Capital	—	1,013	Project funding
Total Non-Major Funds	<u>1,161</u>	<u>1,043</u>	
Total Governmental Funds	<u>12,416</u>	<u>1,470</u>	
Proprietary Funds			
Enterprise Funds			
RI Lottery	—	5,240	RI Lottery residual net income transfer to general fund
RI Convention Center	—	74	Project funding and operating assistance
Employment Security Trust	—	57	Benefit payments
Total Enterprise Funds	<u>—</u>	<u>5,371</u>	
Internal Service Funds	5,327	10,902	Settlement of services rendered
Total Primary Government	<u>\$ 17,743</u>	<u>\$ 17,743</u>	

## Note 5. Capital Assets

The capital asset activity of the reporting entity for the year ended June 30, 2023 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	\$ 400,695	\$ 19,338	\$ (381)	\$ 419,652
Works of art	5,358	285	—	5,643
Intangibles	186,230	2,283	—	188,513
Construction in progress	849,943	495,042	(231,424)	1,113,561
Total capital assets not being depreciated or amortized	1,442,226	516,948	(231,805)	1,727,369
Capital assets being depreciated or amortized:				
Land improvements	8,331	—	—	8,331
Buildings	882,128	5,222	(1,934)	885,416
Building improvements	565,263	16,785	—	582,048
Furniture and equipment	377,556	24,723	(10,863)	391,416
Intangibles*	344,315	—	(2,063)	342,252
Intangibles: right to use lease assets	93,927	1,800	(1,749)	93,978
Intangibles: subscription-based IT assets	—	16,020	—	16,020
Infrastructure	5,471,857	191,848	—	5,663,705
Total capital assets being depreciated or amortized	7,743,377	256,398	(16,609)	7,983,166
Less accumulated depreciation or amortization for:				
Land improvements	4,812	246	—	5,058
Buildings	391,916	16,806	(1,051)	407,671
Building improvements	256,822	18,965	—	275,787
Furniture and equipment	313,899	22,034	(10,723)	325,210
Intangibles*	186,010	33,049	(2,063)	216,996
Intangibles: right to use lease assets	16,401	16,595	(1,749)	31,247
Intangibles: subscription-based IT assets	—	6,014	—	6,014
Infrastructure	2,832,486	162,517	—	2,995,003
Total accumulated depreciation or amortization	4,002,346	276,226	(15,586)	4,262,986
Total capital assets being depreciated or amortized, net	3,741,031	(19,828)	(1,023)	3,720,180
Governmental activities capital assets, net **	\$ 5,183,257	\$ 497,120	\$ (232,828)	\$ 5,447,549

\*Including information system development costs.

\*\*Net governmental activities capital assets includes Internal Service Fund net capital assets totaling \$9.2 million at June 30, 2023.

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

General government	\$ 29,971
Health and human services	36,680
Education	7,639
Public safety	24,489
Natural resources	8,775
Transportation	168,672
Total depreciation or amortization expense - governmental activities	\$ 276,226

**Business-type Activities**

	Beginning Balance*	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 46,808	\$ —	\$ —	\$ 46,808
Construction in progress	839	8,668	(3,243)	6,264
Total capital assets not being depreciated	<u>47,647</u>	<u>8,668</u>	<u>(3,243)</u>	<u>53,072</u>
Capital assets being depreciated:				
Buildings	281,736	—	—	281,736
Machinery and equipment	50,948	3,437	(1,211)	53,174
Intangibles: right to use lease assets	1,401	—	—	1,401
Total capital assets being depreciated	<u>334,085</u>	<u>3,437</u>	<u>(1,211)</u>	<u>336,311</u>
Less accumulated depreciation for:				
Buildings	194,205	9,371	—	203,576
Machinery and equipment	40,216	4,020	(1,190)	43,046
Intangibles: right to use lease assets	39	365	—	404
Total accumulated depreciation	<u>234,460</u>	<u>13,756</u>	<u>(1,190)</u>	<u>247,026</u>
Total capital assets being depreciated (net)	<u>99,625</u>	<u>(10,319)</u>	<u>(21)</u>	<u>89,285</u>
Business-type activities capital assets (net)	<u>\$ 147,272</u>	<u>\$ (1,651)</u>	<u>\$ (3,264)</u>	<u>\$ 142,357</u>

\*Certain beginning balances restated

<b>Discretely Presented Component Units</b>	Beginning Balance*	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 139,361	\$ 195	\$ (129)	\$ 139,427
Construction in progress	288,903	132,548	(62,003)	359,448
Other	250	—	—	250
Total capital assets not being depreciated or amortized	<u>428,514</u>	<u>132,743</u>	<u>(62,132)</u>	<u>499,125</u>
Capital assets being depreciated or amortized:				
Buildings	2,865,005	49,028	(550)	2,913,483
Land improvements	338,427	4,172	—	342,599
Leasehold improvements	415	5	(323)	97
Machinery and equipment	553,313	64,547	(16,170)	601,690
Intangibles: right to use lease assets	33,032	12,005	—	45,037
Intangibles: subscription-based IT assets	14,167	5,249	—	19,416
Infrastructure	391,181	1,736	(301)	392,616
Total capital assets being depreciated or amortized	<u>4,195,540</u>	<u>136,742</u>	<u>(17,344)</u>	<u>4,314,938</u>
Less accumulated depreciation or amortization for:				
Buildings	1,330,025	86,308	—	1,416,333
Land improvements	216,552	13,460	—	230,012
Leasehold improvements	376	6	(323)	59
Machinery and equipment	420,884	30,134	(12,752)	438,266
Intangibles : right to use lease assets	1,333	1,234	—	2,567
Intangibles: subscription-based IT assets	—	6,835	—	6,835
Infrastructure	160,075	13,766	—	173,841
Total accumulated depreciation or amortization	<u>2,129,245</u>	<u>151,743</u>	<u>(13,075)</u>	<u>2,267,913</u>
Total capital assets being depreciated or amortized (net)	<u>2,066,295</u>	<u>(15,001)</u>	<u>(4,269)</u>	<u>2,047,025</u>
Total capital assets (net)	<u>\$ 2,494,809</u>	<u>\$ 117,742</u>	<u>\$ (66,401)</u>	<u>\$ 2,546,150</u>

\*Certain beginning balances restated

## Note 6. Notes Payable and Line of Credit Arrangements

### **Discretely Presented Component Units**

Notes payable (expressed in thousands) at June 30, 2023 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	\$ 168
R.I. Resource Recovery Corporation note payable to the host municipality, payable in equal installments over the next 14 years	1,393
R.I. Housing and Mortgage Finance Corporation bank notes and lines of credit, 0% to 6.3% interest, payable through 2047	<u>126,658</u>
	128,219
Less: current portion	<u>104,898</u>
Non-current portion	<u>\$ 23,321</u>

#### *Other*

R.I. Housing and Mortgage Finance Corporation federal bank note, 2.2% to 4.3% interest, payable from 2056 through 2062.	<u>\$ 261,145</u>
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### ***Direct borrowing – Line of credit arrangements***

*R.I. Housing and Mortgage Finance Corporation (RIHMFC)* - As of June 30, 2023, RIHMFC may borrow up to a maximum of \$135.0 million under various revolving loan agreements expiring between August 2023 and November 2024. Borrowings under the lines of credit are payable on demand and are unsecured. One of the lines of credit has a variable interest rate. As of June 30, 2023, the borrowings were \$47.0 million and the rate was 5.8%. The remaining line of credit arrangements have fixed rates which range from 5.2% to 6.2%. Outstanding borrowings under all agreements totaled \$102 million at June 30, 2023.

## Note 7. Long-Term Liabilities

### A. Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023 are presented in the following table (expressed in thousand):

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
<b>Governmental Activities</b>						
<i>Bonds Payable</i>						
General Obligation bonds (see section B)	\$ 1,346,535	\$ 265,990	\$ (146,035)	\$ 1,466,490	\$ 117,715	\$ 1,348,775
RICC Grant Anticipation Revenue bonds	495,785	—	(41,125)	454,660	43,180	411,480
RICC Rhode Island Motor Fuel Tax Revenue bonds	19,465	—	(4,390)	15,075	4,605	10,470
Tobacco Settlement asset-backed bonds	550,963	—	(28,090)	522,873	13,290	509,583
Accreted interest on TSFC bonds	151,862	15,725	—	167,587	—	167,587
RICC Historic Tax Credit bonds	71,655	—	(17,285)	54,370	17,765	36,605
Net unamortized premium/discount	188,153	19,980	(39,978)	168,155	—	168,155
Bonds payable (net)	<u>2,824,418</u>	<u>301,695</u>	<u>(276,903)</u>	<u>2,849,210</u>	<u>196,555</u>	<u>2,652,655</u>
Certificates of Participation (see section D)	103,295	—	(23,930)	79,365	21,070	58,295
Net unamortized premium/discount	6,828	—	(2,607)	4,221	—	4,221
Certificates of Participation (net)	<u>110,123</u>	<u>—</u>	<u>(26,537)</u>	<u>83,586</u>	<u>21,070</u>	<u>62,516</u>
Lease liability (see note 15)	87,428	2,791	(19,834)	70,385	16,689	53,696
SBITA liability (see note 15)	—	16,170	(7,681)	8,489	6,589	1,900
Net pension liability (see note 18)**	1,818,945	195,711	(19,796)	1,994,860	—	1,994,860
Net pension liability-special funding (see note 18)**	1,002,105	146,093	—	1,148,198	—	1,148,198
Net OPEB liability (see note 19 D)**	208,884	47,798	—	256,682	—	256,682
Compensated absences (see section H)**	98,005	8,607	(3,351)	103,261	79,790	23,471
Pollution remediation (see section G)	17,747	11,973	(16,422)	13,298	6,973	6,325
Other liabilities (see section K)	78,281	11,938	(3,540)	86,679	2,432	84,247
Total Governmental Long-term Liabilities	<u>\$ 6,245,936</u>	<u>\$ 742,776</u>	<u>\$ (374,064)</u>	<u>\$ 6,614,648</u>	<u>\$ 330,098</u>	<u>\$ 6,284,550</u>
<b>Business-type Activities</b>						
Revenue bonds (see section B)	\$ 180,975	\$ —	\$ (20,250)	\$ 160,725	\$ 20,525	\$ 140,200
Lease liability (see note 15)	1,362	—	(348)	1,014	329	685
Net pension liability**	16,558	2,131	—	18,689	—	18,689
Net OPEB liability**	2,145	433	—	2,578	—	2,578
Unearned revenue	6,243	13,500	(2,617)	17,126	4,257	12,869
Compensated absences (see section H)**	625	571	(540)	656	308	348
Total Business-type Long-term Liabilities	<u>\$ 207,908</u>	<u>\$ 16,635</u>	<u>\$ (23,755)</u>	<u>\$ 200,788</u>	<u>\$ 25,419</u>	<u>\$ 175,369</u>
<b>Component Units</b>						
Bonds payable (see section B)	\$ 2,679,847	\$ 417,405	\$ (257,417)	\$ 2,839,835	\$ 137,641	\$ 2,702,194
Bonds payable - direct placements	109,305	—	(13,228)	96,077	16,599	79,478
Net unamortized premium/discount	104,605	7,998	(13,835)	98,768	11,053	87,715
Refunding credits	(10,795)	(432)	3,022	(8,205)	(2,452)	(5,753)
Bonds payable (net)	<u>2,882,962</u>	<u>424,971</u>	<u>(281,458)</u>	<u>3,026,475</u>	<u>162,841</u>	<u>2,863,634</u>
Loans payable (see section C)	13,942	10,404	(2,111)	22,235	1,915	20,320
Lease liability	33,813	17,867	(6,484)	45,196	3,335	41,861
SBITA liability	11,392	6,522	(7,802)	10,112	5,433	4,679
Net pension liability**	219,827	56,917	(157)	276,587	—	276,587
Net OPEB liability**	111,938	15,802	(3,159)	124,581	—	124,581
Compensated absences (see section H)**	37,174	4,161	(2,852)	38,483	11,164	27,319
Due to primary government (see section J)	36,796	—	(4,539)	32,257	4,455	27,802
Unearned revenue	21,243	25,931	(3,735)	43,439	40,723	2,716
Due to component units	952	2	(568)	386	356	30
Other Long-term liabilities						
Arbitrage rebate (see section I)	1,690	190	(1,852)	28	—	28
Pollution remediation (see section G)	12,421	1,585	—	14,006	1,034	12,972
Other liabilities (see section K)	380,925	49,487	(12,468)	417,944	1,112	416,832
Total Component Units Long-term Liabilities	<u>\$ 3,765,075</u>	<u>\$ 613,839</u>	<u>\$ (327,185)</u>	<u>\$ 4,051,729</u>	<u>\$ 232,368</u>	<u>\$ 3,819,361</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, 2023, 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
2024	\$ 196,555	\$ 101,787	\$ 20,525	\$ 7,008	\$ 137,641	\$ 98,466	\$ 16,599	\$ 2,750
2025	183,590	93,196	21,225	6,306	137,458	94,674	12,873	2,377
2026	191,995	84,817	21,975	5,560	125,442	83,067	5,603	2,106
2027	181,905	76,444	21,095	4,778	126,487	78,681	7,659	1,869
2028	170,370	68,628	5,960	3,970	80,402	60,894	8,021	1,599
2029- 2033	671,960	240,102	35,070	14,589	505,866	157,976	28,704	4,334
2034 - 2038	434,905	123,771	23,970	4,974	617,226	133,047	14,406	1,128
2039 - 2043	196,130	49,608	10,905	1,194	550,981	71,944	2,212	5
2044 - 2048	59,040	38,253	—	—	319,140	30,258	—	—
2049 - 2053	227,018	1,429,892	*	—	194,550	12,103	—	—
2054 - 2058	—	—	—	—	35,910	2,877	—	—
2059 - 2063	—	—	—	—	8,732	323	—	—
	<u>\$2,513,468</u>	<u>\$2,306,498</u>	<u>\$160,725</u>	<u>\$ 48,379</u>	<u>\$2,839,835</u>	<u>\$ 824,310</u>	<u>\$ 96,077</u>	<u>\$ 16,168</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 October 2022, the State issued \$222.7 million of general obligation bonds with interest rates from 4.1% - 5.0%, maturing from 2023 through 2040. The total premium paid on these bonds was \$14.1 million. In accordance with certain bond statutes, net premiums of \$9.3 million were transferred to RI Infrastructure Bank to provide municipalities with low-cost financial assistance for road and bridge projects and \$4.2 million was transferred to the Rhode Island Capital Plan Fund.

The State had entered into a Forward Delivery Bond Purchase Agreement with a financial institution in March 2021, granting the option to purchase the State's General Obligation Bonds, Consolidated Capital Development Loan of 2022, Refunding Series 1, in exchange for an upfront payment of \$5.9 million, which was held as a deposit liability until the purchase option was exercised. In July 2022, the State issued \$43.2 million of general obligation refunding bonds with interest rates from 4.0% - 5.0%, maturing from 2023 through 2032. The bonds were not issued at a premium or discount, however the \$5.9 million upfront payment was recognized as an Other Financing Source in fiscal year 2023.

This upfront payment represented the approximate present value savings of debt service had the State been able to execute a tax-exempt advance refunding. The proceeds of the CCDL 2022 Refunding Series 1 bonds were used to refund \$43.2 million of the State's General Obligation Bonds, Consolidated Capital Development Loan of 2012 Series B. The forward refunding resulted in a deferred loss (difference between the reacquisition price and the net carry amount of the old debt) of approximately \$4.0 million that was recorded as a deferred outflow of resources.

At June 30, 2023, general obligation bonds authorized by the voters and unissued amounted to approximately \$618.3 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 \$144.0 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.

*R.I. Commerce Corporation Grant Anticipation Bonds and Rhode Island Motor Fuel Tax Revenue Bonds* - R.I. Commerce Corporation (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 year 2023 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 year 2035.

*Historic Tax Credit Bonds* - In fiscal years 2015 and 2019 the R.I. Commerce Corporation (RICC), on behalf of the State, issued \$75.0 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. The \$54.3 million balance of authorized but unissued Historic Tax Credit Bonds will not be required and therefore has been extinguished. As of June 30, 2023 there were \$54.4 million of revenue bonds outstanding.

*Tobacco Settlement Asset-Back Bonds and Accreted Interest* - On June 27, 2002, the Corporation issued \$685.4 million of Tobacco Settlement Asset-Backed Bonds (2002 Series). The bond proceeds were used to purchase the State's future rights in the TSRs under the MSA. The bonds accrued interest at rates ranging from 5.9% to 6.3% and matured in varying amounts through June 1, 2042. The bonds were subject to early redemption provisions, in whole or in part, at the redemption price of 100% of the principal amount plus accrued interest, without premium. The 2002 Series bonds were fully redeemed on March 19, 2015.

On June 27, 2007, the Corporation issued \$197.0 million of additional Tobacco Settlement Asset-Backed Bonds (2007 Series). The bond proceeds were used to purchase the State's future rights to residual TSRs, which were not purchased under the 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 6.0% to 6.8%. 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.

On March 19, 2015, the Corporation issued \$620.9 million of Tobacco Settlement Asset-Backed Bonds (Series A and B) that bear interest at annual rates ranging from 0.6% to 5.0% and mature in varying amounts through June 1, 2050. The bonds are subject to several 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.

All of the bonds of the Corporation are asset-backed instruments that are secured solely by the TSRs.

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 indebtedness of or a general, legal, or “moral” obligation of the State or any political subdivision of the State.

During the years ended June 30, 2023, 2022, and 2021, the Corporation utilized \$15.5 million, \$17.9 million, and \$11.9 million, respectively, of excess collections to early redeem an equal amount of outstanding bonds, consistent with the “turbo redemption” requirements.

### **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 \$305.0 million. At June 30, 2023, outstanding bond indebtedness totaled \$160.7 million.

During April 2021, RICCA issued its 2021 Series A Bonds in an aggregate amount of \$32.2 million for the purpose of refunding RICCA'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 \$32.0 million (after payment of \$157 thousand in issuance costs) were deposited in an irrevocable trust fund under an escrow agreement between the escrow agent and RICCA. The proceeds were used to acquire United States Treasury Securities - State and Local Government Series (SLGS). All investment income on and the maturing principal of the SLGS held in the escrow deposit fund are considered defeased. In May of 2021 and May 2022, \$10.3 million and \$10.8 million, respectively, of the defeased debt was redeemed. In May 2023, \$9.1 million of the defeased debt was redeemed. The Authority refunded the 2015 Series A Bonds to reduce debt service payments in 2021 and 2022 and to provide use restrictions of tax-exempt bonds.

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, 2023, RICCA was unable to fund the Operating Reserve requirement of the restrictive covenants for the R.I. Convention Center and the AMP 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 detailed information regarding these agreements refer to RICCA's financial statements for the fiscal year ended June 30, 2023.

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. (AGM), formerly Financial Security Assurance, Inc. to meet the Debt Service Reserve Fund requirement. The Facility provides maximum coverage of approximately \$127.5 million. Coverage under the Facility expires at the earlier of May 15, 2027 or the date upon which the 2021 Series A and 2017 Series A are no longer outstanding. In March 2022, AGM was rated by Moody's as A1. In July 2023, 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 expired 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, 2023, AMBAC's credit rating did not meet the aforementioned requirement.

### **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, 2023 revenue bonds outstanding were approximately as follows: URI - \$248.5 million, RIC - \$10.5 million, and CCRI - \$311,456.

#### *R.I. Airport Corporation*

Revenue bonds are issued by R.I. Commerce Corporation (RICC) on behalf of R.I. Airport Corporation (RIAC). The proceeds from these bonds are used to finance construction and related costs of certain capital improvements. These bonds are secured by the net revenues derived from the operation of the airports. As required by the Master Indenture of Trust, RIAC must attain a debt service ratio of 1.25 and meet other nonfinancial covenants. As of June 30, 2023, RIAC was in compliance with all financial covenants.

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 \$153.1 million in airport revenue and special facility bonds. Proceeds from the bonds were used for various airport improvement projects. Amounts available to pay debt service per the Master Indenture of Trust, including passenger facility charges, were approximately \$56.0 million for the year ended June 30, 2023. Principal and interest payments for the year ended June 30, 2023 were approximately \$22.5 million.

In June 2006, RIAC, RICC, and the R.I. Department of Transportation (RIDOT) executed a Secured Loan Agreement (Agreement) which provides for borrowings of up to \$42.0 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 year 2013. RIAC began making monthly payments of interest in fiscal year 2012, with interest at a rate of 5.3%. Payments are made on behalf of RICC (the borrower per the Agreement), and debt service payments commenced in fiscal year 2012 with a final maturity in fiscal year 2042. Such repayments are payable solely from the net revenues derived from the InterLink. As of June 30, 2023, RIAC had approximately \$38.5 million in borrowings under this agreement.

*I-195 Redevelopment District Commission*

In April 2013, R.I. Commerce Corporation (RICC) issued Economic Development Revenue Bonds 2013 Series A, 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) (5.25688% at June 30, 2023) 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, 2023, the State's general obligation bonds were rated AA and Aa2 by S&P and Moody's, respectively. As such, at June 30, 2023, the 2013 Series A Bonds bore interest at 7.3%. The outstanding balance of 2013 Series A Bonds was \$30,055,000 as of June 30, 2023.

Proceeds from the 2013 Series A bonds were transferred by the I-195 Redevelopment District Commission (I-195 RDC) to the State. Simultaneously with the issuance of the 2013 Series A Bonds, the I-195 RDC, RICC, and Santander Bank (the "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. The tender option was not exercised on April 1, 2023.

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 and was not renewed. The interest rate under the 2013 Series A Rate Cap Agreement is capped at 6.75%. At June 30, 2023, the fair value of the 2013 Series A Rate Cap Agreements was \$0.

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*

Non-major component units have various bonds outstanding. These revenue bonds were generally issued to fulfill the component unit's corporate purpose. Additional information on each non-major 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 \$149 thousand and \$22.1 million, respectively.

## D. Certificates of Participation

### Primary Government

The State has entered into 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 COPs at June 30, 2023, consist of the future debt payments less any funds available in debt service reserve funds. Obligation of the State to make payments under these agreements is subject to and dependent upon annual appropriations being made by the General Assembly.

At June 30, 2023, future debt service requirements for Certificates of Participation were as follows (expressed in thousands):

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 21,070	\$ 3,361
2025	17,450	2,439
2026	6,930	1,847
2027	6,520	1,507
2028	5,690	1,192
2029 - 2033	18,895	2,485
2034 - 2038	2,810	56
	<u>\$ 79,365</u>	<u>\$ 12,887</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 liability and recognizes the related receivable from the component unit for their portion of debt service in the government-wide financial statements.

Assets purchased with Certificates of Participation as of June 30, 2023 (expressed in thousands) are as follows:

Category	Cost	Accumulated Depreciation	Net Book Value
Buildings	\$ 215,583	\$ 79,363	\$ 136,220
Building Improvements	86,737	46,637	40,100
Computer Systems	55,193	32,374	22,819
Infrastructure	26,754	10,434	16,320
	<u>\$ 384,267</u>	<u>\$ 168,808</u>	<u>\$ 215,459</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, 2023, the following bonds outstanding (expressed in thousands) are considered defeased:

	<u>Amount</u>
Primary government:	
General Obligation Bonds	\$ 53,285
Component Units:	
R.I. Convention Center Authority	\$ 9,065
R.I. Infrastructure Bank	\$ 89,230

## F. Conduit Debt

To further economic development in the State, the R.I. Housing and Mortgage Finance Corporation (RIHMFC) issues bonds that provide financing for the acquisition, construction and rehabilitation for multifamily housing for low-income renters. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the developers on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the Developers and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Corporation for any of those bonds. At June 30, 2023, the bonds have an aggregate outstanding principal amount payable of \$128.1 million.

The R.I. Health and Educational Building Corporation (RIHEBC) 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, 2023 was \$3.3 billion.

The R.I. Industrial Facilities Corporation (RIIFC) and the R.I. Commerce Corporation (RICC) 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, 2023 was \$4.5 million for RIIFC and \$778.0 million for RICC.

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, 2023, RIIB had seven series of conduit bonds outstanding, with an aggregate principal amount payable of \$37.9 million.

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## G. 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 in various stages of completion 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, 2023, no reasonable estimates of those recoveries can be made. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

## H. 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.

## I. 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. As of June 30, 2023, the State carries \$1.4 million in arbitrage rebate.

## J. 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.

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## K. 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 during 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 assets by the State that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net assets 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, 2023 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	\$ 13,368	\$ 2,186	\$ 15,554	\$ 10,631
Deferred pension costs - ERS	418,047	3,340	421,387	18,482
Deferred pension costs - single employer plans and other	41,089	—	41,089	61,511
Deferred OPEB costs - multiple employer plans	51,541	1,038	52,579	24,683
Deferred OPEB costs - single employer plans	14,878	—	14,878	—
Asset Retirement Obligations	36,828	—	36,828	—
Derivatives	—	—	—	820
Total deferred outflows of resources	\$ 575,751	\$ 6,564	\$ 582,315	\$ 116,127
Deferred inflows of resources:				
Deferred gain on refunding of debt	\$ 23,737	\$ —	\$ 23,737	\$ 1,724
Deferred pension credit - ERS	114,358	657	115,015	20,951
Deferred pension credit - single employer plans and other	11,885	—	11,885	18,283
Deferred OPEB credit - multiple employer plans	97,576	1,089	98,665	58,239
Deferred OPEB credit - single employer plans	19,830	—	19,830	—
Leases	20,172	27,599	47,771	222,267
Total deferred inflows of resources	\$ 287,558	\$ 29,345	\$ 316,903	\$ 321,464

The components of the deferred inflows of resources related to the governmental funds as of June 30, 2023 are as follows (expressed in thousands):

	General Fund	IST Fund	Other Governmental Funds	Total Governmental Funds
Deferred inflows of resources:				
Taxes	\$ 19,655	\$ —	\$ —	\$ 19,655
Other general revenue	5,700	—	—	5,700
Restricted revenue	108,717	—	—	108,717
Federal revenue	—	17,159	—	17,159
Leases	16,641	3,278	253	20,172
Total deferred inflows of resources	\$ 150,713	\$ 20,437	\$ 253	\$ 171,403

## 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	Rhode Island Capital Plan	Other Funds	
Fund Balances:					
Non-spendable:					
Prepaid expenditures and permanent funds principle	\$ 194,629	\$ —	\$ —	\$ 174	\$ 194,803
Restricted for:					
Purposes specified by enabling legislation	435,780	—	—	—	435,780
RI Capital Plan	—	—	998,472	—	998,472
Debt Service	—	19,518	—	75,649	95,167
Capital Projects	—	—	—	295,724	295,724
Temporary Disability Insurance	—	—	—	186,408	186,408
Historic Tax Credit Redemption	—	—	—	96,819	96,819
Transportation-Infrastructure	—	181,229	—	—	181,229
Mission 360 Loan Program	—	1,696	—	—	1,696
Other	—	—	—	623	623
Committed to:					
Transportation-Maintenance	—	127,819	—	—	127,819
Other	20,381	—	—	202	20,583
Assigned to:					
Subsequent Years Expenditures	415,828	695	—	390	416,913
Unassigned:					
Budget Reserve and Cash Stabilization	271,117	—	—	—	271,117
Supplemental Budget Reserve	6,530	—	—	—	6,530
Other	(151,074)	—	—	—	(151,074)
Permanent Fund Principal	—	—	—	(76)	(76)
Totals	\$ 1,193,191	\$ 330,957	\$ 998,472	\$ 655,913	\$ 3,178,533

### 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 Year 2023, 3.0% of total general revenues and opening surplus are transferred to the Reserve. The Reserve amounts 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.

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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 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 year 2023, the Budget Reserve and Cash Stabilization Account had been 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.

According to RIGL 35-3-20.2, at the close of fiscal year 2023, the Supplemental State Budget Reserve Account was created within the general fund to be administered by the State Controller. This Account should be used solely to provide sums as may be appropriated to fund any unanticipated general revenue deficit.

The supplemental State Budget Reserve Account should consist of: (1) Such sums as the state may from time to time directly transfer to the account as authorized in law; and (2) Any amounts transferred pursuant to 35-6-1(e).

*(e) Upon issuance of the audited financial statement, the Controller shall transfer fifty percent (50%) of all general revenues received in the completed fiscal year net of transfer to the state budget reserve and cash stabilization account as required by § 35-3-20 in excess of those estimates adopted for that year as contained in the final enacted budget to the employees' retirement system of the State of Rhode Island as defined in § 36-8-2 and fifty percent (50%) to the Supplemental State Budget Reserve Account as defined in § 35-3-20.2.*

### **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 \$1.9 billion of restricted net position, of which \$1.6 billion is restricted by enabling legislation. See Note 1, Section U for more information regarding the five categories of fund balance.

**Note 10. Restatements – Net Position**

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

	Discretely Presented Component Units
Previously reported at June 30, 2022:	
Net Position	\$ 3,563,764
<b>Restatement due to:</b>	
CFSD restatement Net position for receivable	<u>\$ (964)</u>
Restated Beginning balances at July 1, 2022:	
Net Position	<u><u>\$ 3,562,800</u></u>

The restatement of the CFSD beginning net position resulted from prior years receivables that were not reversed when funds were received.

**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	\$ 1,810,486	\$ 1,801,634
General Business Taxes:		
Business Corporations	272,216	278,561
Public Utilities Gross Earnings	97,410	97,410
Financial Institutions	31,654	31,654
Insurance Companies	154,638	154,638
Bank Deposits	4,624	4,623
Health Care Provider Assessment	39,851	39,851
Sub-total - General Business Taxes	<u>600,393</u>	<u>606,737</u>
Sales and Use Taxes:		
Sales and Use	1,564,774	1,562,583
Motor Vehicle	935	935
Cigarettes	133,560	133,560
Alcoholic Beverages	22,479	22,479
Sub-total - Sales and Use Taxes	<u>1,721,748</u>	<u>1,719,557</u>
Other Taxes:		
Inheritance and Gift	82,316	82,316
Racing and Athletics	583	583
Realty Transfer	16,511	16,512
Sub-total - Other Taxes	<u>99,410</u>	<u>99,411</u>
Total - General Fund	<u>4,232,037</u>	<u>4,227,339</u>
Intermodal Surface Transportation Fund		
Gasoline	158,273	158,273
RI Highway Maintenance	75,685	75,685
Other Governmental Funds	239,053	239,053
Total Taxes	<u>\$ 4,705,048</u>	<u>\$ 4,700,350</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. The one or more governments promise to forgo tax revenues to which they are otherwise entitled and the individual or entity promises to take a specific action that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The State of Rhode Island has eight programs in place to abate taxes. Of the eight programs, four are managed by the State and four are managed by the Rhode Island Commerce Corporation (RICC).

For certain economic development programs with tax abatement provisions, the General Assembly appropriated funds which were paid to the 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 \$96.8 million is available in the Historic Tax Credit Fund at June 30, 2023.

The following is a summary of taxes abated during fiscal 2023 by tax type (expressed in thousands):

<b>Tax Abatement Program</b>	<b>Personal Income</b>	<b>Business Corporation</b>	<b>Insurance Companies</b>	<b>Financial Institutions</b>	<b>Hotel Tax</b>	<b>Sales Tax</b>	<b>Total</b>
Jobs Development Act	\$ —	\$ 3,122	\$ —	\$ 20,255	\$ —	\$ —	\$23,377
Motion Picture Production Tax Credits	2,120	5,669	2,778	\$ —	—	—	10,567
Qualified Jobs Incentive Tax Credit	541	388	—	—	—	—	929
Rebuild Rhode Island Tax Credit	1,965	100	7,037	—	—	—	9,102
Historic Preservation Tax Credits	3,119	—	—	—	—	—	3,119
Tax Credit for Contributions to Qualified Scholarship Organizations	1,316	—	175	—	—	—	1,491
Tax Increment Financing (PILOT)	—	—	—	—	210	1,341	1,551
Tax Increment Financing (Traditional)	—	—	—	—	154	1,482	1,636
Wavemaker Fellowship	26	—	—	—	—	—	26
<b>Total</b>	<b>\$ 9,087</b>	<b>\$ 9,279</b>	<b>\$ 9,990</b>	<b>\$ 20,255</b>	<b>\$ 364</b>	<b>\$ 2,823</b>	<b>\$51,798</b>

*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. Wavemaker fellows have the option of directly receiving their payments. During the fiscal year ended June 30, 2023, direct payments made to Wavemaker fellows totaled approximately \$371 thousand.
- 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.

The following pages summarize the key provisions of the tax abatement programs authorized by the State at June 30, 2023.

<b><u>Program Name:</u></b>	<b><u>Jobs Development Act</u></b>	<b><u>Motion Picture Production Tax Credits</u></b>
Program purpose:	To foster job creation for companies that create new employment in RI over a three-year period.	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.
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).	RIGL 44-31.2
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.	Primary production locations are to be within the State of Rhode Island, and the total production budget must be at least \$100,000; or, minimum production costs incurred and paid are at least \$10,000,000 within a 12 month period.
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 0.20% 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.	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.
Recapture provisions:	N/A	N/A

<b><u>Program Name:</u></b>	<b><u>Qualified Jobs Incentive Tax Credit</u></b>	<b><u>Rebuild Rhode Island Tax Credit</u></b>
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.

<b><u>Program Name:</u></b>	<b><u>Tax Increment Financing</u></b>	<b><u>Wavemaker Fellowship</u></b>
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:	The project must: (1) be located in a qualifying TIF (priority area determined by RICC) Area; (2) have a financing gap; (3) be either a new facility (not a replacement or relocation of an existing facility 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) be approved by the RICC Board of Directors; and (5) 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.

<b><u>Program Name:</u></b>	<b><u>Tax Credit for Contributions to Qualified Scholarship Organizations</u></b>	<b><u>Historic Preservation Tax Credits</u></b>
Program purpose:	To enhance the educational opportunities available to all students in Rhode Island.	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, Bank Tax, Bank Deposits, Insurance Company, Personal Income Tax.	Business Corporation, Personal Income, Insurance Tax, Insurance - HMO.
Authority under which abatements are entered into:	RIGL 44-62	RIGL 44-33.6
Criteria to be eligible to receive abatements and commitment of the taxpayer:	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.	A certified historic structure is to be substantially rehabilitated.
How taxes are reduced:	The Division of Taxation issues a certificate for the amount of credit to be granted.	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:	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.	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:	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.	N/A

### Note 13. Pledged Revenue

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

#### Revenue Bonds-Tobacco Settlement Financing Corporation (TSFC)

Revenue, cash basis:

TSFC settlement revenues (a)	\$ 48,279	
Investment income	1,670	
Total revenues	<u>49,949</u>	
General and administrative expenses, cash basis	83	
Net revenue available for debt service	<u>\$ 49,866</u>	

Required debt service payments	\$ 34,551	
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Coverage ratio before "turbo redemption" principal payments (b)		144.33 %
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Turbo redemptions - principal (c)	15,455	
Total annual debt service	<u>\$ 50,006</u>	

Coverage ratio after "turbo redemption" principal (d)		99.72 %
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Term of commitment - through June 2052

#### Revenue Bonds-GARVEE (Federal Highway)

Revenue - FHWA participation	\$ 65,799	
Less: operating expenses	—	
Net available revenue	<u>\$ 65,799</u>	

Debt service

Principal	\$ 41,125	
Interest	24,689	
Total debt service	<u>\$ 65,814</u>	

Coverage (b)		99.98 %
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Term of commitment - through June 2035

#### Revenue Bonds-Motor Fuel (Gas Tax)

Revenue - 2 cents per gallon of the gasoline tax	\$ 8,629	
Less: operating expenses	—	
Net available revenue	<u>\$ 8,629</u>	

Debt service

Principal	\$ 4,390	
Interest	973	
Total debt service	<u>\$ 5,363</u>	

Coverage (b)		160.90 %
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Term of commitment - through June 2027

- (a) Included for fiscal year 2023 are certain one-time revenue items totaling \$2,412,791, which is reflective of the NPM Adjustment.
- (b) Coverage ratio equals net revenue available for debt service divided by required debt service payments.
- (c) "Turbo" redemptions whereby Corporation is required to apply collections that are in excess of current funding.
- (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, 2023 are presented below (expressed in thousands):

	Transfers	Description
<b>Governmental Funds</b>		
Major Fund		
General		
Major Funds		
Intermodal Surface Transportation	\$ 58,727	Debt service and operating assistance
RI Capital Plan	200	Capital expenditures
Non-major Funds		
Historic Tax Credit Financing	3,119	Tax credits claimed
Bond Capital	13,942	Interest earnings transfer
Proprietary Funds		
Lottery	434,667	Net income transfer
Total General Fund	<u>510,655</u>	
Intermodal Surface Transportation		
General	2,635	FEMA revenue
RI Capital Plan	55,618	Infrastructure funding
Total Intermodal Surface Transportation	<u>58,253</u>	
RI Capital Plan		
General	427,882	Transfer of FY23 Appropriations and Statutory funding
Bond Capital	4,151	Transfer of excess bond premiums
Total RI Capital Plan	<u>432,033</u>	
Non-major Funds		
RI Public Rail Corp		
Intermodal Surface Transportation	3,224	Operating assistance
Historic Tax Credit Financing		
General	28,000	Transfer of FY23 Appropriations
Total Non-major Funds	<u>31,224</u>	
<b>Total Governmental Funds</b>	<b><u>\$ 1,032,165</u></b>	
<b>Proprietary Funds</b>		
RI Convention Center		
General	\$ 35,449	Debt service and operating assistance
RI Capital Plan	15,508	Capital improvements
Employment Security		
General	99,970	Unemployment benefits
<b>Total Proprietary Funds</b>	<b><u>150,927</u></b>	
<b>Total Transfers Primary Government</b>	<b><u>\$ 1,183,092</u></b>	

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## Note 15. Leases and Subscription-Based Information Technology Arrangements

### A. Leases

#### Governmental Activities - Lessee

The State leases equipment and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through fiscal year 2032 and provide for renewal options ranging from three months to ten years.

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred.

At June 30, 2023, the State recorded \$110.3 million and \$46.7 million in right to use asset and accumulated amortization, respectively.

#### Business-Type Activities - Lessee

The business-type activities includes activities provided by the State at a cost. These include the operations of the Rhode Island Lottery (Lottery), Rhode Island Convention Center Authority (RICCA), and the Employment Security Trust Fund. There was no lease activity for the Employment Security Trust Fund in fiscal year 2023. The Lottery leases outdoor advertising structures for display of advertising copy at certain locations throughout the state of Rhode Island under a long-term, non-cancelable lease agreement. The lease commenced on June 17, 2022 and expires on June 30, 2026.

At June 30, 2023, the Lottery recorded a right to use asset in the amount of \$1.3 million and accumulated amortization in the amount of \$317 thousand. There was no variable lease payments related to this lease for fiscal year 2023.

The RICCA leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through fiscal year 2027 and provide for renewal options ranging from one to two years. Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. The variable payments are recognized as outflows of resources in the periods in which the obligation for the payment is incurred.

At June 30, 2023, the RICCA recorded \$132 thousand and \$87 thousand in right to use asset and accumulated amortization, respectively.

Total future minimum lease payments under lease agreements are as follows (expressed in thousands):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	Principal	Interest	Principal	Interest	
2024	\$ 16,612	\$ 849	\$ 329	\$ 28	\$ 17,818
2025	15,124	673	339	17	16,153
2026	13,646	501	344	5	14,496
2027	7,127	361	2	—	7,490
2028	6,894	246	—	—	7,140
2029-2032	10,905	213	—	—	11,118
Total minimum lease payments	<b>\$ 70,308</b>	<b>\$ 2,843</b>	<b>\$ 1,014</b>	<b>\$ 50</b>	<b>\$ 74,215</b>

Right to use assets acquired through outstanding leases are shown below, by underlying asset class (expressed in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Equipment	\$ 1,645	\$ 1,401	\$ 3,046
Buildings	93,661	—	93,661
Computer Systems	14,993	—	14,993
Less: accumulated amortization	(46,656)	(404)	(47,060)
	<b>\$ 63,643</b>	<b>\$ 997</b>	<b>\$ 64,640</b>

Certain leased assets identified above under Governmental Activities have been categorized as Furniture and Equipment in Note 5. Capital Assets, consistent with their previous treatment as capital leases, as they predate the implementation of GASB Statement No. 87 – Leases.

#### Governmental Activities - Lessor

The State, acting as lessor, leases land, cellular tower space, and commercial parcel lots under long-term, non-cancelable lease agreements. The leases expire at various dates through fiscal year 2082 and provide for five years renewal options. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received.

During the year ended June 30, 2023, the State recognized \$1.4 million and \$466 thousand in lease revenue and lease interest revenue, respectively, pursuant to these contracts.

#### Business-Type Activities - Lessor

The Lottery, acting as lessor, leases office space under a long-term, non-cancelable lease agreement. During the year ended June 30, 2023, the Lottery recognized \$89 thousand in lease revenue, and \$72 thousand in lease interest revenue, pursuant to this agreement. There are no residual value guarantees, termination penalties, or variable payments in the lease agreement.

The RICCA acting as lessor, leases its arena, suites, and parking facilities under long-term, non-cancelable lease agreements. During the year ended June 30, 2023, the Authority recognized \$3.0 million and \$373 thousand in lease revenue and interest revenue, respectively, pursuant to these contracts. Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable.

Total future minimum lease payments to be received under lease agreements are as follows (expressed in thousands):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	Principal	Interest	Principal	Interest	
2024	\$ 790	\$ 447	\$ 2,781	\$ 430	\$ 4,448
2025	824	430	2,690	389	4,333
2026	860	412	1,617	358	3,247
2027	894	394	1,652	334	3,274
2028	929	375	1,645	309	3,258
2029-2033	4,933	1,568	6,633	1,379	14,513
2034-2038	3,461	1,077	4,119	741	9,398
2039-2043	2,293	766	4,446	414	7,919
2044-2048	2,525	478	2,230	82	5,315
2049-2053	2,169	170	—	—	2,339
2054-2058	295	33	—	—	328
2059 and thereafter	90	7	—	—	97
Total minimum lease payments	<b>\$ 20,063</b>	<b>\$ 6,157</b>	<b>\$ 27,813</b>	<b>\$ 4,436</b>	<b>\$ 58,469</b>

#### Discretely Presented Component Units

Certain component units, most notably the RI Airport Corporation and Quonset Development Corporation, maintain various leasing arrangements as both the lessee and the lessor. Lease activity for component units is presented separately from the primary government in the financial statements of the discretely presented component units. Further details regarding component unit lease activities can be found in the separately issued financial statements of the respective component units.

#### **B. Subscription-Based IT Arrangements (SBITAs)**

##### Governmental Activities

The State adopted the requirements of the GASB 96 standard effective July 1, 2022 and has applied the provisions of the standard to the beginning of the period of adoption.

The State has entered into certain SBITAs for various terms under long-term, non-cancelable agreements. The SBITAs expire at various dates through fiscal year 2026 and provide for renewal options of one year.

At June 30, 2023, the State recorded \$16.0 million and \$6.0 million in right to use subscription asset and accumulated amortization, respectively.

Total future minimum payments under SBITA agreements are as follows (expressed in thousands):

	<u>Governmental Activities</u>		
	Principal	Interest	Total
2024	\$ 6,532	\$ 108	\$ 6,640
2025	1,194	21	1,215
2026	706	10	716
Total minimum SBITA payments	<u>\$ 8,432</u>	<u>\$ 139</u>	<u>\$ 8,571</u>

At June 30, 2023, the State had commitments totaling \$7.8 million under SBITAs that have not commenced as of the end of the fiscal year.

#### Business-Type Activities

SBITA arrangements were determined not to be applicable to the Lottery and the Employment Security Trust Fund current agreements. Similarly, the RICCA adopted the requirements of the guidance effective July 1, 2022, applied the provisions of this standard to the beginning of the period of adoption, and determined that the impact of implementing GASB Statement No. 96 was not material to the Authority's financial statements.

#### Discretely Presented Component Units

Certain component units, most notably the University of Rhode Island, maintain various subscription-based arrangements. This information is presented separately from the primary government in the financial statements of the discretely presented component units. Refer to the separately issued financial statements of the respective component units for further details.

### **Note 16. Commitments**

#### **Primary Government**

The primary government is committed at June 30, 2023 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. There was a general revenue appropriation of \$50 million for the Enterprise Resource Planning software implementation.

At June 30, 2023, the primary government had transportation infrastructure design, construction and other contract commitments of approximately \$850 million, and contract commitments for the design, construction and renovation of buildings of approximately \$30 million. At June 30, 2023 the primary government had software development and implementation contract commitments of approximately \$88 million. These amounts include only purchase orders and related amendments generally processed through June 30, 2023. 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 The National Railroad Passenger Corporation, dba AMTRAK to secure RIPRC performance of its obligations arising from 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 Massachusetts Bay Transportation Authority (MBTA), and securing and maintaining liability insurance coverage to provide funds to pay all or a portion of the liabilities of the

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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 into a consent decree (Consent Decree) on April 9, 2014 with the United States Department of Justice (USDOJ) relating to the statewide day and employment 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 federal 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 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 would have been in compliance with the consent decree provisions by the end of state fiscal year 2024. On October 2, 2023, the State entered into an Addendum to the Consent Decree, as ordered by the Federal Court, to be completed by June 30, 2026. The Addendum identifies specific action items the State will need to complete to meet the terms of the Consent Decree.

As the State continues to comply with the terms of the Consent Decree, recent court orders will require a significant future State investment to 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 to wages for 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 funded by the State. The amount of additional investment, while not currently determined and subject to budgetary appropriation, is expected to be significant and expended through 2026.

During 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 to the starting wage for direct support professionals through fiscal year 2024. This increase is estimated at a total cost of \$34.7 million, with the general revenue share approximating \$15.5 million. Additionally, the State established a \$12 million programmatic Transformation 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 Transformation fund will be supported with State general revenues. The terms committed 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***

Rhode Island Department of Transportation (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 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.

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***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 the 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 fourteen of the benchmarks in the Settlement Agreement and has successfully exited out of seven sections to the agreement. In accord with the terms of the Settlement Agreement, the State has contracted with a provider to conduct a workload study. The purpose of the workload 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 a settlement agreement, 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***

Rhode Island Commerce Corporation (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 year 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. Since initial recording, an additional \$8.9 million has been recorded as of June 30, 2023. 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%.

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.

The estimated remaining useful life of the nuclear reactor is 36 years as of June 30, 2023. During fiscal 2023 amortization expense of \$1.0 million related to the deferred outflow of assets was charged to

education function on the Statement of Activities. The total deferred outflows remaining to be amortized at June 30, 2023 was \$36.8 million.

### ***State Takeover of Providence Public School District***

The State, acting through the Council on Elementary and Secondary Education 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. State intervention initially consists of support and technical assistance.

In connection with its oversight role, RIDE identified the Providence Public School District (PPSD) as consistently among the lowest performing districts in the State, based on objective criteria such as academic proficiency, absenteeism, and graduation rates. Pursuant to the Crowley Act, the State, in collaboration with PPSD, attempted to improve the PPSD through operational, policy, and financial support, all of which were unsuccessful.

During May 2019, following the release of standardized test scores showing low levels of English and Math proficiency among PPSD students, RIDE engaged the Institute for Education Policy at Johns Hopkins University (the Institute) to conduct a review of the PPSD to identify the challenges impeding reform efforts. The Institute's review included a study of academic outcomes, observation of classroom instruction and interviews with students, teacher, administrators, and community members. After completing its review, the Institute released a report during June 2019 (the Hopkins Report), which identified systematic deficiencies in the performance of the PPSD, including with respect to governance structure, management, health and safety, facilities, curriculum, and academic instruction. The Hopkins report concluded that such deficiencies were the cause of widespread unsatisfactory academic outcomes for PPSD students and demoralized teachers, staff, administrators, and parents.

Pursuant to a decision and order of the Commissioner of Education dated October 15, 2019, the State assumed governance and management responsibility for the PPSD effective November 1, 2019. The State appointed a turnaround superintendent to manage PPSD operations and develop and implement a long-term improvement plan for at least the next five years, effective February 2, 2020.

More than three years into the State intervention, the Commission of Education and the new superintendent have implemented numerous changes including unifying Math and English Language arts curriculum options, increasing professional development for teachers and improving support for multilingual learners (the majority of the PPSD students).

In connection with its takeover of the PPSD, it is conceivable that, under certain circumstances, the State could be held responsible for budget deficits and other costs relative to the PPSD, 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)*

Effective February 17, 2023, the Lottery entered into a contract amendment with IGT, extending the term of the Master Contract through June 30, 2043. In consideration for being the exclusive gaming system provider, exclusive of the online sports betting contract, IGT will pay to the Lottery \$27 million in two annual installments of \$13.5 million by June 30, 2023 and June 30, 2024. In June 2023, the Lottery received the first installment of \$13.5 million, which will be recognized as contract revenue over the term of the extended contract.

The contract mandates commission percentages ranging between 4% and 5% of lottery ticket sales and 1% and 2.5% of video lottery net terminal income, depending on the amount of sales in each category.

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*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 IGT license fees, as well as, concurrence on agreement on the promotional points program with the casinos and the Lottery.

Pursuant to the Crisafulli Act, IGT, on January 1, 2023 executed an Assignment and Assumption Agreement to transfer its Video Lottery Terminal Technology Provider License Agreement to the VLT Joint Venture. The VLT Joint Venture is effective January 1, 2023 through June 30, 2043. The VLT Joint Venture is owned by IGT and or Affiliates of IGT and Bally's or Affiliates of Bally's but controlled by IGT or an Affiliate of IGT. The VLT Joint Venture is the exclusive Technology Provider of VLTs, and is regulated by the Lottery as a Technology Provider.

*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, 2021 the Lottery is responsible for payment of two-thirds (2/3) of all transaction processing fees.

In April 2023, the Lottery executed the second amendment to the Sports Betting Agreement, changing the renewal options to three successive periods: a three-year extension period, a two-year extension period, and a five-year extension period. Via this second amendment, the agreement was extended through November 25, 2026. This agreement further required IGT to enhance the sports betting platform; namely, reviewing quarterly competitor websites, platform refreshments, increased bank functionality, kiosks, required service organizational control reports, and payment of thirty-two percent of service provider fees. The agreement also allows for certain third-party integrations into the sports betting platform, including live scoreboards, live feeds, and league and team logos, upon mutual agreement, with the costs for implementation shared between the Lottery and IGT. The second amendment also required IGT to pay thirty-two percent of provider service fees (specifically, debit fees, ACH transfer fees, and other payment processing fees) associated with online sports betting.

*Licensed Gaming Facilities (Bally's Twin River Casino and Bally's Tiverton Casino and Hotel)*

Each licensed facility operates under a Master Contract with the Lottery. Effective February 17, 2023, the Lottery entered into contract amendments with Bally's Affiliate UTGR, Inc. and Bally's Affiliate Twin River-Tiverton, LLC extending the respective terms through June 30, 2043. The contracts entitle the owners to compensation ranging from 26.0% to 28.9% of video lottery net terminal income at the respective facility.

Effective July 1, 2021 through December 31, 2022, UTGR, Inc. became a technology provider of video lottery terminals and receives a compensation equal to 7% of the net terminal income in accordance with the provisions of R.I. Gen. Laws 42-61.207, as may be amended from time to time. Effective January 1, 2023, Bally's or Affiliates of Bally's will be part of a VLT Joint Venture with IGT to be the exclusive technology provider of video lottery terminals through June 30, 2043.

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A mandated \$100 million investment by Bally's Corporation to expand the Lincoln casino, including a 40,000 square-foot addition plus a 10,000 square-foot spa adjacent to its current hotel location. This expansion was completed in April 2023.

The Master Contract reflects the statutory authorization of a promotional points program at the licensed gaming facilities. For fiscal year 2023, allowable promotional points are 20.0% of prior year net terminal income plus \$1.5 million. In fiscal year 2023, the combined promotional points authorized and issued were approximately \$97.7 million 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 2023 (60.7% for Bally's Twin River Lincoln Casino Resort and 60.0% for Bally's Tiverton Casino & Hotel). For fiscal year 2023, the Lottery accrued \$3.6 million and \$506.0 thousand in reimbursable marketing expenses for Bally's Twin River Lincoln Casino Resort and Bally's Tiverton Casino & Hotel, respectively.

Table games are operated at the Bally's Twin River Lincoln Casino Resort and Bally's Tiverton Casino & Hotel. Commissions for both casino facilities and the respective host community were 83.5% and 1%. In June 2022, 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 2023, there was a shortfall to the Town of Tiverton, therefore the State was required to make a payment of \$923 thousand to bring the minimum required payment up to \$3.0 million.

The Lottery also entered into a Sports Wagering Hosting Agreement with Twin River to host in-person and online sports wagering. The agreement entitles the owners to compensation of 17.0% 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. Effective July 1, 2021, the annual flat commissions paid to the Towns of Lincoln and Tiverton increased to \$200,000/per town.

In June 2023, legislation was enacted for the Lottery to implement, operate, conduct, and control iGaming at Bally's Twin River Lincoln Casino Resort and Bally's Tiverton Casino & Hotel. Legislation authorized the Lottery to enter into a contract with the Affiliates of Bally's to be the exclusive iGaming vendor. Under the terms of this legislation the Lottery's maximum obligation of payment service transactions fees shall not exceed thirty-three percent. This legislation also obligates the Affiliates of Bally's to regularly update online slot games, and requires the Affiliates of Bally's to enter into an assignment and assumption agreement between the Affiliates of Bally's and the iGaming Joint Venture. The iGaming Joint Venture will be the exclusive iGaming game vendor providing online slot games and online table games to the Lottery. The assumption of the iGaming Joint Venture obligations is subject to the review and approval of the Lottery.

The legislation further requires that the Lottery enter into a contract with the Affiliates of Bally's to be the exclusive iGaming platform vendor. This legislation obligates the Affiliates of Bally's to: regularly update and replace the server-based system for iGaming on schedules agreed by the Lottery, to fund the Lottery's responsible gambling programs; to host server-based gaming systems in connection with online sports wagering, pay for the costs, including, but not limited to professional and project management fees incurred by the Lottery in connection with implementation; provide financial protection to the State related to the impact on traditional lottery products, whereby Bally's would make an annual payment to the Lottery in an amount equal to one hundred percent of the first one million dollar shortfall, and fifty-percent of any shortfall between one and two million. iGaming is scheduled to commence on March 1, 2024. The contracts are under negotiation.

## Discretely Presented Component Units

### *Rhode Island 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 the RI Resource Recovery Corporation (RIRRC) has been segregated into six distinct phases. Phases I, II, III and IV were closed by RIRRC during prior years. In 2005, the Corporation began operations in Phase V, which is near capacity and has temporarily stopped accepting waste. During December 2015, RIRRC began accepting waste in Phase VI.

A liability for closure and post-closure care of \$122.6 million as of June 30, 2023 has been recorded in the statement of net position, as summarized by Phases below:

	Year ended June 30, 2023
Phase I	\$ 646
Phase II and III	17,598
Phase IV	16,393
Phase V	46,259
Phase VI	41,217
Other	518
	<u>\$ 122,631</u>

As of June 30, 2023, 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	\$ 4,338	91.4 %	1 year 1 month
Phase VI	\$ 79,771	34.1 %	20 years 4 months

As of June 30, 2023 RIRRC revised its estimate for future pollution remediation and landfill closure and post-closure care costs. The revised estimate resulted in a \$5.8 million increase of the corresponding liability from \$130.8 million at June 30, 2022 to \$136.6 million at June 30, 2023.

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 RIRRC's restricted assets in the statement of net position at June 30, 2023 is \$83.1 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, 2023 is as follows:

Balance, June 30, 2022	Additions	Reductions	Balance, June 30, 2023	Current Portion
\$ 12,421	\$ 1,585	\$ —	\$ 14,006	\$ 1,034

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 \$27.0 million for remedial purposes. The balance of this trust fund totaled \$46.6 million as of June 30, 2023.

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 \$14.0 million as of June 30, 2023.

*Rhode Island Public Transit Authority*

The RI Public Transit Authority (RIPTA) is committed under various contracts in the amount of \$20.0 million at June 30, 2023.

*Rhode Island Turnpike and Bridge Authority*

The RI Turnpike and Bridge Authority (RITBA) is committed under various construction and repairs contracts in the amount of \$4.3 million at June 30, 2023.

*Rhode Island Convention Center Authority*

The RI Convention Center Authority (RICCA) is committed under various construction project contracts in the amount of \$12.3 million at June 30, 2023.

*Rhode Island Airport Corporation*

The RI Airport Corporation (RIAC) has active construction projects expected to be funded from available resources and future operations that relate to certain airport improvements. As of June 30, 2023, RIAC's commitments with contractors were approximately \$14.5 million.

*I-195 Redevelopment District*

The I-195 Redevelopment District (I-195) is committed under project development initiatives contracts in the amount of \$2.6 million at June 30, 2023.

*Other Component Units*

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

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## Note 17. Contingencies

### COVID-19 Global Pandemic

The COVID-19 pandemic and subsequent recovery continues to have an impact on state operations. Additional costs have been incurred to respond to the recovery efforts. In addition, the pandemic has had a negative impact on state employment levels. While the state has seen job growth since the end of the pandemic recession, Rhode Island-based jobs (as measured by the survey of business establishments conducted by the Department of Labor and Training) have not recovered to their pre-pandemic peak.

The State continues to utilize federal recovery pandemic funding to manage costs associated with the pandemic recovery efforts and to address a variety of economic and social problems exacerbated by the long duration of the public health emergency. Under the federal government's expanded Stafford Act authority, qualified pandemic related expenses incurred by the State during fiscal year 2023 continue to be submitted to the Federal Emergency Management Agency (FEMA) for reimbursement expected to be received during fiscal year 2024.

The State is also leveraging its \$1.1 billion allocation of Coronavirus State and Local Fiscal Recovery Funds (SFRF) through the American Rescue Plan Act of 2021 (ARPA) allocation to support short-term recovery and make long term investments in State programs. The General Assembly appropriated SFRF funding to address the most pressing needs from the pandemic. These included support for small businesses and impacted industries, retention incentives for workers in sectors directly impacted by the pandemic, additional affordable housing units, and better access to medical services for children and families.

The FY 2023 Revised Budget and the FY 2024 Enacted Budget appropriated the remainder of the State's SFRF allocation to support expanding affordable and workforce housing, bolster growing sectors of the economy, invest in workforce development and strengthen the health care system in the event of surges in COVID-19 cases or the emergence of new variants. The State allocated approximately \$41.8 million in SFRF to support any additional capacity necessary to respond to the pandemic. In addition to identifying projects that address pressing needs, Rhode Island prioritized projects that minimize ongoing financial obligations, generate out-year savings and efficiencies, result in lasting benefits, and leverage existing administrative infrastructure, with simple and effective program design. These funds will continue to be expended into fiscal year 2027.

Emergency Rental Assistance (ERA) funding totaling \$352.0 million was also awarded to the State. The FY 2024 Enacted Budget included \$28.0 million in Emergency Rental Assistance (ERA) funding to provide rental and utility relief, housing stability, and legal services to eligible Rhode Islanders.

We expect some pandemic related costs to continue into 2024. The extent of expenditures required to continue to address pandemic related costs and the related recovery of federal government assistance continues to evolve.

### Primary Government - Litigation Contingencies

The State, individually or through its departments, agencies and employees, is a named party in various suits presently pending in Rhode Island state and federal courts. The State is vigorously defending any liability in all pending litigation; however, the cases are subject to a trial by jury or judge, who serves as the final trier of facts and awards. It would not appear that any litigation pending or threaten is likely to result, either individually or in the aggregate, in final judgments against the State that would materially affect its financial condition. Notwithstanding such as assessment, the following significant cases should be noted:

### **Challenge to Tolls**

The RhodeWorks tolling program to fund bridge maintenance and repair was challenged by the trucking industry in *American Trucking Associations, Inc. et al. v. Alviti et al.*, initially filed on July 10, 2018 in the federal district court in Rhode Island. Plaintiffs, a national trade association for the interstate trucking industry and several trucking companies, named as defendant the director of RIDOT, acting for the State in his official capacity. RITBA was later permitted by the court to intervene as a defendant due to its role as the agency responsible for collecting the challenged tolls on the State's behalf.

On September 21, 2022, following a bench trial, the district court issued a decision holding that RhodeWorks truck tolling violates the dormant Commerce Clause of the United States Constitution because it unfairly apportions the State's tolling burden to large commercial trucks and has a discriminatory purpose and effect with regard to interstate commerce. See *American Trucking Associations, Inc. et al. v. Alviti et al.*, 1:18-cv-00378-WES-PAS (D.R.I. Sep. 21, 2022). Accordingly, the court permanently enjoined the State from collecting RhodeWorks tolls, which RIDOT estimated would have annually generated approximately \$40-50 million in revenue dedicated to bridge maintenance and repair. RIDOT suspended toll collections at all twelve active locations on September 21, 2022, following the ruling. Plaintiffs did not seek damages or restitution for tolls previously paid, but are seeking attorney's fees, which are likely to exceed several million dollars, and which will be considered by the court at a date subsequent to its decision. It is possible that the decision in this case could encourage future litigation against the State, which potential litigation may include claims seeking the payment of damages or restitution for prior tolls charged.

### **Litigation**

The Narragansett Indian Tribe filed a complaint in the U.S. District Court for the District of Columbia against the State (including RIDOT and an individual State employee), seeking \$30.0 million in damages related to the I-95 Viaduct construction project in Providence, Rhode Island, which plaintiff claims adversely effects culturally significant land. A similar lawsuit was dismissed without prejudice and a new lawsuit was recently re-filed.

### **Tobacco Settlement Financing Corporation - Master Settlement Agreement**

In 1998, Rhode Island, along with 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. Additionally, any failure on the part of the PMs to perform their obligations under the MSA and/or related agreements could 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 TSFC financial statements for the year ended June 30, 2023.

### **Rhode Island 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 facilities face increasing competition from surrounding casinos in Connecticut and Massachusetts. In May 2021, Connecticut legalized sports wagering and online gambling, greatly expanding gambling to mobile devices. The law also authorizes the Connecticut Lottery Corporation to operate 15 sports betting locations across the state. Connecticut sports betting opened its first retail sportsbook in September 2021, followed by online sports betting sites and betting apps in October 2021. In August 2023, a new 50,000-square foot casino was added to the existing tribal casino in Ledyard, CT. In August 2022, the Massachusetts Sports Wagering Act was signed into law, retail sports betting launched on January 31, 2023, and mobile and online sports wagering followed on March 10, 2023, with eight apps online. Massachusetts lawmakers have considered additional slot machines and adding table games at Plainridge Park Casino, in Plainville, MA, to date this has not occurred. Discussions continue for a tribal casino in Taunton, MA. The Lottery and the State continually monitor the risk to gaming operations and assess and expand important revenue generating marketing and promotional programs to best enable competitive positions.

The Narragansett Indian Tribe filed a complaint against the State of Rhode Island in 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 gaming facilities remains pending in the Superior Court.

A plaintiff filed suit against the Lottery and Department of Revenue 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 has been appealed to the Rhode Island Supreme Court.

In the event of default on an insurance annuity contract for a Rhode Island winner of the Lucky for Life® jackpot prize award, the Lottery may be contingently liable for any remaining prize amounts due the winner.

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## 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 disallowance and/or sanction upon review by the respective federal agencies. The fiscal year 2023 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 (ESH) Medicaid Claiming* – 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 December 2021 through October 2022. The opening of a stand-alone psychiatric facility on October 25, 2022 addressed the IMD status issues. ESH requested and received approval from the Center for Medicare and Medicaid Services (CMS) to retroactively bill for fiscal year 2022. ESH has resolved dual eligible billing by implementing a new billing process that would exhaust all Medicare available days for those patients that meet Hospital level of care. Once Medicare days have been exhausted the claim would then turn over to bill Medicaid for appropriate Hospital admissions. Additionally, during May 2023 the vendor who provides Medicaid management services on behalf of the State received a Civil Investigative Demand (CID) from the Department of Justice (DOJ) regarding billing issues from January 1, 2013 to present. A response has not yet been submitted to DOJ and it is anticipated there will be additional questioned costs identified.

*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 do not 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* – Rhode Island, as well as a number of other states, experienced a significant increase in fraudulent claims for pandemic relief unemployment benefits beginning in March 2020 through the end of those relief programs in September 2021. The State implemented multiple objectives to attempt to prevent and detect fraudulent claims; however, the State Department of Labor and Training has estimated that up to \$531.0 million of fraudulent claims were paid during fiscal years 2020, 2021 and 2022: \$121.0 million of fraudulent benefits have been confirmed and \$410.0 million in suspected fraud claims were paid out. It must be noted that suspected fraud claims are not confirmed and as such the total changes when claims are proven to be either valid or fraudulent. Recoveries or collections of these fraudulent benefits, if any, will be refunded to the federal government or the Unemployment Insurance Trust Fund. The State Department of Labor and Training continues to more accurately quantify the total number of benefits considered fraudulent.

The State is pursuing a claim against its insurance provider for reimbursement for the unemployment insurance claims paid which have been deemed fraudulent (policy limits total \$40.0 million). This claim was rejected by the insurance provider and the State is currently engaged in a lawsuit against the insurer over this denial. Management cannot estimate the completion of or likelihood of favorable judgement of this lawsuit at this time and consequently no estimated recovery from the insurer is reflected on the financial statements of the Employment Security Fund at June 30, 2023.

## 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 the RI Retirement Security Act (RIRSA) was commenced by the Rhode Island State Troopers Association and three of its members against the Employees Retirement System of Rhode Island, the Governor, the Treasurer and the Director of the Department of Administration. The defendants filed a motion to dismiss, which was decided on January 10, 2022 with six claims remaining. The defendants have moved for summary judgement on the remaining six counts and briefing of that motion is underway.

In 2020, a case was brought by numerous plaintiffs who had brought a prior pension lawsuit case, which resulted in the passage of RIRSA and settlement. The case was brought in the United States District Court for the District of Rhode Island. The State and ERSRI filed a motion to dismiss on the grounds that the 2020 lawsuit sought to relitigate issues that had already been decided in the prior lawsuit. The District Court agreed and granted the Motion to Dismiss. The Plaintiffs appealed this decision in August 2022. The court heard the petition on January 6, 2023 and denied the petition.

## Component Units - Other

### *Rhode Island Industrial-Recreational Building Authority*

The RI 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, 2023, 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, 2023 are \$11.3 million.

### *Rhode Island Housing and Mortgage Finance Corporation*

The Rhode Island Housing and Mortgage Finance Corporation (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, 2023 is \$187.4 million.

### *University of Rhode Island*

Environmental Remediation - Hazardous waste found at a former drum storage site on property owned by the University of Rhode Island (URI) polluted the ground and water in the area. The University entered into a "Consent Decree" agreement with the United States District Court on behalf of the U.S. Environmental Protection Agency, the U.S. Justice Department, and the Rhode Island Department of Environmental Management on July 2, 2008 with regards to the West Kingston Town Dump/URI Disposal

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Area Superfund Site (the "Site"). A cap was placed to cover the Site and parties are now monitoring the ground water over an extended period of time through a system of monitoring wells. The University shares fiscal responsibility with the towns of South Kingstown and Narragansett. The University has accrued a liability of \$803,319 relating to the remediation project, operation and maintenance costs, and site reviews. The related cost for the year ended June 30, 2023 were \$74,400.

Two purported class action lawsuits were filed against the University in 2020 alleging that the University breached its contracts with its students after the 2020 spring semester transitioned to distance learning. Management vigorously disputes the plaintiffs' claims, but cannot provide a reasonable estimate of the total costs to the University associated with the two now-consolidated suits at this time.

#### *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 2023 pension expense (credit)	Net pension liability (asset) at June 30, 2022 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	\$118,354	\$1,783,390
			Business-type activities	\$1,929	\$18,689
			Special funding – teachers - state share (see Note Section 18-E)	\$78,448	\$1,148,198
B	State Police Retirement Benefits Trust (SPRBT)	Single-employer defined benefit plan – advance funded through a trust	State Police hired after July 1, 1987	\$3,400	\$20,148
C	Judicial Retirement Benefits Trust (JRBT)	Single-employer defined benefit plan – advance funded through a trust	Judges appointed after December 31, 1989	(\$99)	(\$1,038)
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	(\$3,869)	\$17,902
E	State Police Retirement Fund Trust (SPRFT)	Single-employer defined benefit plan – advance funded through a trust	State Police hired before July 1, 1987	\$5,903	\$136,868
F	Judicial Non-Contributory Retirement Plan (JNCRP)	Single employer defined benefit – non-trusteed – pay-as-you-go plan	Judges appointed before January 1, 1990 who retired before July 1, 2012	(\$3,653)	\$36,552
	<b>Totals</b>			<b>\$200,413</b>	<b>\$3,160,709</b>
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	\$6,200	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, 2021 actuarial valuations (with the exception of JNCRP which has a June 30, 2022 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	11,373	4,154	7,726	3,077	26,330
JRBT	31	1	18	38	88
RIJRFT	2	—	5	—	7
SPRBT	88	56	61	181	386
SPRFT	243	—	—	—	243
JNCRP	42	—	—	—	42

#### 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 <sup>th</sup> 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 <sup>th</sup> 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 Consumer Price Index for all Urban Consumers (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 \$28,878 (indexed as of January 1, 2023) 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 \$28,878 is replaced with \$34,653 (indexed as of January 1, 2023) 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 \$28,878).

**Disability retirement provisions** - The plan also provides non-service 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.

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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 \$28,878 (indexed as of January 1, 2023) 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 \$28,878 is replaced with \$34,653 (indexed as of January 1, 2023) 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 \$28,878).

**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 \$28,878 (indexed as of January 1, 2023) 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 \$28,878 is replaced with \$34,653 (indexed as of January 1, 2023) 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 \$28,878).

**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%.

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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 \$28,878 (indexed as of January 1, 2023) 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 \$28,878 is replaced with \$34,653 (indexed as of January 1, 2023) 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 \$28,878).

**Disability retirement provisions** - The plan provides non-service 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 \$28,878 (indexed as of January 1, 2023) 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 \$28,878 is replaced with \$34,653 (indexed as of January 1, 2023) 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 \$28,878).

### **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 pay as you go 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. This 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 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 for survivor benefits; the surviving spouse 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, 2022 is approximately \$2.7 billion and the State's share of the net pension liability is approximately \$1.1 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, 2023 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 42.51%, a decrease of 0.07% 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 actuarial determined contributions to the respective defined benefit plans.

Actuarial 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 actuarial determined contribution rates (or amounts if not expressed as a rate) for fiscal year 2023 were determined based on valuations performed as of June 30, 2021 for all plans, with the exception of RIJRFT which was determined based on a valuation performed as of June 30, 2022.

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 actuarial 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 Judicial Non-Contributory Retirement Plan (JNCRP) is financed on a pay-as-you-go basis. Upon Statutory creation of the RISPRFT in fiscal year 2017, an annual contribution amount totaling \$16.4 million was actuarial 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, 2023 is provided in the table below:

	ERS	JRBT	RIJRFT*	SPRBT	SPRFT*	JNCRP**
Contribution rate:						
State	28.01%	24.16%	\$1,232	20.87%	\$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	11.12%	—	—	—	—	—
Contributions made for state employees	\$208,565	\$2,843	\$490	\$6,209	\$16,387	\$3,676
Contribution made for teachers	\$122,455	—	—	—	—	—

\*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 actuarial 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 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 year 2023, no supplemental contribution was required in accordance with this provision of the General Laws.

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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 \$34,612 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 actuarial 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 year 2022. The State's proportion for the ERS Plan for State employees was 90.40%, an increase of 0.18% since the prior reporting period. At June 30, 2022 measurement date, the Lottery's proportion was 0.95%, an increase of 0.02% 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, 2022 (expressed in thousands and excluding amounts related to teachers under the special funding arrangement discussed above):

<b>Total Net Pension Liability - Employees' Retirement System (ERS) - State Employees</b>	\$	1,972,815
<i>Less portion attributable to other entities:</i>		
Enterprise Fund - Rhode Island Lottery (Business-Type Activities)		(18,689)
Discretely Presented Component Units		
University of Rhode Island	95,758	
Rhode Island College	31,079	
Community College of RI	26,669	
RI Division of Higher Education Assistance	252	
RI Commerce Corporation	129	
RI Airport Corporation	1,189	
		(155,076)
Related organization - Narragansett Bay Commission		(15,660)
<b>ERS - Net Pension Liability</b>	<b>\$</b>	<b>1,783,390</b>
<b>Net Pension Liability - Single Employer Defined Benefit Pension Plans</b>		
RIJRFT	\$	17,902
SPRBT		20,148
SPRFT		136,868
JNCRP		36,552
		(1,994,860)
<b>Total Net Pension Liability - All Plans (Governmental Activities)</b>	<b>\$</b>	<b>1,994,860</b>
<b>Net Pension Asset - Single Employer Defined Benefit Pension Plans</b>		
JRBT	\$	(1,038)
<b>Total Net Pension Asset - Single Employer Defined Benefit Pension Plans</b>	<b>\$</b>	<b>(1,038)</b>

Further details regarding the State's total pension liability (asset) and net pension liability for the single employer trustee defined benefit pension plans (expressed in thousands) which was measured as of June 30, 2022 is presented below:

	JRBT	RIJRFT	SPRBT	SPRFT
Total pension liability	\$ 96,803	\$ 19,329	\$ 210,671	\$ 160,763
Plan fiduciary net position	97,841	1,427	190,523	23,895
Net pension liability (asset)	\$ (1,038)	\$ 17,902	\$ 20,148	\$ 136,868
Plan fiduciary net position as a percentage of total pension liability	101.1 %	7.4 %	90.4 %	14.9 %

#### a. Actuarial assumptions used in determining total pension liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2021 and rolled forward to the June 30, 2022 measurement date, with the exception of the Judicial Non-Contributory Retirement Plan (JNCRP). The total pension liability for JNCRP is based on a valuation

performed as of June 30, 2022. 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	6/30/2021 rolled forward to 6/30/2022	6/30/2021 rolled forward to 6/30/2022	6/30/2021 rolled forward to 6/30/2022	6/30/2021 rolled forward to 6/30/2022	6/30/2021 rolled forward to 6/30/2022	6/30/2021 rolled forward to 6/30/2022	06/30/22
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%	3.69%	7.00%	7.00%	3.69%
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) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.						
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 year 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 50.0% of the plan's five-year average investment rate of return minus 5.0% which will range from zero to 4.0%, and 50.0% of the lesser of 3.0% 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, 2022 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.

There was a change in assumption for the RIJRFT and JNCRP plans due to use of the municipal bond index rate of 3.69% as of June 30, 2022. This rate was 1.92% at June 30, 2021.

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 40 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, 2022 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 Arithmetic Real Rate of Return
<b><i>GROWTH</i></b>		
<b>Global Equity</b>		
U.S. Equity	24.30 %	5.52 %
International Developed Equity	11.10 %	6.04 %
Emerging Markets Equity	4.60 %	7.83 %
<b>Private Growth</b>		
Private Equity	12.50 %	9.42 %
Non-Core Real Estate	2.50 %	4.80 %
<b><i>INCOME</i></b>		
Equity Options	2.00 %	5.25 %
EMD (50/50 Blend)	2.00 %	1.82 %
Liquid Credit	3.00 %	2.95 %
Private Credit	3.00 %	2.95 %
Collateralized Loan Obligations	2.00 %	2.95 %
<b><i>STABILITY</i></b>		
<b>Crisis Protection Class</b>		
Treasury Duration	5.00 %	(0.44)%
Systematic Trend	5.00 %	3.33 %
<b>Inflation Protection</b>		
Core Real Estate	4.00 %	4.80 %
Private Infrastructure	4.00 %	5.65 %
<b>Volatility Protection</b>		
IG Crop Credit	3.25 %	1.18 %
Securitized Credit	3.25 %	1.18 %
Absolute Return	6.50 %	3.33 %
Cash	2.00 %	(0.44)%
	100.00 %	

#### **b. Discount rate**

The discount rate used to measure the total pension liability of the plans was 7.0% for all plans except for RIJFT 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 the JNCRP.

For the RIJFT 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", 3.69% at June 30, 2022) 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 (asset) 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 (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. 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 3.69% at June 30, 2022, 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 (7.00%)	1.00% Increase (8.00%)
ERS - State employees	\$ 2,211,145	\$ 1,783,390	\$ 1,394,724
ERS - Teachers (State share)	\$ 1,440,509	\$ 1,148,198	\$ 882,601
JRBT	\$ 8,125	\$ (1,038)	\$ (9,363)
SPRBT	\$ 39,847	\$ 20,148	\$ 2,253
SPRFT	\$ 152,828	\$ 136,868	\$ 122,364
	1.00% Decrease (2.69%)	Municipal Bond Index Rate (3.69%)	1.00% Increase (4.69%)
RIJRFT	\$ 19,681	\$ 17,902	\$ 16,289
JNCRP	\$ 39,244	\$ 36,552	\$ 34,193

## 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	\$ 23,172	\$ 18,689	\$ 14,616

## H. Changes in the Net Pension Liability (Asset)

Information on the State's net pension liability (asset) for single employer plans is as follows (expressed in thousands):

	JRBT	RIJRFT	SPRBT	SPRFT	JNCRP*
<b>Total Pension Liability</b>					
Service cost	\$ 3,709	\$ 460	\$ 5,829	\$ —	\$ —
Interest	6,553	451	13,898	11,241	809
Differences between expected and actual experience	(2,874)	(1,250)	(762)	(3,212)	548
Changes of assumptions	—	(3,358)	—	—	(5,010)
Benefit payments	(4,700)	(500)	(7,849)	(15,698)	(3,873)
<b>Net change in Total Pension Liability</b>	<b>2,688</b>	<b>(4,197)</b>	<b>11,116</b>	<b>(7,669)</b>	<b>(7,526)</b>
<b>Total Pension Liability - beginning</b>	<b>94,115</b>	<b>23,526</b>	<b>199,555</b>	<b>168,432</b>	<b>44,078</b>
<b>Total Pension Liability - ending</b>	<b>\$ 96,803</b>	<b>\$ 19,329</b>	<b>\$ 210,671</b>	<b>\$ 160,763</b>	<b>\$ 36,552</b>
<b>Plan Fiduciary Net Position</b>					
Employer contributions	\$ 2,611	\$ 405	\$ 5,211	\$ 16,387	\$ 3,873
Employee contributions	1,398	125	2,387	—	—
Net investment income	(2,742)	(23)	(5,344)	(272)	—
Benefit payments	(4,700)	(500)	(7,849)	(15,698)	(3,873)
Administrative expenses	(97)	(1)	(203)	(22)	—
Other	—	—	16	—	—
<b>Net change in Fiduciary Net Position</b>	<b>\$ (3,530)</b>	<b>\$ 6</b>	<b>\$ (5,782)</b>	<b>\$ 395</b>	<b>\$ —</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>101,371</b>	<b>1,421</b>	<b>196,305</b>	<b>23,500</b>	<b>—</b>
<b>Plan Fiduciary Net Position - ending</b>	<b>\$ 97,841</b>	<b>\$ 1,427</b>	<b>\$ 190,523</b>	<b>\$ 23,895</b>	<b>\$ —</b>
<b>Net Pension Liability (Asset)</b>	<b>\$ (1,038)</b>	<b>\$ 17,902</b>	<b>\$ 20,148</b>	<b>\$ 136,868</b>	<b>\$ 36,552</b>

\*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, 2023, the State recognized net pension expense of \$122.0 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 \$78.4 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, 2023 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 <u>Employees</u>	<u>Teachers</u>	<u>Totals</u>
<u>Deferred Outflows of Resources</u>			
State contributions subsequent to the measurement date	\$ 206,466	\$ 122,455	\$ 328,921
Differences between expected and actual experience	14,211	17,006	31,217
Changes of assumptions	—	23,158	23,158
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,655	22,096	34,751
Totals	<u>\$ 233,332</u>	<u>\$ 184,715</u>	<u>\$ 418,047</u>
<u>Deferred Inflows of Resources</u>			
Net difference between projected and actual earnings on pension plan investments	\$ 13,664	\$ 24,025	\$ 37,689
Differences between expected and actual experience	752	22,332	23,084
Changes of assumptions	21,039	17,215	38,254
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	15,331	15,331
Totals	<u>\$ 35,455</u>	<u>\$ 78,903</u>	<u>\$ 114,358</u>

The \$206.5 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, 2024. In addition, the \$122.5 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, 2024. 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 <u>Employees</u>	<u>Teachers</u>
Year ended June 30:		
2024	\$ (14,566)	\$ 2,628
2025	(20,688)	(18,813)
2026	(29,125)	(35,939)
2027	55,678	31,945
2028	114	1,135
Thereafter	—	2,400
	<u>\$ (8,587)</u>	<u>\$ (16,644)</u>

## Business-type Activities:

For the year ended June 30, 2023, the Lottery, a proprietary fund of the State, recognized pension expense of \$1.9 million. At June 30, 2023, 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	\$	2,099
Differences between expected and actual experience		149
Changes of assumptions		—
Changes in proportion and differences between employer contributions and proportionate share of contributions		1,092
Totals	<u>\$</u>	<u>3,340</u>

Deferred Inflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$	143
Differences between expected and actual experience		8
Changes of assumptions		220
Changes in proportion and differences between employer contributions and proportionate share of contributions		286
Totals	<u>\$</u>	<u>657</u>

The \$2.1 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, 2024. 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:		
2024	\$	515
2025		(121)
2026		(384)
2027		572
2028		1
	<u>\$</u>	<u>583</u>

**Other Single Employer Pension Plans**

For the fiscal year ended June 30, 2023 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	\$ (99)
RIJRFT	(3,869)
SPRBT	3,400
SPRFT	5,903
JNCRP	(3,653)
Total	<u>\$ 1,682</u>

At June 30, 2023 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	\$ 2,843	\$ 490	\$ 6,209	\$ 16,387	\$ 3,676	\$ 29,605
Differences between expected and actual experience	77	—	5,536	—	—	5,613
Change of Assumptions	1,080	—	4,791	—	—	5,871
Totals	<u>\$ 4,000</u>	<u>\$ 490</u>	<u>\$ 16,536</u>	<u>\$ 16,387</u>	<u>\$ 3,676</u>	<u>\$ 41,089</u>
<u>Deferred Inflows of Resources</u>						
Net difference between projected and actual earnings on pension plan investments	\$ 841	\$ 47	\$ 1,383	\$ 1,222	\$ —	\$ 3,493
Differences between expected and actual experience	3,086	—	5,258	—	—	8,344
Change of assumptions	—	—	48	—	—	48
Totals	<u>\$ 3,927</u>	<u>\$ 47</u>	<u>\$ 6,689</u>	<u>\$ 1,222</u>	<u>\$ —</u>	<u>\$ 11,885</u>

The amount of \$29.6 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, 2024. 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
2024	\$ (1,344)	\$ (19)	\$ (148)	\$ (471)	—	\$ (1,982)
2025	(957)	(18)	(233)	(541)	—	(1,749)
2026	(1,793)	(20)	(1,101)	(599)	—	(3,513)
2027	1,403	10	5,730	388	—	7,531
2028	(80)	—	(78)	—	—	(158)
Thereafter	—	—	(532)	—	—	(532)
	<u>\$ (2,771)</u>	<u>\$ (47)</u>	<u>\$ 3,638</u>	<u>\$ (1,223)</u>	<u>—</u>	<u>\$ (403)</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 SIC 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 \$6.2 million for the fiscal year ended June 30, 2023, 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, 2023, 771 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 for 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](http://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 2023. 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 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 \$21.8 million during the year ended June 30, 2023.

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](http://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, 2022 measurement date the plans' total pension liabilities exceeded the plans' fiduciary net position by an aggregate amount of \$89.9 million. Accordingly, a net pension liability of that amount has been recorded as of June 30, 2023. For the fiscal year ended June 30, 2023 pension expense of \$12.4 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 \$1.49 per hour up to a maximum of 40 hours per week to the Plan for calendar year 2023. 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 2023 OPEB expense (credit)	Net OPEB liability (asset) at June 30, 2022 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	\$ (19)	\$ 247,868
			Business-type activities	\$ 127	\$ 2,578
B	Teachers	Single-employer plan – advance funded through a trust	Certified public school teachers electing to participate in the System	\$ (676)	\$ (6,993)
C	Judges	Single-employer plan – advance funded through a trust	Judges and magistrates	\$ (686)	\$ (5,295)
D	State Police	Single-employer plan – advance funded through a trust	State police officers	\$ 295	\$ 8,751
E	Legislators	Single-employer plan – advance funded through a trust	Retired and former members of the General Assembly	\$ (309)	\$ (2,894)
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	\$ (1)	\$ 63
	<b>Totals</b>			\$ (1,269)	\$ 244,078

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 of Rhode Island General Laws 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: State Controller, Department of Administration, 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, 2021 actuarial valuations, is summarized in the table below:

	Retirees and beneficiaries	Active	Total by Plan
State Employees	7,575	10,761	18,336
Teachers	66	N/A	66
Judges	26	62	88
State Police	164	294	458
Legislators	18	113	131
Board of Education (BOE)	967	1,799	2,766

Terminated employees are not included in the valuation.

## B. Benefit Plan Descriptions

Members of the System include State employees, legislators, judges, State police officers, certified public school teachers and employees of certain component units. If these members meet certain eligibility requirements, they are eligible to receive some form of retiree health care benefits. In addition, certain employees of the Board of Education receive benefits through 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 (RIGL) 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

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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 (HRA) 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 by 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 years 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 actuarial determined basis. For the fiscal year ended June 30, 2023, the State and other participating employers paid \$45 million into the plans.

The fiscal year 2023 contribution rates for the six plans in the System were based on the actuarial valuation of those plans performed as of June 30, 2020.

A summary of the contribution rates by both the participating employers and members and the State's annual plan contributions (dollars are expressed in thousands) for the fiscal year ended June 30, 2023 is provided in the table below:

	State Employees	Teachers	Judges	State Police	Legislators	BOE
Contribution rate:						
Employer	4.48 %	— *	— *	20.67 %	— *	1.83 %
Plan members	—	—	—	—	—	0.9 %
Contributions made	\$ 33,527	\$ —	\$ —	\$6,058	\$ —	\$ 6

\* An actuarial valuation determined that no contribution was required for this OPEB plan.

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#### **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 during fiscal year 2022. The State's proportion for the State Employees Plan and Board of Education Plan for State employees was 90.4% and 0.34%, respectively. At the June 30, 2022 measurement date, the Lottery's proportionate share of the net OPEB liability, reported under Business-type activities, was 0.94%.

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, 2022 (expressed in thousands):

**Net OPEB Liability - Multiple Employer Cost-sharing OPEB Plans:**

Total Net OPEB Liability - State Employees Plan		\$	274,188
<i>Less portion attributable to other entities:</i>			
Enterprise Fund - Rhode Island Lottery		\$	(2,578)
Discretely Presented Component Units			
University of Rhode Island	\$	13,256	
Rhode Island College		4,342	
Community College of RI		3,706	
RI Division of Higher Education Assistance		35	
RI Commerce Corporation		18	
RI Airport Corporation		162	
			(21,519)
Related organization - Narragansett Bay Commission			(2,223)
State Employees Plan - State's Share of Net OPEB Liability - Governmental Activities		\$	247,868
Board of Education Plan - State's Share of Net OPEB Liability - Governmental Activities			63
State's Share of Net OPEB Liability - Multiple Employer Cost-sharing Plans - Governmental Activities		\$	247,931
State Employees Plan - Rhode Island Lottery's Share of Net OPEB Liability - Business-type Activities		\$	2,578
Total State's Share of Net OPEB Liability - Multiple Employer Cost-sharing Plans		\$	250,509
<b>Net OPEB Liability (Asset) - Single Employer Plans:</b>			
Net OPEB Liability - Single Employer OPEB Plans			
State Police			8,751
Total Net OPEB Liability		\$	8,751
<b>Net OPEB Liability - All Plans</b>			
		\$	259,260
<b>Net OPEB (Asset) - Single Employer OPEB Plans</b>			
Teachers		\$	(6,993)
Judges			(5,295)
Legislators			(2,894)
<b>Total Net OPEB (Asset)</b>		\$	(15,182)

Statement of Net Position

	Governmental Activities	Business-Type Activities	Total
Net OPEB Liability	\$ 256,682	\$ 2,578	\$ 259,260
Net OPEB (Asset)	\$ (15,182)	\$ —	\$ (15,182)

Further details regarding the State's total OPEB liability and net OPEB liability (asset) for the single employer trusteed OPEB plans (expressed in thousands) which was measured as of June 30, 2022 is presented below:

	Teachers	Judges	State Police	Legislators
Total OPEB liability	\$ 7,450	\$ 233	\$ 89,372	\$ 955
Plan fiduciary net position	14,443	5,527	80,619	3,850
Net OPEB liability (asset)	\$ (6,993)	\$ (5,294)	\$ 8,753	\$ (2,895)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	193.86 %	2373.18 %	90.21 %	403.22 %

#### a. Actuarial assumptions used in determining total OPEB liability

The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the June 30, 2022 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	3.25% to 6.25%	N/A	2.75%	3.75% to 11.75%	3.25% to 6.0%	3.25% to 6.0%
Valuation Health Care Cost Trend Rate	Pre-Medicare: 7.50% in 2022, grading to 3.5% in 2033 Medicare: 6.25% in 2022, grading to 3.5% in 2033					
Mortality Rates	Healthy Male State Employees, State Police, Legislators, and Board of Education: PUB-10 Median Table for General Healthy Retiree Males, loaded by 115%, projected with Scale Ultimate MP16. Healthy Female State Employees, State Police, Legislators, and Board of Education: PUB-10 Median Table for Healthy General Retiree Females, loaded by 111%, projected with Scale Ultimate MP16. Healthy Male Teachers: PUB-10 Median Table for Healthy Teacher Retiree Males, loaded by 108%, projected with Scale Ultimate MP16. Healthy Female Teachers: PUB-10 Median Table for Healthy Teacher Retiree Females, loaded by 115%, projected with Scale Ultimate MP16. Healthy Judges: Sex distinct PUB-10 Above Median Income Tables for Healthy Retirees, projected with Scale Ultimate MP16.					
Excise Tax Under the Patient Protection and Affordable Care Act	H.R. 1865, Further Consolidated Appropriations Act of 2020.					
<b>Note:</b> Although an inflation rate was not explicitly used, for purposes of determining total OPEB liability inflation was consistent with a 2.50% assumption.						

The actuarial assumptions use in the June 30, 2021 valuation and the calculation of the total OPEB liability (asset) at June 30, 2022 were consistent with an actuarial experience review performed as of June 30, 2017. Most of the demographic assumptions are based on the 2020 Experience Study of the Employees' Retirement System of Rhode Island.

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 40 nationally recognized consulting firms (24 of which provided long-term assumptions). The June 30, 2022 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%	4.10%
Fixed Income	35%	0.28%

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, actuarial 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	\$ 319,073	\$ 247,868	\$ 188,470
Teachers	\$ (6,368)	\$ (6,993)	\$ (7,537)
Judges	\$ (5,283)	\$ (5,295)	\$ (5,307)
State Police	\$ 16,099	\$ 8,751	\$ 2,163
Legislators	\$ (2,824)	\$ (2,894)	\$ (2,955)
BOE	\$ 101	\$ 63	\$ 31

## 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	\$ 3,318	\$ 2,578	\$ 1,960

**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 7.5% 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	\$ 173,166	\$ 247,868	\$ 341,298
Teachers	\$ (7,614)	\$ (6,993)	\$ (6,290)
Judges	\$ (5,311)	\$ (5,295)	\$ (5,280)
State Police	\$ (283)	\$ 8,751	\$ 19,361
Legislators	\$ (2,974)	\$ (2,894)	\$ (2,802)
BOE	\$ 24	\$ 63	\$ 113

## Business-type Activities:

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Rhode Island Lottery:			
OPEB Plan - State Employees	\$ 1,801	\$ 2,578	\$ 3,549

**E. Changes in the Net OPEB Liability (Asset)**

Information for the State net OPEB liability for single employer plans is as follows (expressed in thousands):

	Teachers	Judges	State	Legislators
<b>Total OPEB Liability</b>				
Service cost	\$ —	\$ 8	\$ 4,671	\$ 28
Interest	373	15	4,353	51
Difference between expected and actual experience	(69)	(144)	(6,713)	(135)
Changes of assumptions	135	13	3,740	38
Benefit payments, net of retiree	(891)	82	(2,805)	(62)
<b>Net change in Total OPEB Liability</b>	<b>(452)</b>	<b>(26)</b>	<b>3,246</b>	<b>(80)</b>
<b>Total OPEB Liability - beginning</b>	<b>7,902</b>	<b>259</b>	<b>86,126</b>	<b>1,035</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 7,450</b>	<b>\$ 233</b>	<b>\$ 89,372</b>	<b>\$ 955</b>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ —	\$ —	\$ 5,864	\$ —
Net investment income	(1,708)	(553)	(9,286)	(420)
Benefit payments	(891)	82	(2,805)	(62)
Administrative expenses	(5)	(2)	(29)	(1)
Other	34	27	423	69
<b>Net change in Fiduciary Net Position</b>	<b>\$ (2,570)</b>	<b>\$ (446)</b>	<b>\$ (5,833)</b>	<b>\$ (414)</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>17,013</b>	<b>5,973</b>	<b>86,452</b>	<b>4,264</b>
<b>Plan Fiduciary Net Position - ending</b>	<b>\$ 14,443</b>	<b>\$ 5,527</b>	<b>\$ 80,619</b>	<b>\$ 3,850</b>
<b>Net OPEB Liability (Asset)</b>	<b>\$ (6,993)</b>	<b>\$ (5,294)</b>	<b>\$ 8,753</b>	<b>\$ (2,895)</b>

## 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, 2023 the State recognized OPEB expense (credit) of \$108 Thousand related to State employees who are covered by the OPEB cost-sharing plans administered by the System.

At June 30, 2023 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	\$ 33,191	\$ 6	\$ 33,197
Differences between expected and actual experience	2,295	22	2,317
Net difference between projected and actual investment earnings	6,641	5	6,646
Changes of assumptions	6,047	8	6,055
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,278	48	3,326
Totals	<u>\$ 51,452</u>	<u>\$ 89</u>	<u>\$ 51,541</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 61,919	\$ 34	\$ 61,953
Changes of Assumptions	35,583	34	35,617
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	6	6
Totals	<u>\$ 97,502</u>	<u>\$ 74</u>	<u>\$ 97,576</u>

The \$33.2 million reported as deferred outflows of resources related to pensions resulting from State contributions to the single employer plans subsequent to the measurement date but before the end of the State's reporting period (June 30, 2023), will be recognized as a reduction in the net pension liability in the subsequent fiscal year ended June 30, 2024.

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:		
2023	\$ (21,506)	\$ (4)
2024	(20,240)	(2)
2025	(18,890)	1
2026	(5,596)	9
2027	(10,764)	—
Thereafter	(2,245)	4
	<u>\$ (79,241)</u>	<u>\$ 8</u>

#### Business-type Activities:

For the year ended June 30, 2023, the Lottery, a proprietary fund of the State, recognized OPEB expense of \$127 thousand. At June 30, 2023, the Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Outflows of Resources</u>		
Contributions subsequent to the measurement date	\$	336
Differences between expected and actual experience		24
Changes of assumptions		63
Net difference between projected and actual investment earnings		69
Changes in proportion and differences between employer contributions and proportionate share of contributions		546
Totals	<u>\$</u>	<u>1,038</u>
<u>Deferred Inflows of Resources</u>		
Differences between expected and actual experience	\$	644
Net difference between projected and actual investment earnings		—
Changes of assumptions		370
Changes in Proportion		75
Totals	<u>\$</u>	<u>1,089</u>

The \$336 thousand reported as deferred outflows of resources related to pensions resulting from State contributions to the single employer plans subsequent to the measurement date, but before the end of the State's reporting period (June 30, 2023), will be recognized as a reduction in the net pension liability in the subsequent fiscal year ended June 30, 2024.

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:	
2023	\$ (96)
2024	(83)
2025	(76)
2026	(2)
2027	(110)
Thereafter	(20)
	<u>\$ (387)</u>

### **Other Single Employer OPEB Plans**

For the fiscal year ended June 30, 2023, the table below provides information about OPEB expense (credit) recognized for each of the State's four single employer plans (expressed in thousands):

<u>Plan</u>	<u>Annual OPEB Expense (Credit)</u>
Teachers	\$ (676)
Judges	(686)
State Police	295
Legislators	(309)
Total	<u>\$ (1,376)</u>

The June 30, 2022 measurement date information includes pension credits of \$676 thousand, \$686 thousand, \$295 thousand, \$309 thousand for the Teachers' plan, the Judges' plan, the State Police 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, 2023, 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>Teachers</u>	<u>Judges</u>	<u>State Police</u>	<u>Legislators</u>	<u>Totals</u>
<u>Deferred Outflows of Resources</u>					
Employer contributions subsequent to the measurement date	\$ —	\$ —	\$ 6,058	\$ —	\$ 6,058
Differences between expected and actual experience	—	—	327	177	504
Change of Assumptions	—	10	6,368	33	6,411
Net difference between projected and actual investment earnings	167	112	1,593	33	1,905
Totals	<u>\$ 167</u>	<u>\$ 122</u>	<u>\$ 14,346</u>	<u>\$ 243</u>	<u>\$ 14,878</u>
<u>Deferred Inflows of Resources</u>					
Differences between expected and actual experience	\$ —	\$ 407	\$ 12,824	\$ 227	\$ 13,458
Change of assumptions	—	20	6,092	260	6,372
Totals	<u>\$ —</u>	<u>\$ 427</u>	<u>\$ 18,916</u>	<u>\$ 487</u>	<u>\$ 19,830</u>

The amount of \$6.1 million reported as deferred outflows of resources, related to pensions resulting from the State contributions to the single employer plans after the measurement date, but before the end of the State's reporting period (June 30, 2023), will be recognized as a reduction in the net pension liability in the subsequent year ended June 30, 2024.

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>Teachers</u>	<u>Judges</u>	<u>State Police</u>	<u>Legislators</u>
Year ended June 30:				
2023	\$ (205)	\$ (349)	\$ (3,644)	\$ (86)
2024	(108)	(84)	(2,439)	(77)
2025	(27)	(31)	(1,967)	(73)
2026	507	160	870	39
2027	—	—	(1,820)	(32)
Thereafter	—	—	(1,626)	(14)
	<u>\$ 167</u>	<u>\$ (304)</u>	<u>\$ (10,626)</u>	<u>\$ (243)</u>

## 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, 2023, the plan's total OPEB liability totaled \$63.8 million. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023. For the fiscal year ended June 30, 2023 OPEB expense of \$1.4 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](http://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, 2023, each institution's proportionate share of net OPEB liability related to participation in the plans was as follows (in thousands):

University of Rhode Island	\$	21,377
Rhode Island College		9,973
Community College of Rhode Island		8,294
Total	\$	<u>39,644</u>

The net OPEB liabilities in the table above were measured as of June 30, 2022, 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, 2021 rolled forward to the June 30, 2022 measurement date. The proportion of net OPEB liability for each institution was based on its share of contributions to the Plans for fiscal year 2022 relative to the total contributions of all participating employers for that fiscal year.

For the fiscal year ended June 30, 2023, each institution recognized OPEB expense as follows (in thousands):

University of Rhode Island	\$	(1,479)
Rhode Island College		(1,085)
Community College of Rhode Island		789
Total	\$	<u>(1,775)</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](http://www.uri.edu)
- Rhode Island College - [www.ric.edu](http://www.ric.edu)
- Community College of Rhode Island - [www.ccri.edu](http://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 year 2023, 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, 2023 and June 30, 2022 was calculated based on historical claims data. The change in claims liability (expressed in thousands) is as follows:

	<u>Liability at July 1, 2022</u>	<u>Current Year Claims and IBNR Estimate</u>	<u>Claim Payments</u>	<u>Liability at June 30, 2023</u>
Health Insurance				
Internal Service Fund				
Unpaid claims	\$ 14,003	\$ 344,095	\$ 337,818	\$ 20,280
	<u>Liability at July 1, 2021</u>	<u>Current Year Claims and IBNR Estimate</u>	<u>Claim Payments</u>	<u>Liability at June 30, 2022</u>
Health Insurance				
Internal Service Fund				
Unpaid claims	\$ 13,596	\$ 278,021	\$ 277,614	\$ 14,003

*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.

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*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 \$11.1 million at June 30, 2023 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
<b>Assets</b>					
Due from other funds	\$ 12,416	\$ 5,327	\$ 17,743	\$ (12,372)	\$ 5,371
Loans to other funds	15,312	173	15,485	(15,485)	—
Total assets	<u>\$ 27,728</u>	<u>\$ 5,500</u>	<u>\$ 33,228</u>	<u>\$ (27,857)</u>	<u>\$ 5,371</u>
<b>Liabilities</b>					
Due to other funds	\$ 1,470	\$ 10,902	\$ 12,372	\$ (12,372)	\$ —
Loans from other funds	15,008	477	15,485	(15,485)	—
Total liabilities	<u>\$ 16,478</u>	<u>\$ 11,379</u>	<u>\$ 27,857</u>	<u>\$ (27,857)</u>	<u>\$ —</u>
<b>Program revenue</b>					
General government	\$ —	\$ 487,122	\$ 487,122	\$ (487,122)	\$ —
Public safety	—	12,566	12,566	(12,566)	—
<b>Expenses</b>					
General government	—	(485,701)	(485,701)	485,701	—
Public safety	—	(13,987)	(13,987)	13,987	—
Net revenue (expenses)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Transfers</b>					
Transfers in	\$ 1,032,165	\$ —	\$ 1,032,165	\$ (748,425)	\$ 283,740
Transfers out	(748,425)	—	(748,425)	748,425	—
Net transfers	<u>\$ 283,740</u>	<u>\$ —</u>	<u>\$ 283,740</u>	<u>\$ —</u>	<u>\$ 283,740</u>
<b>Total Business-type Activities</b>					
			Total	Eliminations	Internal Balances
<b>Assets</b>					
Due from other funds	\$ —	\$ —	\$ —	\$ (5,371)	\$ (5,371)
Total assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (5,371)</u>	<u>\$ (5,371)</u>
<b>Liabilities</b>					
Due to other funds	\$ 5,371	\$ —	\$ 5,371	\$ (5,371)	\$ —
Total liabilities	<u>\$ 5,371</u>	<u>\$ —</u>	<u>\$ 5,371</u>	<u>\$ (5,371)</u>	<u>\$ —</u>
<b>Transfers</b>					
Transfers in	\$ 150,927	\$ —	\$ 150,927	\$ (150,927)	\$ —
Transfers out	(434,667)	—	(434,667)	150,927	(283,740)
Net transfers	<u>\$ (283,740)</u>	<u>\$ —</u>	<u>\$ (283,740)</u>	<u>\$ —</u>	<u>\$ (283,740)</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 cents per gallon of the gas tax to the Authority to fund the additional maintenance costs associated with these bridges.

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*The R.I. Industrial-Recreational Building Authority (RIIRBA)* - RIIRBA is authorized to insure contractual principal and interest payments mandated by first mortgages and first security agreements issued by a financial institution or the Rhode Island Industrial Facilities Corporation (RIIFC) to private sector entities for industrial or recreational projects in the State up to a maximum of \$60.0 million of outstanding principal balances for such insured mortgages and security agreements. The RIIRBA has a net deficit as of June 30, 2023 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 \$1.4 million as of June 30, 2023.

*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 financial statements as a capital contribution at the historical cost. 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 \$3.0 million in fiscal year 2023. Also the State appropriated \$1.8 million for operations during fiscal year 2023. The State has appropriated \$28.0 million to I-195 RDC to facilitate the sale of land and project development within the District.

Included in project development expenses for the years ended June 30, 2023 and 2022 are \$2.3 million and \$502 thousand, respectively. The majority of the Project Fund commitments have been allocated to Wexford Science and Technology for the first phase of its catalytic development of an approximately 200,000-SF commercial building that includes tenants such as Cambridge Innovation Center and Brown's School of Professional Studies.

Additionally, during the year ended June 30, 2023, I-195 RDC received \$118 thousand of state appropriations funded by the Beach, Clean Water & Green Economy Bond.

*Rhode Island College (RIC)* - The voters of Rhode Island authorized the issuance of \$30.0 million in general obligation debt for the construction of a new residence hall at Rhode Island College (RIC). Of this amount, \$20.0 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. The bonds have a life of 19 years beginning during fiscal year 2009 and with last payment expected during fiscal year 2028. At June 30, 2023, the College has a \$9.3 million liability payable to the State. This obligation includes funds advanced for the construction of the residence hall and additional debt issued of \$7.5 million for an energy investment project. These amounts will be paid back to the State at varying interest rates ranging from 2.0% to 5.0%.

*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 State Administrators to support the administration and operation of CollegeBound 529. These fees are used to fund establishing and marketing 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. Additionally, 1.5 basis points (0.015%) accrued on all investment options in CollegeBound 529, which is contributed to the Student Fund managed by the Rhode Island Office of the Post-secondary Commissioner are to be used to fund Rhode Island Promise scholarships. For the year ended June 30, 2023 the state administrative fees total \$180 thousand and the Student Fund contributions total \$538 thousand.

In addition to the 1.5 basis points paid to the Student Fund from program assets, Invesco (the investment manager of the fund) is required to contribute 9.5 basis points (0.095%) to the Student Fund. Such

contributions, which total \$3.6 million for the year ended June 30, 2023, are paid directly by Invesco and are not included in administrative fees and expenses noted in RIHEST's financial statements.

*Rhode Island Health and Educational Building Corporation (RIHEBC)* - During fiscal year 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 or other payments received by RIHEBC pursuant to finance agreements with cities, towns and local education agencies. The State issued \$70.0 million of General Obligation Bonds (of the total \$250.0 million authorized by the voters) during December 2019 to fund the School Construction Bond Program administered by RIHEBC, to provide further assistance to cities and towns for school construction projects. For fiscal year 2023, RIHEBC reported bond proceed transfers from the State of \$86.3 million and related project cost expenses of \$69.1 million (approved by the State's School Building Authority).

*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 mandates, premium received from the issuance of bonds totaling \$9.3 million was transferred to RIIB for this fund during fiscal year 2022. 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 \$50.1 million during fiscal year 2023 to fund various economic development initiatives on behalf of the State. The Corporation reported approximately \$160.9 million reserved for economic development initiatives at June 30, 2023 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, Rhode Island Capital Plan 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.

According to RIGL 35-3-20.2, at the close of fiscal year 2023, the Supplemental State Budget Reserve Account was created within the general fund to be administered by the State Controller. This Account should be used solely to provide sums as may be appropriated to fund any unanticipated general revenue deficit.

The supplemental State Budget Reserve Account should consist of: (1) Such sums as the state may from time to time directly transfer to the account as authorized in law; and (2) Any amounts transferred pursuant to 35-6-1(e).

*(e) Upon issuance of the audited financial statement, the Controller shall transfer fifty percent (50%) of all general revenues received in the completed fiscal year net of transfer to the state budget reserve and cash stabilization account as required by § 35-3-20 in excess of those estimates adopted for that year as contained in the final enacted budget to the employees' retirement system of the State of Rhode Island as defined in § 36-8-2 and fifty percent (50%) to the Supplemental State Budget Reserve Account as defined in § 35-3-20.2.*

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		
<b>General</b>		
University of Rhode Island	\$ 98,831	Operating assistance
Rhode Island College	62,490	Operating assistance
Community College of Rhode Island	58,960	Operating assistance
Central Falls School District	64,396	Operating assistance
The Met	11,670	Operating assistance
I-195 District Commission	961	Operating assistance
R.I. Commerce Corporation	88,789	Operating assistance
R.I. Division of Higher Education Assistance	4,099	Operating assistance
R.I. Public Transit Authority	3,396	Operating assistance
R.I. Health and Educational Building Corporation	119,628	School Building Authority Capital Fund/School Housing Aid
R.I. Housing and Mortgage Finance Corporation	100,298	Infrastructure improvements and bond proceeds
R.I. Infrastructure Bank	28,500	Infrastructure improvements, bond proceeds and bond premiums
<b>IST</b>		
R.I. Public Transit Authority	55,619	Operating assistance
R.I. Turnpike and Bridge Authority	16,191	Infrastructure improvements
<b>Bond Capital</b>		
University of Rhode Island	15,894	Construction, improvement or purchase of assets
Rhode Island College	2,915	Construction, improvement or purchase of assets
R.I. Infrastructure Bank	9,309	Infrastructure improvements, bond proceeds and bond premiums
Quonset Development Corporation	4,109	Infrastructure improvements and bond proceeds
R.I. Health and Educational Building Corporation	88,096	Construction and building improvements
<b>R. I. Capital Plan</b>		
University of Rhode Island	12,618	Construction, improvement or purchase of assets
Rhode Island College	7,762	Construction, improvement or purchase of assets
Total Governmental Activities	<u>\$ 867,531</u>	

## E. Individual Fund Deficits

The following Internal Service Funds had cumulative fund deficits at June 30, 2023:

- Human Resources (\$267 thousand)
- Records Center (\$89 thousand)
- Health Insurance Active (\$9 million)
- Capitol Police (\$14 thousand)

The deficits will be eliminated through service charges during fiscal year 2024.

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## Note 23. Subsequent Events

### Primary Government

*Issuance of Bonds* - In October 2023 the State issued the following General Obligation Bonds; \$122,405,000 Consolidated Capital Development Loan of 2023, Series A (Tax-Exempt) and \$24,300,000 Consolidated Capital Development Loan of 2023, Series B (Federally Taxable).

*Federal Funds* -The State Small Business Credit Initiative (SSBCI) is a federally funded program that provides "funding for (1) credit and investment programs for existing small businesses and start-ups, and (2) technical assistance to small businesses applying for SSBCI funding and other government small business programs." SSBCI was first established in 2010 and reauthorized and expanded under the American Rescue Plan Act (ARPA) of 2021. Rhode Island's allocation for the SSBCI program is \$61 million for the credit and investment programs for existing small businesses and start-ups and \$773,624 for technical assistance, or a total of \$61.7 million. During FY23, the State engaged Rhode Island Commerce, a quasi-public agency to be responsible for the administration of the SSBCI program on behalf of the State. During FY 23, the State has received \$19,739,282 for the credit and investment programs for existing and small businesses and start-ups. Additional funds will be made available to Rhode Island Commerce once 80% of the \$19.7 million is disbursed.

*I-195 Washington Bridge Closure* -The Rhode Island Department of Transportation closed the westbound side of this bridge during December 2023 due to a critical failure of old components. The closure of this structure has impacted local communities and businesses. The costs to reopen the westbound side of the bridge are expected to be substantial but are unknown at this time. The State has engaged multiple vendors to assist in the determination of the best path forward to reopen the bridge.

### Component Units

Rhode Island Health and Educational Building Corporation - Bond Maturity - In July 2023, the \$6.2 million in Higher Education Facility Revenue Refunding Bonds "University of Rhode Island Issue, Series 2013 A" bonds reached maturity. In July 2023, the \$9.5 million in Higher Education Facility Revenue Refunding Bonds "Board of Education Issue, Series 2013 B" bonds reached maturity. In July 2023, the \$12.0 million in Higher Education Facility Revenue Refunding Bonds "Board of Education Issue, Series 2013 D" bond reached maturity. In December 2023, the \$9.6 million in Public Schools Revenue Bond Financing Program "Town of N. Providence Issue, Series 2013 I" bonds reached maturity.

Rhode Island Housing and Mortgage Finance Corporation - Bond Redemption - In December 2023, Rhode Island Housing and Mortgage Finance Corporation redeemed \$28.2 million in Homeownership Opportunity Bonds and in October 2023 redeemed \$11.3 million in Multi-Family Funding Bonds.

Rhode Island Housing and Mortgage Finance Corporation - Bond Issuance - In November 2023, Rhode Island Housing and Mortgage Finance Corporation issued \$149.7 million in Homeownership Opportunity Bonds.

Rhode Island Housing and Mortgage Finance Corporation - Notes Payable - Rhode Island Housing and Mortgage Finance Corporation borrowed \$18.8 million in various borrowings from Federal Financing Bank.

# Required Supplementary Information



**State of Rhode Island**

Fiscal Year Ended

June 30, 2023



**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, 2023**  
**(Expressed in Thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
General Revenues:				
Personal Income Tax	\$ 1,910,300	\$ 1,813,700	\$ 1,813,605	\$ (95)
General Business Taxes:				
Business Corporations	252,000	262,600	272,216	9,616
Public Utilities Gross Earnings	101,000	99,200	97,411	(1,789)
Financial Institutions	38,900	34,400	31,654	(2,746)
Insurance Companies	166,700	157,100	154,638	(2,462)
Bank Deposits	4,500	4,700	4,624	(76)
Health Care Provider Assessment	39,500	39,500	39,851	351
Sales and Use Taxes:				
Sales and Use	1,575,000	1,579,000	1,564,774	(14,226)
Motor Vehicle	1,000	1,000	935	(65)
Cigarettes	133,900	133,600	133,560	(40)
Alcohol	23,300	22,500	22,479	(21)
Other Taxes:				
Inheritance and Gift	58,800	77,600	82,316	4,716
Racing and Athletics	500	500	583	83
Realty Transfer Tax	21,000	17,000	16,512	(488)
<i>Total Taxes (1)</i>	<u>4,326,400</u>	<u>4,242,400</u>	<u>4,235,158</u>	<u>(7,242)</u>
Departmental Revenue	464,000	478,000	491,638	13,638
Total Taxes and Departmental Revenue	<u>4,790,400</u>	<u>4,720,400</u>	<u>4,726,796</u>	<u>6,396</u>
Other Sources:				
Lottery	418,700	434,200	434,667	467
Unclaimed Property	14,000	14,700	18,503	3,803
Other Miscellaneous	37,300	29,900	26,802	(3,098)
Non-budgeted proceeds from forward delivery bond agreement	—	—	5,900	5,900
Total Other Sources	<u>470,000</u>	<u>478,800</u>	<u>485,872</u>	<u>7,072</u>
Total General Revenues	<u>5,260,400</u>	<u>5,199,200</u>	<u>5,212,668</u>	<u>13,468</u>
Federal Revenues	5,222,413	5,353,377	5,024,186	(329,191)
Restricted Revenues	446,783	468,973	327,533	(141,440)
Other Revenues	67,724	68,438	66,716	(1,722)
Non-budgeted SBITA Proceeds	—	—	976	976
<i>Total Revenues (2)</i>	<u>10,997,320</u>	<u>11,089,988</u>	<u>10,632,079</u>	<u>(457,909)</u>
<b>Expenditures:</b>				
General government				
General government - non-budgeted lease and SBITA expenditures	1,876,164	2,100,998	1,825,184	275,814
Total general government	<u>—</u>	<u>—</u>	<u>44</u>	<u>(44)</u>
Health and human services	1,876,164	2,100,998	1,825,228	275,770
Health and human services - non-budgeted lease and SBITA expenditures	5,804,430	5,691,612	5,357,304	334,308
Total health and human services	<u>—</u>	<u>—</u>	<u>239</u>	<u>(239)</u>
Education	5,804,430	5,691,612	5,357,543	334,069
Education	2,301,402	2,395,960	2,231,001	164,959
Public safety	684,491	733,777	704,933	28,844
Public safety - non-budgeted lease and SBITA expenditures	<u>—</u>	<u>—</u>	<u>694</u>	<u>(694)</u>
Total public safety	684,491	733,777	705,627	28,150
Natural resources	112,593	142,650	128,621	14,029
<i>Total Expenditures (2)</i>	<u>10,779,080</u>	<u>11,064,997</u>	<u>10,248,020</u>	<u>\$ 816,977</u>
Transfer of Excess Budget Reserve to RI Capital Fund	—	—	170,487	
Transfer of scholarship revenue to RI Division of Higher Education (3)	—	—	4,098	
Total Expenditures and Transfers	<u>\$ 10,779,080</u>	<u>\$ 11,064,997</u>	<u>\$ 10,422,605</u>	
Change in Fund Balance			209,474	
Fund balance - beginning			<u>983,717</u>	
Fund balance - ending			<u>\$ 1,193,191</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, 2023**  
**(Expressed in Thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Expenditures by Source:</b>				
General Revenues	\$ 5,042,160	\$ 5,169,309	\$ 5,071,038	\$ 98,271
General Revenues - pending FEMA reimbursement (4)	—	4,900	3,891	1,009
Federal Funds	5,222,413	5,353,377	4,753,429	599,948
Restricted Receipts	446,783	468,973	356,572	112,401
Other Funds	67,724	68,438	62,114	6,324
Non-budgeted SBITA Expenditures	—	—	976	(976)
	<u>\$ 10,779,080</u>	<u>\$ 11,064,997</u>	<u>\$ 10,248,020</u>	<u>\$ 816,977</u>

**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 Year 2023 by Tax Type:

	General Fund Reported Revenue	Historic Tax Credits Applied Transfer from HTCF	Reported Revenue Budget and Actual
Personal Income	\$ 1,810,486	\$ 3,119	\$ 1,813,605
Business Corporations	272,216	—	272,216
Insurance Corporations	154,638	—	154,638
Financial Institutions	31,654	—	31,654

*(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) Amounts represent claims to FEMA pending reimbursement at June 30, 2023. These amounts are reflected as sourced to General Revenues until approved by FEMA (expected in fiscal year 2024).*

(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, 2023**  
**(Expressed in Thousands)**

*Functional Expenditure Reclassifications - Budgetary presentation compared to Financial Statement Presentation: For financial reporting purposes, certain expenditures (debt service and transfers) have been reclassified to align to the appropriate functional expenditure classification.*

	<b>General Government</b>	<b>Health and Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Debt Service</b>	<b>Transfers</b>	<b>Total Expenditures</b>
<b>Budgetary Presentation</b>	\$ 1,825,228	\$ 5,357,543	\$ 2,231,001	\$ 705,627	\$ 128,621	\$ —	\$ 174,585	\$ 10,422,605
Reclassifications:								
Debt Service	(167,420)	(5,042)	(47,283)	(1,761)	(2,779)	224,285	—	—
Other Transfers - RICAP	(257,395)	—	—	—	—	—	257,395	—
Other Transfers - RIDHEA	4,098	—	—	—	—	—	(4,098)	—
Other Transfers - RICCA	(35,449)	—	—	—	—	—	35,449	—
Other Transfers - Emp Sec	(99,970)	—	—	—	—	—	99,970	—
Other Transfers - HTC	(28,000)	—	—	—	—	—	28,000	—
Other Transfers - ISTE A	—	—	—	(2,635)	—	—	2,635	—
<b>Financial Statement Presentation</b>	\$ 1,241,092	\$ 5,352,501	\$ 2,183,718	\$ 701,231	\$ 125,842	\$ 224,285	\$ 593,936	\$ 10,422,605

(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, 2023**  
**(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 Year 2024	Fund Balance Available for Appropriation in Fiscal Year 2024
Non-spendable	\$ 194,629	\$ —	\$ 194,629
Restricted	435,780	435,780	—
Committed	20,381	20,381	—
Assigned	415,828	47,121 (a)	368,707
Unassigned	126,573	277,647 (b)	(151,074)
<b>Total Fund Balance</b>	<b>\$ 1,193,191</b>	<b>\$ 780,929</b>	<b>\$ 412,262 (c)</b>

(a) Assigned fund balance not available for appropriation in fiscal year 2024 includes general revenue appropriations carried forward by the Governor, Judiciary, and Legislature and intra-agency balances assigned for specific purposes.

(b) Budget Reserve and Supplemental Budget Reserve accounts - for financial statement purposes, these accounts are classified as unassigned, yet, it is not considered available for recurring operational appropriations.

(c) Remaining fund balance available for appropriation.

(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, 2023**  
*(Expressed in Thousands)*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 231,355	\$ 220,319	\$ 233,958	\$ 13,639
Licenses, fines, sales, and services	68,015	30,487	31,786	1,299
Departmental restricted revenue	5,949	6,165	1,433	(4,732)
Federal grants	456,553	467,825	495,994	28,169
Other revenues	9,260	9,484	5,850	(3,634)
Total revenues	<u>771,132</u>	<u>734,280</u>	<u>769,020</u>	<u>34,740</u>
<b>Revenues and Other Financing Sources (unbudgeted):</b>				
Miscellaneous revenue			7,159	
Total revenues			<u>776,179</u>	
Other financing sources:				
Transfers from RI Capital Plan			58,253	
Subscription-based IT financing			282	
Total other financing sources			<u>58,535</u>	
Total revenues and other financing Sources			834,714	
<b>Expenditures (budgeted):</b>				
Central management				
Federal funds	16,577	14,902	7,854	7,048
Gasoline tax	9,119	8,033	4,447	3,586
Total - central management	<u>25,696</u>	<u>22,935</u>	<u>12,301</u>	<u>10,634</u>
Management and budget				
Gasoline tax	3,762	4,033	2,995	1,038
Total - management and budget	<u>3,762</u>	<u>4,033</u>	<u>2,995</u>	<u>1,038</u>
Infrastructure - engineering-GARVEE/motor fuel tax bonds				
Federal funds	418,519	422,787	461,810	(39,023)
Restricted receipts	5,949	6,165	(2,750)	8,915
Gasoline tax	74,242	70,106	67,551	2,555
Toll revenue	33,614	13,500	13,485	15
Land sale revenue	9,260	9,484	3,202	6,282
Total - infrastructure - engineering	<u>541,584</u>	<u>522,042</u>	<u>543,298</u>	<u>(21,256)</u>
Infrastructure - maintenance				
Federal funds	21,456	30,136	25,871	4,265
Gasoline tax	23,709	19,926	32,392	(12,466)
Rhode Island highway maintenance account	102,648	178,705	81,476	97,229
Total - infrastructure - maintenance	<u>147,813</u>	<u>228,767</u>	<u>139,739</u>	<u>89,028</u>
Total expenditures (budgeted)	<u>\$ 718,855</u>	<u>\$ 777,777</u>	<u>\$ 698,333</u>	<u>\$ 79,444</u>
<b>Expenditures and other financing uses (unbudgeted):</b>				
Infrastructure expenditures - GARVEE and State match funded by RI Capital Plan and bond capital funds			\$ 78,934	
I-195 redevelopment district project			142	
Mission 360 loan program			90	
Transfers to general fund - gas tax			49,206	
Subscription-based IT financing			282	
Total Expenditures and other financing uses (unbudgeted)			<u>128,654</u>	
Total expenditures and other financing uses			826,987	
Net change in fund balance			7,727	
Fund balance, beginning			<u>323,230</u>	
Fund balance, ending			<u>\$ 330,957</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 year 2023 reflect a June 30, 2022 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Employees' Retirement System-State Employees-Governmental Activities**

Year Ended	June 30, 2023	June 30, 2022	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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State's proportion of the net pension liability	90.4 %	90.2 %	89.9 %	89.7 %	89.5 %	89.2 %	88.9 %	89.0 %	89.0 %
State's proportionate share of the net pension liability	\$ 1,783,390	\$ 1,604,576	\$ 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	\$ 703,931	\$ 668,135	\$ 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	253.3 %	240.2 %	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	59.6 %	63.2 %	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 year 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Employees' Retirement System-State Employees - Business-Type Activities**

*Rhode Island Lottery*

Year Ended	June 30, 2023	June 30, 2022	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	0.9 %	0.9 %	1.0 %	0.9 %	0.8 %	0.7 %	0.8 %	0.8 %	0.7 %
Lottery's proportionate share of the net pension liability	\$ 18,689	\$ 16,558	\$ 21,652	\$ 20,850	\$ 17,142	\$ 16,869	\$ 16,260	\$ 15,074	\$ 13,315
Lottery's covered payroll	\$ 7,377	\$ 6,899	\$ 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	253.3 %	240.0 %	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	59.6 %	63.2 %	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 year 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Employees' Retirement System-State Share-Teachers (Special Funding Situation)**

Year Ended	June 30, 2023	June 30, 2022	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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State's proportion of the net pension liability	42.5 %	42.6 %	42.6 %	42.8 %	42.7 %	43.1 %	40.7 %	40.6 %	40.7 %
State's proportionate share of the net pension liability	\$ 1,148,198	\$ 1,002,105	\$ 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	62.1 %	66.5 %	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 year 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Employees' Retirement System-State Employees-Governmental Activities**

	2023	2022	2021	2020	2019*	2018	2017	2016	2015
Actuarially determined contribution	\$ 206,466	\$ 197,171	\$ 184,004	\$ 179,281	\$ 169,365	\$ 156,083	\$ 157,299	\$ 144,696	\$ 138,689
Contributions in relation to the actuarially determined contribution	206,466	197,171	184,004	179,281	169,365	156,083	157,299	144,696	138,689
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 737,116	\$ 703,931	\$ 668,135	\$ 679,351	\$ 644,463	\$ 627,595	\$ 620,754	\$ 612,081	\$ 594,466
Contributions as a percentage of covered payroll	28.01 %	28.01 %	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 year 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Employees' Retirement System-State Employees - Business-Type Activities**

*Rhode Island Lottery*

	2023	2022	2021	2020	2019*	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,099	\$ 2,066	\$ 1,900	\$ 1,900	\$ 1,738	\$ 1,321	\$ 1,314	\$ 1,219	\$ 1,183
Contributions in relation to the actuarially determined contribution	2,099	2,066	1,900	1,900	1,738	1,321	1,314	1,219	1,183
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 7,492	\$ 7,377	\$ 6,899	\$ 7,199	\$ 6,613	\$ 5,311	\$ 5,186	\$ 5,156	\$ 5,071
Contributions as a percentage of covered payroll	28.01 %	28.01 %	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 year 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Employees' Retirement System-State Share-Teachers (Special Funding Situation)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 122,455	\$ 116,291	\$ 112,623	\$ 108,636	\$ 102,239	\$ 98,121	\$ 96,542	\$ 87,998	\$ 84,944
Contributions in relation to the statutorily required contribution	122,455	116,291	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 year 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 year 2023 reflect a June 30, 2022 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**State Police Retirement Benefits Trust**

Year Ended	June 30, 2023	June 30, 2022	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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>									
Service cost	\$ 5,829	\$ 5,827	\$ 5,788	\$ 5,342	\$ 4,999	\$ 4,498	\$ 4,316	\$ 4,198	\$ 5,122
Interest	13,898	13,110	12,405	11,590	10,763	9,393	9,058	8,540	7,768
Benefit Changes	—	—	—	—	—	—	—	1,170	—
Differences between expected and actual experience	(762)	(322)	(3,126)	624	1,912	10,694	(4,139)	(3,522)	—
Changes of assumptions	—	—	1,541	—	—	9,274	—	—	(364)
Benefit payments	(7,849)	(6,872)	(6,229)	(6,047)	(6,024)	(5,142)	(4,585)	(2,497)	(1,767)
<b>Net Change in Total Pension Liability</b>	<b>11,116</b>	<b>11,743</b>	<b>10,379</b>	<b>11,509</b>	<b>11,650</b>	<b>28,717</b>	<b>4,650</b>	<b>7,889</b>	<b>10,759</b>
<b>Total Pension Liability-Beginning</b>	<b>199,555</b>	<b>187,812</b>	<b>177,433</b>	<b>165,924</b>	<b>154,274</b>	<b>125,557</b>	<b>120,907</b>	<b>113,018</b>	<b>102,259</b>
<b>Total Pension Liability-Ending</b>	<b>\$ 210,671</b>	<b>\$ 199,555</b>	<b>\$ 187,812</b>	<b>\$ 177,433</b>	<b>\$ 165,924</b>	<b>\$ 154,274</b>	<b>\$ 125,557</b>	<b>\$ 120,907</b>	<b>\$ 113,018</b>
<b>Plan Fiduciary Net Position</b>									
Employer contributions	\$ 5,211	\$ 5,241	\$ 4,878	\$ 3,567	\$ 2,797	\$ 2,980	\$ 4,005	\$ 3,432	\$ 3,331
Employee contributions	2,387	2,324	2,346	2,130	1,994	2,060	2,035	1,732	2,034
Net investment income	(5,344)	41,840	5,642	9,161	10,298	13,694	58	2,656	14,124
Benefit payments	(7,849)	(6,872)	(6,229)	(6,047)	(6,024)	(5,142)	(4,585)	(2,497)	(1,767)
Administrative expenses	(203)	(153)	(158)	(140)	(137)	(125)	(103)	(100)	(83)
Other	16	16	25	1	16	5	1	4	5
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (5,782)</b>	<b>\$ 42,396</b>	<b>\$ 6,504</b>	<b>\$ 8,672</b>	<b>\$ 8,944</b>	<b>\$ 13,472</b>	<b>\$ 1,411</b>	<b>\$ 5,227</b>	<b>\$ 17,644</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>196,305</b>	<b>153,909</b>	<b>147,405</b>	<b>138,733</b>	<b>129,789</b>	<b>116,317</b>	<b>114,906</b>	<b>109,679</b>	<b>92,035</b>
<b>Plan Fiduciary Net Position-Ending</b>	<b>\$ 190,523</b>	<b>\$ 196,305</b>	<b>\$ 153,909</b>	<b>\$ 147,405</b>	<b>\$ 138,733</b>	<b>\$ 129,789</b>	<b>\$ 116,317</b>	<b>\$ 114,906</b>	<b>\$ 109,679</b>
<b>Net Pension Liability</b>	<b>\$ 20,148</b>	<b>\$ 3,250</b>	<b>\$ 33,903</b>	<b>\$ 30,028</b>	<b>\$ 27,191</b>	<b>\$ 24,485</b>	<b>\$ 9,240</b>	<b>\$ 6,001</b>	<b>\$ 3,339</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total</b>									
<b>Pension Liability</b>	90.4 %	98.4 %	81.9 %	83.1 %	83.6 %	84.1 %	92.6 %	95.0 %	97.0 %
<b>Covered Payroll</b>	\$ 26,555	\$ 26,438	\$ 26,419	\$ 24,216	\$ 22,590	\$ 22,728	\$ 20,985	\$ 19,701	\$ 23,051
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	75.9 %	12.3 %	128.3 %	124.0 %	120.4 %	107.7 %	44.0 %	30.5 %	14.5 %

*The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Judicial Retirement Benefits Trust**

Year Ended	June 30, 2023	June 30, 2022	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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>									
Service cost	\$ 3,709	\$ 3,387	\$ 3,335	\$ 3,184	\$ 3,215	\$ 3,001	\$ 2,859	\$ 3,024	\$ 3,002
Interest	6,553	6,213	5,663	5,526	5,303	5,031	4,744	4,540	4,134
Benefit Changes	—	—	—	—	—	—	—	253	—
Differences between expected and actual experience	(2,874)	(564)	180	(3,165)	(2,032)	(1,788)	(1,206)	(2,857)	—
Changes of assumptions	—	—	2,515	—	—	5,173	—	—	(672)
Benefit payments	(4,700)	(3,983)	(3,724)	(3,609)	(2,956)	(2,740)	(2,531)	(1,809)	(1,631)
<b>Net Change in Total Pension Liability</b>	<b>2,688</b>	<b>5,053</b>	<b>7,969</b>	<b>1,936</b>	<b>3,530</b>	<b>8,677</b>	<b>3,866</b>	<b>3,151</b>	<b>4,833</b>
<b>Total Pension Liability-Beginning</b>	<b>94,115</b>	<b>89,062</b>	<b>81,093</b>	<b>79,158</b>	<b>75,628</b>	<b>66,951</b>	<b>63,085</b>	<b>59,934</b>	<b>55,101</b>
<b>Total Pension Liability-Ending</b>	<b>\$ 96,803</b>	<b>\$ 94,115</b>	<b>\$ 89,062</b>	<b>\$ 81,094</b>	<b>\$ 79,158</b>	<b>\$ 75,628</b>	<b>\$ 66,951</b>	<b>\$ 63,085</b>	<b>\$ 59,934</b>
<b>Plan Fiduciary Net Position</b>									
Employer contributions	\$ 2,611	\$ 2,246	\$ 2,189	\$ 1,922	\$ 2,058	\$ 2,057	\$ 2,410	\$ 2,709	\$ 2,543
Employee contributions	1,398	1,215	1,204	1,109	1,142	1,118	1,053	1,121	1,093
Net investment income	(2,742)	21,815	2,955	4,821	5,377	7,107	29	1,368	7,221
Benefit payments	(4,700)	(3,983)	(3,724)	(3,609)	(2,956)	(2,740)	(2,531)	(1,809)	(1,631)
Administrative expenses	(97)	(80)	(80)	(74)	(71)	(65)	(53)	(51)	(43)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (3,530)</b>	<b>\$ 21,213</b>	<b>\$ 2,544</b>	<b>\$ 4,169</b>	<b>\$ 5,550</b>	<b>\$ 7,477</b>	<b>\$ 908</b>	<b>\$ 3,338</b>	<b>\$ 9,183</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>101,371</b>	<b>80,158</b>	<b>77,614</b>	<b>73,445</b>	<b>67,895</b>	<b>60,418</b>	<b>59,510</b>	<b>56,172</b>	<b>46,989</b>
<b>Plan Fiduciary Net Position-Ending</b>	<b>\$ 97,841</b>	<b>\$ 101,371</b>	<b>\$ 80,158</b>	<b>\$ 77,614</b>	<b>\$ 73,445</b>	<b>\$ 67,895</b>	<b>\$ 60,418</b>	<b>\$ 59,510</b>	<b>\$ 56,172</b>
<b>Net Pension Liability (Asset)</b>	<b>\$ (1,038)</b>	<b>\$ (7,256)</b>	<b>\$ 8,904</b>	<b>\$ 3,480</b>	<b>\$ 5,713</b>	<b>\$ 7,733</b>	<b>\$ 6,533</b>	<b>\$ 3,575</b>	<b>\$ 3,762</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	101.1 %	107.7 %	90.0 %	95.7 %	92.8 %	89.8 %	90.2 %	94.3 %	93.7 %
<b>Covered Payroll</b>	\$ 11,454	\$ 10,387	\$ 10,284	\$ 9,474	\$ 9,653	\$ 9,532	\$ 8,981	\$ 9,570	\$ 9,314
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	(9.1)%	(69.9)%	(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 year 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 Nine Fiscal Years**  
**(Expressed in Thousands)**

**Rhode Island Judicial Retirement Fund Trust**

Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
<b>Total Pension Liability</b>										
Service cost	\$ 460	\$ 400	\$ 323	\$ 277	\$ 294	\$ 350	\$ 466	\$ 416	\$ 498	
Interest	451	550	640	685	726	586	719	673	710	
Differences between expected and actual experience	(1,250)	(656)	(646)	—	(1,953)	—	(1,060)	(642)	1,617	
Changes of assumptions	(3,358)	1,176	2,060	917	(116)	(666)	1,865	859	(1,160)	
Benefit payments	(500)	(396)	(399)	(399)	(399)	(399)	(231)	—	—	
<b>Net Change in Total Pension Liability</b>	<b>(4,197)</b>	<b>1,074</b>	<b>1,978</b>	<b>1,480</b>	<b>(1,448)</b>	<b>(129)</b>	<b>1,759</b>	<b>1,306</b>	<b>1,665</b>	
<b>Total Pension Liability-Beginning</b>	<b>23,526</b>	<b>22,452</b>	<b>20,474</b>	<b>18,994</b>	<b>20,442</b>	<b>20,571</b>	<b>18,812</b>	<b>17,506</b>	<b>15,841</b>	
<b>Total Pension Liability-Ending</b>	<b>\$ 19,329</b>	<b>\$ 23,526</b>	<b>\$ 22,452</b>	<b>\$ 20,474</b>	<b>\$ 18,994</b>	<b>\$ 20,442</b>	<b>\$ 20,571</b>	<b>\$ 18,812</b>	<b>\$ 17,506</b>	
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ 405	\$ 399	\$ 399	\$ 399	\$ 399	\$ 332	\$ 140	\$ —	\$ —	
Employee contributions	125	126	126	122	117	117	135	159	153	
Net investment income	(23)	178	23	38	44	64	4	9	12	
Benefit payments	(500)	(396)	(399)	(399)	(399)	(399)	(231)	—	—	
Administrative expenses	(1)	(1)	(1)	(1)	(1)	(1)	—	—	—	
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 6</b>	<b>\$ 306</b>	<b>\$ 148</b>	<b>\$ 159</b>	<b>\$ 160</b>	<b>\$ 113</b>	<b>\$ 48</b>	<b>\$ 168</b>	<b>\$ 165</b>	
<b>Plan Fiduciary Net Position-Beginning</b>	<b>1,421</b>	<b>1,115</b>	<b>966</b>	<b>807</b>	<b>647</b>	<b>534</b>	<b>486</b>	<b>318</b>	<b>153</b>	
<b>Plan Fiduciary Net Position-Ending</b>	<b>\$ 1,427</b>	<b>\$ 1,421</b>	<b>\$ 1,114</b>	<b>\$ 966</b>	<b>\$ 807</b>	<b>\$ 647</b>	<b>\$ 534</b>	<b>\$ 486</b>	<b>\$ 318</b>	
<b>Net Pension Liability</b>	<b>\$ 17,902</b>	<b>\$ 22,105</b>	<b>\$ 21,338</b>	<b>\$ 19,508</b>	<b>\$ 18,187</b>	<b>\$ 19,795</b>	<b>\$ 20,037</b>	<b>\$ 18,326</b>	<b>\$ 17,188</b>	
<b>Plan Fiduciary Net Position as a Percentage of the Total</b>										
<b>Pension Liability</b>	7.4 %	6.0 %	5.0 %	4.7 %	4.2 %	3.2 %	2.5 %	2.6 %	1.8 %	
<b>Covered Payroll</b>	\$ 1,038	\$ 1,051	\$ 1,046	\$ 1,002	\$ 1,020	\$ 988	\$ 963	\$ 1,321	\$ 1,276	
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	1724.7 %	2103.2 %	2040.0 %	1946.9 %	1783.0 %	2003.3 %	2189.2 %	1387.4 %	1346.8 %	

*The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**State Police Retirement Fund Trust**

Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total Pension Liability</b>						
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	11,241	11,469	11,878	12,193	11,712	12,589
Benefit Changes	—	—	—	—	—	—
Differences between expected and actual experience	(3,212)	1,256	(162)	—	12,187	—
Changes of assumptions	—	—	(1,136)	—	—	4,214
Benefit payments	(15,698)	(16,269)	(16,581)	(16,799)	(17,273)	(17,392)
<b>Net Change in Total Pension Liability</b>	<b>(7,669)</b>	<b>(3,544)</b>	<b>(6,001)</b>	<b>(4,606)</b>	<b>6,626</b>	<b>(589)</b>
<b>Total Pension Liability-Beginning</b>	<b>168,432</b>	<b>171,976</b>	<b>177,977</b>	<b>182,583</b>	<b>175,957</b>	<b>176,546</b>
<b>Total Pension Liability-Ending</b>	<b>\$ 160,763</b>	<b>\$ 168,432</b>	<b>\$ 171,976</b>	<b>\$ 177,977</b>	<b>\$ 182,583</b>	<b>\$ 175,957</b>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 16,387	\$ 16,387	\$ 16,387	\$ 16,387	\$ 16,387	\$ 31,566
Net investment income	(272)	6,144	868	770	1,137	1,839
Benefit payments	(15,698)	(16,269)	(16,581)	(16,799)	(17,273)	(17,392)
Administrative expenses	(22)	(18)	(17)	(17)	(6)	—
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 395</b>	<b>\$ 6,244</b>	<b>\$ 657</b>	<b>\$ 341</b>	<b>\$ 245</b>	<b>\$ 16,013</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>23,500</b>	<b>17,256</b>	<b>16,599</b>	<b>16,258</b>	<b>16,013</b>	<b>—</b>
<b>Plan Fiduciary Net Position-Ending</b>	<b>\$ 23,895</b>	<b>\$ 23,500</b>	<b>\$ 17,256</b>	<b>\$ 16,599</b>	<b>\$ 16,258</b>	<b>\$ 16,013</b>
<b>Net Pension Liability</b>	<b>\$ 136,868</b>	<b>\$ 144,932</b>	<b>\$ 154,720</b>	<b>\$ 161,378</b>	<b>\$ 166,325</b>	<b>\$ 159,944</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total</b>						
<b>Pension Liability</b>	14.9 %	14.0 %	10.0 %	9.3 %	8.9 %	9.1 %
<b>Covered Payroll</b>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	— %	— %	— %	— %	— %	— %

*There is no covered payroll because there are no active members of the plan.*

*The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 2015. This schedule is required prospectively until 10 years of data are presented. However, there are only six years of activity to report as the Trust began operations in fiscal year 2018.*

*See Notes to Required Supplementary Information.*

**State of Rhode Island**  
**Required Supplementary Information - Pension Information**  
**Schedule of State Contributions**  
**Last Nine Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**State Police Retirement Benefits Trust**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 6,209	\$ 5,211	\$ 5,241	\$ 4,878	\$ 3,567	\$ 2,802	\$ 2,980	\$ 4,005	\$ 3,432
Contributions in relation to the actuarially determined contribution	6,209	5,211	5,241	4,878	3,567	2,802	2,980	4,005	3,432
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 29,752	\$ 27,083	\$ 26,442	\$ 26,394	\$ 24,199	\$ 22,930	\$ 22,191	\$ 23,258	\$ 19,907
Contributions as a percentage of covered payroll	20.87 %	19.24 %	19.82 %	18.48 %	14.74 %	12.22 %	13.43 %	17.22 %	17.24 %

*The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 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 Nine Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**Judicial Retirement Benefits Trust**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,843	\$ 2,611	\$ 2,246	\$ 2,189	\$ 1,922	\$ 2,064	\$ 2,057	\$ 2,410	\$ 2,709
Contributions in relation to the actuarially determined contribution	2,843	2,611	2,246	2,189	1,922	2,064	2,057	2,410	2,709
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 11,767	\$ 11,967	\$ 10,393	\$ 10,278	\$ 9,477	\$ 9,768	\$ 9,532	\$ 8,993	\$ 9,566
Contributions as a percentage of covered payroll	24.16 %	21.82 %	21.61 %	21.30 %	20.28 %	21.13 %	21.58 %	26.80 %	28.32 %

*The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 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 Nine Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**Rhode Island Judicial Retirement Fund Trust**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,232	\$ 1,190	\$ 1,242	\$ 1,215	\$ 1,224	\$ 1,322	\$ 1,241	\$ 1,200	\$ 1,623
Contributions in relation to the actuarially determined contribution	490	405	399	399	399	399	332	140	—
Contribution deficiency (excess)	<u>\$ 742</u>	<u>\$ 785</u>	<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	\$ 1,051	\$ 1,038	\$ 1,046	\$ 1,046	\$ 1,002	\$ 1,020	\$ 988	\$ 964	\$ 1,321
Contributions as a percentage of covered payroll	46.62 %	39.02 %	38.15 %	38.15 %	39.82 %	39.12 %	33.60 %	14.52 %	— %

*The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**State Police Retirement Fund Trust**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 16,387	\$ 16,387	\$ 16,387	\$ 16,387	\$ 16,387	\$ 16,387
Contributions in relation to the actuarially determined contribution	16,387	16,387	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 year 2015. This schedule is required prospectively until 10 years of data are presented. However, there are only six years of activity to report as the Trust began operations in fiscal year 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 actuarial 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 year 2023 reflects a June 30, 2022 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 Nine Fiscal Years  
(Expressed in Thousands)

Judicial Non-Contributory Retirement Plan

Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>									
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	809	1,089	1,170	1,413	1,497	1,380	1,860	2,172	2,334
Benefit changes	—	—	—	—	—	—	—	—	—
Differences between expected and actual experience	548	(1,215)	3,560	521	916	182	—	328	—
Changes of assumptions	(5,010)	1,855	6,757	1,250	(166)	(2,291)	3,510	1,885	—
Benefit payments	(3,873)	(4,184)	(4,659)	(5,029)	(5,486)	(5,763)	(6,107)	(6,020)	(6,173)
<b>Net Change in Total Pension Liability</b>	<b>(7,526)</b>	<b>(2,455)</b>	<b>6,828</b>	<b>(1,845)</b>	<b>(3,239)</b>	<b>(6,492)</b>	<b>(737)</b>	<b>(1,635)</b>	<b>(3,839)</b>
<b>Total Pension Liability-Beginning</b>	<b>44,078</b>	<b>46,533</b>	<b>39,705</b>	<b>41,550</b>	<b>44,789</b>	<b>51,281</b>	<b>52,018</b>	<b>53,653</b>	<b>57,492</b>
<b>Total Pension Liability-Ending</b>	<b>\$ 36,552</b>	<b>\$ 44,078</b>	<b>\$ 46,533</b>	<b>\$ 39,705</b>	<b>\$ 41,550</b>	<b>\$ 44,789</b>	<b>\$ 51,281</b>	<b>\$ 52,018</b>	<b>\$ 53,653</b>

The State of Rhode Island adopted GASB Statement No. 68 in fiscal year 2015. This schedule is to be reported 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 actuarial determined contributions

Generally, actuarial determined contributions are calculated as of June 30, three years prior to the fiscal year in which the contribution rates are applicable. The actuarial determined contribution rates for fiscal year 2023 were determined based on valuations performed as of June 30, 2020, with the exception of the Rhode Island Judicial Retirement Fund Trust (RIJRFT) contribution which was determined based on a valuation performed as of June 30, 2022. Significant methods and assumptions are summarized for each plan in the table below:

	ERS		SPRBT	JRBT	RIJRFT	SPRFT
	State Employees	Teachers				
<b>Actuarial Cost Method</b>	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.					
<b>Amortization Method</b>	Level Percent of Payroll - Closed				Level Dollar	Level Dollar
<b>Equivalent single remaining amortization period</b>	16 years	18 years	21 years	20 years	20 years	16 years
<b>Asset valuation method</b>	5 year smoothed market				Fair Value	Fair Value
<b>Amortization period for new gains and losses</b>	20 years				N/A	N/A
<b>Actuarial Assumptions</b>						
<b>Investment Rate of Return</b>	7.0%				3.96%	7.00%
<b>Projected Salary Increases</b>	3.25% to 6.25%	3.0% to 13.0%	3.75% to 11.75%	2.75%	2.75%	N/A
<b>Mortality</b>	Male Employees: PUB-10 Median Table for Healthy General Employee Males, loaded by 115%, projected with Scale Ultimate MP16. Female Employees: PUB-10 Median Table for Healthy General Employee Females, loaded by 111%, projected with Scale Ultimate MP16. Male Teachers: PUB-10 Median Table for Healthy Teacher Males, loaded by 108%, projected with Scale Ultimate MP16. Female Teachers: PUB-10 Median Table for Healthy Teacher Females, loaded by 115%, projected with Scale Ultimate M16.					
<b>Inflation</b>	2.5%					

The required contribution for the State Police Retirement Fund Trust (SPRFT), a plan newly created in fiscal year 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 SPRFT, an annual contribution amount totaling \$16.4 million was actuarial 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 50.0% of the plan's five-year average investment rate of return minus 5.0% which will range from zero to 4.0%, and 50.0% of the lesser of 3.0% 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, 2022 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, 2022 measurement date compared to the June 30, 2021 measurement date except for the changes in assumptions for the RIJRFT and JNCRP plans due to use of the municipal bond index rate of 3.69%. This rate was 1.92% at June 30, 2021.

***June 30, 2021 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, 2021 measurement date compared to the June 30, 2020 measurement date.

***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 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 year 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 RIJRF 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 RIJRF 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 year 2023 reflect a June 30, 2022 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**State Employees-Governmental Activities**

Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
State's proportion of the net OPEB liability	90.4 %	90.2 %	89.9 %	89.6 %	89.4 %	89.2 %
State's proportionate share of the net OPEB liability	\$ 247,868	\$ 209,192	\$ 324,502	\$ 391,135	\$ 455,475	\$ 463,597
State's covered payroll	\$ 710,271	\$ 673,924	\$ 681,554	\$ 657,222	\$ 633,562	\$ 632,672
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.9 %	31.0 %	47.6 %	59.5 %	71.9 %	73.3 %
Plan fiduciary net position as a percentage of the total OPEB liability	55.1 %	60.5 %	42.5 %	33.6 %	26.3 %	22.4 %

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**State Employees-Business-Type Activities**

Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

*Rhode Island Lottery*

Lottery's proportion of the net OPEB liability	0.9 %	0.9 %	0.9 %	0.9 %	0.8 %	0.7 %
Lottery's proportionate share of the net OPEB liability \$	2,578	\$ 2,145	\$ 3,420	\$ 3,990	\$ 3,876	\$ 3,864
Lottery's covered payroll \$	7,386	\$ 6,911	\$ 7,182	\$ 6,705	\$ 5,308	\$ 5,186
Lottery's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.9 %	31.0 %	47.6 %	59.5 %	73.0 %	74.5 %
Plan fiduciary net position as a percentage of the total OPEB liability	55.1 %	60.5 %	42.5 %	33.6 %	26.3 %	22.4 %

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**State's Share of Board of Education Plan**

Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
State's proportion of the net OPEB liability	0.3 %	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %
State's proportionate share of the net OPEB liability	\$ 63	\$ 18	\$ 89	\$ 80	\$ 87	\$ 111
State's covered payroll	\$ 169	\$ 417	\$ 335	\$ 276	\$ 411	\$ 264
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.3 %	4.3 %	26.6 %	29.0 %	21.2 %	42.0 %
Plan fiduciary net position as a percentage of the total OPEB liability	76.6 %	91.4 %	57.3 %	51.6 %	38.6 %	32.1 %

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**State Employees-Governmental Activities**

	2023	2022	2021	2020	2019	2018
Actuarial determined contribution	\$ 33,191	\$ 37,502	\$ 36,998	\$ 45,323	\$ 39,302	\$ 37,887
Contributions in relation to the actuarial determined contribution	33,191	37,502	36,998	45,323	39,302	37,887
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 740,880	\$ 710,271	\$ 673,924	\$ 681,554	\$ 657,222	\$ 633,562
Contributions as a percentage of covered payroll	4.48 %	5.28 %	5.49 %	6.65 %	5.98 %	5.98 %

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**State Employees-Business-Type Activities**

*Rhode Island Lottery*

	2023	2022	2021	2020	2019	2018
Actuarial determined contribution	\$ 336	\$ 390	\$ 379	\$ 478	\$ 401	\$ 317
Contributions in relation to the actuarial determined contribution	336	390	379	478	401	317
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 7,493	\$ 7,386	\$ 6,911	\$ 7,182	\$ 6,705	\$ 5,308
Contributions as a percentage of covered payroll	4.48 %	5.28 %	5.49 %	6.65 %	5.98 %	5.98 %

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**State's Share of Board of Education Plan**

	2023	2022	2021	2020	2019	2018
Actuarial determined contribution	\$ 6	\$ 6	\$ 12	\$ 14	\$ 12	\$ 18
Contributions in relation to the actuarial determined contribution	6	6	12	14	12	18
Contribution deficiency (excess)	<u>\$ —</u>					
Covered payroll	\$ 331	\$ 169	\$ 417	\$ 335	\$ 276	\$ 411
Contributions as a percentage of covered payroll	1.83 %	3.50 %	2.93 %	4.08 %	4.36 %	4.36 %

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 year 2023 reflect a June 30, 2022 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**Teachers Plan**

<b>Year Ended</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Measurement Date</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>						
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	373	477	556	581	612	562
Benefit Changes	—	—	—	(1,952)	—	—
Differences between expected and actual experience	(69)	(964)	(1,212)	1,954	91	1,625
Changes of assumptions	135	(696)	(164)	(45)	—	217
Benefit payments	(891)	(899)	(629)	(1,438)	(1,202)	(1,610)
<b>Net Change in Total OPEB Liability</b>	<b>(452)</b>	<b>(2,082)</b>	<b>(1,449)</b>	<b>(900)</b>	<b>(499)</b>	<b>794</b>
<b>Total OPEB Liability-Beginning</b>	<b>7,902</b>	<b>9,984</b>	<b>11,433</b>	<b>12,333</b>	<b>12,832</b>	<b>12,038</b>
<b>Total OPEB Liability-Ending</b>	<b>\$ 7,450</b>	<b>\$ 7,902</b>	<b>\$ 9,984</b>	<b>\$ 11,433</b>	<b>\$ 12,333</b>	<b>\$ 12,832</b>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ —	\$ —	\$ —	\$ 2,277	\$ 2,321	\$ 2,321
Net investment income	(1,708)	3,376	1,082	1,101	780	864
Benefit payments	(891)	(899)	(629)	(1,438)	(1,202)	(1,610)
Administrative expenses	(5)	(2)	(24)	(2)	(17)	7
Other	34	109	150	117	136	103
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (2,570)</b>	<b>\$ 2,584</b>	<b>\$ 579</b>	<b>\$ 2,055</b>	<b>\$ 2,018</b>	<b>\$ 1,685</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>17,013</b>	<b>14,429</b>	<b>13,850</b>	<b>11,795</b>	<b>9,777</b>	<b>8,092</b>
<b>Plan Fiduciary Net Position-Ending</b>	<b>\$ 14,443</b>	<b>\$ 17,013</b>	<b>\$ 14,429</b>	<b>\$ 13,850</b>	<b>\$ 11,795</b>	<b>\$ 9,777</b>
<b>Net OPEB Liability (Asset)</b>	<b>\$ (6,993)</b>	<b>\$ (9,111)</b>	<b>\$ (4,445)</b>	<b>\$ (2,417)</b>	<b>\$ 538</b>	<b>\$ 3,055</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>193.9 %</b>	<b>215.3 %</b>	<b>144.5 %</b>	<b>121.1 %</b>	<b>95.6 %</b>	<b>76.2 %</b>
<b>Covered Payroll</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Net OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**Judges Plan**

<b>Year Ended</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Measurement Date</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>						
Service cost	\$ 8	\$ 13	\$ 22	\$ 22	\$ 15	\$ 20
Interest	15	18	64	60	68	50
Benefit Changes	—	—	—	(42)	—	—
Differences between expected and actual experience	(144)	(144)	(960)	102	(271)	(306)
Changes of assumptions	13	(7)	(69)	(11)	—	503
Benefit payments	82	57	(18)	(54)	72	138
<b>Net Change in Total OPEB Liability</b>	<b>(26)</b>	<b>(63)</b>	<b>(961)</b>	<b>77</b>	<b>(116)</b>	<b>405</b>
<b>Total OPEB Liability-Beginning</b>	<b>259</b>	<b>322</b>	<b>1,283</b>	<b>1,206</b>	<b>1,322</b>	<b>917</b>
<b>Total OPEB Liability-Ending</b>	<b>\$ 233</b>	<b>\$ 259</b>	<b>\$ 322</b>	<b>\$ 1,283</b>	<b>\$ 1,206</b>	<b>\$ 1,322</b>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net investment income	(553)	1,080	327	341	293	334
Benefit payments	82	57	(18)	(54)	72	138
Administrative expenses	(2)	(1)	(2)	—	(6)	—
Other	27	25	56	49	54	26
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (446)</b>	<b>\$ 1,161</b>	<b>\$ 363</b>	<b>\$ 336</b>	<b>\$ 413</b>	<b>\$ 498</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>5,973</b>	<b>4,812</b>	<b>4,449</b>	<b>4,113</b>	<b>3,700</b>	<b>3,202</b>
<b>Plan Fiduciary Net Position-Ending</b>	<b>\$ 5,527</b>	<b>\$ 5,973</b>	<b>\$ 4,812</b>	<b>\$ 4,449</b>	<b>\$ 4,113</b>	<b>\$ 3,700</b>
<b>Net OPEB Liability (Asset)</b>	<b>\$ (5,294)</b>	<b>\$ (5,714)</b>	<b>\$ (4,490)</b>	<b>\$ (3,166)</b>	<b>\$ (2,907)</b>	<b>\$ (2,378)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>2373.2 %</b>	<b>2307.8 %</b>	<b>1494.3 %</b>	<b>346.8 %</b>	<b>341.0 %</b>	<b>279.9 %</b>
<b>Covered Payroll</b>	<b>\$ 12,290</b>	<b>\$ 11,985</b>	<b>\$ 11,636</b>	<b>\$ 11,297</b>	<b>\$ 10,746</b>	<b>\$ 10,746</b>
<b>Net OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	<b>(43.1)%</b>	<b>(47.7)%</b>	<b>(38.6)%</b>	<b>(28.0)%</b>	<b>(27.1)%</b>	<b>(22.1)%</b>

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**State Police Plan**

<b>Year Ended</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Measurement Date</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
<b>Total OPEB Liability</b>						
Service cost	\$ 4,671	\$ 4,280	\$ 4,481	\$ 4,108	\$ 3,920	\$ 3,836
Interest	4,353	4,210	4,391	4,369	4,148	4,202
Benefit Changes	—	—	—	(4,790)	—	—
Differences between expected and actual experience	(6,713)	(6,873)	(2,230)	630	(907)	(174)
Changes of assumptions	3,740	4,148	(6,974)	(1,161)	—	(6,005)
Benefit payments	(2,805)	(3,388)	(3,009)	(2,801)	(2,849)	(3,130)
<b>Net Change in Total OPEB Liability</b>	<b>3,246</b>	<b>2,377</b>	<b>(3,341)</b>	<b>355</b>	<b>4,312</b>	<b>(1,271)</b>
<b>Total OPEB Liability-Beginning</b>	<b>86,126</b>	<b>83,749</b>	<b>87,090</b>	<b>86,735</b>	<b>82,423</b>	<b>83,694</b>
<b>Total OPEB Liability-Ending</b>	<b>\$ 89,372</b>	<b>\$ 86,126</b>	<b>\$ 83,749</b>	<b>\$ 87,090</b>	<b>\$ 86,735</b>	<b>\$ 82,423</b>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 5,864	\$ 6,178	\$ 7,797	\$ 8,257	\$ 7,919	\$ 7,702
Net investment income	(9,286)	17,041	4,775	4,683	3,413	3,491
Benefit payments	(2,805)	(3,388)	(3,009)	(2,801)	(2,849)	(3,130)
Administrative expenses	(29)	(12)	(35)	(12)	(73)	(1)
Other	423	222	335	277	197	163
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (5,833)</b>	<b>\$ 20,041</b>	<b>\$ 9,863</b>	<b>\$ 10,404</b>	<b>\$ 8,607</b>	<b>\$ 8,225</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>86,452</b>	<b>66,411</b>	<b>56,548</b>	<b>46,144</b>	<b>37,537</b>	<b>29,312</b>
<b>Plan Fiduciary Net Position-Ending</b>	<b>\$ 80,619</b>	<b>\$ 86,452</b>	<b>\$ 66,411</b>	<b>\$ 56,548</b>	<b>\$ 46,144</b>	<b>\$ 37,537</b>
<b>Net OPEB Liability (Asset)</b>	<b>\$ 8,753</b>	<b>\$ (326)</b>	<b>\$ 17,338</b>	<b>\$ 30,542</b>	<b>\$ 40,591</b>	<b>\$ 44,886</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>						
	90.2 %	100.4 %	79.3 %	64.9 %	53.2 %	45.5 %
<b>Covered Payroll</b>	<b>\$ 29,380</b>	<b>\$ 25,401</b>	<b>\$ 24,661</b>	<b>\$ 23,943</b>	<b>\$ 21,334</b>	<b>\$ 21,334</b>
<b>Net OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	<b>29.8 %</b>	<b>(1.3)%</b>	<b>70.3 %</b>	<b>127.6 %</b>	<b>190.3 %</b>	<b>210.4 %</b>

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years**  
**(Expressed in Thousands)**

**Legislators Plan**

Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>						
Service cost	\$ 28	\$ 39	\$ 57	\$ 71	\$ 54	\$ 63
Interest	51	58	80	79	74	66
Benefit Changes	—	—	—	(257)	—	—
Differences between expected and actual experience	(135)	(88)	(83)	284	102	168
Changes of assumptions	38	(41)	(350)	(61)	—	(45)
Benefit payments	(62)	(164)	(85)	(98)	(161)	(36)
<b>Net Change in Total OPEB Liability</b>	(80)	(196)	(381)	18	69	216
<b>Total OPEB Liability-Beginning</b>	1,035	1,231	1,612	1,594	1,525	1,309
<b>Total OPEB Liability-Ending</b>	\$ 955	\$ 1,035	\$ 1,231	\$ 1,612	\$ 1,594	\$ 1,525
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ —	\$ —	\$ —	\$ 15	\$ 14	\$ 27
Net investment income	(420)	854	263	276	247	283
Benefit payments	(62)	(164)	(85)	(98)	(161)	(36)
Administrative expenses	(1)	(1)	(2)	—	(4)	—
Other	69	53	79	32	42	29
<b>Net Change in Plan Fiduciary Net Position</b>	\$ (414)	\$ 742	\$ 255	\$ 225	\$ 138	\$ 303
<b>Plan Fiduciary Net Position-Beginning</b>	4,264	3,522	3,267	3,042	2,904	2,601
<b>Plan Fiduciary Net Position-Ending</b>	\$ 3,850	\$ 4,264	\$ 3,522	\$ 3,267	\$ 3,042	\$ 2,904
<b>Net OPEB Liability (Asset)</b>	\$ (2,895)	\$ (3,228)	\$ (2,291)	\$ (1,655)	\$ (1,448)	\$ (1,379)
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	403.2 %	412.3 %	287.6 %	202.6 %	190.9 %	190.4 %
<b>Covered Payroll</b>	\$ 1,954	\$ 1,925	\$ 1,868	\$ 1,814	\$ 1,719	\$ 1,719
<b>Net OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	(148.2)%	(167.7)%	(122.6)%	(91.2)%	(84.2)%	(80.2)%

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**Teachers Plan**

	2023*	2022*	2021*	2020*	2019	2018
Actuarial determined contribution	\$ —	\$ —	\$ —	\$ —	\$ 2,321	\$ 2,321
Contributions in relation to the actuarial determined contribution	—	—	—	—	2,277 **	2,321
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ 44	\$ —
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	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 year 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 year 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 Six Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**Judges Plan**

	2023	2022	2021	2020	2019	2018
Actuarial determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarial determined contribution	—	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>					
Covered payroll	\$ 13,671	\$ 12,960	\$ 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 year 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 Six Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**State Police Plan**

	2023	2022	2021	2020	2019	2018
Actuarial determined contribution	\$ 6,058	\$ 5,864	\$ 6,178	\$ 7,797	\$ 8,257	\$ 7,919
Contributions in relation to the actuarial determined contribution	6,058	5,864	6,178	7,797	8,257	7,919
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 29,308	\$ 25,201	\$ 26,505	\$ 26,297	\$ 23,666	\$ 22,698
Contributions as a percentage of covered payroll	20.7 %	23.3 %	23.3 %	29.7 %	34.9 %	34.9 %

*The State of Rhode Island adopted GASB Statement No. 75 in fiscal year 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 Six Fiscal Years Ended June 30**  
**(Expressed in Thousands)**

**Legislators Plan**

	2023*	2022*	2021*	2020*	2019	2018
Actuarial determined contribution	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ 14
Contributions in relation to the actuarial determined contribution	—	—	—	—	15	14
Contribution deficiency (excess)	<u>\$ —</u>					
Covered payroll	\$ 1,996	\$ 1,919	\$ 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 year 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 actuarial determined contributions

The actuarial determined contribution rates for fiscal year 2023 were determined based on valuations performed as of June 30, 2020. Significant methods and assumptions are summarized for each plan in the table below:

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education
<b>Actuarial Cost Method</b>	Individual Entry Age Normal					
<b>Amortization Method</b>	Level Percent of Pay	Level Dollar	Level Percent of Pay			
<b>Remaining amortization period</b>	16 Years Closed	Determined by Statutory Contribution	30 Years Open	16 Years Closed	30 Years Open	16 Years Closed
<b>Asset valuation method</b>	4 Year smoothed market, 20% corridor					
<b>Actuarial Assumptions</b>						
<b>Investment Rate of Return</b>	5%, net of OPEB plan expenses, including inflation					
<b>Projected Salary Increases</b>	3.25% to 6.0%	N/A	2.75%	3.75% to 11.75%	3.25% to 6.0%	3.25% to 6.0%
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.					
<b>Mortality</b>	<b>Post-Retirement Mortality</b>					
	Healthy Male State Employees, State Police, Legislators, and Board of Education: PUB-10 Median Table for General Healthy Retiree Males, loaded by 115%, projected with Scale Ultimate MP16.					
	Healthy Female State Employees, State Police, Legislators, and Board of Education: PUB-10 Median Table for Healthy General Retiree Females, loaded by 111%, projected with Scale Ultimate MP16.					
	Healthy Male Teachers: PUB-10 Median Table for Healthy Teacher Retiree Males, loaded by 108%, projected with Scale Ultimate MP16.					
	Healthy Female Teachers: PUB-10 Median Table for Healthy Teacher Retiree Females, loaded by 115%, projected with Scale Ultimate MP16.					
	Healthy Judges: Sex distinct PUB-10 Above Median Income Tables for Healthy Retirees, projected with Scale Ultimate MP16.					
	<b>Disabled Mortality</b>					
	State Police: Sex distinct PUB-10 Tables for Safety Disabled Retirees, projected with Scale Ultimate MP16.					
	All other groups: Sex distinct PUB-10 Tables for General Disabled Retirees, projected with Scale UltimateMP16.					
	<b>Pre-Retirement Mortality</b>					
State Employees (excluding Correctional Officers), Legislators, and Board of Education: Sex distinct PUB-10 Tables for General Employees, projected with Scale Ultimate MP16.						
State Police and Correctional Officers: Sex distinct PUB-10 Tables for Safety Employees, projected with Scale Ultimate MP16.						
Judges: Sex distinct PUB-10 Above Median Income Tables for General Employees, projected with Scale Ultimate MP16.						
<b>Healthcare Cost Trend Rate</b>	Pre-Medicare: 7.50% in 2021, grading to 3.5% in 2033. Medicare: 6.25% in 2021, grading to 3.5% in 2033.					
<b>Aging Factors</b>	The tables used in developing the retiree only premium are based on the 2013 SOA Study "Health Care Costs-From Birth to Death".					
<b>Inflation</b>	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, 2022 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, 2022 measurement date compared to the June 30, 2021 measurement date.

**June 30, 2021 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, 2021 measurement date compared to the June 30, 2020 measurement date.

**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:

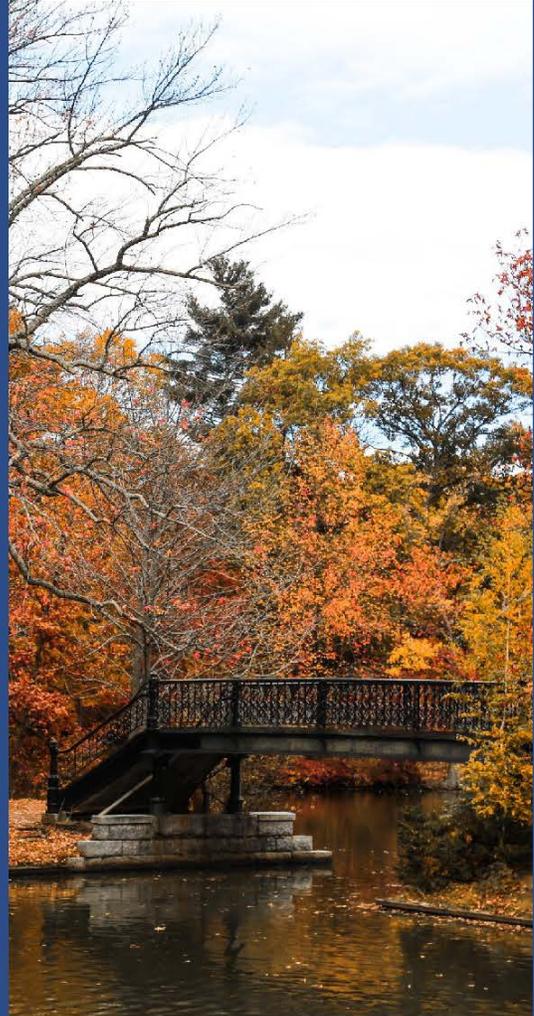
- Merit and longevity portion of the salary increase assumption
- Rates of separation from active membership
- Rates of retirement
- Rates of disability
- The rate of wage inflation
- The mortality assumption
- The trend assumption
- Aging factors and health and inflation trends

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.

**Actuarial determined contributions**

Generally, actuarial 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 year 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, 2023



## Non-major Funds

**Special Revenue Funds** – accounts for certain revenue sources whose use is restricted to specific purpose or activities. The primary reason for establishing such a fund is to demonstrate accountability and transparency when tracking cash inflows and outflows for special purposes.

**Coastal Resources Management Council Dredge Fund** – accounts for disposal of dredge material fees in excess of the base rate per cubic yard. 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, 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. Clean Water Act Environmental Trust** – accounts for the proceeds of certain bonds issued of which the purpose is 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 bonds which provide funding for the acquisition, construction or improvement of public facilities and equipment.

**Debt Service Funds** – account for 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** – to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support State 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**  
**Non-major Governmental Funds**  
**June 30, 2023**  
**(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. Clean Water Act Environ- mental Trust	Certificates of Participation	Total Capital Project Funds	Tobacco Settlement Financing Corporation	Permanent School	Total Non-major Governmental Funds
<b>Assets</b>												
Cash and cash equivalents	\$ 623	\$ 123,667	\$ 66,139	\$ 202	\$ 190,631	\$ 293,822	\$ 3,953	\$ —	\$ 297,775	\$ 381	\$ 222	\$ 489,009
Funds on deposit with fiscal agent	—	—	30,383	—	30,383	—	—	20,842	20,842	—	—	51,225
Restricted cash equivalents	—	—	—	—	—	—	—	—	—	49,928	—	49,928
Receivables (net)	—	62,274	—	—	62,274	—	—	—	—	25,749	—	88,023
Due from other funds	—	864	297	—	1,161	—	—	—	—	—	—	1,161
Lease receivable	—	—	—	253	253	—	—	—	—	—	—	253
<b>Total assets</b>	<b>623</b>	<b>186,805</b>	<b>96,819</b>	<b>455</b>	<b>284,702</b>	<b>293,822</b>	<b>3,953</b>	<b>20,842</b>	<b>318,617</b>	<b>76,058</b>	<b>222</b>	<b>679,599</b>
<b>Liabilities and Fund Balances</b>												
<b>Liabilities</b>												
Accounts payable	—	164	—	—	164	3,823	—	—	3,823	19	94	4,100
Due to other funds	—	—	—	—	—	1,013	—	—	1,013	—	30	1,043
Due to component units	—	—	—	—	—	1,927	—	1	1,928	—	—	1,928
Loans from other funds	—	—	—	—	—	15,000	—	8	15,008	—	—	15,008
Other liabilities	—	233	—	—	233	1,121	—	—	1,121	—	—	1,354
<b>Total liabilities</b>	<b>—</b>	<b>397</b>	<b>—</b>	<b>—</b>	<b>397</b>	<b>22,884</b>	<b>—</b>	<b>9</b>	<b>22,893</b>	<b>19</b>	<b>124</b>	<b>23,433</b>
Deferred inflows of resources - Leases	—	—	—	253	253	—	—	—	—	—	—	253
<b>Fund balances</b>												
Non-spendable	—	—	—	—	—	—	—	—	—	—	174	174
Restricted	623	186,408	96,819	—	283,850	270,938	3,953	20,833	295,724	75,649	—	655,223
Committed	—	—	—	202	202	—	—	—	—	—	—	202
Assigned	—	—	—	—	—	—	—	—	—	390	—	390
Unassigned	—	—	—	—	—	—	—	—	—	—	(76)	(76)
<b>Total fund balances</b>	<b>623</b>	<b>186,408</b>	<b>96,819</b>	<b>202</b>	<b>284,052</b>	<b>270,938</b>	<b>3,953</b>	<b>20,833</b>	<b>295,724</b>	<b>76,039</b>	<b>98</b>	<b>655,913</b>
<b>Total liabilities and fund balances</b>	<b>\$ 623</b>	<b>\$ 186,805</b>	<b>\$ 96,819</b>	<b>\$ 455</b>	<b>\$ 284,702</b>	<b>\$ 293,822</b>	<b>\$ 3,953</b>	<b>\$ 20,842</b>	<b>\$ 318,617</b>	<b>\$ 76,058</b>	<b>\$ 222</b>	<b>\$ 679,599</b>

State of Rhode Island  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-major Governmental Funds  
For the Fiscal Year Ended June 30, 2023  
(Expressed in Thousands)

	Special Revenue				Capital Projects				Debt Service	Permanent	Total Non-major 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. Clean Water Act Environmental Trust	Certificates of Participation	Total Capital Project Funds	Tobacco Settlement Financing Corporation		Permanent School
<b>Revenues:</b>												
Taxes	\$ —	\$ 239,053	\$ —	\$ —	\$ 239,053	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 239,053
Licenses, fines, sales, and services	—	—	1,964	24	1,988	—	—	—	—	—	54	2,042
Income (loss) from investments	—	3,255	2,316	11	5,582	13,489	130	636	14,255	1,839	8	21,684
Other revenues	—	—	—	—	—	—	—	—	—	48,194	—	48,194
Total revenues	—	242,308	4,280	35	246,623	13,489	130	636	14,255	50,033	62	310,973
<b>Expenditures:</b>												
Current:												
General government	—	240,234	—	—	240,234	—	—	—	—	76	—	240,310
Education	—	—	—	—	—	—	—	—	—	—	171	171
Transportation	—	—	—	3,246	3,246	—	—	—	—	—	—	3,246
Capital outlays	—	—	—	—	—	162,810	—	610	163,420	—	—	163,420
Debt service:												
Principal	—	—	—	—	—	—	—	—	—	28,090	—	28,090
Interest and other charges	—	—	199	—	199	945	—	—	945	21,916	—	23,060
Total expenditures	—	240,234	199	3,246	243,679	163,755	—	610	164,365	50,082	171	458,297
Excess (deficiency) of revenues over (under) expenditures	—	2,074	4,081	(3,211)	2,944	(150,266)	130	26	(150,110)	(49)	(109)	(147,324)
<b>Other financing sources (uses)</b>												
Issuance of bonds and notes	—	—	—	—	—	222,750	—	—	222,750	—	—	222,750
Issuance of refunding bonds	—	—	—	—	—	43,240	—	—	43,240	—	—	43,240
Subscription-based IT financing	—	25	—	—	25	—	—	—	—	—	—	25
Debt issuance premiums	—	—	—	—	—	14,548	—	—	14,548	—	—	14,548
Transfers in	—	—	28,000	3,224	31,224	—	—	—	—	—	—	31,224
Payment to advance refunded bonds escrow agent	—	—	—	—	—	(43,719)	—	—	(43,719)	—	—	(43,719)
Transfers out	—	—	(3,119)	—	(3,119)	(18,093)	—	—	(18,093)	—	—	(21,212)
Total other financing sources (uses)	—	25	24,881	3,224	28,130	218,726	—	—	218,726	—	—	246,856
Net change in fund balances	—	2,099	28,962	13	31,074	68,460	130	26	68,616	(49)	(109)	99,532
Fund balances - beginning	623	184,309	67,857	189	252,978	202,478	3,823	20,807	227,108	76,088	207	556,381
Fund balances - ending	\$ 623	\$ 186,408	\$ 96,819	\$ 202	\$ 284,052	\$ 270,938	\$ 3,953	\$ 20,833	\$ 295,724	\$ 76,039	\$ 98	\$ 655,913

**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, 2023**  
**(Expressed in Thousands)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
<b>* Revenues:</b>				
Taxes	\$ 239,053	\$ 239,053	\$ 239,053	\$ —
Other Revenues	3,255	3,255	3,255	—
Non-budgeted SBITA Proceeds	—	—	25	25
Total Revenues	<u>242,308</u>	<u>242,308</u>	<u>242,333</u>	<u>25</u>
<b>Expenditures:</b>				
Department of Labor and Training	215,050	244,312	239,993	4,319
Treasury Department	289	253	241	12
Total Expenditures	<u>\$ 215,339</u>	<u>\$ 244,565</u>	<u>\$ 240,234</u>	<u>\$ 4,331</u>
Net change in fund balance			2,099	
Fund balance - beginning			<u>184,309</u>	
Fund balance - ending			<u><u>\$ 186,408</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, 2023**  
**(Expressed in Thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues &amp; Transfers In:</b>				
Statutorily Determined Funding from General Fund	\$ —	\$ —	\$ 170,487	\$ —
Appropriation from General Fund	15,000	257,395	257,395	—
Bond Premium <sup>(1)</sup>	4,151	4,151	4,151	—
Investment Earnings <sup>(1)</sup>	20,101	20,101	20,101	—
Total Revenues	39,252	281,647	452,134	—
<b>Expenditures:</b>				
Administration				
State House Renovations	2,083	3,105	1,014	2,091
DoIT Enterprises Operations Center	3,300	550	57	493
Cranston Street Armory	750	750	690	60
Cannon Building	1,150	—	—	—
Zambarano Buildings and Campus	6,070	7,338	1,014	6,324
Statewide Facility Master Plan	1,700	1,869	127	1,742
Old State House	100	372	15	357
State Office Building	100	180	38	142
Veterans Auditorium	765	765	765	—
Washington County Government Center	500	5	5	—
William Powers Building	2,700	3,534	545	2,989
Pastore Center Power Plant	—	784	694	90
Replacement of Fueling Tanks	680	1,663	979	684
Environmental Compliance	400	756	154	602
Pastore Center Building Demolition	1,000	—	—	—
Chapin Health Laboratory	500	791	115	676
Big River Management Area	427	601	177	424
Rhode Island Convention Center Authority	7,350	7,350	7,350	—
Dunkin Donuts Center	8,150	8,150	8,150	—
Accessibility - Facility Renovations	1,000	1,400	999	401
Energy efficiency improvements - Statewide	1,250	1,961	649	1,312
Security Measures State Buildings	500	706	634	72
Shepard Building Upgrades	1,500	3,407	522	2,885
BHDDH Group Homes	1,250	1,429	1,069	360
BHDDH DD & Community Homes - Fire Code	325	601	311	290
BHDDH DD & Community Facilities Asset Protection	750	891	787	104
BHDDH DD Regional Facilities - Asset Protection	1,700	1,700	654	1,046
BHDDH Substance Abuse Asset Protection	500	664	399	265
Pastore Center Non - Medical Buildings Asset Protection	6,250	7,092	4,386	2,706

(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, 2023**  
**(Expressed in Thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
State Office Reorganization & Relocation	\$ 250	\$ 1,762	\$ 1,149	\$ 613
Pastore Center Medical Buildings Asset Protection	500	—	123	(123)
560 Jefferson Blvd Asset Protection	150	—	—	—
Arrigan Center	825	—	—	—
Medical Examiner Building	4,500	—	—	—
Pastore Campus Infrastructure	11,050	—	462	(462)
Community Facilities Asset Protection	450	630	348	282
Zambarano LTAC Hospital	1,178	1,178	—	1,178
<b>Business Regulation</b>				
Fire Academy Expansion	675	—	—	—
<b>Executive Office of Commerce</b>				
I-195 Redevelopment District Commission	805	1,040	881	159
Quonset Point Davisville Pier	—	20	—	20
<b>Children, Youth, and Families</b>				
RITS Maintenance Building Training School Asset Protection	250	256	157	99
RICAP - DCYF Headquarters	250	—	—	—
RICAP - DCYF Transitional Housing	500	—	—	—
<b>Human Services</b>				
Blind Vending Facilities	165	160	57	103
Veterans Home Asset Protection	400	25	—	25
Crypt Installation/Cemetery Expansion (Veterans Memorial Cemetery Asset Protection)	200	402	—	402
<b>Behavioral Healthcare, Developmental Disabilities, and Hospitals</b>				
DD Residential Development	100	200	98	102
Hospital Equipment	300	614	376	238
<b>Elementary and Secondary Education</b>				
Davies School HVAC	1,150	—	—	—
Davies School Asset Protection	500	500	83	417
Met School Asset Protection	800	800	165	635
School for the Deaf Asset Protection	100	350	232	118
Davies School Healthcare Classroom Renovations	6,500	100	75	25
<b>Public Higher Education</b>				
Northern RI Education Center (Higher Education Centers)	2,933	3,696	846	2,850
<b>University of Rhode Island</b>				
Asset Protection - URI	11,350	11,350	11,493	(143)
Fire and Safety Protection Academic Buildings	1,707	1,707	846	861
Fine Arts Center Renovation - URI	—	—	(14)	14
RICAP - Narragansett Bay Campus - URI Bay Campus	6,000	—	—	—
Academic MEP Improvements - URI Medical, Electrical & Plumbing Improvements	4,695	295	294	1

(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, 2023**  
**(Expressed in Thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Rhode Island College				
Asset Protection - RIC	\$ 9,618	\$ 10,503	\$ 5,034	\$ 5,469
RIC Infrastructure Modernization	4,900	7,845	2,728	5,117
Community College of Rhode Island				
Asset Protection - CCRI	3,246	4,342	2,530	1,812
Knight Campus Renewal	2,896	2,896	2,896	—
Knight Campus Lab Renovation	—	54	54	—
CCRI Flanagan Campus Renovations	1,982	200	65	135
CCRI Data Cabling & Power Infrastructure	1,803	503	408	95
CCRI Renovation and Modernization - Phase I	5,000	2,000	1,379	621
RI Atomic Energy Commission				
Asset Protection - Atomic Energy Commission	50	50	21	29
Attorney General				
AG Building Renovations and Repairs	1,890	2,043	45	1,998
Corrections				
Asset Protection	5,125	8,466	2,490	5,976
Correctional Facilities Renovations	250	864	614	250
Judiciary				
Judicial Complexes Asset Protection	1,500	1,590	1,343	247
McGrath Judicial Complex Extension	225	225	225	—
Judicial Complexes - HVAC	1,000	1,196	1,046	150
Licht Judicial Complex Restoration	750	751	750	1
Judicial Complexes – Fan Coil Unit Replacements	750	750	750	—
Garrahy Courtroom Restoration	750	751	747	4
Military Staff				
Asset Protection - Military Staff	1,290	1,290	222	1,068
AMC Roof Replacement	367	367	279	88
Quonset Airport Runway Reconstruction	275	275	261	14
Aviation Readiness Center	138	—	—	—
Sun Valley Armory	788	—	81	(81)
Public Safety				
DPS Asset Protection	1,000	1,693	310	1,383
Training Academy Upgrades	1,386	1,429	376	1,053
RI Statewide Communications System Network	231	231	231	—
State Police Headquarters Roof	—	385	277	108
Southern Barracks	13,000	9,451	1,185	8,266
Portsmouth Barracks	1,650	—	9	(9)
Emergency Management Agency				
Emergency Management Building	—	250	—	250
RI Statewide Communications System Network	1,494	1,494	1,494	—
State Emergency Ops Center	525	525	525	—
RISCON Infrastructure Upgrades (RI Statewide Communications Infrastructure)	1,134	1,134	372	762

(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, 2023**  
**(Expressed in Thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Environmental Management				
Dam Repair	\$ 824	\$ 515	\$ 187	\$ 328
Fort Adams Rehabilitation	300	638	552	86
Recreational Facilities Improvement	3,400	2,886	1,660	1,226
Galilee Pier Upgrades (Port of Galilee)	9,348	6,709	5,150	1,559
Newport Pier Upgrades	—	259	45	214
Fish & Wildlife Maintenance Facility	100	100	66	34
Blackstone Park Improvements	244	1,042	895	147
Natural Resources Office/Visitor	250	250	141	109
Recreational Facilities Asset Protection	500	1,000	981	19
Health Department				
Health Laboratory and Medical Examiner Equipment	400	576	567	9
Coastal Resources Management Council				
South Cost Restoration Project	1,900	1,900	1,900	—
Little Narragansett Bay	50	50	—	50
Pawcatuck Resiliency	50	50	—	50
Revenue (Lottery Division)				
Lottery Building Renovations & Enhancements	850	—	—	—
Transportation				
Maintenance Facility Improvements	500	1,330	1,052	278
RIPTA Land and Buildings	12,890	1,336	1,207	129
Salt Storage Facilities	1,900	1,900	2,736	(836)
Maintenance/Capital Equipment Replacement	1,500	2,999	176	2,823
Train Station Asset Protection	350	699	159	540
Highway Improvement Program	55,645	85,645	55,617	30,028
RIPTA - Pawtucket/Central Falls Bus Hub Passenger Facility	4,000	—	456	(456)
RIPTA - Pawtucket Bus Hub & Transit Corridor	—	901	—	901
RIPTA Warwick Bus Hub	—	260	233	27
Bike Path Asset Protection	400	400	358	42
Welcome Center	200	200	28	172
RIPTA URI Mobility Hub	250	600	—	600
RIPTA Providence High-Capacity Transit Corridor Study	225	225	—	225
Other Miscellaneous Expenditures	—	—	4	(4)
Subtotal	\$ 272,122	\$ 259,522	\$ 152,887	\$ 106,635
Total Expenditures			<u>152,887</u>	
Net change in fund balance			<u>299,247</u>	
Fund balance - beginning			<u>\$ 699,225</u>	
Fund balance - ending			<u>\$ 998,472</u>	

(Concluded)

<sup>(1)</sup> 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.

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## 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, 2023**

(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom and Technology	Automotive Maintenance
<b>Assets:</b>								
Current assets:								
Cash and cash equivalents	\$ 302	\$ 1,793	\$ 13,109	\$ 64	\$ 4,501	\$ —	\$ 547	\$ 1,463
Receivables (net)	—	—	1,676	—	—	514	240	2,386
Due from other funds	—	—	—	1	4,734	367	39	—
Loans to other funds	—	173	—	—	—	—	—	—
Inventories	—	—	—	—	—	152	—	330
Other assets	—	—	1,000	—	—	—	—	—
Total current assets	302	1,966	15,785	65	9,235	1,033	826	4,179
Non-current assets:								
Capital assets (net)	—	997	—	—	59	388	20	309
Subscription-based IT assets (net)	614	—	—	—	4,842	—	—	—
Total non-current assets	614	997	—	—	4,901	388	20	309
Total assets	916	2,963	15,785	65	14,136	1,421	846	4,488
<b>Liabilities:</b>								
Current liabilities:								
Accounts payable	61	2,050	246	—	1,958	72	184	1,648
Due to other funds	51	27	7,249	—	—	—	—	24
Loans from other funds	—	—	—	—	—	156	—	—
Subscription-based IT liability	206	—	—	—	4,063	—	—	—
Other liabilities	467	458	1,624	8	1,109	73	36	30
Total current liabilities	785	2,535	9,119	8	7,130	301	220	1,702
Non-current liabilities								
Subscription-based IT liability	398	—	—	—	—	—	—	—
Total non-current liabilities	398	—	—	—	—	—	—	—
Total liabilities	1,183	2,535	9,119	8	7,130	301	220	1,702
<b>Net Position (Deficit):</b>								
Net investment in capital assets	10	997	—	—	838	388	20	309
Unrestricted	(277)	(569)	6,666	57	6,168	732	606	2,477
Total net position (deficit)	\$ (267)	\$ 428	\$ 6,666	\$ 57	\$ 7,006	\$ 1,120	\$ 626	\$ 2,786

(Continued)

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2023**  
**(Expressed in Thousands)**

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
<b>Assets:</b>								
Current assets:								
Cash and cash equivalents	\$ 1,455	\$ 199	\$ 134	\$ 39	\$ 2,561	\$ 5,749	\$ —	\$ 31,916
Receivables (net)	18	173	90	—	6,546	1,960	—	13,603
Due from other funds	181	—	2	—	—	—	3	5,327
Loans to other funds	—	—	—	—	—	—	—	173
Inventories	1,053	486	—	—	—	—	—	2,021
Other assets	—	—	—	—	5,235	—	—	6,235
Total current assets	2,707	858	226	39	14,342	7,709	3	59,275
Non-current assets:								
Capital assets (net)	1,794	63	—	—	—	—	—	3,630
Subscription-based IT assets (net)	106	—	—	—	—	—	—	5,562
Total non-current assets	1,900	63	—	—	—	—	—	9,192
Total assets	4,607	921	226	39	14,342	7,709	3	68,467
<b>Liabilities:</b>								
Current liabilities:								
Accounts payable	261	251	—	—	20,280	—	—	27,011
Due to other funds	—	318	—	—	2,911	322	—	10,902
Loans from other funds	—	—	304	—	—	—	17	477
Subscription-based IT liability	82	—	—	—	—	—	—	4,351
Other liabilities	54	51	11	—	112	—	—	4,033
Total current liabilities	397	620	315	—	23,303	322	17	46,774
Non-current liabilities								
Subscription-based IT liability	29	—	—	—	—	—	—	427
Total non-current liabilities	29	—	—	—	—	—	—	427
Total liabilities	426	620	315	—	23,303	322	17	47,201
<b>Net Position (Deficit):</b>								
Net investment in capital assets	1,789	63	—	—	—	—	—	4,414
Unrestricted	2,392	238	(89)	39	(8,961)	7,387	(14)	16,852
Total net position (deficit)	\$ 4,181	\$ 301	\$ (89)	\$ 39	\$ (8,961)	\$ 7,387	\$ (14)	\$ 21,266

(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, 2023**  
**(Expressed in Thousands)**

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom and Technology	Automotive Maintenance
<b>Operating revenues:</b>								
Charges for services	\$ 16,115	\$ 53,463	\$ 33,522	\$ 32,556	\$ 48,382	\$ 7,593	\$ 3,105	\$ 17,859
Total operating revenues	16,115	53,463	33,522	32,556	48,382	7,593	3,105	17,859
<b>Operating expenses:</b>								
Personal services	12,892	12,722	579	157	25,887	1,035	1,119	818
Supplies, materials, and services	3,128	41,179	32,350	32,477	14,105	6,361	1,794	14,824
Depreciation	6	93	—	—	3,654	43	8	72
Total operating expenses	16,026	53,994	32,929	32,634	43,646	7,439	2,921	15,714
Operating income (loss)	89	(531)	593	(78)	4,736	154	184	2,145
<b>Non-operating revenues (expenses):</b>								
Interest revenue	—	—	371	—	—	—	—	38
Other non-operating revenues (expenses)	—	—	—	—	—	—	—	(3)
Total non-operating revenue (expenses)	—	—	371	—	—	—	—	35
Change in net position	89	(531)	964	(78)	4,736	154	184	2,180
Net position (deficit) - beginning	(356)	959	5,702	135	2,270	966	442	606
Net position (deficit) - ending	\$ (267)	\$ 428	\$ 6,666	\$ 57	\$ 7,006	\$ 1,120	\$ 626	\$ 2,786

(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, 2023**  
**(Expressed in Thousands)**

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
<b>Operating revenues:</b>								
Charges for services	\$ 5,911	\$ 5,156	\$ 983	\$ —	\$ 273,185	\$ 359	\$ 1,499	\$ 499,688
Total operating revenues	5,911	5,156	983	—	273,185	359	1,499	499,688
<b>Operating expenses:</b>								
Personal services	1,396	1,755	340	—	1,233	—	1,367	61,300
Supplies, materials, and services	4,905	4,146	641	17	275,607	—	129	431,663
Depreciation	165	50	—	—	—	—	—	4,091
Total operating expenses	6,466	5,951	981	17	276,840	—	1,496	497,054
Operating income (loss)	(555)	(795)	2	(17)	(3,655)	359	3	2,634
<b>Non-operating revenues (expenses):</b>								
Interest revenue	—	—	—	—	250	127	—	786
Other non-operating revenues (expenses)	—	—	—	—	—	—	—	(3)
Total non-operating revenue (expenses)	—	—	—	—	250	127	—	783
Change in net position	(555)	(795)	2	(17)	(3,405)	486	3	3,417
Net position (deficit) - beginning	4,736	1,096	(91)	56	(5,556)	6,901	(17)	17,849
Net position (deficit) - ending	\$ 4,181	\$ 301	\$ (89)	\$ 39	\$ (8,961)	\$ 7,387	\$ (14)	\$ 21,266

(Concluded)

**State of Rhode Island**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom and Technology	Automotive Maintenance
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 15,970	\$ 53,402	\$ 40,611	\$ 32,876	\$ 47,704	\$ 7,260	\$ 3,280	\$ 16,231
Cash payments to suppliers for goods and services	(3,124)	(43,541)	(32,317)	(32,478)	(13,400)	(6,339)	(1,871)	(13,736)
Cash payments to employees	(12,886)	(12,678)	(1,219)	(156)	(25,852)	(1,029)	(1,116)	(817)
Other operating revenue (expense)	—	—	(2)	—	—	—	—	(3)
Net cash provided by (used for) operating activities	(40)	(2,817)	7,073	242	8,452	(108)	293	1,675
<b>Cash flows from non-capital financing activities:</b>								
Loans from other funds	—	—	—	—	—	156	—	—
Loans to other funds	—	—	—	(178)	—	—	—	—
Repayment of loans to other funds	—	22	—	—	—	—	—	—
Repayment of loans from other funds	—	—	—	—	—	—	—	(2,000)
Net cash provided by (used for) non-capital financing activities	—	22	—	(178)	—	156	—	(2,000)
<b>Cash flows from capital and related financing activities:</b>								
Principal paid on lease obligations	(14)	—	—	—	4,063	—	—	—
Interest paid on lease obligations	—	—	—	—	—	—	—	—
Acquisition of capital assets	—	(387)	—	—	(8,556)	(431)	—	(189)
Net cash provided by (used for) capital and related financing activities	(14)	(387)	—	—	(4,493)	(431)	—	(189)
<b>Cash flows from investing activities:</b>								
Interest on investments	—	—	371	—	—	—	—	38
Net cash provided by (used for) investing activities	—	—	371	—	—	—	—	38
Net increase (decrease) in cash and cash equivalents	(54)	(3,182)	7,444	64	3,959	(383)	293	(476)
Cash and cash equivalents - July 1	356	4,975	5,665	—	542	383	254	1,939
Cash and cash equivalents - June 30	\$ 302	\$ 1,793	\$ 13,109	\$ 64	\$ 4,501	\$ —	\$ 547	\$ 1,463

(Continued)

**State of Rhode Island**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	Information Technology	Central Mail	State Telecom and Technology	Automotive Maintenance
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>								
Operating income (loss)	\$ 89	\$ (531)	\$ 593	\$ (78)	\$ 4,736	\$ 154	\$ 184	\$ 2,145
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>								
Depreciation	6	93	—	—	3,655	43	(10)	73
Other (revenue) expense and transfers (in) out	—	65	—	—	—	—	—	(3)
(Increase) decrease in assets:								
Receivables	—	(61)	7,090	—	(679)	36	176	(1,628)
Prepaid items	—	—	—	—	—	—	—	—
Inventory	—	—	—	—	—	(22)	—	220
Increase (decrease) in liabilities:								
Accounts payable	(142)	(2,427)	33	319	705	(323)	(58)	867
Accrued expenses	7	44	(643)	1	35	4	1	1
Total adjustments	(129)	(2,286)	6,480	320	3,716	(262)	109	(470)
Net cash provided by (used for) operating activities	\$ (40)	\$ (2,817)	\$ 7,073	\$ 242	\$ 8,452	\$ (108)	\$ 293	\$ 1,675

(Continued)

**State of Rhode Island**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 6,102	\$ 6,409	\$ 967	\$ —	\$ 270,459	\$ 359	\$ 1,496	\$ 503,126
Cash payments to suppliers for goods and services	(5,266)	(4,234)	(646)	(17)	(269,170)	—	(129)	(426,268)
Cash payments to employees	(1,532)	(1,751)	(339)	—	(1,235)	—	(1,367)	(61,977)
Other operating revenue (expense)	—	—	—	—	—	—	—	(5)
Net cash provided by (used for) operating activities	(696)	424	(18)	(17)	54	359	—	14,876
<b>Cash flows from non-capital financing activities:</b>								
Loans from other funds	—	—	—	—	—	184	—	340
Loans to other funds	—	—	—	—	(1,192)	—	—	(1,370)
Repayment of loans to other funds	—	(379)	—	—	—	—	—	(357)
Repayment of loans from other funds	—	—	150	—	(3,651)	(1,616)	—	(7,117)
Net cash provided by (used for) non-capital financing activities	—	(379)	150	—	(4,843)	(1,432)	—	(8,504)
<b>Cash flows from capital and related financing activities:</b>								
Principal paid on lease obligations	(185)	—	—	—	—	—	—	3,864
Interest paid on lease obligations	111	—	—	—	—	—	—	111
Acquisition of capital assets	—	—	—	—	—	—	—	(9,563)
Net cash provided by (used for) capital and related financing activities	(74)	—	—	—	—	—	—	(5,588)
<b>Cash flows from investing activities:</b>								
Interest on investments	—	—	—	—	250	127	—	786
Net cash provided by (used for) investing activities	—	—	—	—	250	127	—	786
Net increase (decrease) in cash and cash equivalents	(770)	45	132	(17)	(4,539)	(946)	—	1,570
Cash and cash equivalents - July 1	2,225	154	2	56	7,100	6,695	—	30,346
Cash and cash equivalents - June 30	\$ 1,455	\$ 199	\$ 134	\$ 39	\$ 2,561	\$ 5,749	\$ —	\$ 31,916

(Continued)

**State of Rhode Island**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Replacement Revolving Loan	Capitol Police	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>								
Operating income (loss)	\$ (555)	\$ (795)	\$ 2	\$ (17)	\$ (3,655)	\$ 359	\$ 3	\$ 2,634
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>								
Depreciation	165	50	—	—	—	—	—	4,075
Other (revenue) expense and transfers (in) out	—	—	—	—	—	—	—	62
(Increase) decrease in assets:								
Receivables	41	1,254	(166)	—	(451)	—	—	5,612
Inventory	(276)	90	—	—	—	—	—	12
Prepaid items	—	—	—	—	197	—	—	197
Increase (decrease) in liabilities:								
Accounts payable	(85)	(179)	146	—	3,965	—	(3)	2,818
Accrued expenses	14	4	—	—	(2)	—	—	(534)
Total adjustments	(141)	1,219	(20)	—	3,709	—	(3)	12,242
Net cash provided by (used for) operating activities	\$ (696)	\$ 424	\$ (18)	\$ (17)	\$ 54	\$ 359	\$ —	\$ 14,876

(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.

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## Trust Funds

### Other Employee Benefit Trust Funds

**Teachers** – covers certified public school teachers electing to participate.

**Judicial** – covers judges and magistrates.

**State Police** – covers retired State police officers.

**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 529 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 Benefit Trust Funds**  
**June 30, 2023**  
**(Expressed in Thousands)**

	<b>Pension Trust</b>	<b>Other Employee Benefits Trust</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 11,056	\$ 7,088	\$ 18,144
Receivables			
Contributions	18,701	2,280	20,981
Due from State for teachers	24,747	—	24,747
Due from other plans	1,546	—	1,546
Other	1,406	—	1,406
Total receivables	46,400	2,280	48,680
Prepaid expenses	1,682	—	1,682
Investments, at fair value			
Equity in pooled trust	10,592,454	577,128	11,169,582
Other investments	1,746,212	—	1,746,212
Total investments	12,338,666	577,128	12,915,794
Total assets	12,397,804	586,496	12,984,300
<b>Liabilities</b>			
Accounts payable	5,942	661	6,603
Due to other plans	4,547	—	4,547
Incurred but not reported claims	—	923	923
Other	—	9,974	9,974
Total liabilities	10,489	11,558	22,047
<b>Fiduciary net position restricted for pension and other postemployment benefits</b>	<b>\$ 12,387,315</b>	<b>\$ 574,938</b>	<b>\$ 12,962,253</b>

**State of Rhode Island**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	Pension Trust	Other Employee Benefits Trust	Totals
<b>Additions</b>			
Contributions			
Member contributions	\$ 230,951	\$ 1,773	\$ 232,724
Employer contributions	547,224	45,178	592,402
New employer contributions	—	—	—
Additional employer contributions	91	—	91
Supplemental employer contributions	35	—	35
State contributions for teachers	122,455	—	122,455
Interest on service credits purchased	133	—	133
Service credit transfer payments	16,827	—	16,827
Total contributions	917,716	46,951	964,667
Other income	20	1,905	1,925
Investment income			
Increase in fair value of investments	982,932	55,545	1,038,477
Interest	80,609	1,844	82,453
Dividends	82,622	—	82,622
Other investment income	405	—	405
	1,146,568	57,389	1,203,957
Less investment expense	(127,858)	(967)	(128,825)
Net investment income	1,018,710	56,422	1,075,132
Total additions	1,936,446	105,278	2,041,724
<b>Deductions</b>			
Retirement benefits	1,019,520	—	1,019,520
Death benefits	3,248	—	3,248
Distributions	46,367	—	46,367
Refund of contributions	6,724	—	6,724
Administrative expense	10,712	105	10,817
Service credit transfers	16,827	—	16,827
OPEB benefits	—	31,205	31,205
Total deductions	1,103,398	31,310	1,134,708
Net increase (decrease)	833,048	73,968	907,016
<b>Net position restricted for pension and other postemployment benefits</b>			
Fiduciary net position - beginning	11,554,267	500,970	12,055,237
Fiduciary net position - ending	\$ 12,387,315	\$ 574,938	\$ 12,962,253

**State of Rhode Island**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**June 30, 2023**  
**(Expressed in Thousands)**

	<b>Employees' Retirement System</b>	<b>Municipal Employees' Retirement</b>	<b>State Police Retirement Benefits Trust</b>	<b>State Police Retirement Fund Trust</b>	<b>Judicial Retirement Benefits Trust</b>	<b>Judicial Retirement Fund Trust</b>	<b>Teachers' Survivors Benefit Plan</b>	<b>Defined Contribution Plan</b>	<b>FICA Alternative Retirement Program</b>	<b>Totals</b>
<b>Assets</b>										
Cash and cash equivalents	\$ 8,773	\$ 1,308	\$ 211	\$ 83	\$ 71	\$ 556	\$ 54	\$ —	\$ —	\$ 11,056
Receivables										
Contributions	16,517	2,174	6	—	—	—	4	—	—	18,701
Due from State for teachers	24,747	—	—	—	—	—	—	—	—	24,747
Due from other plans	823	714	—	—	—	9	—	—	—	1,546
Other	1,158	176	—	19	—	53	—	—	—	1,406
Total receivables	43,245	3,064	6	19	—	62	4	—	—	46,400
Other Assets	1,302	283	22	3	11	—	61	—	—	1,682
Investments, at fair value										
Equity in pooled trust	7,666,279	2,163,411	205,854	27,049	105,033	875	423,953	—	—	10,592,454
Other-defined contribution plan	—	—	—	—	—	—	—	1,742,023	4,189	1,746,212
Total investments	7,666,279	2,163,411	205,854	27,049	105,033	875	423,953	1,742,023	4,189	12,338,666
Total assets	7,719,599	2,168,066	206,093	27,154	105,115	1,493	424,072	1,742,023	4,189	12,397,804
<b>Liabilities</b>										
Accounts payable	4,634	1,024	75	14	38	—	157	—	—	5,942
Due to other plans	3,714	823	—	—	10	—	—	—	—	4,547
Total liabilities	8,348	1,847	75	14	48	—	157	—	—	10,489
<b>Fiduciary net position restricted for pension benefits</b>	<b>\$ 7,711,251</b>	<b>\$ 2,166,219</b>	<b>\$ 206,018</b>	<b>\$ 27,140</b>	<b>\$ 105,067</b>	<b>\$ 1,493</b>	<b>\$ 423,915</b>	<b>\$ 1,742,023</b>	<b>\$ 4,189</b>	<b>\$ 12,387,315</b>

State of Rhode Island  
Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For the Fiscal Year Ended June 30, 2023  
(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
<b>Additions</b>										
Contributions										
Member contributions	\$ 91,162	\$ 23,425	\$ 2,601	\$ —	\$ 1,371	\$ 111	\$ 766	\$ 111,277	\$ 238	\$ 230,951
Employer contributions	410,824	75,763	6,209	16,387	2,843	490	766	33,942	—	547,224
Additional employer contributions	—	91	—	—	—	—	—	—	—	91
Supplemental employer contributions	35	—	—	—	—	—	—	—	—	35
State contributions for teachers	122,455	—	—	—	—	—	—	—	—	122,455
Interest on service credits purchased	99	31	3	—	—	—	—	—	—	133
Service credit transfers (net)	14,303	2,524	—	—	—	—	—	—	—	16,827
Total contributions	638,878	101,834	8,813	16,387	4,214	601	1,532	145,219	238	917,716
Investment income										
Increase in fair value of investments	586,831	164,887	15,602	2,172	7,979	66	32,420	172,975	—	982,932
Interest	58,377	16,433	1,534	244	787	6	3,228	—	—	80,609
Dividends	59,313	16,663	1,571	245	805	7	3,279	739	—	82,622
Other investment income	—	—	—	—	—	—	—	—	405	405
	704,521	197,983	18,707	2,661	9,571	79	38,927	173,714	405	1,146,568
Less investment expense	(92,635)	(26,011)	(2,466)	(367)	(1,261)	(10)	(5,108)	—	—	(127,858)
Net investment income	611,886	171,972	16,241	2,294	8,310	69	33,819	173,714	405	1,018,710
Miscellaneous revenue	13	4	—	—	—	—	—	3	—	20
Total additions	1,250,777	273,810	25,054	18,681	12,524	670	35,351	318,936	643	1,936,446
<b>Deductions</b>										
Retirement benefits	841,454	135,420	9,356	15,415	5,209	601	12,065	—	—	1,019,520
Death benefits	2,467	781	—	—	—	—	—	—	—	3,248
Distributions	—	—	—	—	—	—	—	46,235	132	46,367
Refund of contributions	4,591	1,307	29	—	—	—	797	—	—	6,724
Administrative expense	6,834	1,854	174	21	89	1	371	1,260	108	10,712
Service credit transfers (net)	14,193	2,634	—	—	—	—	—	—	—	16,827
Total deductions	869,539	141,996	9,559	15,436	5,298	602	13,233	47,495	240	1,103,398
Net increase (decrease)	381,238	131,814	15,495	3,245	7,226	68	22,118	271,441	403	833,048
<b>Net position restricted for pension benefits</b>										
Fiduciary net position - beginning	7,330,013	2,034,405	190,523	23,895	97,841	1,425	401,797	1,470,582	3,786	11,554,267
Fiduciary net position - ending	\$ 7,711,251	\$ 2,166,219	\$ 206,018	\$ 27,140	\$ 105,067	\$ 1,493	\$ 423,915	\$ 1,742,023	\$ 4,189	\$ 12,387,315

**State of Rhode Island**  
**Combining Statement of Fiduciary Net Position**  
**Other Employee Benefit Trust Funds**  
**June 30, 2023**  
**(Expressed in Thousands)**

	<b>State Employees</b>	<b>Teachers</b>	<b>Judges</b>	<b>State Police</b>	<b>Legislators</b>	<b>Board of Education</b>	<b>Totals</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 4,326	\$ 132	\$ 857	\$ 1,112	\$ 128	\$ 533	\$ 7,088
Receivables							
Contributions receivable	1,738	42	7	294	29	170	2,280
Investments at fair value - equity in pooled trust	391,693	16,360	5,295	91,858	4,025	67,897	577,128
<b>Total assets</b>	<b>397,757</b>	<b>16,534</b>	<b>6,159</b>	<b>93,264</b>	<b>4,182</b>	<b>68,600</b>	<b>586,496</b>
<b>Liabilities</b>							
Accounts payable	379	36	4	162	6	74	661
Incurred but not reported claims	550	86	4	179	15	89	923
Due to other funds	250	10	3	58	3	43	367
Other	8,415	1,192	—	—	—	—	9,607
<b>Total liabilities</b>	<b>9,594</b>	<b>1,324</b>	<b>11</b>	<b>399</b>	<b>24</b>	<b>206</b>	<b>11,558</b>
<b>Fiduciary net position restricted for other postemployment benefits</b>	<b>\$ 388,163</b>	<b>\$ 15,210</b>	<b>\$ 6,148</b>	<b>\$ 92,865</b>	<b>\$ 4,158</b>	<b>\$ 68,394</b>	<b>\$ 574,938</b>

**State of Rhode Island**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Other Employee Benefit Trust Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education	Totals
<b>Additions</b>							
Contributions							
Member contributions	\$ —	\$ —	\$ —	\$ —	\$ —	1,773	\$ 1,773
Employer contributions	36,566	—	—	6,058	—	2,554	45,178
	36,566	—	—	6,058	—	4,327	46,951
Other income	1,251	117	24	401	83	29	1,905
Investment income							
Increase in fair value of investments	37,653	1,595	516	8,830	393	6,558	55,545
Interest and dividends	1,251	52	29	289	14	209	1,844
	38,904	1,647	545	9,119	407	6,767	57,389
Less investment expense	(655)	(28)	(9)	(154)	(7)	(114)	(967)
Net investment income	38,249	1,619	536	8,965	400	6,653	56,422
Total additions	76,066	1,736	560	15,424	483	11,009	105,278
<b>Deductions</b>							
Benefits	24,195	965	(61)	3,163	174	2,769	31,205
Administrative expense	71	3	1	17	1	12	105
Total deductions	24,266	968	(60)	3,180	175	2,781	31,310
Net increase (decrease)	51,800	768	620	12,244	308	8,228	73,968
<b>Net position restricted for other postemployment benefits</b>							
Fiduciary net position - beginning	336,363	14,442	5,528	80,621	3,850	60,166	500,970
Fiduciary net position - ending	\$ 388,163	\$ 15,210	\$ 6,148	\$ 92,865	\$ 4,158	\$ 68,394	\$ 574,938

**State of Rhode Island**  
**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**June 30, 2023**  
**(Expressed in Thousands)**

	<b>Tuition Savings Program (RIHEST)</b>	<b>Touro Jewish Synagogue</b>	<b>ABLE Trust</b>	<b>Health Source RI Trust</b>	<b>Totals</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 4,569	\$ —	\$ —	\$ 3,188	\$ 7,757
Receivables					
Program investments sold	195	—	—	—	195
Investments, at fair value	4,215,335	3,738	4,153	—	4,223,226
Total assets	4,220,099	3,738	4,153	3,188	4,231,178
<b>Liabilities</b>					
Accounts payable	7,681	—	2	3,188	10,871
Total liabilities	7,681	—	2	3,188	10,871
<b>Net position</b>					
Restricted for:					
Tuition savings program	4,212,418	—	—	—	4,212,418
Other	—	3,738	4,151	—	7,889
Total net position	\$ 4,212,418	\$ 3,738	\$ 4,151	\$ —	\$ 4,220,307

**State of Rhode Island**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	<b>Tuition Savings Program (RIHEST)</b>	<b>Touro Jewish Synagogue</b>	<b>ABLE Trust</b>	<b>Health Source RI Trust</b>	<b>Totals</b>
<b>Additions</b>					
Program participant subscriptions	\$ 217,391	\$ —	\$ 1,733	\$ 93,185	\$ 312,309
Investment income					
Increase (decrease) in fair value of investments	112,406	409	161	—	112,976
Dividends and interest	148,798	52	—	—	148,850
Total additions	478,595	461	1,894	93,185	574,135
<b>Deductions</b>					
Program participant redemptions	695,719	—	773	93,185	789,677
Administrative expense	15,403	181	—	—	15,584
Total deductions	711,122	181	773	93,185	805,261
<b>Change in net position restricted for:</b>					
Tuition savings program	(232,527)	—	—	—	(232,527)
Other	—	280	1,121	—	1,401
Net position - beginning	4,444,945	3,458	3,030	—	4,451,433
Net position - ending	\$4,212,418	\$ 3,738	\$ 4,151	\$ —	\$4,220,307

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## 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, 2023**  
**(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
<b>Assets:</b>								
Current assets:								
Deposits held for others	\$ —	\$ 46,787	\$ —	\$ —	\$ —	\$ —	\$ —	46,787
Other assets	2,864	—	243	539	2,635	3,340	13,457	23,078
Total current assets	2,864	46,787	243	539	2,635	3,340	13,457	69,865
Total assets	2,864	46,787	243	539	2,635	3,340	13,457	69,865
<b>Liabilities:</b>								
Current liabilities:								
Unclaimed property claims	—	—	—	—	—	—	1,730	1,730
Due to inmates and beneficiaries	—	—	—	—	—	617	—	617
Total current liabilities	—	—	—	—	—	617	1,730	2,347
Total liabilities	—	—	—	—	—	617	1,730	2,347
<b>Net position:</b>								
Restricted	2,864	46,787	243	539	2,635	2,723	11,727	67,518
Total net position	\$ 2,864	\$ 46,787	\$ 243	\$ 539	\$ 2,635	\$ 2,723	\$ 11,727	\$ 67,518

**State of Rhode Island**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	<b>Confiscated Property</b>	<b>Statutory Deposits</b>	<b>Funds Held for Hospital Patients</b>	<b>Funds Held for Developmentally Disabled Individuals</b>	<b>Workers' Compensation Insurance Bond Deposits</b>	<b>Inmate Accounts</b>	<b>Unclaimed Property</b>	<b>Total</b>
<b>Additions:</b>								
Confiscated assets	\$ 1,223	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,223
Statutory deposits	—	2,039	—	—	—	—	—	2,039
Deposits for patients, clients and inmates	—	—	753	1,440	—	7,591	—	9,784
Unclaimed property	—	—	—	—	—	—	38,404	38,404
Interest and investment income	—	1,146	—	—	111	—	—	1,257
Change in fair value	—	(1,470)	—	—	—	—	—	(1,470)
<b>Total additions</b>	<b>1,223</b>	<b>1,715</b>	<b>753</b>	<b>1,440</b>	<b>111</b>	<b>7,591</b>	<b>38,404</b>	<b>51,237</b>
<b>Deductions:</b>								
Payments of confiscated assets	1,441	—	—	—	—	—	—	1,441
Return of statutory deposits	—	7,831	—	—	—	—	—	7,831
Payments made on behalf of patients, clients and inmates	—	—	794	1,666	45	7,005	—	9,510
Transfer of unclaimed funds to the General Fund	—	—	—	—	—	—	18,503	18,503
Return of unclaimed property	—	—	—	—	—	—	17,738	17,738
<b>Total deductions</b>	<b>1,441</b>	<b>7,831</b>	<b>794</b>	<b>1,666</b>	<b>45</b>	<b>7,005</b>	<b>36,241</b>	<b>55,023</b>
Change in restricted net position	(218)	(6,116)	(41)	(226)	66	586	2,163	(3,786)
Restricted net position-beginning	3,082	52,903	284	765	2,569	2,137	9,564	71,304
<b>Restricted net position-ending</b>	<b>\$ 2,864</b>	<b>\$ 46,787</b>	<b>\$ 243</b>	<b>\$ 539</b>	<b>\$ 2,635</b>	<b>\$ 2,723</b>	<b>\$ 11,727</b>	<b>\$ 67,518</b>

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2023**  
**(Expressed in Thousands)**

	CFSD	The Met	DHEA	RIHMFC	RIIFC	RIIRBA
<b>Assets and deferred outflows of resources</b>						
Current assets:						
Cash and cash equivalents	\$ 4,542	\$ 10,925	\$ —	\$ 7,300	\$ 152	\$ 79
Receivables (net)	1,032	271	—	6,367	—	8
Lease Receivable	—	—	—	—	—	—
Restricted assets:						
Cash and cash equivalents	2,828	—	2,989	326,867	—	—
Investments	—	—	431	121,730	—	—
Receivables (net)	—	—	—	—	—	—
Other assets	—	—	—	30,959	—	—
Due from primary government	6,719	2,430	670	—	—	—
Due from other governments	—	—	—	982	—	—
Due from other component units	—	—	—	—	119	—
Inventories	—	12	—	—	—	—
Other assets	688	—	4	5,952	6	11
Total current assets	<u>15,809</u>	<u>13,638</u>	<u>4,094</u>	<u>500,157</u>	<u>277</u>	<u>98</u>
Non-current assets:						
Receivables (net)	—	—	—	6,015	—	—
Lease Receivable	—	—	—	—	—	—
Restricted assets:						
Cash and cash equivalents	—	—	—	—	—	—
Investments	—	—	—	960,033	—	—
Receivables (net)	—	—	—	—	—	—
Other assets	7,505	—	—	1,202,097	—	—
Lease assets (net)	—	—	—	—	—	—
Right to use subscription-based IT asset (net)	—	—	—	—	—	—
Capital assets - non-depreciable	8,978	364	—	—	—	—
Capital assets - depreciable (net)	6,882	212	—	—	—	—
Due from other component units	—	—	—	—	—	—
Other assets, net of amortization	—	—	—	226,512	—	—
Total non-current assets	<u>23,365</u>	<u>576</u>	<u>—</u>	<u>2,394,657</u>	<u>—</u>	<u>—</u>
Total assets	<u>39,174</u>	<u>14,214</u>	<u>4,094</u>	<u>2,894,814</u>	<u>277</u>	<u>98</u>
<b>Deferred outflows of resources</b>	<u>9,863</u>	<u>—</u>	<u>166</u>	<u>3,283</u>	<u>—</u>	<u>—</u>

(Continued)

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2023**  
**(Expressed in Thousands)**

	CFSD	The Met	DHEA	RIHMFC	RIIFC	RIIRBA
<b>Liabilities and deferred inflows of resources</b>						
Current liabilities:						
Accounts payable	\$ 3,859	\$ 2,360	\$ 81	\$ 1,177	\$ 5	\$ —
Notes Payable	—	—	—	104,480	—	—
Loans payable	—	—	—	—	—	—
Due to primary government	—	—	—	—	—	—
Due to other component units	—	—	—	—	2	119
Unearned revenue	—	—	—	—	3	—
Other liabilities	118	—	—	276,238	—	454
Lease liability	218	—	—	—	—	—
Subscription-based IT liability	—	—	—	—	—	—
Compensated absences	82	—	2	—	—	—
Current portion of long-term debt	—	—	—	56,670	—	—
Total current liabilities	<u>4,277</u>	<u>2,360</u>	<u>83</u>	<u>438,565</u>	<u>10</u>	<u>573</u>
Non-current liabilities:						
Unearned revenue	—	—	—	—	13	—
Notes payable	—	—	—	283,323	—	—
Loans payable	—	—	—	—	—	—
Obligations under leases	—	—	—	—	—	—
Net pension liability	31,579	—	251	—	—	—
Net OPEB liability	12,345	—	35	8,010	—	—
Other liabilities	—	—	—	275,333	—	920
Lease liability	—	—	—	—	—	—
Subscription-based IT liability	—	—	—	—	—	—
Compensated absences	947	—	4	2,268	—	—
Bonds payable	—	—	—	1,575,211	—	—
Total non-current liabilities	<u>44,871</u>	<u>—</u>	<u>290</u>	<u>2,144,145</u>	<u>13</u>	<u>920</u>
Total liabilities	<u>49,148</u>	<u>2,360</u>	<u>373</u>	<u>2,582,710</u>	<u>23</u>	<u>1,493</u>
<b>Deferred inflows of resources</b>						
	<u>6,853</u>	<u>—</u>	<u>643</u>	<u>4,561</u>	<u>—</u>	<u>—</u>
<b>Net position (deficit)</b>						
Net investment in capital assets	15,642	576	—	9,092	—	—
Restricted for:						
Debt	—	—	—	184,754	—	—
Infrastructure Bank loan programs	—	—	—	—	—	—
Other	11,279	2,134	3,244	1,847	—	—
Unrestricted	(33,885)	9,144	—	115,133	254	(1,395)
Total net position (deficit)	<u>\$ (6,964)</u>	<u>\$ 11,854</u>	<u>\$ 3,244</u>	<u>\$ 310,826</u>	<u>\$ 254</u>	<u>\$ (1,395)</u>

(Continued)

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2023**  
**(Expressed in Thousands)**

	RIRRC	QDC	RIIB	RIHEBC	Totals
<b>Assets and deferred outflows of resources</b>					
Current assets:					
Cash and cash equivalents	\$ 74,545	\$ 467	\$ 8,274	\$ 3,819	\$ 110,103
Receivables (net)	3,597	6,096	11,386	128	28,885
Lease receivable	39	7,475	—	—	7,514
Restricted assets:					
Cash and cash equivalents	—	8,342	473,651	5,004	819,681
Investments	—	—	16,073	—	138,234
Receivables (net)	—	—	98,354	—	98,354
Other assets	—	—	269	—	31,228
Due from primary government	—	—	—	—	9,819
Due from other governments	—	—	—	—	982
Due from other component units	—	235	5,500	—	5,854
Inventories	3,680	—	—	—	3,692
Other assets	905	898	—	92	8,556
Total current assets	82,766	23,513	613,507	9,043	1,262,902
Non-current assets:					
Receivables (net)	—	8	15,691	417	22,131
Lease receivable	1,172	199,653	—	—	200,825
Restricted assets:					
Cash and cash equivalents	—	73	—	—	73
Investments	129,634	—	—	—	1,089,667
Receivables (net)	—	—	1,185,424	—	1,185,424
Other assets	1,455	1,605	—	—	1,212,662
Lease assets (net)	7	32,072	2,012	—	34,091
Right to use subscription-based IT asset (net)	44	—	—	—	44
Capital assets - non-depreciable	51,337	245,193	—	—	305,872
Capital assets - depreciable (net)	51,242	122,112	53	314	180,815
Due from other component units	—	61	—	—	61
Other assets (net)	609	—	—	—	227,121
Total non-current assets	235,500	600,777	1,203,180	731	4,458,786
Total assets	318,266	624,290	1,816,687	9,774	5,721,688
<b>Deferred outflows of resources</b>	57	3,399	5,342	—	22,110

(Continued)

**State of Rhode Island**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2023**  
**(Expressed in Thousands)**

	RIRRC	QDC	RIIB	RIHEBC	Totals
<b>Liabilities and deferred inflows of resources</b>					
Current liabilities:					
Accounts payable	\$ 7,022	\$ 3,601	\$ 712	\$ —	\$ 18,817
Notes payable	250	—	—	—	104,730
Loans payable	—	1,815	—	—	1,815
Due to primary government	—	—	—	69	69
Due to other component units	—	—	—	—	121
Unearned revenue	—	4,557	—	—	4,560
Other liabilities	1,063	4,974	230,290	63	513,200
Lease liability	7	842	131	103	1,301
Subscription-based IT liability	20	—	—	—	20
Compensated absences	522	—	—	—	606
Current portion of long-term debt	—	785	58,890	—	116,345
Total current liabilities	<u>8,884</u>	<u>16,574</u>	<u>290,023</u>	<u>235</u>	<u>761,584</u>
Non-current liabilities:					
Unearned revenue	—	1,122	—	—	1,135
Notes payable	1,143	—	—	—	284,466
Loans payable	—	20,272	—	—	20,272
Obligations under leases	—	—	—	—	—
Net pension liability	—	—	—	—	31,830
Net OPEB liability	529	—	—	—	20,919
Other liabilities	135,576	—	—	—	411,829
Lease liability	—	31,989	1,888	213	34,090
Subscription-based IT liability	5	—	—	—	5
Compensated absences	—	—	—	—	3,219
Bonds payable	—	13,999	577,260	—	2,166,470
Total non-current liabilities	<u>137,253</u>	<u>67,382</u>	<u>579,148</u>	<u>213</u>	<u>2,974,235</u>
Total liabilities	<u>146,137</u>	<u>83,956</u>	<u>869,171</u>	<u>448</u>	<u>3,735,819</u>
<b>Deferred inflows of resources</b>	<u>1,383</u>	<u>204,292</u>	<u>1,725</u>	<u>—</u>	<u>219,457</u>
<b>Net position (deficit)</b>					
Net investment in capital assets	102,599	325,897	46	(2)	453,850
Restricted for:					
Debt	—	—	—	—	184,754
Infrastructure Bank loan programs	—	—	921,271	—	921,271
Other	—	2,141	—	5,004	25,649
Unrestricted	68,204	11,403	29,816	4,324	202,998
Net position (deficit)	<u>\$ 170,803</u>	<u>\$ 339,441</u>	<u>\$ 951,133</u>	<u>\$ 9,326</u>	<u>\$ 1,788,522</u>

(Concluded)

**State of Rhode Island**  
**Combining Statement of Activities**  
**Non-major Component Units**  
**For the Fiscal Year Ended June 30, 2023**  
**(Expressed in Thousands)**

	CFSD	The Met	DHEA	RIHMFC	RIIFC	RIIRBA	RIRRC	QDC	RIIB	RIHEBC	Totals
<b>Expenses</b>	\$ 64,637	\$ 20,347	\$ 11,876	\$ 281,803	\$ 49	\$ 93	\$ 56,756	\$ 19,354	\$ 25,298	\$ 2,293	\$ 482,506
<b>Program revenues:</b>											
Charges for services	3,703	5,122	4,099	139,941	56	120	69,029	21,355	6,683	2,260	252,368
Operating grants and contributions	64,513	13,936	—	157,658	—	—	—	—	116	—	236,223
Capital grants and contributions	9,899	—	—	—	—	—	—	14,967	82,271	—	107,137
Total program revenues	78,115	19,058	4,099	297,599	56	120	69,029	36,322	89,070	2,260	595,728
Net (expenses) revenues	13,478	(1,289)	(7,777)	15,796	7	27	12,273	16,968	63,772	(33)	113,222
<b>General revenues:</b>											
Interest and investment earnings (losses)	—	108	81	(39,012)	—	6	1,556	183	31,796	283	(4,999)
Miscellaneous revenues	1,058	57	—	—	—	—	—	25	—	—	1,140
Gain (loss) on sale of capital assets	—	—	—	—	—	—	4	42	—	—	46
Total general revenues	1,058	165	81	(39,012)	—	6	1,560	250	31,796	283	(3,813)
<b>Special items</b>											
Change in net position	14,536	(1,124)	(7,696)	(23,216)	7	33	13,833	17,218	95,568	250	109,409
<b>Net position (deficit) - beginning as restated</b>	(21,500)	12,978	10,940	334,042	247	(1,428)	156,970	322,223	855,565	9,076	1,679,113
<b>Net position - ending</b>	\$ (6,964)	\$ 11,854	\$ 3,244	\$ 310,826	\$ 254	\$ (1,395)	\$ 170,803	\$ 339,441	\$ 951,133	\$ 9,326	\$ 1,788,522

# Statistical Section



*State of Rhode Island*  
**Annual Comprehensive Financial Report**  
*Fiscal year ended June 30, 2023*

**2023**

## 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.

	<u>Page</u>
<b>Financial Trends Information</b>	<b>293</b>
These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	
<b>Revenue Capacity Information</b>	<b>301</b>
These schedules contain information to help the reader assess the State's most significant taxes, income and sales.	
<b>Debt Capacity Information</b>	<b>307</b>
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.	
<b>Demographic and Economic Information</b>	<b>309</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	
<b>Operating Information</b>	<b>312</b>
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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities**										
Net investment in capital assets	\$ 4,771,719	\$ 4,315,804	\$ 4,049,759	\$ 3,845,461	\$ 3,554,559	\$ 3,356,040	\$ 3,212,380	\$ 3,063,506	\$ 2,934,439	\$ 2,706,209
Restricted *	1,859,053	1,461,030	709,429	460,163	850,784	584,682	920,232	733,280	841,777	799,274
Unrestricted *	(4,096,870)	(4,493,469)	(4,595,435)	(4,929,281)	(5,124,876)	(4,702,373)	(5,035,275)	(4,333,487)	(4,380,849)	(4,454,382)
Total governmental activities net position (deficit)	<u>\$ 2,533,902</u>	<u>\$ 1,283,365</u>	<u>\$ 163,753</u>	<u>\$ (623,657)</u>	<u>\$ (719,533)</u>	<u>\$ (761,651)</u>	<u>\$ (902,663)</u>	<u>\$ (536,701)</u>	<u>\$ (604,633)</u>	<u>\$ (948,899)</u>
Business-type activities										
Net investment in capital assets	\$ 2,612	\$ (27,576)	\$ (29,662)	\$ (31,295)	\$ (42,225)	\$ (50,807)	\$ (53,682)	\$ (57,493)	\$ (61,956)	\$ (62,060)
Restricted	544,732	345,148	231,685	366,561	561,601	471,070	384,198	283,901	155,682	33,795
Unrestricted	(13,814)	(17,094)	(22,886)	(28,309)	(27,981)	(26,437)	(23,285)	(19,970)	(21,312)	(19,991)
Total business-type activities net position (deficit)	<u>\$ 533,530</u>	<u>\$ 300,478</u>	<u>\$ 179,137</u>	<u>\$ 306,957</u>	<u>\$ 491,395</u>	<u>\$ 393,826</u>	<u>\$ 307,231</u>	<u>\$ 206,438</u>	<u>\$ 72,414</u>	<u>\$ (48,256)</u>
Primary government										
Net investment in capital assets	\$ 4,774,331	\$ 4,288,228	\$ 4,020,097	\$ 3,814,166	\$ 3,512,334	\$ 3,305,233	\$ 3,158,698	\$ 3,006,013	\$ 2,872,483	\$ 2,644,149
Restricted *	2,403,785	1,806,178	941,114	826,724	1,412,385	1,055,752	1,304,430	1,017,181	997,459	833,069
Unrestricted *	(4,110,684)	(4,510,563)	(4,618,321)	(4,957,590)	(5,152,857)	(4,728,810)	(5,058,560)	(4,353,457)	(4,402,161)	(4,474,373)
Total primary government net position (deficit)	<u>\$ 3,067,432</u>	<u>\$ 1,583,843</u>	<u>\$ 342,890</u>	<u>\$ (316,700)</u>	<u>\$ (228,138)</u>	<u>\$ (367,825)</u>	<u>\$ (595,432)</u>	<u>\$ (330,263)</u>	<u>\$ (532,219)</u>	<u>\$ (997,155)</u>

\* Reclassifications from fiscal years 2014 and 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,502,761	\$ 1,546,983	\$ 1,399,797	\$ 914,244	\$ 843,756	\$ 751,362	\$ 753,011	\$ 769,469	\$ 695,611	\$ 736,911
Health and human services	5,343,135	5,436,751	4,959,473	4,361,236	4,063,865	3,965,185	3,802,311	3,652,875	3,631,236	3,302,590
Education	2,246,321	1,977,247	1,929,835	1,802,009	1,803,273	1,708,408	1,619,343	1,595,289	1,472,786	1,399,347
Public safety	644,170	627,380	610,263	586,841	580,367	433,815	551,000	545,329	478,854	478,826
Natural resources	141,230	125,582	96,158	103,506	103,477	97,253	90,082	87,537	83,979	80,690
Transportation	395,122	400,677	375,266	365,022	426,522	403,365	350,585	343,270	283,085	298,626
Interest and other charges	84,676	96,490	98,595	102,687	99,971	92,231	109,664	83,899	121,845	129,421
<b>Total governmental activities</b>	<b>10,357,415</b>	<b>10,211,110</b>	<b>9,469,387</b>	<b>8,235,545</b>	<b>7,921,231</b>	<b>7,451,619</b>	<b>7,275,996</b>	<b>7,077,668</b>	<b>6,767,396</b>	<b>6,426,411</b>
Business-type activities:										
Lottery	1,062,933	1,040,555	773,867	600,854	680,356	521,594	510,302	507,199	484,293	462,153
Convention Center	54,366	47,523	33,499	46,544	51,698	52,684	50,658	48,905	48,628	49,255
Employment Security	154,740	451,040	2,058,867	1,424,693	148,430	149,227	155,672	157,018	167,527	257,145
<b>Total business-type activities</b>	<b>1,272,039</b>	<b>1,539,118</b>	<b>2,866,233</b>	<b>2,072,091</b>	<b>880,484</b>	<b>723,505</b>	<b>716,632</b>	<b>713,122</b>	<b>700,448</b>	<b>768,553</b>
<b>Total primary government expenses</b>	<b>\$ 11,629,454</b>	<b>\$ 11,750,228</b>	<b>\$ 12,335,620</b>	<b>\$ 10,307,636</b>	<b>\$ 8,801,715</b>	<b>\$ 8,175,124</b>	<b>\$ 7,992,628</b>	<b>\$ 7,790,790</b>	<b>\$ 7,467,844</b>	<b>\$ 7,194,964</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 296,849	\$ 292,229	\$ 253,378	\$ 261,568	\$ 273,477	\$ 240,236	\$ 224,704	\$ 229,659	\$ 209,005	\$ 212,275
Health and human services	401,985	378,863	306,969	394,744	294,852	274,115	252,678	266,091	246,604	229,047
Education	55,374	47,930	40,478	34,724	45,262	34,357	32,250	29,749	29,775	27,617
Public safety	55,612	39,662	41,677	33,909	35,122	38,239	22,070	45,245	39,709	44,192
Natural resources	42,095	49,137	34,447	30,840	30,579	28,429	28,980	28,655	29,258	27,259
Transportation	33,271	63,309	58,163	41,701	34,663	25,929	23,857	25,354	22,806	7,199
Operating grants and contributions	5,104,997	4,822,534	4,697,836	3,159,368	2,817,912	2,784,544	2,747,631	2,677,431	2,666,243	2,403,772
Capital grants and contributions	416,903	335,376	282,976	288,421	295,979	207,673	230,956	178,628	217,604	228,649
<b>Total governmental activities program revenues</b>	<b>6,407,086</b>	<b>6,029,040</b>	<b>5,715,924</b>	<b>4,245,275</b>	<b>3,827,846</b>	<b>3,633,522</b>	<b>3,563,126</b>	<b>3,480,812</b>	<b>3,461,004</b>	<b>3,180,010</b>
Business-type activities:										
Charges for services	1,774,834	1,700,596	1,305,481	1,113,028	1,332,911	1,142,564	1,151,505	1,177,083	1,163,752	1,127,206
Operating grants and contributions	19	311,317	1,693,345	1,010,408	1,278	1,259	1,373	1,558	839	53,146
<b>Total business-type activities program revenues</b>	<b>1,774,853</b>	<b>2,011,913</b>	<b>2,998,826</b>	<b>2,123,436</b>	<b>1,334,189</b>	<b>1,143,823</b>	<b>1,152,878</b>	<b>1,178,641</b>	<b>1,164,591</b>	<b>1,180,352</b>
<b>Total primary government program revenues</b>	<b>\$ 8,181,939</b>	<b>\$ 8,040,953</b>	<b>\$ 8,714,750</b>	<b>\$ 6,368,711</b>	<b>\$ 5,162,035</b>	<b>\$ 4,777,345</b>	<b>\$ 4,716,004</b>	<b>\$ 4,659,453</b>	<b>\$ 4,625,595</b>	<b>\$ 4,360,362</b>

**State of Rhode Island**  
**Schedule of Changes in Net Position**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)  
(expressed in thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Net (expenses)/revenues</b>										
Governmental activities	\$ (3,950,329)	\$ (4,182,070)	\$ (3,753,463)	\$ (3,990,270)	\$ (4,093,385)	\$ (3,818,097)	\$ (3,712,870)	\$ (3,596,856)	\$ (3,306,392)	\$ (3,246,401)
Business-type activities	502,814	472,795	132,593	51,345	453,705	420,318	436,246	465,519	464,143	411,799
Total primary government net expenses	\$ (3,447,515)	\$ (3,709,275)	\$ (3,620,870)	\$ (3,938,925)	\$ (3,639,680)	\$ (3,397,779)	\$ (3,276,624)	\$ (3,131,337)	\$ (2,842,249)	\$ (2,834,602)
<b>General revenue and other changes in net position</b>										
Governmental activities:										
Taxes	\$ 4,700,350	\$ 4,813,492	\$ 4,143,930	\$ 3,693,329	\$ 3,609,427	\$ 3,474,545	\$ 3,308,575	\$ 3,266,347	\$ 3,206,935	\$ 2,980,387
Interest and investment earnings	113,869	6,026	3,110	12,884	19,028	10,548	6,313	3,134	3,212	4,852
Miscellaneous	102,907	120,875	109,667	142,310	101,495	124,370	146,205	90,836	107,382	108,398
Gain on sale of capital assets	—	1,439	8,326	—	—	—	598	4,693	993	953
Special items	—	—	—	—	—	—	—	—	(5,000)	—
Transfers	283,740	359,850	275,840	251,466	368,236	343,273	338,978	335,765	345,190	332,824
Total governmental activities	5,200,866	5,301,682	4,540,873	4,099,989	4,098,186	3,952,736	3,800,669	3,700,775	3,658,712	3,427,414
Business-type activities:										
Interest and investment earnings	3,592	350	156	764	639	604	312	164	186	109
Miscellaneous	10,386	8,046	15,271	14,148	11,461	8,946	6,814	4,106	1,531	31,208
Transfers	(283,740)	(359,850)	(275,840)	(251,466)	(368,236)	(343,273)	(338,978)	(335,765)	(345,190)	(332,824)
Total business-type activities	(269,762)	(351,454)	(260,413)	(236,554)	(356,136)	(333,723)	(331,852)	(331,495)	(343,473)	(301,507)
Total primary government	4,931,104	4,950,228	4,280,460	3,863,435	3,742,050	3,619,013	3,468,817	3,369,280	3,315,239	3,125,907
<b>Changes in net position</b>										
Governmental activities	1,250,537	1,119,612	787,410	109,719	4,801	134,639	87,799	103,919	352,320	181,013
Business-type activities	233,052	121,341	(127,820)	(185,209)	97,569	86,595	104,394	134,024	120,670	110,292
Total primary government	\$ 1,483,589	\$ 1,240,953	\$ 659,590	\$ (75,490)	\$ 102,370	\$ 221,234	\$ 192,193	\$ 237,943	\$ 472,990	\$ 291,305

(Continued)

**State of Rhode Island**  
**Schedule of Changes in Net Position**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)  
(expressed in thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Net position (deficit), beginning of year as restated</b>										
Governmental activities	\$ 1,283,365	\$ 163,753	\$ (623,657)	\$ (719,533)	\$ (761,651)	\$ (902,663)	\$ (536,701)	\$ (604,633)	\$ (948,899)	\$ 1,825,742
Business-type activities	300,478	179,137	306,957	491,395	393,826	307,231	206,438	72,414	(48,256)	(145,625)
Total primary government	1,583,843	342,890	(316,700)	(228,138)	(367,825)	(595,432)	(330,263)	(532,219)	(997,155)	1,680,117
<b>Effect of restatement in subsequent period</b>										
Governmental activities	—	—	—	(13,843)	37,317	6,373	(453,761)	(35,987)	(8,054)	(2,955,654)
Business-type activities	—	—	—	771	—	—	(3,601)	—	—	(12,923)
Total primary government	—	—	—	(13,072)	37,317	6,373	(457,362)	(35,987)	(8,054)	(2,968,577)
<b>Net position (deficit), June 30 as restated</b>										
Governmental activities	2,533,902	1,283,365	163,753	(623,657)	(719,533)	(761,651)	(902,663)	(536,701)	(604,633)	(948,899)
Business-type activities	533,530	300,478	179,137	306,957	491,395	393,826	307,231	206,438	72,414	(48,256)
Total primary government	\$ 3,067,432	\$ 1,583,843	\$ 342,890	\$ (316,700)	\$ (228,138)	\$ (367,825)	\$ (595,432)	\$ (330,263)	\$ (532,219)	\$ (997,155)

(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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Non-spendable	\$ 194,629	\$ 1,323	\$ 1,538	\$ 7,918	\$ 1,558	\$ 1,626	\$ —	\$ —	\$ —	\$ —
Restricted	435,780	461,970	276,172	141,229	119,677	97,185	117,668	133,193	134,231	120,898
Unrestricted										
Committed	20,381	11,790	8,135	6,791	5,206	3,210	2,556	3,975	2,561	4,770
Assigned	415,828	31,720	291,985	6,851	37,255	42,385	67,931	128,422	130,964	72,005
Unassigned	126,573	476,914	319,425	225,138	207,336	218,136	201,818	235,096	234,131	197,706
Total General Fund (as restated)	<u>1,193,191</u>	<u>983,717</u>	<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>
All Other Governmental Funds										
Non-spendable	174	174	174	174	174	174	174	174	174	174
Restricted	1,856,138	1,477,675	928,708	843,088	794,052	862,804	916,016	614,687	660,845	615,667
Unrestricted										
Committed	128,021	100,329	42,268	51,116	87,111	76,782	63,673	39,175	10,727	4,118
Assigned	1,085	658	579	—	—	—	—	—	—	—
Unassigned	(76)	—	—	(588)	(694)	(1,130)	(1,518)	(1,519)	(1,486)	(4,028)
Total All Other Governmental Funds	<u>1,985,342</u>	<u>1,578,836</u>	<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>
Total - All Governmental Funds										
Non-spendable	194,803	1,497	1,712	8,092	1,732	1,800	174	174	174	174
Restricted	2,291,918	1,939,645	1,204,880	984,317	913,729	959,989	1,033,684	747,880	795,076	736,565
Unrestricted										
Committed	148,402	112,119	50,403	57,907	92,317	79,992	66,229	43,150	13,288	8,888
Assigned	416,913	32,378	292,564	6,851	37,255	42,385	67,931	128,422	130,964	72,005
Unassigned	126,497	476,914	319,425	224,550	206,642	217,006	200,300	233,577	232,645	193,678
Total - All Governmental Funds	<u>\$ 3,178,533</u>	<u>\$ 2,562,553</u>	<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>

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues:</b>										
Taxes	\$4,705,048	\$4,811,250	\$4,141,193	\$3,686,449	\$3,603,497	\$3,472,042	\$3,310,524	\$3,266,616	\$3,210,123	\$2,975,016
Licenses, fines, sales, and services	447,473	471,641	438,935	444,469	430,616	410,726	373,066	380,376	348,214	332,655
Departmental restricted revenue	328,966	399,460	305,523	354,123	283,896	231,624	218,618	244,754	229,492	223,314
Federal grants	5,519,846	5,161,730	4,975,872	3,449,540	3,113,925	2,986,155	2,966,335	2,865,006	2,889,963	2,630,678
Income from investments	113,085	5,987	3,073	12,633	18,554	9,783	6,138	3,017	3,156	4,809
Other revenues	107,383	125,438	114,495	148,874	96,519	130,381	137,832	100,356	106,872	115,804
Total operating revenues	\$11,221,801	\$10,975,506	\$9,979,091	\$8,096,088	\$7,547,007	\$7,240,711	\$7,012,513	\$6,860,125	\$6,787,820	\$6,282,276
<b>Expenditures:</b>										
Current:										
General government	\$1,481,402	\$1,460,351	\$1,338,320	\$ 800,221	\$ 745,574	\$ 707,953	\$ 749,616	\$ 764,066	\$ 697,289	\$ 656,826
Health and human services	5,352,501	5,446,643	4,925,442	4,325,361	4,034,359	3,928,845	3,831,633	3,694,123	3,661,964	3,325,538
Education	2,183,889	1,965,622	1,839,342	1,662,336	1,642,764	1,579,936	1,526,076	1,467,236	1,403,807	1,357,903
Public safety	701,231	653,607	587,243	578,721	577,168	555,393	534,495	504,217	490,981	478,108
Natural resources	125,842	112,029	85,374	83,703	81,986	80,820	77,680	78,307	79,941	76,127
Transportation	694,970	591,298	586,942	661,629	593,988	474,310	387,518	386,712	373,715	383,816
Capital outlays	243,489	223,474	131,900	248,444	267,151	203,687	194,955	185,361	171,469	139,848
Intergovernmental										
Debt service:										
Principal	239,957	231,682	205,453	202,571	179,561	153,974	141,378	103,310	190,784	176,885
Interest and other charges	110,282	112,701	118,958	114,774	114,596	112,311	125,060	99,802	140,728	122,663
Total operating expenditures	\$11,133,563	\$10,797,407	\$9,818,974	\$8,677,760	\$8,237,147	\$7,797,229	\$7,568,411	\$7,283,134	\$7,210,678	\$6,717,714
Excess (deficiency) of revenues over (under) expenditures	\$ 88,238	\$ 178,099	\$ 160,117	\$ (581,672)	\$ (690,140)	\$ (556,518)	\$ (555,898)	\$ (423,009)	\$ (422,858)	\$ (435,438)

(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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Other financing sources (uses):</b>										
Issuance of bonds and notes	\$ 222,750	\$ 135,000	\$ 135,900	\$ 386,705	\$ 255,820	\$ 149,375	\$ 336,925	\$ 72,000	\$ 121,125	\$ 53,150
Proceeds from refunding	5,900	9,972	—	—	—	—	—	—	—	—
Issuance of refunding and other escrow assets	43,240	—	87,660	—	—	43,020	91,560	459,235	830,139	78,700
Leases	—	1,789	—	—	—	1,328	25,932	5,021	49,495	—
Subscription-based IT financing	1,283	—	—	—	—	—	—	—	—	—
Premium and accrued interest	14,548	8,859	16,755	69,413	16,588	14,893	87,513	73,516	82,553	14,719
Transfers in	1,032,165	1,196,391	516,796	513,359	627,562	593,815	577,435	572,569	622,520	566,076
Payment to refunded bonds escrow agent	(43,719)	—	(89,005)	(82,028)	—	(60,111)	(109,895)	(532,780)	(866,168)	(91,991)
Proceeds from termination of investment contracts	—	—	—	—	—	—	—	—	26,361	—
Transfers out	(748,425)	(836,541)	(240,956)	(261,893)	(259,326)	(257,510)	(238,457)	(236,804)	(277,330)	(231,717)
<b>Total other financing sources (uses)</b>	<b>527,742</b>	<b>515,470</b>	<b>427,150</b>	<b>625,556</b>	<b>640,644</b>	<b>484,810</b>	<b>771,013</b>	<b>412,757</b>	<b>588,695</b>	<b>388,937</b>
Special items	—	—	—	—	—	—	—	—	(5,000)	—
<b>Net change in fund balances</b>	<b>615,980</b>	<b>693,569</b>	<b>587,267</b>	<b>43,884</b>	<b>(49,496)</b>	<b>(71,708)</b>	<b>215,115</b>	<b>(10,252)</b>	<b>160,837</b>	<b>(46,501)</b>
Fund balance, beginning of year as restated	2,562,553	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
Effect of restatement in subsequent period	—	—	—	(13,843)	—	4,562	—	(8,692)	—	—
Fund balance, June 30 as restated	<u>\$3,178,533</u>	<u>\$2,562,553</u>	<u>\$1,868,984</u>	<u>\$1,281,717</u>	<u>\$1,251,676</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>

(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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total operating expenditures	\$11,133,563	\$10,797,407	\$9,818,974	\$8,677,760	\$8,237,147	\$7,797,229	\$7,568,411	\$7,283,134	\$7,210,678	\$6,717,714
	*The capital outlay amount used to calculate the debt service as a percentage of non-capital 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.									
Capital outlays	\$ 525,255	\$ 465,257	\$ 435,027	\$ 531,688	\$ 416,953	\$ 340,650	\$ 339,270	\$ 378,935	\$ 327,792	\$ 360,267
Total non-capital expenditures	\$10,608,308	\$10,332,150	\$9,383,947	\$8,146,072	\$7,820,194	\$7,456,579	\$7,229,141	\$6,904,199	\$6,882,886	\$6,357,447
Debt service as a percentage of non-capital expenditures	3.3 %	3.3 %	3.5 %	3.9 %	3.8 %	3.6 %	3.9 %	3.5 %	4.8 %	4.7 %

(Concluded)

Certain prior year amounts have been reclassified to conform to the current year presentation.

**State of Rhode Island**  
**Schedule of Taxable Sales by Industry**  
**Prior Ten Calendar Years**  
(expressed in millions)

Taxable Sales By Industry:	Calendar Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Grocery, Food Stores, Delis, Bakeries	\$ 1,632	\$ 1,340	\$ 1,333	\$ 1,225	\$ 1,258	\$ 1,203	\$ 1,265	\$ 1,194	\$ 1,162	\$ 1,189
Restaurants and Bars	3,573	3,025	2,380	2,930	2,814	2,773	2,594	2,472	2,311	2,199
Room Rentals - Motels, Hotels	1,130	695	405	681	647	619	592	652	503	429
Utilities - Telephone, Electric, Gas, Water	272	252	248	267	286	266	255	592	673	601
<b>Total</b>	<b>\$ 6,607</b>	<b>\$ 5,312</b>	<b>\$ 4,366</b>	<b>\$ 5,103</b>	<b>\$ 5,005</b>	<b>\$ 4,861</b>	<b>\$ 4,706</b>	<b>\$ 4,910</b>	<b>\$ 4,649</b>	<b>\$ 4,418</b>
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.*

*\*Note 2015 Change in Law extends the tax to include Bed & Breakfast, Room Resellers, Vacation Home and Hosting Platforms.*

*Source: Department of Revenue - Division of Taxation*

**State of Rhode Island**  
**Schedule of Personal Income by Industry**  
**Prior Ten Calendar Years**  
(expressed in millions)

	Calendar Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Farm Earnings	\$ 26	\$ 16	\$ 18	\$ 19	\$ 22	\$ 29	\$ 19	\$ 26	\$ 21	\$ 26
<b>Private Earnings</b>										
Forestry, fishing and other	70	77	(D)							
Mining	14	16	(D)							
Utilities	332	244	238	209	204	175	160	150	146	144
Construction	2,651	2,596	2,393	2,465	2,291	(D)	2,025	1,952	1,914	1,868
Manufacturing	3,580	3,408	3,236	3,230	3,173	3,125	3,044	3,098	3,007	2,888
Wholesale trade	1,985	1,777	1,655	1,700	1,694	1,692	1,641	1,667	1,561	1,467
Retail Trade	2,898	2,903	2,666	2,530	2,379	2,201	2,173	2,223	2,180	2,193
Transportation and warehousing	977	863	796	822	780	722	698	685	646	641
Information	694	664	587	590	575	569	767	815	826	817
Finance and insurance	3,627	3,486	3,502	3,305	3,216	3,332	2,976	2,883	2,822	2,527
Real estate and rental and leasing	1,495	1,126	1,053	860	737	635	664	633	672	758
Professional, scientific, and technical services	4,222	3,778	3,357	3,283	3,152	3,015	2,839	2,838	2,700	2,554
Management of companies and enterprises	2,004	2,090	1,878	1,744	1,942	1,952	1,902	1,802	1,700	1,559
Administrative and waste services	1,996	1,845	1,671	1,658	1,603	1,500	1,388	1,362	1,312	1,265
Educational services	1,833	1,667	1,617	1,631	1,551	1,461	1,419	1,427	1,371	1,295
Health care and social assistance	6,192	5,862	5,612	5,510	5,225	5,092	5,055	5,052	4,885	4,782
Arts, entertainment, and recreation	504	392	333	453	508	531	525	496	478	419
Accommodation and food services	1,998	1,803	1,328	1,687	1,515	1,422	1,359	1,274	1,176	1,166
Other services, except public administration	1,506	1,402	1,308	1,408	1,393	1,348	1,316	1,273	1,222	1,160
Government and government enterprises										
Federal/civilian	1,546	1,479	1,424	1,368	1,333	1,306	1,227	1,188	1,147	1,106
Military	699	667	597	591	550	596	557	474	475	502
State and local	5,020	4,798	4,713	4,657	4,595	4,404	4,309	4,213	4,110	3,973
<b>Total personal income by industry*</b>	<b>\$ 45,869</b>	<b>\$ 42,957</b>	<b>\$ 40,084</b>	<b>\$ 39,807</b>	<b>\$ 38,530</b>	<b>\$ 37,317</b>	<b>\$ 36,157</b>	<b>\$ 35,620</b>	<b>\$ 34,447</b>	<b>\$ 33,183</b>

\* Total Personal Income by Industry may not sum due to inclusion of non-disclosed data in total amount.

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Personal Income Tax (PIT) Revenue	\$ 1,814	\$ 1,986	\$ 1,616	\$ 1,406	\$ 1,397	\$ 1,345	\$ 1,244	\$ 1,217	\$ 1,228	\$ 1,116
Personal Income	71,224	68,803	67,936	62,512	58,750	55,996	53,392	52,106	51,027	48,971
PIT Revenue as a Percent of Personal Income	2.55 %	2.89 %	2.38 %	2.25 %	2.38 %	2.40 %	2.33 %	2.34 %	2.41 %	2.28 %

Source: Office of Revenue Analysis and personal income data comes from US Bureau of Economic Analysis  
*Includes wages & salaries, supplements to wages & salaries, proprietors' income, dividends, interest & rents, transfer payments, and contributions for social insurance.*

**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 2022 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$68,200	\$68,200 - \$155,050	over \$155,050
Tax Year 2021 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$66,200	\$66,200 - \$150,550	over \$150,550
Tax Year 2020 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$65,250	\$65,250 - \$148,350	over \$148,350
Tax Year 2019 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$64,050	\$64,050 - \$145,600	over \$145,600
Tax Year 2018 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$62,550	\$62,550 - \$142,150	over \$142,150
Tax Year 2017 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$61,300	\$61,300 - \$139,400	over \$139,400
Tax Year 2016 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$60,850	\$60,850 - \$138,300	over \$138,300
Tax Year 2015 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$60,550	\$60,550 - \$137,650	over \$137,650
Tax Year 2014 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$59,600	\$59,600 - \$135,500	over \$135,500
Tax Year 2013 All Filing Status Types	Tax Rate	3.75%	4.75%	5.99%
	Income Bracket	\$ 0 - \$58,600	\$58,600 - \$133,250	over \$133,250

Source: Department of Revenue - Division of Taxation

**State of Rhode Island**  
**Schedule of Resident Personal Income Tax Filers & Liability by AGI**  
**Tax Years 2012 through 2021**

<u>Tax Year 2021</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	149,581	27.81 %	\$ 12,175,355	0.70 %
\$25,001 - \$50,000	130,403	24.24 %	87,007,728	5.01 %
\$50,001 - \$75,000	83,371	15.50 %	120,074,801	6.91 %
\$75,001 - \$100,000	53,758	9.99 %	121,043,745	6.97 %
\$100,001 - \$200,000	86,833	16.14 %	401,405,572	23.11 %
\$200,001 - \$500,000	27,667	5.14 %	396,193,665	22.81 %
\$500,001 - \$1,000,000	4,277	0.80 %	167,209,871	9.63 %
\$1,000,001 and greater	2,016	0.37 %	431,949,811	24.87 %
	537,906	100.00 %	\$ 1,737,060,548	100.00 %

<u>Tax Year 2020</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	163,433	30.41 %	\$ 17,934,745	1.27 %
\$25,001 - \$50,000	133,126	24.77 %	93,445,412	6.62 %
\$50,001 - \$75,000	81,738	15.21 %	120,454,205	8.53 %
\$75,001 - \$100,000	51,507	9.58 %	118,179,887	8.37 %
\$100,001 - \$200,000	80,432	14.97 %	373,703,052	26.47 %
\$200,001 - \$500,000	22,689	4.22 %	320,104,945	22.67 %
\$500,001 - \$1,000,000	3,152	0.59 %	120,628,844	8.54 %
\$1,000,001 and greater	1,315	0.24 %	247,446,107	17.53 %
	537,392	100.00 %	\$ 1,411,897,197	100.00 %

<u>Tax Year 2019</u>				
Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	181,633	34.32 %	\$ 13,222,524	1.00 %
\$25,001 - \$50,000	131,837	24.91 %	93,265,765	7.05 %
\$50,001 - \$75,000	71,429	13.50 %	112,402,933	8.49 %
\$75,001 - \$100,000	42,593	8.05 %	105,231,395	7.95 %
\$100,001 - \$200,000	76,138	14.39 %	355,832,479	26.88 %
\$200,001 - \$500,000	21,319	4.03 %	300,617,000	22.71 %
\$500,001 - \$1,000,000	3,051	0.58 %	115,337,673	8.71 %
\$1,000,001 and greater	1,233	0.23 %	227,863,347	17.21 %
	529,233	100.00 %	\$ 1,323,773,116	100.00 %

<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 %
	511,283	100.00 %	\$ 1,199,351,180	100.00 %

<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 %
	501,883	100.00 %	\$ 1,080,968,087	100.00 %

(Continued)

**State of Rhode Island**  
**Schedule of Resident Personal Income Tax Filers & Liability by AGI**  
**Tax Years 2012 through 2021**

<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>

<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>

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental Activities</b>										
General obligation bonds	\$1,634,645	\$1,534,688	\$1,524,060	\$1,499,293	\$1,324,337	\$1,267,433	\$1,327,520	\$1,238,951	\$1,162,764	\$1,137,468
Revenue bonds (blended component units)	690,460	702,825	717,953	727,353	755,610	765,150	748,304	780,270	789,580	846,475
Certificates of Participation	83,586	119,223	137,444	170,362	204,105	201,478	228,531	231,090	255,581	224,206
Lease liability	70,385	78,237	—	—	—	—	—	—	—	—
Subscription-based IT liability	8,489	—	—	—	—	—	—	—	—	—
Special purpose bonds	524,105	586,905	647,085	704,755	666,788	648,237	606,195	391,240	435,600	415,955
<b>Total governmental activities</b>	<b>3,011,670</b>	<b>3,021,878</b>	<b>3,026,542</b>	<b>3,101,763</b>	<b>2,950,840</b>	<b>2,882,298</b>	<b>2,910,550</b>	<b>2,641,551</b>	<b>2,643,525</b>	<b>2,624,104</b>
<b>Business-type Activities</b>										
Revenue bonds	160,725	180,975	194,970	207,374	222,752	234,542	195,772	208,627	221,775	230,838
Lease liability	1,014	1,361	—	—	—	—	—	—	—	—
<b>Total primary government</b>	<b>\$3,173,409</b>	<b>\$3,204,214</b>	<b>\$3,221,512</b>	<b>\$3,309,137</b>	<b>\$3,173,592</b>	<b>\$3,116,840</b>	<b>\$3,106,322</b>	<b>\$2,850,178</b>	<b>\$2,865,300</b>	<b>\$2,854,942</b>
Debt as a Percentage of Personal Income	4.4 %	4.4 %	5.0 %	5.5 %	5.5 %	5.6 %	5.8 %	5.8 %	5.8 %	6.0 %
Amount of Debt Per Capita	\$ 2.90	\$ 2.85	\$ 3.05	\$ 3.12	\$ 3.00	\$ 2.94	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00

**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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenue Bonds-Tobacco Settlement Financing Corporation (TSFC)</b>										
Revenue:										
Tobacco settlement revenue, cash basis (a)	\$48,279	\$52,902	\$46,987	\$41,489	\$43,882	\$45,916	\$31,057	\$47,432	\$45,295	\$51,757
Investment income	1,670	63	9	714	1,043	540	212	50	1,436	3,300
Total revenue	49,949	52,965	46,996	42,203	44,925	46,456	31,269	47,482	46,731	55,057
Less: operating expenses	83	49	72	87	65	52	84	141	126	62
Net available revenue	<u>\$49,866</u>	<u>\$52,916</u>	<u>\$46,924</u>	<u>\$42,116</u>	<u>\$44,860</u>	<u>\$46,404</u>	<u>\$31,185</u>	<u>\$47,341</u>	<u>\$46,605</u>	<u>\$54,995</u>
Debt service										
Interest and required principal payments	\$34,551	\$35,217	\$35,507	\$35,701	\$36,006	\$36,287	\$37,996	\$38,139	\$35,633	\$35,229
Covered ratio before turbo principal payment (b)	144 %	150 %	132 %	118 %	125 %	128 %	82 %	124 %	131 %	156 %
Turbo principal payments (c)	15,455	17,930	11,860	6,945	9,160	10,315	6,275	10,005	25,520	20,340
Total debt service	<u>\$50,006</u>	<u>\$53,147</u>	<u>\$47,367</u>	<u>\$42,646</u>	<u>\$45,166</u>	<u>\$46,602</u>	<u>\$44,271</u>	<u>\$48,144</u>	<u>\$61,153</u>	<u>\$55,569</u>
Coverage ratio after turbo principal payments (d)	100 %	100 %	99 %	99 %	99 %	100 %	70 %	98 %	76 %	99 %
<b>Revenue Bonds-GARVEE (Federal Highway)</b>										
Revenue - FHWA participation	\$65,799	\$65,817	\$65,517	\$57,493	\$57,521	\$23,555	\$19,116	\$6,254	\$48,356	\$48,387
Net available revenue	<u>\$65,799</u>	<u>\$65,817</u>	<u>\$65,517</u>	<u>\$57,493</u>	<u>\$57,521</u>	<u>\$23,555</u>	<u>\$19,116</u>	<u>\$6,254</u>	<u>\$48,356</u>	<u>\$48,387</u>
Debt service (e)										
Principal	\$41,125	\$39,170	\$37,305	\$35,525	\$33,975	\$ —	\$ —	\$ —	\$34,160	\$32,615
Interest	24,689	26,648	28,214	22,012	23,560	23,560	19,116	6,254	14,196	15,772
Total debt service	<u>\$65,814</u>	<u>\$65,818</u>	<u>\$65,519</u>	<u>\$57,537</u>	<u>\$57,535</u>	<u>\$23,560</u>	<u>\$19,116</u>	<u>\$6,254</u>	<u>\$48,356</u>	<u>\$48,387</u>
Coverage (b)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Revenue Bonds - Motor Fuel (Gas Tax)</b>										
Revenue - 2 cents per gallon of the gasoline tax	\$8,629	\$8,606	\$8,151	\$8,270	\$9,776	\$8,976	\$8,845	\$8,981	\$8,793	\$8,473
Net available revenue	<u>\$8,629</u>	<u>\$8,606</u>	<u>\$8,151</u>	<u>\$8,270</u>	<u>\$9,776</u>	<u>\$8,976</u>	<u>\$8,845</u>	<u>\$8,981</u>	<u>\$8,793</u>	<u>\$8,473</u>
Debt service										
Principal	\$4,390	\$4,180	\$3,980	\$3,790	\$3,605	\$—	\$4,200	\$4,375	\$4,185	\$3,985
Interest	973	1,182	1,381	1,571	1,751	948	2,661	2,839	3,006	3,162
Coverage (b)	161%	160%	152%	154%	183%	947%	129%	124%	122%	119%

(a) Included for fiscal year 2023 are certain one-time revenue items totaling \$2,412,791, which is reflective of the NPM Adjustment.

(b) Coverage ratio equals net revenue available for debt service divided by required debt service payments.

(c) "Turbo" redemptions whereby Corporation is required to apply collections that are in excess of current funding requirements to the early redemption of the bonds are discussed in Note 3 to the Financial Statements.

(d) Coverage ratio equals net revenue available for debt service divided by total annual debt service.

(e) The large variance in Fiscal year 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
2022	21,805	2.4%	71.5	1.4%	65,423	2.0%	65,377	1.7%	333,288	0.4%	1,094	-0.3%
2021	21,289	7.5%	70.5	7.3%	64,117	7.3%	64,296	7.3%	332,032	0.2%	1,097	0.1%
2020	19,812	6.7%	65.7	7.5%	59,763	6.2%	59,935	7.4%	331,512	0.4%	1,096	0.2%
2019	18,576	5.1%	61.1	6.3%	56,250	4.6%	55,830	6.0%	330,233	0.5%	1,095	0.3%
2018	17,671	5.0%	57.5	3.9%	53,786	4.3%	52,659	3.3%	328,542	0.6%	1,092	0.6%
2017	16,837	4.6%	55.3	3.9%	51,550	3.9%	50,982	3.7%	326,623	0.7%	1,085	0.2%
2016	16,093	2.6%	53.2	1.5%	49,613	1.8%	49,184	1.0%	324,368	0.8%	1,082	0.5%
2015	15,681	4.8%	52.4	3.6%	48,725	3.9%	48,682	3.1%	321,829	0.8%	1,077	0.4%
2014	14,970	5.5%	50.6	4.3%	46,887	4.7%	47,199	3.9%	319,270	0.8%	1,073	0.5%
2013	14,189	1.3%	48.5	0.1%	44,798	0.6%	45,447	-0.3%	316,735	0.8%	1,068	0.4%

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
2022	570	-0.3%	12,084	-17.4%
2021	572	0.3%	14,637	5.2%
2020	570	-0.7%	13,909	2.1%
2019	574	0.3%	13,623	1.1%
2018	573	0.8%	13,469	-7.8%
2017	568	0.3%	14,607	2.1%
2016	567	0.1%	14,312	8.6%
2015	566	0.1%	13,176	8.7%
2014	566	0.0%	12,119	-4.5%
2013	566	0.1%	12,684	11.4%

Source: IHS Long Term Quarterly Forecast from April 2023

**State of Rhode Island**  
**Principal Employers (Non-Governmental)**  
**2023 and 2014**

2023				2014			
Rank	Employer	Employed	Percentage	Rank	Employer	Employed	Percentage
1	Lifespan	13,785	2.42 %	1	Lifespan	11,582	2.09 %
2	CVS Health Corp.	8,600	1.51 %	2	Care New England	8,063	1.45 %
3	Care New England Health System	7,864	1.38 %	3	CVS Caremark Corporation	7,000	1.26 %
4	General Dynamics Electric Boat	5,132	0.90 %	4	RBS Citizens Financial Group	5,250	0.95 %
5	Citizens Financial Group Inc.	4,500	0.79 %	5	Brown University	4,326	0.78 %
6	Brown University	4,356	0.76 %	6	Fidelity Investments	3,934	0.71 %
7	Naval Undersea Warfare Center	3,576	0.63 %	7	Stop & Shop	3,880	0.70 %
8	Fidelity Investments Inc.	3,200	0.56 %	8	Roman Catholic Diocese of Providence	3,500	0.63 %
9	AAA Northeast	3,000	0.53 %	9	General Dynamics Corp	3,400	0.61 %
10	Roman Catholic Diocese of Providence	2,550	0.45 %	10	Naval Undersea Warfare Center	2,566	0.46 %
	Total employment	570,000	9.93 %			554,000	9.64 %

**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**

	<b>Full Time State Employees as of June 30th for each fiscal year</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b><u>Full-time Employees</u></b>										
General Government	2,424	2,307	2,350	2,371	2,573	2,457	2,496	2,428	2,364	2,384
Health and Human Services	3,219	3,218	3,166	3,345	3,211	3,096	3,196	3,190	3,273	3,353
Education	359	347	356	351	358	357	352	353	340	359
Public Safety	2,995	3,039	2,995	3,011	3,025	3,032	3,031	3,007	3,029	3,057
Natural Resources	716	740	813	813	861	851	860	843	879	904
Transportation	713	714	705	743	789	740	741	705	735	771
<b>State Total</b>	<b>10,426</b>	<b>10,365</b>	<b>10,385</b>	<b>10,634</b>	<b>10,817</b>	<b>10,533</b>	<b>10,676</b>	<b>10,526</b>	<b>10,620</b>	<b>10,828</b>

**Source:** Department of Administration

**State of Rhode Island**  
**Schedule of Operating Indicators by Function**  
**Prior Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General Government</b>										
Division of Taxation										
Dollars received electronically (expressed in thousands)	\$ 4,096,968	\$ 3,787,474	\$ 3,343,618	\$ 3,232,999	\$ 3,094,923	\$ 2,948,315	\$ 2,788,256	\$ 2,732,982	\$ 2,630,196	\$ 2,479,404
Number of business transactions processed electronically	1,900,810	1,570,407	979,410	891,270	844,749	809,922	1,219,895	1,042,129	1,026,097	1,160,506
Personal Income Tax returns filed electronically -Tax Year	650,127	650,593	605,932	588,220	559,995	546,404	555,142	531,354	505,137	490,000
Department of Labor and Training										
Labor force total (expressed in thousands)	571	569	553	555	555	553	553	555	553	554
Unemployment rate (percentage)	4.0%	7.4%	6.2%	3.7%	4.3%	4.7%	5.6%	6.7%	7.7%	8.9%
<b>Health and Human Services</b>										
Department of Children, Youth and Families										
Average number of children in out-of-home placement	2,240	2,880	3,016	2,991	2,838	2,531	2,535	2,484	2,306	2,141
Number of births (expressed in thousands)	11	11	11	11	11	12	12	12	11	11
<b>Education</b>										
Office of Postsecondary Commissioner										
Enrollment - Higher Education	35,637	35,523	35,807	38,405	39,779	40,098	41,030	43,335	42,765	42,786
Number of certificates and degrees awarded - Higher Education	8,012	8,176	8,699	8,594	8,372	8,325	7,888	7,675	7,400	7,256
<b>Public Safety</b>										
Department of Corrections										
Incarcerated offenders (male)	2,176	2,031	2,413	2,521	2,644	2,819	3,068	3,047	3,060	2,988
Incarcerated offenders (female)	122	101	131	145	140	138	125	136	154	173
<b>Natural Resources</b>										
Department of Environmental Management										
Hatchery fish raised and restocked (approximated in thousands)	101	104	150	178	180	180	143	141	145	138
Park visitations (expressed in thousands)	8,953	9,069	10,545	8,652	8,775	8,111	7,884	6,393	1,904	1,302
Recreational registrations (boats)	20,722	39,640	38,663	38,784	38,880	43,259	40,178	38,463	38,950	39,012
<b>Transportation</b>										
Department of Transportation										
Vehicle miles traveled (expressed in millions)	7,245	7,327	6,864	7,905	8,009	8,001	7,927	7,832	7,677	7,775

Source: Various Agencies

**State of Rhode Island**  
**Schedule of Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b><u>General Government</u></b>										
Buildings	19	17	17	17	17	16	17	17	16	16
Vehicles	189	194	186	192	182	118	126	161	163	272
<b><u>Health and Human Services</u></b>										
Buildings	167	166	183	182	188	188	188	188	205	199
Vehicles	210	229	227	232	243	248	273	281	280	291
<b><u>Education</u></b>										
Buildings	10	10	10	9	12	12	12	13	12	12
Vehicles	18	19	19	19	19	19	18	18	17	16
<b><u>Public Safety</u></b>										
Buildings	64	65	65	68	67	66	66	66	65	65
Vehicles	715	679	651	661	627	674	669	656	646	635
<b><u>Natural Resources</u></b>										
Buildings	78	69	68	66	60	81	80	81	78	80
Vehicles	439	414	402	396	381	388	424	443	416	431
Number of state parks, beaches, bike paths	34	34	34	34	34	34	34	25	26	21
Area of state parks, beaches (acres)	8,294	8,162	8,038	8,038	8,038	8,038	8,038	8,038	8,052	8,052
<b><u>Transportation</u></b>										
Buildings	24	24	23	23	23	22	21	19	33	23
Vehicles	865	855	885	881	833	790	693	606	652	558
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 2023 Annual Comprehensive Financial Report**

**Cover – Roger Williams Memorial – Providence**



**Introductory Section – Rhode Island State House – Providence**



**Financial Section – Newport Light House – Newport**



**Management's Discussion and Analysis – Volvo Ocean Race – Newport**



**Basic Financial Statements – Fisherman's Memorial State Park – Narragansett**



**Required Supplementary Information – Lincoln Woods State Park – Lincoln**



**Combining Financial Statements – Roger Williams Park – Providence**



**Statistical Section – WaterFire – Providence**

