

State of Rhode Island Annual Comprehensive Financial Report

Fiscal Year ended June 30, 2025



Daniel J. McKee, Governor

Department of Administration
Thomas Verdi, Acting Director of Administration

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

2025

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Introductory Section



State of Rhode Island
Annual Comprehensive Financial Report
Fiscal Year ended June 30, 2025

2025



STATE OF RHODE ISLAND
DEPARTMENT OF ADMINISTRATION

Office of Accounts and Control

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June 24, 2026

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 Rhode Island General Laws, we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the State of Rhode Island for the fiscal year ended June 30, 2025.

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 aspects 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 position and activities for the year ending June 30, 2025.

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 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 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), whose membership are: 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 appropriation.

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, 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, should be transferred to the supplemental budget reserve (Supplemental Reserve); and 50% to be transferred to the Employee's Retirement System 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. The FY24 amount of \$21.6 million transferred to the Supplemental Reserve was repealed in FY25.

The General Assembly passed special legislation (2026 H-7408Aaa), which appropriated \$18.0 million in FY 2026 from the Supplemental Reserve to support the acquisition and turnaround of Roger Williams Medical Center and Our Lady of Fatima Hospital. The Rhode Island Health and Educational Building Corporation issued approximately \$101.0 million in bonds to support the acquisition and transition of the hospital system which are not obligations of the State. State exposure is limited to the \$18.0 million appropriation which finances a supplemental debt service reserve account.

The FY 2027 Appropriations Act included a \$24 million transfer into the Supplemental Reserve in FY 2026, more than offsetting the \$18.0 million withdrawal, and brought the balance of this account to \$61.0 million.

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 details 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 half of fiscal year 2025 saw significant policy shifts under the new presidential administration beginning in January 2025. Rhode Island's unemployment rate, however, rose to 4.8% in June 2025 as companies largely held onto workers but slowed new hiring. The new administration fundamentally changed U.S. trade policy by imposing fluctuating tariffs, increasing economic uncertainty for businesses, and fueling renewed inflation concerns. Changes to federal immigration policy and reductions to federal spending impacted some industries and workers.

The State budget office prepared the second quarter report for fiscal year 2026 which contains estimates of annual expenditures based upon analysis of expenditures through the second quarter of fiscal year 2026 as compared to general revenue resources adopted at the November 2025 Revenue and Caseload Estimating Conferences. The projected fiscal year 2026 balance, based upon these assumptions, is estimated to reflect a \$64.9 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 \$241.6 million combined with an adjusted appropriated surplus of \$38.8 million, estimated revenues of \$5.8 billion and a transfer of \$181.1 million of budget reserve and cash stabilization, offset by estimated expenditures of \$5.8 billion.

The second quarter reported expenditures of \$5.8 billion are revised upward by \$15.6 million from enacted appropriations. The revisions are primarily due to an appropriated surplus of \$38.8 million and a net decrease in other agency spending of \$14.1 million, as well as a \$9.1 million decrease in adopted estimates from the November 2025 Revenue and Caseload Estimating Conferences.

The May 2026 Revenue Estimating and Caseload Conferences' estimates reflect recent revenue trends and expected collections based upon the current economic forecast. Consensus estimates of general revenue receipts were increased by \$183.8 million, up from \$5.8 billion to \$5.9 billion compared with the enacted fiscal year 2026 estimate. The largest factor is an expected increase to taxes of \$139.5 million, driven by stronger-than-expected growth in personal income tax (particularly withholding collections). Estimates for estate tax and the lottery transfer were also upwardly revised based on year-to-date performance. These estimates include the revenue losses associated with H.R.1 (also known as the "One Big Beautiful Bill Act" or P.L. 119-2), which are discussed in the "Conditions Expected to Affect Future Operations" section of Management's Discussion and Analysis. Despite these expected H.R.1 revenue losses concentrated in corporate tax, business corporations tax was upwardly revised at the May 2026 Revenue Estimating and Caseload Conferences due to strong year-to-date performance.

The economic forecast used to generate those estimates was provided by Moody's Analytics. Employment growth is expected to be weak in fiscal year 2026 while the hiring rate remains strong compared to the national average. Unemployment rate is expected to be at 4.6% for the year. Growth in total wages was forecasted at 5.2%. Nominal growth in personal consumption expenditures is estimated at 5.1%, down from 6.0% in fiscal year 2025. The Rhode Island Department of Labor and Training reported that the State's employment outlook was stable but softening. Similarly, Moody's commented that Rhode Island's economy is at a standstill. Although there was a peak in payroll employment in May 2025, and there has been job growth in the leisure and hospitality and healthcare sectors during recent months, the job losses span to several industries, including government, retail and private education.

Additional Federal Funding Supports: During FY 2021, the federal American Rescue Plan Act (ARPA) awarded the State of Rhode Island \$1.1 billion through the State Fiscal Recovery Fund (SFRF) included in the act. The State has fully appropriated the \$1.1 billion award and had until December 31, 2024 to obligate its SFRF funding. As of the end of fiscal year 2025, \$1.1 billion had been obligated in accordance with U.S. Treasury's definition of obligation, and \$935.0 million had been expended. Per federal law and U.S. Treasury regulations, all expenditures of SFRF must be fully completed by December 31, 2026. 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 2026 and beyond. The FY 2026 Budget was enacted by the General Assembly and signed into law by the Governor on June 17, 2025.

Several changes were authorized in the 2025 session of the General Assembly that will impact future general revenues and expenditures. These include:

- Extension of the 5.0% state tax applied to hotels and partial-home short-term rentals to whole-home short-term rentals. Half the amount of new revenues will go to the Housing Resources and Homelessness restricted receipt account; 25.0% each to the municipality and tourism district where the rental is located.
- Increase to the first and second tiers of the real estate conveyance tax from 0.46% to 0.75% for a top effective rate of 1.5%. The first tier applies to all real estate transfers, and the second tier applies to residential transfers over \$800 thousand, indexed to inflation. Revenues from the second tier are split, with 0.50% of the 0.75% provided to Housing Production Fund, and 0.25% to the Housing Resources and Homelessness restricted receipt account.
- Creation of a non-owner-occupied residential property tax, with affected properties subject to a 0.50% annual tax on the portion of their value exceeding \$1.0 million, indexed to inflation. All revenue will go to the Low-Income Housing Tax Credit Fund.
- Increasing K-12 Funding: increases year over year K-12 education aid for local school districts by \$58.2 million for a total of \$1.2 billion.
- Enhancing Primary Care Rates: addition of \$26.4 million from all funding sources to raise primary care rates to 100.0% of Medicare rates.
- Financing Hospitals: provides \$331.3 million, including \$99.5 million in general revenue, for the state-directed payment program through the managed care plans. The funds are intended to close the gap between what Medicaid pays and what commercial insurers pay for similar services.
- Supporting Nursing Facilities: includes \$477.3 million for fee-for-service payments to nursing facilities, and it includes a 2.3% rate increase and a 3.0% base adjustment to address safe staffing standards.

- Reducing Out-of-State Placements: accounts for \$7.7 million in savings, including \$7.0 million in general revenue, by reducing the number of youth in out-of-state and congregate care placements by investing in in-state foster care placements.
- Building Residential Youth Facilities: invests \$45.0 million in capital funds to build a new residential treatment facility for females in Exeter and develop plans for a second facility.

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, 2024. This is the fourteenth 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, 2025 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

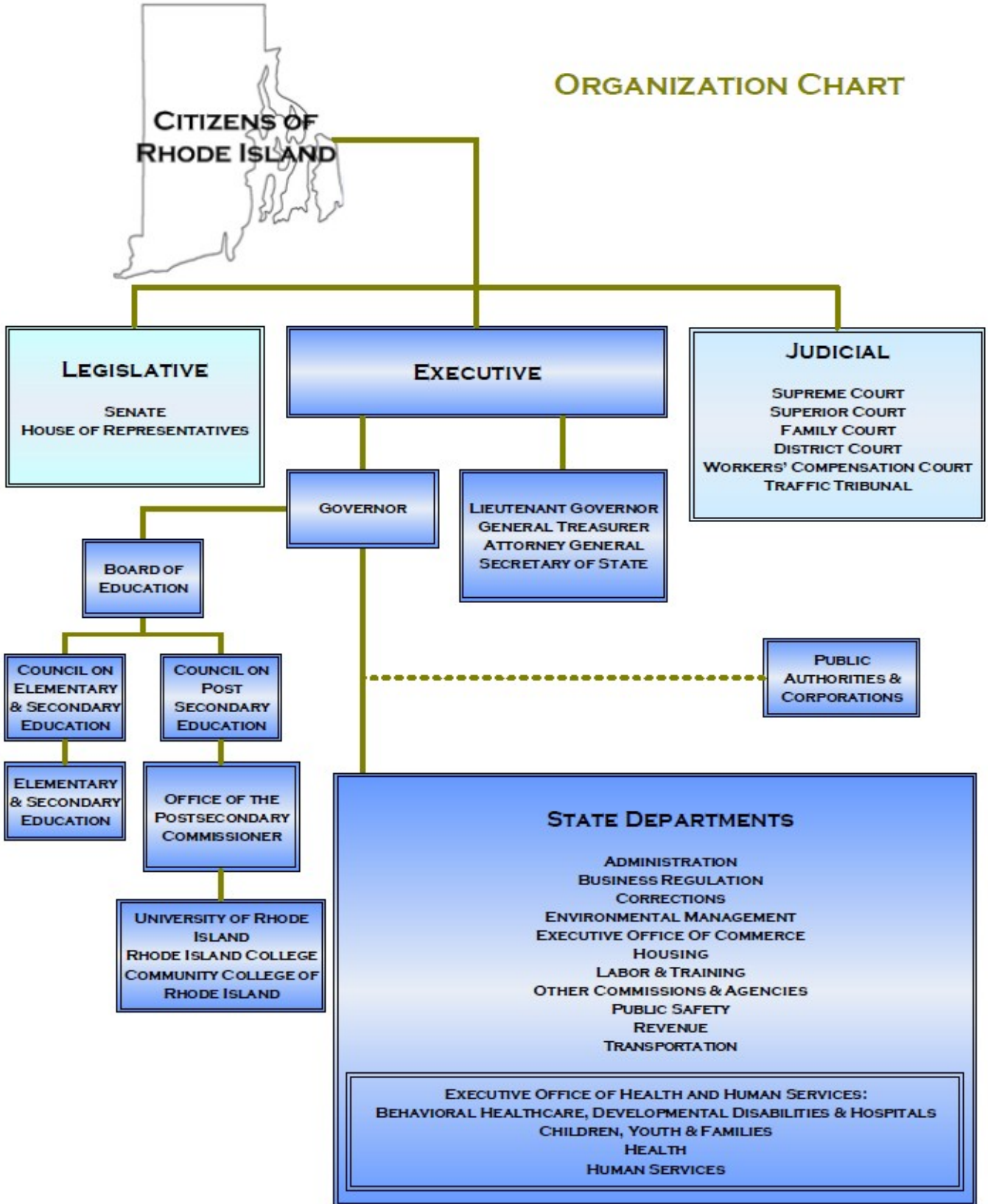
June 30, 2024

Christopher P. Morill

Executive Director/CEO

STATE OF RHODE ISLAND

ORGANIZATION CHART



As of JUNE 30, 2025

STATE OF RHODE ISLAND
OFFICIALS OF STATE GOVERNMENT

June 30, 2025

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

Valarie J. Lawson

House of Representatives

Speaker of the House

Christopher Blazejewski

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, 2025

2025



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 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, 2025, 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 accompanying 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, 2025, 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 1% of the revenues of the aggregate remaining fund information;
- the Convention Center Authority, a major fund, which represents 22% of the assets and deferred outflows and 2% of the revenues of the business-type activities;
- the Ocean State Investment Pool, an investment trust fund, and the HealthSource RI Trust, Rhode Island Higher Education Savings, and ABLE private-purpose trust funds, which collectively represent 20% of the assets and 23% of the revenues, including additions, of the aggregate remaining fund information; and
- all the component units comprising 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 Matters

As discussed in Note 1(V) of the accompanying financial statements, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The provisions of GASB Statement No. 101 have been applied to the State's Net Position at July 1, 2024. Our opinions are not modified with respect to this matter.

As discussed in Note 2(C-D) of the accompanying financial statements, the financial statements include certain pension and other postemployment benefits trust fund investments, which approximate 22% percent of the total assets of the aggregate remaining fund information. The fair values of those investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based upon information provided by the fund managers or the general partners. Our opinions are 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.

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 accompanying combining financial statements, as listed in the table of contents, 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 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. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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 have also issued our report dated June 24, 2026 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
June 24, 2026

Management's Discussion and Analysis



State of Rhode Island

Fiscal Year Ended

June 30, 2025



Management Discussion and Analysis

This analysis prepared by the Office of Accounts and Control offers readers of the State of Rhode Island financial statements a narrative overview of the activities of the State for the fiscal year June 30, 2025 (FY25). We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal and with the State's financial statements which follow. This analysis is prepared in accordance with Government Accounting Standards Board (GASB), which provides preparers with guidelines on what must be included in and excluded from this analysis. 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 on June 30, 2025 by \$4.0 billion. This amount is presented as "net position" on the Statement of Net Position for the Total Primary Government. Of the Net Position amount of \$4.0 billion, \$2.3 billion was reported as restricted net position, \$5.7 billion as net investment in capital assets, and \$4.0 billion was reported as a deficit unrestricted net position.
- **Changes in Net Position:** The net increase to the primary government net position of \$309.2 million was attributed to an increase in governmental activities of \$217.8 million and an increase to net position of \$91.4 million during the fiscal year for business-type activities. The increase to governmental activities resulted from revenue and transfers exceeding expenses during fiscal 2025. A significant amount of this excess represented investments in capital assets, mostly infrastructure, which will be depreciated over the useful lives of the underlying assets. The increase to the business-type activities was primarily due to the Employment Security Fund operating at a \$71.9 million surplus during the fiscal year ended June 30, 2025.

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 \$3.1 billion. This is a decrease of \$212.9 million compared with the previous fiscal year.
- As of June 30, 2025, the General Fund reported an ending fund balance of \$1.1 billion, a decrease of \$84.9 million (7%) as compared to the prior year fund balance.
- Total General Fund expenditures were \$391.7 million greater than prior fiscal year due to greater spending across several categories, the most significant of which are discussed below:
 - The year-over-year decrease of \$71.5 million in Education is primarily attributable to \$121.1 million reduction in funding from the American Rescue Plan Act (ARPA) - Elementary and Secondary School Emergency Relief (ESSER) program and other direct education award funds to local school districts and state schools to fund recovery from the COVID-19 pandemic.
 - The year-over-year increase of \$36.8 million in public safety expenditures is driven by \$21.4 million increase in Department of Public Safety, \$19.3 million in additional spending by the Department of Corrections, including for custody and security, a \$12.3 million increase in expenditures by the Judiciary, and an \$8.5 million increase for the Office of the Attorney General, offset by a \$25.2 million decrease by the Emergency Management Agency.
 - The year-over-year increase of \$349.6 million in Health and Human Services function is primarily attributable to increased expenditures in the Medicaid program Grants to States in the Executive Office of Health and Human Services.

Proprietary Funds

- Rhode Island Lottery transferred \$433.6 million to the General Fund to support general revenue expenditures during the fiscal year, an increase of \$7.2 million in comparison with the previous fiscal year.
- The Employment Security Fund ended the fiscal year with a net position of \$681.1 million, an increase of \$71.9 million from the prior fiscal year. Driving this increase were employer premiums received totaling \$274.1 million, federal grants totaling \$1.7 million, and miscellaneous revenues of \$7.8 million. In addition, the Fund recognized \$17.7 million in other non-operating revenues. These increases were partially offset by unemployment benefits processed totaling \$229.3 million, an increase of approximately \$23.6 million from fiscal year 2024.
- The Rhode Island Convention Center Authority (the Authority) ended the fiscal year with a net position of \$58.6 million. This was an increase of \$19.4 million to the net position when compared with the prior year. The driver of this increase was State appropriations of \$32.4 million, which were comprised of \$25.3 million from the General Fund for debt service and operations and \$7.1 million from Rhode Island Capital Plan Fund (RICAP) for capital improvements.

Overview of the 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 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 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, the focus of the governmental fund financial statements is near-term inflows and outflows of spendable resources, as well as, spendable resources available at the end of the fiscal year. This information helps determine whether there are more or less 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.

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. Similar to the government-wide statements, proprietary funds use the accrual basis of accounting. 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. 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.

Internal service funds report activities that provide supplies and services for the State's other programs and activities. 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.

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 1B.

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 discretely presented component units 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 Intermodal 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.

For the Year Ended June 30, 2025

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 \$4.0 billion at the end of fiscal year 2025, compared to a net position of \$3.8 billion for the prior fiscal year. Governmental activities reported an unrestricted deficit net position of \$4.0 billion.

A portion of the State's net position includes 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, 2025 and 2024
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 4,941,538	\$ 5,342,719	\$ 818,536	\$ 755,127	\$ 5,760,074	\$ 6,097,846
Capital assets	6,329,286	5,732,701	153,035	145,400	6,482,321	5,878,101
Total assets	11,270,824	11,075,420	971,571	900,527	12,242,395	11,975,947
Deferred outflows of resources	633,474	582,043	4,556	5,138	638,030	587,181
Current liabilities	2,003,129	2,135,006	83,137	84,155	2,086,266	2,219,161
Long-term liabilities outstanding	6,159,929	6,055,272	141,279	164,304	6,301,208	6,219,576
Total liabilities	8,163,058	8,190,278	224,416	248,459	8,387,474	8,438,737
Deferred inflows of resources	435,334	339,774	29,767	26,667	465,101	366,441
Net position (deficit):						
Net investment in capital assets	5,635,681	5,057,342	50,660	29,674	5,686,341	5,087,016
Restricted	1,644,537	1,860,153	682,779	614,174	2,327,316	2,474,327
Unrestricted	(3,974,312)	(3,790,084)	(11,495)	(13,309)	(3,985,807)	(3,803,393)
Total net position (deficit) - as restated	<u>\$ 3,305,906</u>	<u>\$ 3,127,411</u>	<u>\$ 721,944</u>	<u>\$ 630,539</u>	<u>\$ 4,027,850</u>	<u>\$ 3,757,950</u>

As indicated above, the State reported a deficit balance in unrestricted net position of \$4.0 billion as of June 30, 2025. 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, 2025, the net pension liability related to governmental activities was \$3.0 billion, inclusive of net pension liability-special funding situation, and the net pension liability related to business-type activities was \$17.8 million. In addition, the net OPEB liability related to governmental activities was \$125.8 million and the net OPEB liability related to business-type activities was \$1.3 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 things 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;
- Municipal School construction projects funded through Rhode Island Health and Educational Building Corporation (RIHEBC); and
- Affordable housing opportunities and development as well as revitalization of urban areas.

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, 2025, approximately \$472.8 million of principal and \$202.0 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, 2025, approximately \$27.9 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, 2025, approximately \$43.0 million of net obligations are outstanding.
- *State Appropriation-Backed Revenue Bonds* - Proceeds from this debt are dedicated to the construction of a new high school for the City of Central Falls (City). The high school will be owned by the City and reported as a capital asset in their financial statements. As of June 30, 2025, approximately \$86.7 million in debt remains outstanding for these bonds.

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.

Changes in Net Position

Governmental Activities

The State's overall net position related to governmental activities increased by \$217.8 million for fiscal year 2025.

Total revenues and transfers totaled \$11.8 billion, a net increase of \$438.6 million compared to fiscal 2024. This increase was largely attributed to increases in operating and capital grants, mostly federal assistance, totaling \$196.8 million. In addition, increases in taxes and net transfers totaling \$223.5 million and \$16.2 million, respectively. Increases in tax revenue were largely attributed to personal income and sales and use taxes.

The State's expenses, which cover a wide range of services, had an increase of \$814.2 million. The expense increase was driven by \$2.5 billion of expenses in Education activities, an increase of \$56.5 million compared to prior fiscal year, and \$6.0 billion expenses in Human Services, an increase of \$366.5 million compared to prior fiscal year. Partially contributing to this change was an increase of \$205.8 million in General Government expenses, respectively.

The increase to Education expenses of \$56.5 million had an increase of \$82.1 million in financial support to public schools and public school students through state aid, \$54.6 million increase in pension and retirement expense for state teachers, and a \$33.2 million increase in funding for the construction, renovation, and rehabilitation of the State's public schools. These increases were partially offset by a \$121.1 million less in 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.

The increase in Health and Human Services expenses of \$366.5 million is attributable to increased expenditures in the Medical Assistance (Medicaid) program in the Executive Office of Health and Human services.

The General Government expenses had an increase of \$205.8 million during fiscal year 2025 compared to the previous fiscal year. The increase can be attributed to a \$55.2 million increase in expenses for the Central Falls school construction project, a \$37.5 increase in the State's Fiscal Recovery Fund expenses, a \$32.6 million increase in pension expense for the State Employees' Retirement Benefits Fund Trust, a \$27.0 million increase in employee benefit expenses on the Active State Employee Health Fund, a \$25.9 million increase regarding tangible property tax reimbursements, a \$20.0 million increase in the State's small business credit initiative, and a \$15.0 million increase in the general fund's transfer of excess funds to the Employees' Retirement System of Rhode Island.

Business-Type Activities

- The Employment Security Fund net position increased year over year. Employer premiums of \$274.1 million was the significant driver of this increase. Offsetting these increases were benefits paid from the fund totaling \$229.3 million, an increase of approximately \$23.6 million from prior fiscal year.
- The Rhode Island Lottery's transfer to the General Fund totaled \$433.6 million, an increase of \$7.2 million compared to prior fiscal year. The increase was primarily driven by continued growth in iGaming revenue. This growth was partially offset by declines in jackpot driven games, video lottery, table games, and the sportsbook operations during fiscal year 2025.

For the Year Ended June 30, 2025

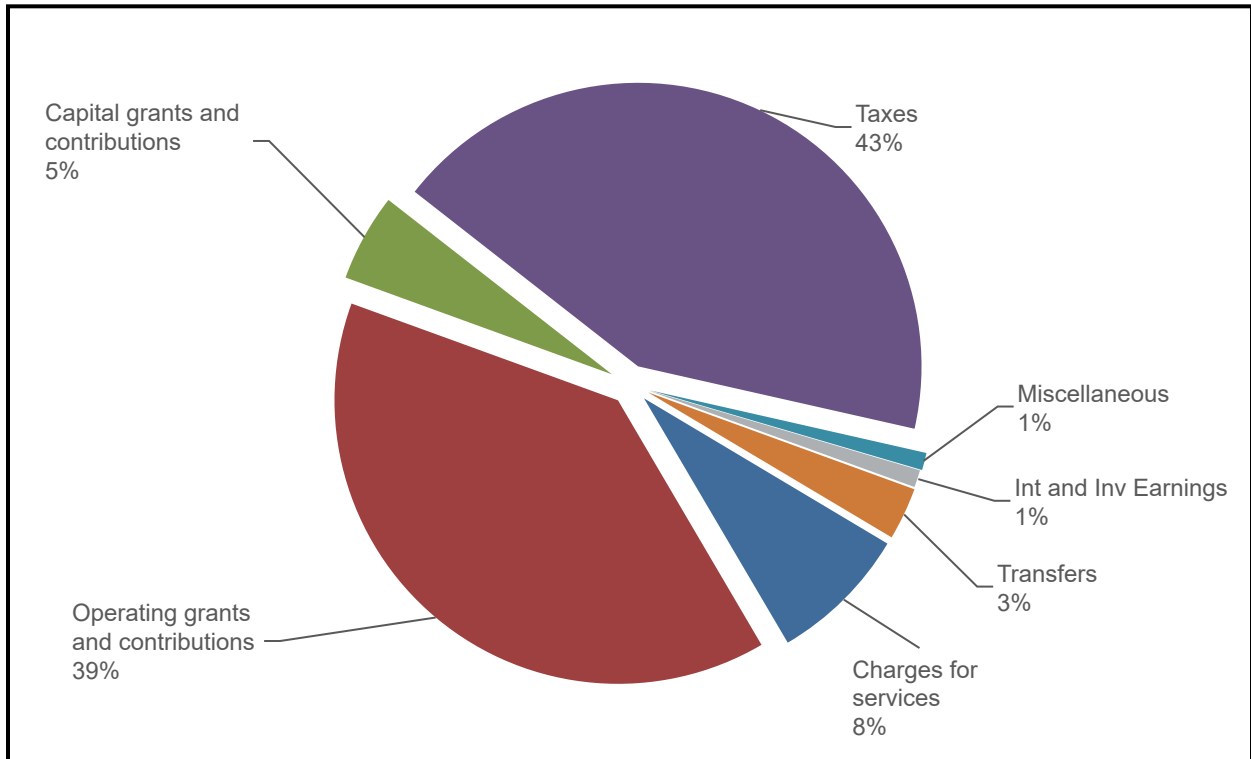
A more detailed analysis of changes in revenues and program expenses for both governmental activities and business-type activities is as follows:

State of Rhode Island Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 888,577	\$ 851,813	\$ 1,792,348	\$ 1,933,247	\$ 2,680,925	\$ 2,785,060
Operating grants and contributions	4,600,439	4,562,473	1,662	1,455	4,602,101	4,563,928
Capital grants and contributions	558,309	399,490	—	—	558,309	399,490
General revenues:						
Taxes	5,097,852	4,874,324	—	—	5,097,852	4,874,324
Interest and investment earnings	138,068	165,103	5,499	5,535	143,567	170,638
Miscellaneous	111,039	118,866	23,011	15,311	134,050	134,177
Gain on sale of capital assets	156	—	—	—	156	—
Total revenues	<u>11,394,440</u>	<u>10,972,069</u>	<u>1,822,520</u>	<u>1,955,548</u>	<u>13,216,960</u>	<u>12,927,617</u>
Program expenses:						
General government	1,575,736	1,369,932	—	—	1,575,736	1,369,932
Health and human services	6,014,759	5,648,268	—	—	6,014,759	5,648,268
Education	2,453,387	2,396,887	—	—	2,453,387	2,396,887
Public safety	743,424	668,253	—	—	743,424	668,253
Natural resources	130,904	116,723	—	—	130,904	116,723
Transportation	554,086	459,964	—	—	554,086	459,964
Interest and other charges	105,442	103,462	—	—	105,442	103,462
Lottery	—	—	1,046,475	1,215,120	1,046,475	1,215,120
Convention Center	—	—	54,164	52,789	54,164	52,789
Employment Security	—	—	229,339	205,701	229,339	205,701
Total expenses	<u>11,577,738</u>	<u>10,763,489</u>	<u>1,329,978</u>	<u>1,473,610</u>	<u>12,907,716</u>	<u>12,237,099</u>
Excess (deficiency) before transfers	(183,298)	208,580	492,542	481,938	309,244	690,518
Transfers (net)	401,137	384,929	(401,137)	(384,929)	—	—
Change in net position	<u>217,839</u>	<u>593,509</u>	<u>91,405</u>	<u>97,009</u>	<u>309,244</u>	<u>690,518</u>
Net position (deficit) - Beginning	3,127,411	2,533,902	630,539	533,530	3,757,950	3,067,432
Cumulative effect of prior period adjustments	(39,344)	—	—	—	(39,344)	—
Net position (deficit) - Beginning, as restated	3,088,067	2,533,902	630,539	533,530	3,718,606	3,067,432
Net position (deficit) - Ending	<u>\$ 3,305,906</u>	<u>\$ 3,127,411</u>	<u>\$ 721,944</u>	<u>\$ 630,539</u>	<u>\$ 4,027,850</u>	<u>\$ 3,757,950</u>

Chart 1 depicts the State's sources of revenues from Governmental Activities for the fiscal year ended June 30, 2025.

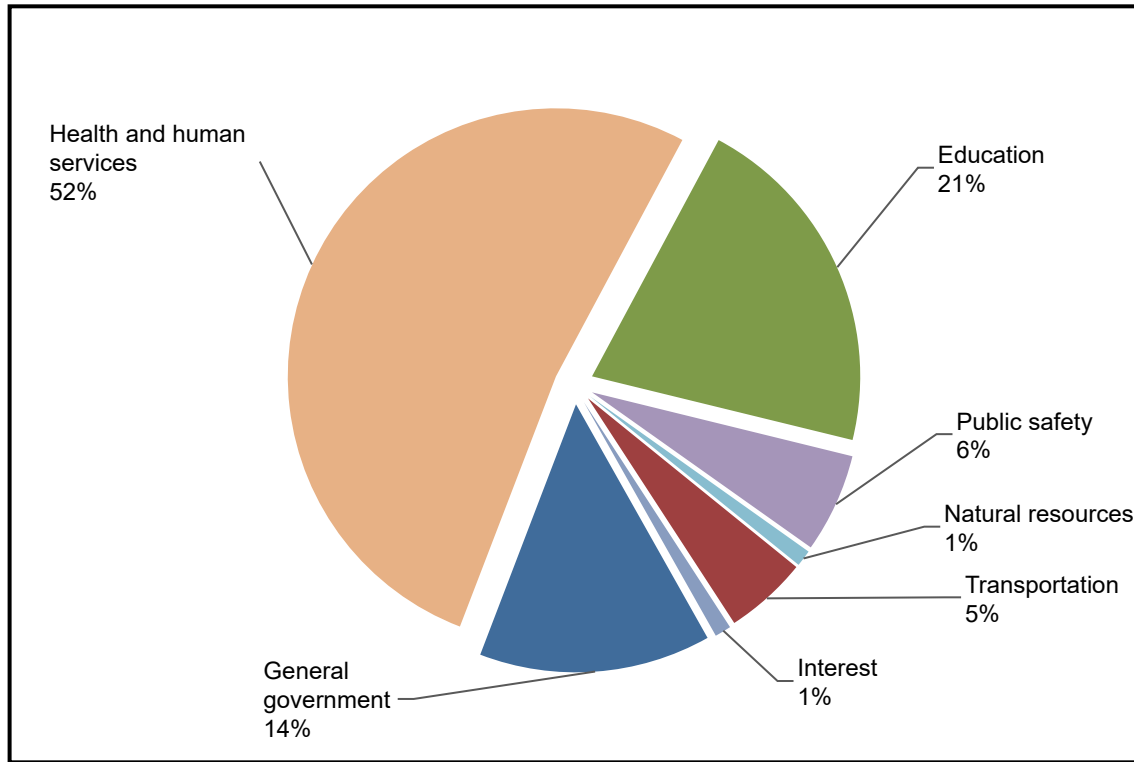
Chart 1 - Revenues and Transfers - Governmental Activities



The relative mix of revenue and transfers by source for governmental activities remained fairly consistent during fiscal 2025 versus the prior fiscal year. Taxes represent the largest sources of revenue at 43% of the total followed by Operational grants and contributions at 39%.

Chart 2 depicts the purposes for which program expenses related to Governmental Activities were expended during the fiscal year ended June 30, 2025.

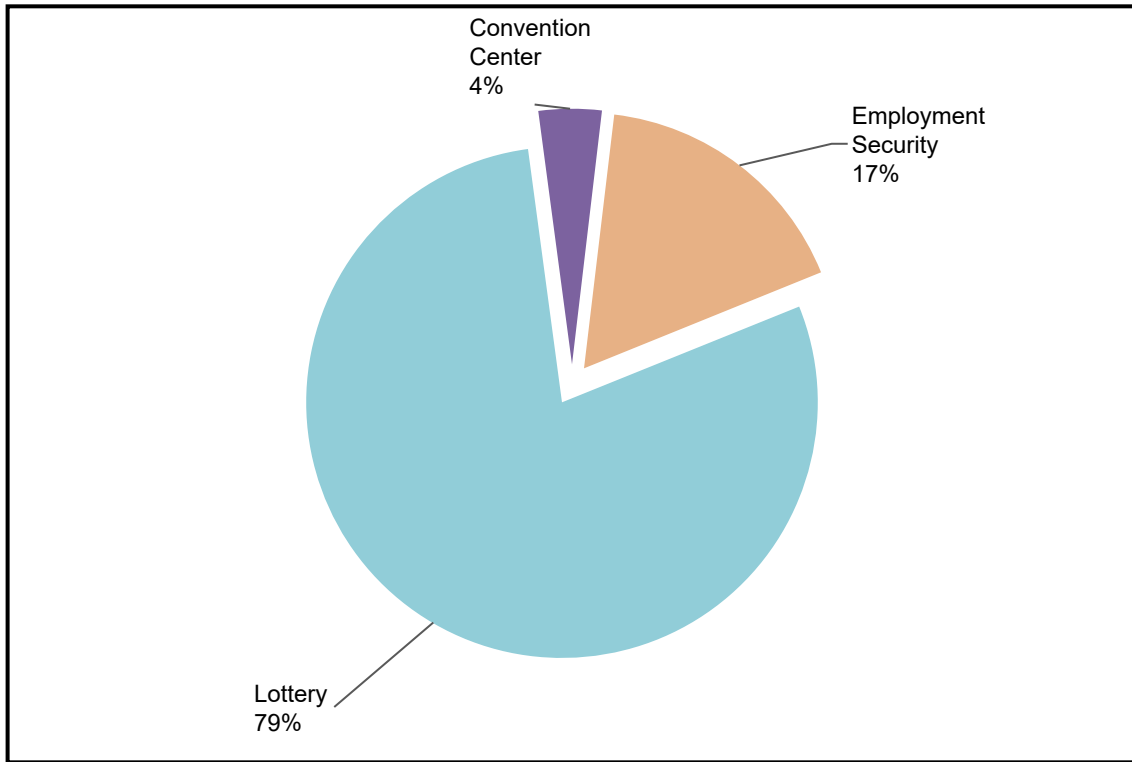
Chart 2 - Program Expenses - Governmental Activities



The relative mix of program expenses for governmental activities remained about the same in fiscal year 2025 as for the prior fiscal year.

Chart 3 depicts the program expenses related to Business Type Activities during the fiscal year ended June 30, 2025.

Chart 3 - Program Expenses - Business Type Activities



Unemployment benefits in the Employment Security Fund increased of \$23.6 million or 11.5% compared to fiscal 2024. Lottery gross profit from gaming activities increased by \$6.7 million or 1.5% over the prior year. Expenses to operate the Convention Center Authority increased slightly from fiscal year 2024.

For the Year Ended June 30, 2025

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 \$3.1 billion, a decrease of \$212.9 million from prior fiscal year. A breakdown of the components follows (expressed in thousands):

	2025	2024	2025 vs 2024 Change	Percent
Governmental Funds				
Nonspendable	\$ 181,679	\$ 164,852	\$ 16,827	10.2 %
Restricted	2,229,254	2,357,270	(128,016)	(5.4)%
Unrestricted				
Committed	209,223	208,590	633	0.3 %
Assigned	275,253	318,765	(43,512)	(13.7)%
Unassigned	192,282	251,086	(58,804)	(23.4)%
Total	<u>\$ 3,087,691</u>	<u>\$ 3,300,563</u>	<u>\$ (212,872)</u>	(6.4)%

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

- *Nonspendable fund balance* - amounts that cannot be spent because they are either (a) not 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.

For the Year Ended June 30, 2025

Significant changes in fund balance:

- *Nonspendable* - net increase of \$16.8 million is primarily related to the reduction in the prepayment of Medicaid Capitation payments at June 30th for July health coverage for individuals enrolled in managed care.
- *Restricted* - net decrease of \$128.0 million primarily relates to the spend down of a significant amount of the proceeds relating to the 2024 issuance of \$93.5 million in State-appropriation backed revenue bonds, reported in the COPS fund. The proceeds were utilized for the construction of a new high school in the City of Central Falls. In addition, RICAP expenditures and transfers relating to capital projects outpaced new appropriations from the General Fund reducing fund balance by approximately \$50.4 million. Restricted fund balance also experienced a net increase in the bond capital fund as the issuance of General Obligation bonds in fiscal 2025 exceeded capital outlay expenditures.
- *Committed* - net increase of \$633.0 thousand results from an increase in the balance in the RI Highway Maintenance Account of \$22.7 million committed to infrastructure maintenance in the IST fund at June 30, 2025. Offsetting this increase was a significant reduction in the general fund committed fund balance, resulting from a 2025 transfer of \$21.6 million from the supplemental budget reserve balance that had been statutorily designated for pension funding at June 30, 2024. Fiscal 2025 operations did not result in a required commitment of an amount for those purposes.
- *Assigned* - net decrease of \$43.5 million primarily resulted from the decrease in the amount of assigned fund balance allocated to fund subsequent year's budget.
- *Unassigned* - net decrease of \$58.8 million primarily attributable to the resulting loss on general fund operations which reduced 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):

	<u>2025</u>	<u>2024</u>	<u>2025 vs 2024 Change</u>	<u>Percent</u>
Nonspendable	\$ 181,505	\$ 164,678	\$ 16,827	10.2 %
Restricted	409,550	386,773	22,777	5.9 %
Unrestricted				
Committed	19,106	41,188	(22,082)	(53.6)%
Assigned	274,024	317,639	(43,615)	(13.7)%
Unassigned	192,342	251,183	(58,841)	(23.4)%
Total	<u>\$ 1,076,527</u>	<u>\$ 1,161,461</u>	<u>\$ (84,934)</u>	(7.3)%

For the Year Ended June 30, 2025

Revenues and other sources of the General Fund totaled \$10.6 billion in fiscal year 2025, an increase of \$229.2 million, 2.2%, as compared to the previous year. The revenues from various sources and the change from the previous year are shown in the following table (expressed in thousands):

	2025	2024	Increase (decrease) from 2024	
			Amount	Percent
Revenues				
Taxes:				
Personal income	\$ 1,967,874	\$ 1,815,219	\$ 152,655	8.4 %
Sales and use	1,811,791	1,775,545	36,246	2.0 %
General business	670,628	711,243	(40,615)	(5.7)%
Other	104,335	66,239	38,096	57.5 %
Subtotal	<u>4,554,628</u>	<u>4,368,246</u>	<u>186,382</u>	<u>4.3 %</u>
Federal grants	4,551,647	4,513,493	38,154	0.8 %
Restricted revenues	387,011	391,363	(4,352)	(1.1)%
Licenses, fines, sales, and services	480,530	454,190	26,340	5.8 %
Other revenues	121,976	150,179	(28,203)	(18.8)%
Subtotal	<u>5,541,164</u>	<u>5,509,225</u>	<u>31,939</u>	<u>0.6 %</u>
Total revenues	<u>10,095,792</u>	<u>9,877,471</u>	<u>218,321</u>	<u>2.2 %</u>
Other sources				
Proceeds from forward delivery bond agreement	—	—	—	—
Lease Financing	5,468	7,877	(2,409)	(30.6)%
Subscription-based IT financing	11,583	9,147	2,436	26.6 %
Transfer from Lottery	433,595	426,420	7,175	1.7 %
Other transfers	89,729	86,006	3,723	4.3 %
Total revenues and other sources	<u>\$ 10,636,167</u>	<u>\$ 10,406,921</u>	<u>\$ 229,246</u>	<u>2.2 %</u>

Significant Drivers of Revenue

The State's unemployment rate rose to 4.4% during fiscal year 2025, according to Moody's Analytics, up 0.8 percentage points from the 3.6% rate realized during fiscal year 2024. Nominal personal income growth decreased to 4.7% during fiscal year 2025 from 5.5% growth for fiscal year 2024. The forecast produced by Moody's Analytics and adopted as the Consensus Economic Forecast at the May 2026 Revenue Estimating Conference projects a tapering in the growth of personal income, from 5.2% in fiscal year 2026 to 3.6% in fiscal year 2029.

The State saw a strong 8.4% increase in personal income tax collections for fiscal year 2025, exceeding growth in personal income. Fiscal year 2025 personal income taxes increased by \$152.7 million from fiscal year 2024 levels. Much of the growth was due to personal income tax withholding payments, which rose by 6.6% compared to fiscal year 2024.

Interpreting the other components of personal income tax requires additional context due to the delayed tax filing deadline for tax year 2024. When a federal disaster declaration required the IRS to push back the federal filing deadline to July 15, 2024, for certain Rhode Island counties, the Rhode Island Division of Taxation followed suit, broadening the automatic extension to all filers for purposes of state taxes. As a result, and according to estimates provided by the Division of Taxation to the November 2024 Revenue Estimating Conference, approximately \$37.3 million in tax year 2024 personal income tax payments that would have normally been received in fiscal year 2024 were received in fiscal year 2025. This revenue was recorded as a receivable in fiscal year 2024.

General sales and excise tax revenues posted an increase of 2.0% for fiscal year 2025 compared to fiscal year 2024. This growth decreased from the 3.1% increase observed for fiscal 2024 over 2023. The largest component in this block of revenues is sales and use tax, which saw a 2.3% increase in fiscal year 2025, trailing the projected consumer spending increase of 6.0% for the fiscal year. Cigarette and other tobacco product taxes declined 1.7% in fiscal year 2025, significantly lower than the 10.7% decline in fiscal year 2024. This shallower decline was due partially to a new tax on electronic nicotine delivery systems (also known as e-cigarettes), which yielded \$2.2 million in fiscal year 2025. Finally, alcoholic beverages taxes were up 5.1% in fiscal year 2025.

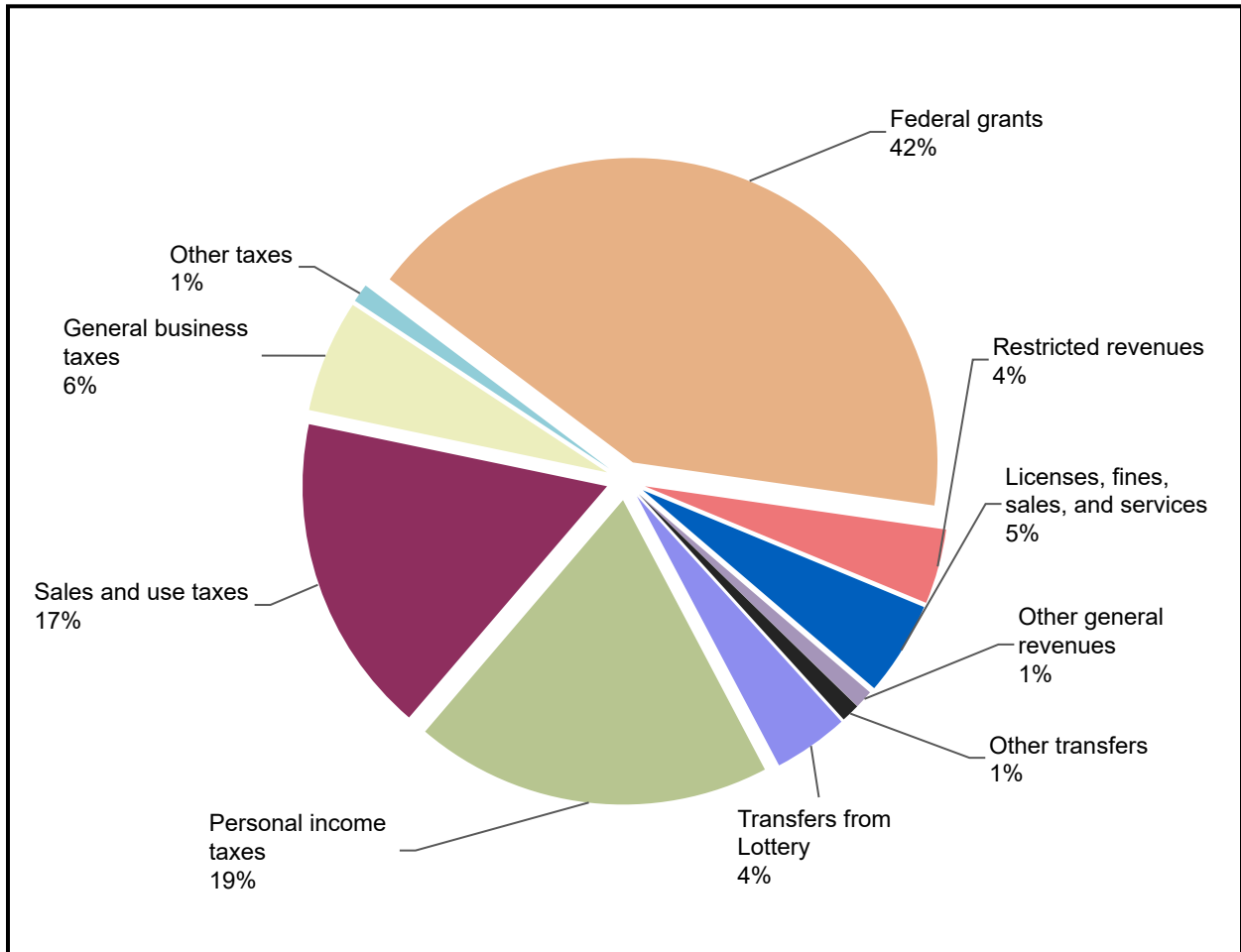
General business tax revenues decreased by 5.7% for fiscal year 2025. Business taxes saw declines in fiscal year 2025, most notable business corporations tax and financial institutions tax. Business corporations tax declined by 10.4% in fiscal year 2025, driven by an increase in refunds. Of the \$60.6 million year-over-year increase in refunds and adjustments, approximately half was likely due to a one-time procedural change of the Division of Taxation that required taxpayers paying the elective pass-through entity tax to claim refunds. Financial institutions tax also declined, decreasing by 84.1% in fiscal year 2025. While this tax is volatile, some of the decrease was attributed to a law change that allowed these taxpayers to change how they apportion their income to the State.

Other taxes increased by 57.5% from fiscal year 2024. The largest driver of this increase was the estate tax, which rose by 70.3%. The increase in other taxes also includes a 19.3% increase in realty conveyance taxes, as home values continued to appreciate.

For fiscal 2025, the increase of 1.7% in the Lottery's 2025 transfers to the general fund as compared to fiscal 2024 largely reflected the first full year of iGaming revenue. In fiscal year 2025, iGaming yielded \$19.3 million for the State, compared to \$3.0 million in fiscal year 2024. The other lottery component with growth was sports wagering, which grew 3.1% in fiscal year 2025 compared to the prior year. All other components showed a decline.

Chart 4 illustrates the fiscal year 2025 General Fund Revenue and transfers.

Chart 4 - Revenues and Other Sources - General Fund



For the Year Ended June 30, 2025

Expenditures and transfers out totaled \$10.7 billion during fiscal year 2025, an increase of \$282.5 million, or 2.7%, 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):

	2025	2024	Increase (decrease) from 2024	
			Amount	Percent
General government	\$ 1,106,013	\$ 1,033,841	\$ 72,172	6.98 %
Health and human services	6,041,606	5,691,998	349,608	6.14 %
Education	2,256,314	2,327,796	(71,482)	(3.07)%
Public safety	748,964	712,176	36,788	5.17 %
Natural resources	126,800	103,586	23,214	22.41 %
Debt Service:				
Principal	176,257	191,988	(15,731)	(8.19)%
Interest	67,055	69,969	(2,914)	(4.16)%
Total expenditures	<u>10,523,009</u>	<u>10,131,354</u>	<u>391,655</u>	3.87 %
Transfers out	198,092	307,297	(109,205)	(35.54)%
Total expenditures and transfers out	<u>\$ 10,721,101</u>	<u>\$ 10,438,651</u>	<u>\$ 282,450</u>	2.71 %

Significant Drivers of Expenditures

The year-over-year increase of approximately \$72.2 million to the General Government function is largely attributed to increases in the State's Fiscal Recovery Fund expense in fiscal year 2025.

The year-over-year increase of \$349.6 million in Health and Human Services function spending is primarily attributable to increased expenditures in the Medicaid program in the Executive Office of Health and Human Services.

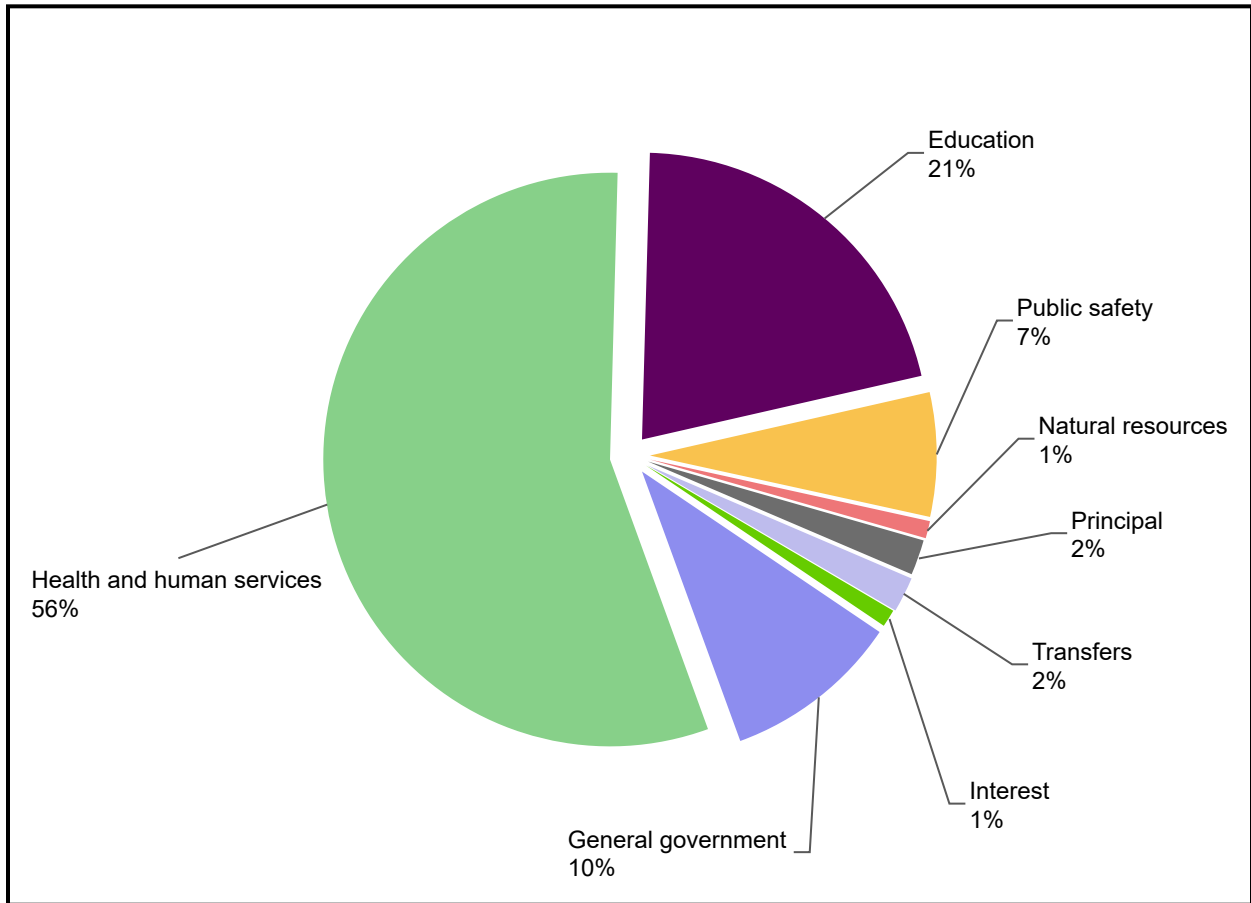
The year-over-year decrease to the Education function expenditures of \$71.5 million is primarily the result of \$148.5 million less funding from the American Rescue Plan Act Elementary and Secondary School Emergency Relief (ESSER) and other direct award funds for education aid to local school districts and state schools as a response to the COVID-19 pandemic recover.

The year-over-year increase of \$36.8 million in Public Safety function expenditures is driven by a \$21.4 million increase in Department of Public Safety, \$19.3 million in additional spending by the Department of Corrections, including for custody and security, a \$12.3 million increase in expenditures by the Judiciary, and a \$8.5 million increase for the Office of the Attorney General, offset by a \$25.2 million decrease by the Emergency Management Agency.

The year-over-year increase to the Natural Resources function expenditures of \$23.2 million is attributable to a \$22.8 million decrease in Department of Environmental Management for the bureau of Natural resources and the Office of Director programs.

Chart 5 depicts the General Fund expenditures and other uses for fiscal year 2025.

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):

	2025	2024	Increase (decrease) from 2024	
			Change	Percent
Restricted	\$ 206,975	\$ 158,190	\$ 48,785	30.84 %
Unrestricted				
Committed	189,887	167,186	22,701	13.58 %
Assigned	830	744	86	11.56 %
Total	\$ 397,692	\$ 326,120	\$ 71,572	21.95 %

The net increase of \$22.7 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 fiscal year 2025, RI Highway Maintenance Account revenue is being collected at a quicker rate than expended creating a carryforward into the next fiscal year. All funding is allocated in the 10-year transportation improvement plan for projects.

Rhode Island Capital Plan

The Rhode Island Capital Plan (RICAP) Fund is a capital projects fund that accounts for resources appropriated by the General Assembly to finance the acquisition, construction, renovation, and improvement of state-owned facilities and infrastructure. RICAP funding supports a broad range of capital investments, including higher education facilities, public safety projects, environmental initiatives, information technology improvements, and other statewide infrastructure projects. During fiscal year 2025, the fund balance decreased by \$132.2 million, from \$938.3 million to \$806.1 million. The decrease was primarily attributable to the continued advancement of authorized capital projects throughout the State. As projects progressed from the planning and design phases into active construction and implementation, expenditures increased, resulting in the planned use of resources accumulated in prior years. The decrease reflects the State's ongoing investment in capital infrastructure and is consistent with the long-term nature of the capital planning process, whereby resources are accumulated and subsequently expended as projects move forward through various stages of completion.

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 RICAP Fund to be used for capital projects.

At the issuance of these financial statements, the enacted fiscal year 2026 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.

For the Year Ended June 30, 2025

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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (*)</u>	<u>Final Budget vs. Actual Variance</u>
Revenues and other sources:				
Taxes:				
Personal income	\$ 1,913,500	\$ 1,950,600	\$ 1,972,280	\$ 21,680
General business	705,000	698,200	677,535	(20,665)
Sales and use	1,840,500	1,821,500	1,811,791	(9,709)
Other taxes	83,400	97,900	104,335	6,435
Departmental revenue	543,500	556,976	541,682	(15,294)
Other sources:				
Lottery transfer	424,000	431,100	433,595	2,495
Unclaimed property	21,300	33,600	31,003	(2,597)
Miscellaneous	25,400	34,400	33,717	(683)
Total revenues and other sources	<u>5,556,600</u>	<u>5,624,276</u>	<u>5,605,938</u>	<u>(18,338)</u>
Expenditures and other uses:				
General government	838,229	819,028	801,924	(17,104)
Health and Human services	2,171,502	2,157,192	2,123,820	(33,372)
Education	1,908,819	1,917,670	1,907,279	(10,391)
Public safety	615,465	643,737	626,948	(16,789)
Natural resources	60,846	59,972	59,944	(28)
Total expenditures and other uses	<u>5,594,861</u>	<u>5,597,599</u>	<u>5,519,915</u>	<u>(77,684)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ (38,261)</u>	<u>\$ 26,677</u>	<u>\$ 86,023</u>	<u>\$ 59,346</u>

(*) See Notes on the General Fund Budgetary Comparison Schedule

The increase in tax collections, Lottery transfers, unclaimed property, and miscellaneous revenue, led to a substantial increase of \$67.7 million between the original budget and the final budget.

The majority of the revenue variance noted in the table above is related to personal income tax, general business taxes, sales and use tax, and departmental revenue. Personal income tax was boosted by higher than expected growth in withholding and estimated payments. The May 2025 Revenue Estimating Conference assumed fiscal year 2025 withholding growth would be 6.3%, while actual growth was 6.6%.

Lower business tax revenue was largely the result of business corporation tax and financial institutions tax deviating from expectations. Business corporation tax saw a lower level of estimated and final payments at the end of fiscal year 2025 compared to expectations set at the May 2025 Revenue Estimating Conference. The June 2025 Cash Collections report notes that the initial refund and adjustment assumption for 2025 was approximately \$30.0 million; however, this amount was \$90.0 million due in part to procedural and form changes for pass-through entity filers made by the Division of Taxation. Additionally, as discussed in the "Significant Drivers of Revenue" section, financial institutions tax was impacted by a law change that lowered revenue.

The lower revenue in sales and use taxes represents typical forecast uncertainty regarding May and June collections, along with a small negative net accrual. Finally, some of the lower revenue in departmental revenue was due to an accounting change for written-off checks, which were changed from a positive revenue to a negative expenditure.

The positive general revenue expenditure variance for the General Government function of approximately \$17.1 million was primarily due to less than enacted expenditures occurring in the General Assembly of \$10.7 million, the Department of Administration of \$3.4 million, and the Office of the General Treasurer of \$1.0 million.

The positive expenditure variance of \$10.7 million by the General Assembly is primarily attributable to surpluses of \$7.2 million occurring in Joint Committee on Legislative Services program. The positive expenditure variance of \$3.4 million by the Department of Administration is primarily attributable to surpluses occurring for statewide personnel and operations for FEMA reserve and contingencies operations of \$1.1 million. The remaining positive variance is attributable to operating surplus across multiple agencies in the General Government function.

The positive variance of \$33.4 million in the Health and Human Services function is primarily attributable to a positive variance of \$13.4 million and \$7.7 million experienced at the Executive Office of Health and Human Services and the Department of Human Services, respectively. This surplus reflects lower expenditures of \$3.9 million for the Retail Supplemental Nutritional Assistance (SNAP) Incentives Pilot program and \$2.3 million for the Office of Veterans Services program.

The positive variance in the EOHHS was primarily attributable to lower expenditures of \$9.8 million occurring for Medicaid benefits for nursing facilities.

The positive variance to the Education function of approximately \$10.4 million is driven by a surplus of \$10.2 million in the Department of Elementary and Secondary Education. Approximately \$1.1 million of this surplus stems from savings in both the Early Childhood Demonstration and reduced breakfast and lunch subsidies. Additionally, a favorable variance of \$4.4 million is evidenced in the Teacher Retirement program, which finances 42.5% of the employer cost of annual retirement contributions for public school teachers enrolled in the Employees' Retirement System of Rhode Island (ERSRI).

The positive expenditure variance of \$16.8 million in the public safety function is mostly attributable to \$14.8 million of savings that occurred in the Department of Public Safety, including positive variances for the body worn camera statewide project; and \$1.8 million attributable to the Judiciary, including savings within the Superior, Supreme, and Family Courts.

Capital Assets and Debt Administration

Capital Assets

The State investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to \$6.5 billion, net of accumulated depreciation of \$5.1 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 10.3% 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 \$915.0 million for the fiscal year. Of this amount, \$602.0 million was used to construct or reconstruct highways. Depreciation charges for the fiscal year totaled \$305.2 million.

For the Year Ended June 30, 2025

State of Rhode Island Capital Assets as of June 30, 2025 and 2024
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Capital assets not being depreciated or amortized						
Land	\$ 428,561	\$ 424,671	\$ 46,808	\$ 46,808	\$ 475,369	\$ 471,479
Works of Art	5,843	5,673	—	—	5,843	5,673
Intangibles	200,253	191,029	—	—	200,253	191,029
Construction in progress	1,352,439	1,348,256	13,878	7,027	1,366,317	1,355,283
Subscription-based IT asset (in dev)	58,156	23,241	—	705	58,156	23,946
Total capital assets not being depreciated or amortized	<u>2,045,252</u>	<u>1,992,870</u>	<u>60,686</u>	<u>54,540</u>	<u>2,105,938</u>	<u>2,047,410</u>
Capital assets being depreciated or amortized						
Land improvements	11,436	11,436	—	—	11,436	11,436
Buildings	899,558	889,783	290,100	288,220	1,189,658	1,178,003
Building improvements	616,306	589,716	—	—	616,306	589,716
Equipment	454,518	420,770	64,161	57,600	518,679	478,370
Intangibles	339,834	339,453	—	—	339,834	339,453
Intangibles: right to use lease assets	101,927	98,798	1,322	1,337	103,249	100,135
Intangibles: subscription-based IT assets	57,531	26,508	1,330	—	58,861	26,508
Infrastructure	6,624,206	5,896,665	—	—	6,624,206	5,896,665
	<u>9,105,316</u>	<u>8,273,129</u>	<u>356,913</u>	<u>347,157</u>	<u>9,462,229</u>	<u>8,620,286</u>
Less: Accumulated depreciation or amortization	<u>4,821,282</u>	<u>4,533,298</u>	<u>264,564</u>	<u>256,297</u>	<u>5,085,846</u>	<u>4,789,595</u>
Total capital assets being depreciated or amortized, net	<u>4,284,034</u>	<u>3,739,831</u>	<u>92,349</u>	<u>90,860</u>	<u>4,376,383</u>	<u>3,830,691</u>
Total capital assets (net)	<u>\$ 6,329,286</u>	<u>\$ 5,732,701</u>	<u>\$ 153,035</u>	<u>\$ 145,400</u>	<u>\$ 6,482,321</u>	<u>\$ 5,878,101</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 \$2.7 billion, of which \$1.6 billion is general obligation debt, \$614.2 million is special obligation debt and \$472.8 million is debt for the blended component units. Additionally, accreted interest of \$202.0 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 \$146.2 million during fiscal year 2025. This increase consists of a \$104.5 million increase to general obligation debt, an increase of \$66.0 million in special obligation debt, and a decrease of \$24.4 million in the blended component unit debt.

The general obligation debt is supported by the full faith and credit of the State. Other obligations subject to annual appropriation by the R.I. General Assembly totaling \$155.4 million and \$1.2 billion are supported by pledged revenue; these obligations are discussed in Notes 7 and 13.

In September 2024, the Rhode Island Commerce Corporation, on behalf of the RI Department of Transportation, issued \$123.9 million of Grant Anticipation Bonds. The premium paid on these bonds was \$18.5 million. The bonds mature in 2032 to 2039 and have yields ranging from 2.92% to 3.32%. The bonds were issued to provide funding for certain costs of the Washington Bridge Project, and will be repaid with federal funds. The obligation of the State to make payments to the trustee of future federal aid revenues and future pledged motor fuel taxes is subject to annual appropriation by the General Assembly.

In June 2025, the State issued \$223.9 million of general obligation bonds with interest rates from 4.4% to 5.5%, maturing from 2026 to 2045. The total premium paid on these bonds was \$14.9 million. In accordance with certain bond statutes, net premiums of \$1.4 million were transferred to RI Infrastructure Bank to provide municipalities with low-cost financial assistance for road and bridge projects and \$12.6 million was transferred to Rhode Island Capital Plan Fund.

The State also issued \$49.4 million of general obligation refunding bonds with an interest rate of 5.0%, maturing from 2026 to 2027. The premium paid on these bonds was \$1.5 million. These bonds, combined with the premium, were deposited in an irrevocable trust to advance refund \$49.8 million of series 2014RD and 2015RA bonds with interest rates from 3.0% to 5.0%. The refunding resulted in a reduction of debt service of \$1.4 million from 2026 through 2028 and there was an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1.4 million. The advance refunding resulted in a deferred gain (difference between the reacquisition price and the net carry amount of the old debt) of approximately \$635 thousand that was recorded as a deferred inflow 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; and AA+ rating by Fitch Ratings.

At June 30, 2025, general obligation bonds authorized by the voters and unissued amounted to approximately \$591.2 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. 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.

Additional information about the State's debt administration can be found at Note 7 to the financial Statements.

Economic Outlook and Fiscal Year 2026 Budget

The second half of the fiscal year 2025 saw significant policy shifts under the new presidential administration beginning in January 2025. Rhode Island's unemployment rate however, rose to 4.8% in June 2025 as companies largely held onto workers but slowed new hiring. The new administration fundamentally changed U.S. trade policy by imposing frequently changing tariffs, increasing economic uncertainty for businesses, and fueling renewed inflation concerns. Changes to federal immigration policy and reductions to federal spending impacted some industries and workers.

The State budget office prepared the second quarter report for fiscal year 2026 which contains estimates of annual expenditures based upon analysis of expenditures through the second quarter as compared to general revenue resources adopted at the November 2025 Caseload and Revenue Estimating Conferences. The projected fiscal year 2026 balance, based upon these assumptions, is estimated to reflect a \$64.9 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 \$241.6 million combined with an adjusted appropriated surplus of \$38.8 million, estimated revenues of \$5.8 billion and a transfer of \$181.1 million of budget reserve and cash stabilization, offset by estimated expenditures of \$5.8 billion.

The second quarter projected expenditures of \$5.8 billion are revised upward by \$15.6 million from enacted appropriations. The revisions are primarily due to an appropriated surplus of \$38.8 million and a net decrease in other agency spending of \$14.1 million, as well as a \$9.1 million decrease in adopted estimates from the November 2025 Caseload Estimating Conference.

The May 2026 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 \$183.8 million, up from \$5.8 billion to \$5.9 billion compared with the enacted fiscal year 2026 estimate. The largest factor is an expected increase to taxes of \$139.5 million, driven by stronger-than-expected growth in personal income tax (particularly withholding collections). Estimates for estate tax and the lottery transfer were also upwardly revised based on year-to-date performance. These estimates include the revenue losses associated with H.R.1 (also known as the "One Big Beautiful Bill Act" or P.L. 119-2), which are discussed in the "Conditions Expected to Affect Future Operations" section below. Despite these expected H.R.1 revenue losses being concentrated in corporate tax, business corporations tax was upwardly revised at the May 2026 Revenue Estimating Conference due to strong year-to-date performance.

The economic forecast used to generate those estimates was provided by Moody's Analytics. Employment growth is expected to decline by 0.3% in fiscal year 2026, with the unemployment rate expected to be at 4.5% for the year. Growth in total wages is expected to outpace inflation, with those growth rates forecasted at 5.2% and 2.8%, respectively. Nominal growth in personal consumption expenditures is estimated at 5.1%, down from 6.0% in fiscal year 2025. Moody's noted that payroll employment peaked in May 2025, with recent weakness in the government, retail, and private education sectors.

There has been a recent uptick in hospitality and healthcare employment, although federal policy changes related to immigration and health funding may limit future growth. Moody's also noted some upside to the defense-related manufacturing sector in the near term given increased federal funding and Rhode Island's existing concentration of those firms.

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 (SFRF) included in the act. The State has fully appropriated the \$1.1 billion award and had until December 31, 2024, to obligate its SFRF funding. As of the end of fiscal year 2025, \$1.1 billion had been obligated in accordance with U.S. Treasury's definition of obligation, and \$935.0 million had been expended. Per federal law and U.S. Treasury regulations, 42 USC 803: Coronavirus local fiscal recovery fund; CFR § 35.5(C) , all expenditures of SFRF must be fully completed by December 31, 2026. 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). In October 2025, the Rhode Island Department of Revenue released a report quantifying the revenue impact from the latest large federal tax bill, H.R.1. The H.R.1 report notes a projected revenue loss of \$34.7 million in fiscal year 2026 and \$36.4 million in fiscal year 2027, and by an average of \$15.0 million over the next three years, resulting from the enactment of this federal legislation. Most of this impact relates to business tax provisions, predominately accelerated expensing. This is expected to decrease state revenue by \$12.2 million in fiscal year 2028, growing to a loss of \$150.9 million in fiscal year 2032. Because H.R.1 allows businesses to accelerate expensing, this revenue loss fades over time.

A separate report released by the Rhode Island Executive Office of Health and Human Services looks at one tax-related provision that leads to an increasing state revenue loss in future years. H.R.1 capped the allowable state tax rate for provider taxes, such as taxes on managed care organizations and hospitals. The federal legislation lowers this allowable rate from 6% to 3.5% by 2032.

Lottery Revenue

During October 2025, 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 iGaming (online casino games). CCA estimated that Massachusetts iGaming would cost the State \$26.0 million per year.

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 \$1.4 million per year, while a Taunton casino reduces revenue by \$10.5 million per year. There has been no recent action on gaming expansion at Plainridge Park. However, in early 2025 the Mashpee Wampanoag Tribe opened a Welcome Center that currently has 250 gaming machines as a prelude to a larger casino. The impact of this Welcome Center has been incorporated into current state revenue estimates.

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

Rhode Island continues to advance significant transportation infrastructure investments through the RhodeWorks initiative and the federal Infrastructure Investment and Jobs Act (IIJA). Since the enactment of RhodeWorks in 2016, the State has created a 10 year State Transportation Improvement Plan (STIP) that addresses deteriorating roads and bridges, improve traffic flow, and modernize critical infrastructure statewide.

To date, the Rhode Island Department of Transportation (RIDOT) has completed more than 230 major transportation projects under RhodeWorks, including the repair or replacement of approximately 276 bridges statewide. The total value of projects completed or underway through RhodeWorks now exceeds \$4.2 billion. As a result of these investments, Rhode Island's bridge sufficiency rating has improved from approximately 77% in 2016 to approximately 90% as of 2025.

A major focus of the State's current transportation efforts is the reconstruction of the Washington Bridge along Interstate 195 between Providence and East Providence following the emergency closure of the westbound span in late 2023. RIDOT has initiated construction of a new bridge structure that is expected to remain in service for approximately 100 years and improve traffic capacity and safety along one of the State's busiest transportation corridors. The project is estimated to cost approximately \$428.0 million and is supported in part by approximately \$221 million in federal grant funding secured through the IIJA and other federal transportation programs. Construction is expected to continue through 2028.

In addition, Rhode Island secured a \$251.0 million federal grant agreement in 2025 for the "15 Bridges" project along the Interstate 95 and Route 10 corridors. This initiative represents one of the largest infrastructure projects in state history and is intended to rehabilitate or replace 15 bridges between Providence and Warwick, improving safety and mobility along a critical freight and commuter corridor.

The State also continues to invest in municipal transportation infrastructure through the RhodeRestore program, formerly known as the Municipal Road Grant Program. The program has approved more than 1,000 local projects involving roadway resurfacing, bridge repairs, sidewalk construction, stormwater improvements, and pedestrian safety enhancements across all 39 municipalities.

Beyond roads and bridges, IIJA funding is supporting investments in public transit, airport infrastructure, electric vehicle charging networks, broadband expansion, drinking water systems, and climate resiliency initiatives. These investments are intended to strengthen Rhode Island's transportation network, support economic growth, improve public safety, and modernize infrastructure necessary to meet the State's long-term environmental and economic objectives.

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

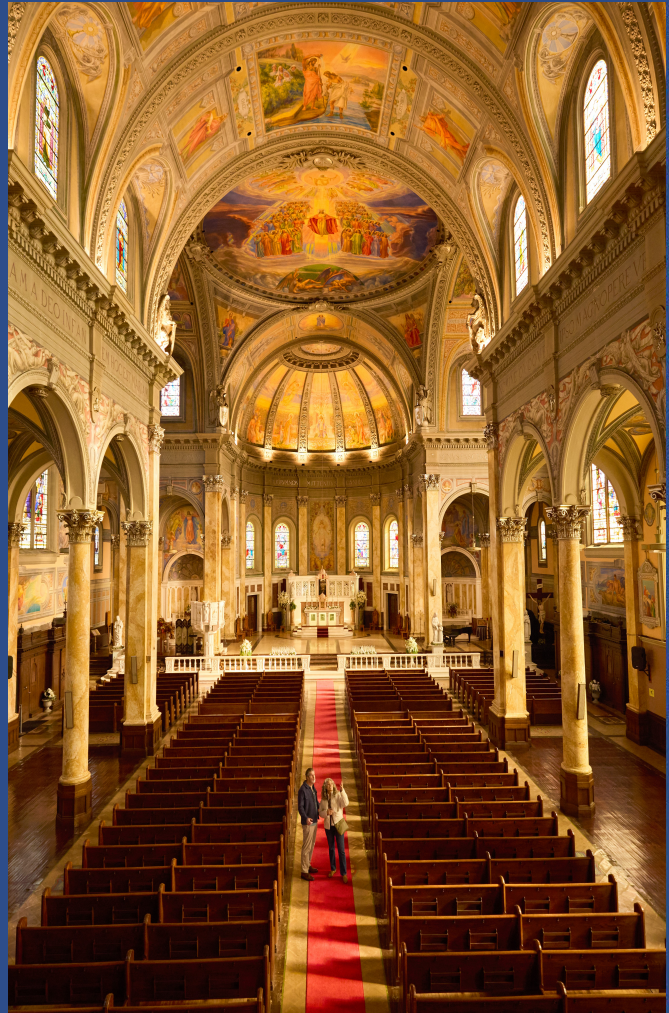
The School Building Authority continues to work closely with municipalities and school districts to modernize educational facilities and improve school infrastructure throughout the State. These investments are intended to create modern learning environments that support students' academic achievement, social and emotional development, career readiness, and long-term success in the 21st century.

The State of Rhode Island is committed to providing high-quality educational opportunities for all public-school students. The School Building Authority Capital Fund is used to repair and improve public school facilities throughout the State. Funds are distributed on a priority basis to ensure the greatest impact on facility gaps in the State's priority areas. In Fiscal Year 2026, \$6.0 million is available for projects in addition to the \$115.0 million allocated for Housing Aid commitments and the two Statewide School Construction Bonds.

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. 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, 2025



State of Rhode Island
Statement of Net Position
June 30, 2025
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Total	
Assets and deferred outflows of resources				
Current assets:				
Cash and cash equivalents	\$ 2,682,931	\$ 68,829	\$ 2,751,760	\$ 556,486
Funds on deposit with fiscal agent	250,825	599,151	849,976	—
Investments	—	—	—	99,796
Receivables (net)	1,022,853	101,791	1,124,644	210,530
Lease receivables	1,089	2,025	3,114	2,488
Restricted assets:				
Cash and cash equivalents	48,592	21,959	70,551	1,297,408
Investments	—	—	—	87,335
Receivables (net)	—	—	—	97,682
Other assets	—	—	—	138,364
Due from primary government	—	—	—	39,247
Due from component units	7,704	—	7,704	1,363
Internal balances	4,989	(4,989)	—	—
Due from other governments and agencies	504,811	1,999	506,810	394
Inventories	2,921	996	3,917	8,325
Other assets	190,044	1,021	191,065	38,694
Total current assets	<u>4,716,759</u>	<u>792,782</u>	<u>5,509,541</u>	<u>2,578,112</u>
Non-current assets:				
Investments	—	—	—	374,800
Receivables (net)	95,874	—	95,874	38,923
Due from other governments and agencies	36,213	—	36,213	—
Restricted assets:				
Cash and cash equivalents	—	—	—	78,770
Investments	—	—	—	2,210,844
Receivables (net)	—	—	—	1,290,284
Other assets	—	—	—	1,344,750
Due from component units	18,233	—	18,233	—
Net pension asset	8,186	—	8,186	12,347
Net OPEB asset	45,875	—	45,875	—
Capital assets - non-depreciable	1,987,096	60,686	2,047,782	658,719
Intangibles: Subscription-based IT assets (in dev)	58,156	—	58,156	—
Capital assets - depreciable (net)	4,205,455	90,906	4,296,361	2,251,762
Right to use lease assets (net)	45,573	325	45,898	—
Subscription-based IT assets (net)	33,006	1,118	34,124	—
Lease receivables	20,398	25,701	46,099	57,319
Other assets	—	53	53	333,649
Total non-current assets	<u>6,554,065</u>	<u>178,789</u>	<u>6,732,854</u>	<u>8,652,167</u>
Total assets	<u>11,270,824</u>	<u>971,571</u>	<u>12,242,395</u>	<u>11,230,279</u>
Deferred outflows of resources	<u>633,474</u>	<u>4,556</u>	<u>638,030</u>	<u>87,042</u>

(Continued)

State of Rhode Island
Statement of Net Position
June 30, 2025
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Total	
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable	\$ 1,062,121	\$ 26,616	\$ 1,088,737	\$ 131,009
Notes payable	—	—	—	69,441
Loans payable	—	—	—	1,169
Due to primary government	—	—	—	7,704
Due to component units	38,839	—	38,839	1,340
Due to other governments and agencies	—	7,750	7,750	—
Accrued expenses	—	6,757	6,757	50,276
Current portion of long-term lease liability	16,774	344	17,118	3,839
Subscription-based IT liability	13,252	111	13,363	8,501
Unearned revenue	228,360	—	228,360	82,740
Other current liabilities	259,977	1,272	261,249	584,457
Current portion of long-term liabilities	383,806	28,992	412,798	152,878
Obligation for unpaid prize awards	—	11,295	11,295	—
Total current liabilities	<u>2,003,129</u>	<u>83,137</u>	<u>2,086,266</u>	<u>1,093,354</u>
Non-current liabilities:				
Due to primary government	—	—	—	18,233
Net pension liability	1,945,017	17,838	1,962,855	253,167
Net pension liability-special funding situation	1,014,429	—	1,014,429	—
Net OPEB liability	125,768	1,274	127,042	98,390
Unearned revenue	—	23,554	23,554	728
Notes payable	—	—	—	313,955
Loans payable	—	—	—	19,036
Certificates of Participation	36,115	—	36,115	—
Lease liability	32,342	1	32,343	96,031
Subscription-based IT liability	12,655	357	13,012	9,628
Compensated absences	33,162	1,255	34,417	51,579
Bonds payable	2,830,686	97,000	2,927,686	3,680,714
Other liabilities	129,755	—	129,755	480,446
Total non-current liabilities	<u>6,159,929</u>	<u>141,279</u>	<u>6,301,208</u>	<u>5,021,907</u>
Total liabilities	<u>8,163,058</u>	<u>224,416</u>	<u>8,387,474</u>	<u>6,115,261</u>
Deferred inflows of resources	<u>435,334</u>	<u>29,767</u>	<u>465,101</u>	<u>369,407</u>
Net position (deficit)				
Net investment in capital assets	5,635,681	50,660	5,686,341	2,166,034
Restricted for:				
Capital Projects	801,463	—	801,463	—
Debt	67,450	1,684	69,134	421,339
Employment security programs	221,978	681,095	903,073	—
Infrastructure Bank loan programs	—	—	—	1,087,845
General government operations	211,920	—	211,920	—
Health and human services	185,912	—	185,912	—
Other	101,579	—	101,579	324,231
Net Pension Asset	8,186	—	8,186	2,854
Net OPEB Asset	45,875	—	45,875	—
Nonexpendable	174	—	174	470,219
Unrestricted (deficit)	(3,974,312)	(11,495)	(3,985,807)	360,131
Total net position	<u>\$ 3,305,906</u>	<u>\$ 721,944</u>	<u>\$ 4,027,850</u>	<u>\$ 4,832,653</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, 2025
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating grants and contributions	Capital grants and contributions	Primary Government			Component Units
					Governmental activities	Business-type activities	Totals	
Primary government:								
Governmental activities:								
General government	\$ 1,575,736	\$ 366,663	\$ 302,883	\$ 6,520	\$ (899,670)	\$ —	\$ (899,670)	\$ —
Health and human services	6,014,759	344,263	3,727,235	55,757	(1,887,504)	—	(1,887,504)	—
Education	2,453,387	66,971	328,325	335	(2,057,756)	—	(2,057,756)	—
Public safety	743,424	47,650	74,655	6,702	(614,417)	—	(614,417)	—
Natural resources	130,904	34,781	39,207	10,048	(46,868)	—	(46,868)	—
Transportation	554,086	28,249	128,134	478,947	81,244	—	81,244	—
Interest and other charges	105,442	—	—	—	(105,442)	—	(105,442)	—
Total governmental activities	<u>11,577,738</u>	<u>888,577</u>	<u>4,600,439</u>	<u>558,309</u>	<u>(5,530,413)</u>	<u>—</u>	<u>(5,530,413)</u>	<u>—</u>
Business-type activities:								
State Lottery	1,046,475	1,470,802	—	—	—	424,327	424,327	—
Convention Center	54,164	39,690	—	—	—	(14,474)	(14,474)	—
Employment Security	229,339	281,856	1,662	—	—	54,179	54,179	—
Total business-type activities	<u>1,329,978</u>	<u>1,792,348</u>	<u>1,662</u>	<u>—</u>	<u>—</u>	<u>464,032</u>	<u>464,032</u>	<u>—</u>
Total primary government	<u>\$ 12,907,716</u>	<u>\$ 2,680,925</u>	<u>\$ 4,602,101</u>	<u>\$ 558,309</u>	<u>\$ (5,530,413)</u>	<u>\$ 464,032</u>	<u>\$ (5,066,381)</u>	<u>\$ —</u>
Component units:	<u>\$ 1,897,481</u>	<u>\$ 928,851</u>	<u>\$ 934,117</u>	<u>\$ 362,461</u>				<u>\$ 327,948</u>
General Revenues:								
Taxes:								
Personal income					1,968,584	—	1,968,584	—
General business					666,183	—	666,183	—
Sales and use					1,810,486	—	1,810,486	—
Gasoline					172,357	—	172,357	—
Other					480,242	—	480,242	—
Interest and investment earnings (losses)					138,068	5,499	143,567	169,628
Miscellaneous revenue					111,039	23,011	134,050	75,178
Net gain (loss) on sale of capital assets					156	—	156	(1,270)
Transfers (net)					<u>401,137</u>	<u>(401,137)</u>	<u>—</u>	<u>—</u>
Total general revenues and transfers					<u>5,748,252</u>	<u>(372,627)</u>	<u>5,375,625</u>	<u>243,536</u>
Change in net position					217,839	91,405	309,244	571,484
Net position - beginning as restated					<u>3,088,067</u>	<u>630,539</u>	<u>3,718,606</u>	<u>4,261,169</u>
Net position - ending					<u>\$ 3,305,906</u>	<u>\$ 721,944</u>	<u>\$ 4,027,850</u>	<u>\$ 4,832,653</u>

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

**State of Rhode Island
Balance Sheet
Governmental Funds
June 30, 2025
(Expressed in Thousands)**

	General	Intermodal Surface Transportation	Rhode Island Capital Plan	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 945,028	\$ 217,048	\$ 830,942	\$ 660,539	\$ 2,653,557
Funds on deposit with fiscal agent	—	196,104	—	54,720	250,824
Restricted cash equivalents	—	—	—	48,592	48,592
Receivables (net)	988,586	16,567	31	100,721	1,105,905
Due from other funds	—	7,493	2,152	13	9,658
Due from other governments and agencies	392,529	142,568	—	—	535,097
Loans to other funds	3,487	—	—	—	3,487
Lease receivables	18,443	2,839	—	204	21,486
Other assets	183,316	519	—	—	183,835
Total assets	<u>2,531,389</u>	<u>583,138</u>	<u>833,125</u>	<u>864,789</u>	<u>4,812,441</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	877,461	115,368	11,627	21,331	1,025,787
Due to other funds	2,981	—	—	18,622	21,603
Due to component units	7,559	6,479	10,665	12,344	37,047
Loans from other funds	—	—	—	8	8
Unearned revenue	228,090	—	—	—	228,090
Other liabilities	224,518	30,475	4,692	4,949	264,634
Total liabilities	<u>1,340,609</u>	<u>152,322</u>	<u>26,984</u>	<u>57,254</u>	<u>1,577,169</u>
Deferred inflows of resources	<u>114,253</u>	<u>33,124</u>	<u>—</u>	<u>204</u>	<u>147,581</u>
Fund Balances					
Nonspendable	181,505	—	—	174	181,679
Restricted	409,550	206,975	806,141	806,588	2,229,254
Committed	19,106	189,887	—	230	209,223
Assigned	274,024	830	—	399	275,253
Unassigned	192,342	—	—	(60)	192,282
Total fund balances	<u>1,076,527</u>	<u>397,692</u>	<u>806,141</u>	<u>807,331</u>	<u>3,087,691</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,531,389</u>	<u>\$ 583,138</u>	<u>\$ 833,125</u>	<u>\$ 864,789</u>	<u>\$ 4,812,441</u>

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

State of Rhode Island
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2025
(Expressed in Thousands)

Fund balance - total governmental funds \$ 3,087,691

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	10,921,572	
Accumulated depreciation	(4,734,867)	
		6,186,705
Right to use lease assets	101,927	
Accumulated depreciation	(56,353)	
		45,574
Subscription-based IT assets	90,443	
Accumulated depreciation	(13,085)	
		77,358

Deferred outflows of resources 633,474

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	(161,991)	
Bonds payable	(2,876,777)	
Net premium/discount on Bonds	(161,939)	
Certificates of Participation	(40,845)	
Premium on Certificates of Participation	(2,200)	
Lease Liability	(49,116)	
Subscription-based IT liability	(15,217)	
Interest payable	(19,576)	
Net pension liabilities	(2,959,446)	
Net OPEB liabilities	(125,768)	
Other liabilities	(131,340)	
		(6,544,215)

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

Receivables	5,927	
Due from component units	23,148	
Net OPEB asset	45,875	
Net pension asset	8,186	
Unavailable revenue	126,160	
		209,296

Deferred inflows of resources (413,912)

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. 23,935

Net position - total governmental activities \$ 3,305,906

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, 2025
(Expressed in Thousands)

	General	Intermodal Surface Transportation	Rhode Island Capital Plan	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 4,554,628	\$ 251,522	\$ —	\$ 296,742	\$ 5,102,892
Licenses, fines, sales, and services	480,530	25,886	—	1,743	508,159
Departmental restricted revenue	387,011	2,310	—	—	389,321
Federal grants	4,551,647	590,880	—	—	5,142,527
Income (loss) from investments	47,546	16,728	39,463	31,909	135,646
Other revenues	74,430	2,739	—	38,418	115,587
Total revenues	<u>10,095,792</u>	<u>890,065</u>	<u>39,463</u>	<u>368,812</u>	<u>11,394,132</u>
Expenditures:					
Current:					
General government	1,106,013	—	—	271,415	1,377,428
Health and human services	6,041,606	—	—	—	6,041,606
Education	2,256,314	—	—	—	2,256,314
Public safety	748,964	—	—	—	748,964
Natural resources	126,800	—	—	—	126,800
Transportation	—	960,000	—	3,749	963,749
Capital outlays	—	—	219,972	312,266	532,238
Debt service:					
Principal	176,257	50,261	—	24,400	250,918
Interest and other charges	67,055	27,881	—	20,410	115,346
Total expenditures	<u>10,523,009</u>	<u>1,038,142</u>	<u>219,972</u>	<u>632,240</u>	<u>12,413,363</u>
Excess (deficiency) of revenues over (under) expenditures	(427,217)	(148,077)	(180,509)	(263,428)	(1,019,231)
Other financing sources (uses):					
Issuance of bonds and notes	—	123,915	—	223,865	347,780
Issuance of bond refundings	—	—	—	49,385	49,385
Lease financing	5,468	397	—	—	5,865
Subscription-based IT financing	11,583	6,487	—	—	18,070
Debt issuance premiums	—	18,484	—	16,442	34,926
Transfers in	523,324	129,302	185,400	3,727	841,753
Payment to advance refunded bonds escrow agent	—	—	—	(50,804)	(50,804)
Transfers out	(198,092)	(58,936)	(137,028)	(46,560)	(440,616)
Total other financing sources (uses)	<u>342,283</u>	<u>219,649</u>	<u>48,372</u>	<u>196,055</u>	<u>806,359</u>
Net change in fund balances	(84,934)	71,572	(132,137)	(67,373)	(212,872)
Fund balances - beginning	1,161,461	326,120	938,278	874,704	3,300,563
Fund balances - ending	<u>\$ 1,076,527</u>	<u>\$ 397,692</u>	<u>\$ 806,141</u>	<u>\$ 807,331</u>	<u>\$ 3,087,691</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, 2025
(Expressed in Thousands)

Net change in fund balances - total governmental funds \$ (212,872)

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	870,091	
Net Loss of Disposition	(59)	
Depreciation expense	(291,486)	
	578,546	578,546

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	250,166	
Debt defeased in refunding	49,780	
Accrued interest and other charges	725	
Proceeds from sale of debt	(397,165)	
Refunding Gain/Loss Deferral	(636)	
Lease and SBITA financing	(23,935)	
Deferral of premium/discount	(34,926)	
Amortization of premium/discount	28,854	
Accreted interest	(17,630)	
Amortization of refunding gains/losses	(1,875)	
	(146,642)	(146,642)

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	(25,204)	
Pension expenses, net of related deferred outflows	(3,626)	
OPEB expenses, net of related deferred outflows	58,146	
Arbitrage	(6,841)	
Program expenses	(23,631)	
Program and miscellaneous revenue	(12,218)	
Operating and capital grant revenue	16,201	
General revenue - taxes	(5,040)	
	(2,213)	(2,213)

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.

Change in net position - total governmental activities	\$ 217,839
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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, 2025
(Expressed in Thousands)

	Business-type Activities- Enterprise Funds			Governmental Activities	
	R.I. Lottery	R.I. Convention Center	Employment Security	Totals	Internal Service Funds
Assets and deferred outflows of resources					
Current assets:					
Cash and cash equivalents	\$ 54,366	\$ 12,780	\$ 1,683	\$ 68,829	\$ 29,373
Restricted assets	—	21,959	—	21,959	—
Funds on deposit with fiscal agent	—	—	599,151	599,151	—
Receivables (net)	11,320	2,063	88,408	101,791	13,849
Due from other funds	—	93	103	196	18,856
Due from other governments	—	—	1,999	1,999	—
Due from other component units	—	—	—	—	997
Loans to other funds	—	—	—	—	1,177
Lease receivables	89	1,936	—	2,025	—
Inventories	996	—	—	996	2,922
Other assets	360	661	—	1,021	5,203
Total current assets	<u>67,131</u>	<u>39,492</u>	<u>691,344</u>	<u>797,967</u>	<u>72,377</u>
Non-current assets:					
Capital assets - non-depreciable	94	60,592	—	60,686	1,067
Capital assets - depreciable (net)	141	90,765	—	90,906	4,781
Right to use lease assets (net)	317	8	—	325	—
Subscription-based IT assets (net)	—	1,118	—	1,118	13,802
Lease receivables	2,063	23,638	—	25,701	—
Other assets	—	53	—	53	—
Total non-current assets	<u>2,615</u>	<u>176,174</u>	<u>—</u>	<u>178,789</u>	<u>19,650</u>
Total assets	<u>69,746</u>	<u>215,666</u>	<u>691,344</u>	<u>976,756</u>	<u>92,027</u>
Deferred outflows of resources	<u>3,959</u>	<u>597</u>	<u>—</u>	<u>4,556</u>	<u>—</u>
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	16,300	7,817	2,499	26,616	36,338
Due to other funds	5,185	—	—	5,185	1,922
Due to other governments	—	—	7,750	7,750	—
Loans from other funds	—	—	—	—	4,656
Lease liability	337	7	—	344	—
Accrued expenses	6,757	—	—	6,757	—
Unearned revenue	1,386	4,850	—	6,236	—
Subscription-based IT liability	—	111	—	111	5,821
Other current liabilities	788	484	—	1,272	3,847
Bonds payable	—	21,975	—	21,975	—
Compensated absences	781	—	—	781	7,820
Obligation for unpaid prize awards	11,295	—	—	11,295	—
Total current liabilities	<u>42,829</u>	<u>35,244</u>	<u>10,249</u>	<u>88,322</u>	<u>60,404</u>
Non-current liabilities:					
Net pension liability	17,838	—	—	17,838	—
Net OPEB liability	1,274	—	—	1,274	—
Unearned revenue	23,554	—	—	23,554	—
Subscription-based IT liability	—	357	—	357	4,869
Bonds payable	—	97,000	—	97,000	—
Compensated absences	1,255	—	—	1,255	2,819
Lease liability	—	1	—	1	—
Total non-current liabilities	<u>43,921</u>	<u>97,358</u>	<u>—</u>	<u>141,279</u>	<u>7,688</u>
Total liabilities	<u>86,750</u>	<u>132,602</u>	<u>10,249</u>	<u>229,601</u>	<u>68,092</u>
Deferred inflows of resources	<u>4,678</u>	<u>25,089</u>	<u>—</u>	<u>29,767</u>	<u>—</u>
Net Position (deficit)					
Net investment in capital assets	215	50,445	—	50,660	8,960
Restricted for:					
Debt	—	1,684	—	1,684	—
Employment insurance programs	—	—	681,095	681,095	—
Unrestricted	(17,938)	6,443	—	(11,495)	14,975
Total net position (deficit)	<u>\$ (17,723)</u>	<u>\$ 58,572</u>	<u>\$ 681,095</u>	<u>\$ 721,944</u>	<u>\$ 23,935</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, 2025
(Expressed in Thousands)

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities
	R.I. Lottery	R.I. Convention Center	Employment Security		Internal Service Funds
Operating revenues:					
Charges for services	\$ —	\$ 36,313	\$ —	\$ 36,313	\$ 559,648
Employer premiums	—	—	274,063	274,063	—
Lottery sales	305,479	—	—	305,479	—
Video lottery (net)	519,218	—	—	519,218	—
Lease revenue	—	2,933	—	2,933	—
Table games (net)	127,185	—	—	127,185	—
iGaming (net)	44,994	—	—	44,994	—
Sports book	472,922	—	—	472,922	—
Federal grants	—	—	1,662	1,662	—
Miscellaneous	1,004	444	7,793	9,241	—
Total operating revenues	<u>1,470,802</u>	<u>39,690</u>	<u>283,518</u>	<u>1,794,010</u>	<u>559,648</u>
Operating expenses:					
Personnel services	15,669	21,206	—	36,875	67,323
Supplies, materials, and services	398,525	17,997	—	416,522	486,679
Prize awards, net of prize recoveries	631,886	—	—	631,886	—
Depreciation and amortization	395	8,034	—	8,429	5,265
Benefits paid	—	—	229,339	229,339	—
Total operating expenses	<u>1,046,475</u>	<u>47,237</u>	<u>229,339</u>	<u>1,323,051</u>	<u>559,267</u>
Operating income (loss)	424,327	(7,547)	54,179	470,959	381
Non-operating revenues (expenses):					
Interest revenue	3,578	1,921	—	5,499	782
Other non-operating revenues (expenses)	5,738	(428)	17,701	23,011	(143)
Interest expense	—	(6,927)	—	(6,927)	—
Total non-operating revenue (expenses)	<u>9,316</u>	<u>(5,434)</u>	<u>17,701</u>	<u>21,583</u>	<u>639</u>
Income (loss) before transfers	433,643	(12,981)	71,880	492,542	1,020
Transfers in	94	32,364	—	32,458	—
Transfers out	<u>(433,595)</u>	<u>—</u>	<u>—</u>	<u>(433,595)</u>	<u>—</u>
Change in net position	142	19,383	71,880	91,405	1,020
Net position (deficit) - beginning - as restated	<u>(17,865)</u>	<u>39,189</u>	<u>609,215</u>	<u>630,539</u>	<u>22,915</u>
Net position (deficit) - ending	<u>\$ (17,723)</u>	<u>\$ 58,572</u>	<u>\$ 681,095</u>	<u>\$ 721,944</u>	<u>\$ 23,935</u>

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, 2025
(Expressed in Thousands)

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities
	R.I. Lottery	R.I. Convention Center	Employment Security		Internal Service Funds
Cash flows from operating activities:					
Cash received from gaming activities	\$ 1,480,134	\$ —	\$ —	\$ 1,480,134	\$ —
Cash received from customers	—	36,286	—	36,286	540,635
Cash received from employer premiums	—	—	268,423	268,423	—
Cash received from grants	—	—	1,662	1,662	—
Cash payments for gaming activities	(1,026,385)	—	—	(1,026,385)	—
Cash payments to suppliers	(11,579)	(16,144)	—	(27,723)	(483,458)
Cash payments to employees	(14,418)	(21,132)	—	(35,550)	(65,045)
Cash payments for benefits - Employment Security Fund	—	—	(228,288)	(228,288)	—
Other operating revenue (expense)	—	(366)	3,114	2,748	—
Net cash provided by (used for) operating activities	<u>427,752</u>	<u>(1,356)</u>	<u>44,911</u>	<u>471,307</u>	<u>(7,868)</u>
Cash flows from non-capital financing activities:					
Loans from other funds	—	—	—	—	5,793
Loans to other funds	—	—	—	—	(3,001)
Repayment of loans from other funds	—	—	—	—	1,167
Repayment of loans to other funds	—	—	—	—	(150)
Transfers in	—	32,335	—	32,335	—
Transfers out	(434,704)	—	—	(434,704)	—
Cash overdraft	(33)	—	—	(33)	—
Net transfers from (to) fiscal agent	—	—	(53,374)	(53,374)	—
Net cash provided by (used for) non- capital financing activities	<u>(434,737)</u>	<u>32,335</u>	<u>(53,374)</u>	<u>(455,776)</u>	<u>3,809</u>
Cash flows from capital and related financing activities:					
Principal paid on capital obligations	—	(21,225)	—	(21,225)	—
Principal and interest under leases	(324)	3,325	—	3,001	(6,111)
Interest paid on capital obligations	—	(6,342)	—	(6,342)	(197)
Acquisition of capital assets	(93)	(12,967)	—	(13,060)	(2,658)
Net cash provided by (used for) capital and related financing activities	<u>(417)</u>	<u>(37,209)</u>	<u>—</u>	<u>(37,626)</u>	<u>(8,966)</u>
Cash flows from investing activities:					
Interest on investments	<u>3,578</u>	<u>1,396</u>	<u>—</u>	<u>4,974</u>	<u>837</u>
Net cash provided by investing activities	<u>3,578</u>	<u>1,396</u>	<u>—</u>	<u>4,974</u>	<u>837</u>
Net increase (decrease) in cash and cash equivalents	(3,824)	(4,834)	(8,463)	(17,121)	(12,188)
Cash and cash equivalents, July 1	<u>58,190</u>	<u>39,573</u>	<u>10,146</u>	<u>107,909</u>	<u>41,561</u>
Cash and cash equivalents, June 30	<u><u>54,366</u></u>	<u><u>34,739</u></u>	<u><u>1,683</u></u>	<u><u>90,788</u></u>	<u><u>29,373</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	<u>424,327</u>	<u>(7,547)</u>	<u>54,179</u>	<u>470,959</u>	<u>381</u>

(Continued)

**State of Rhode Island
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)**

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities
	R.I. Lottery	R.I. Convention Center	Employment Security		Internal Service Funds
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	395	8,034	—	8,429	5,265
Other revenue (expense) and transfers in (out)	4,447	(3,321)	(2,456)	(1,330)	—
Net changes in assets and liabilities:					
Receivables (net)	3,725	(1,014)	(5,639)	(2,928)	(19,011)
Lease receivables	84	—	—	84	—
Inventory	411	—	—	411	(596)
Deferred outflows of resources	(76)	—	—	(76)	—
Prepaid items	—	21	—	21	(132)
Due to / due from transactions	84	—	711	795	—
Accounts and other payables	(5,088)	1,906	(1,884)	(5,066)	3,658
Accrued expenses	2,852	—	—	2,852	2,567
Net pension liability	77	—	—	77	—
Net OPEB liability	(637)	—	—	(637)	—
Deferred inflows of resources	410	—	—	410	—
Unearned revenue	—	565	—	565	—
Prize awards payable	(3,259)	—	—	(3,259)	—
Total adjustments	3,425	6,191	(9,268)	348	(8,249)
Net cash provided by (used for) operating activities	<u>\$ 427,752</u>	<u>\$ (1,356)</u>	<u>\$ 44,911</u>	<u>\$ 471,307</u>	<u>\$ (7,868)</u>

Supplemental disclosure of noncash financing activities:

Proprietary Funds

Subscription Based Assets	<u>\$ 16,368</u>
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RI Convention Center

Recognition of lease receivable and related deferred lease revenues and interest	<u>\$ 5,444</u>
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Recognition of right-to-use subscription assets and related subscription liabilities	<u>\$ 576</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, 2025
(Expressed in Thousands)

	Pension and Other Employee Benefit Trusts	Investment Trust Ocean State Investment Pool	Private Purpose Trusts	Custodial Funds
Assets				
Cash and cash equivalents	\$ 28,625	\$ —	\$ 7,659	\$ 3,558
Deposits held for others	—	—	—	53,005
Receivables:				
Contributions	37,528	—	—	—
Due from State for teachers	26,444	—	—	—
Due from other plans	3,074	—	—	—
Other	1,644	—	—	80,999
Miscellaneous	—	—	1,107	—
Total receivables	<u>68,690</u>	<u>—</u>	<u>1,107</u>	<u>80,999</u>
Prepaid expenses	561	—	—	—
Investments, at fair value:				
Equity in short-term investment fund	—	84,548	—	—
Equity in pooled trusts	12,900,961	—	—	—
Other investments	2,469,160	—	4,042,144	—
Total investments	<u>15,370,121</u>	<u>84,548</u>	<u>4,042,144</u>	<u>—</u>
Total assets	<u>15,467,997</u>	<u>84,548</u>	<u>4,050,910</u>	<u>137,562</u>
Liabilities				
Accounts payable	8,603	40	11,763	—
Due to other plans	3,074	—	—	—
Incurred but not reported claims	1,154	—	—	—
Other	10,721	—	—	—
Unclaimed property claims	—	—	—	1,768
Due to inmates and beneficiaries	—	—	—	675
Total liabilities	<u>23,552</u>	<u>40</u>	<u>11,763</u>	<u>2,443</u>
Net position				
Restricted for:				
Pension benefits	14,692,038	—	—	—
Other postemployment benefits	752,407	—	—	—
External investment pool participants	—	84,508	—	—
Tuition savings program	—	—	4,026,889	—
Individuals, organizations and other governments	—	—	—	135,119
Other	—	—	12,258	—
Total fiduciary net position	<u>\$ 15,444,445</u>	<u>\$ 84,508</u>	<u>\$ 4,039,147</u>	<u>\$ 135,119</u>

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, 2025
(Expressed in Thousands)

	Pension and Other Employee Benefit Trusts	Investment Trust Ocean State Investment Pool	Private Purpose Trusts	Custodial Funds
Additions				
Contributions				
Member contributions	\$ 250,519	\$ —	\$ —	\$ —
Employer contributions	662,455	—	—	—
Additional employer contributions	1,430	—	—	—
Supplemental employer contributions	21,727	—	—	—
State contributions for teachers	130,172	—	—	—
Interest on service credits purchased	313	—	—	—
Service credit transfers	5,886	—	—	—
From program participants	—	340,998	346,276	—
Total contributions	<u>1,072,502</u>	<u>340,998</u>	<u>346,276</u>	<u>—</u>
Other income	<u>2,977</u>	<u>—</u>	<u>—</u>	<u>—</u>
Investment income				
Change in fair value	1,296,060	—	184,921	1,179
Interest	127,596	4,765	—	—
Dividends	59,167	—	165,514	—
Other investment income	—	—	166	—
	<u>1,482,823</u>	<u>4,765</u>	<u>350,601</u>	<u>1,179</u>
Less: Investment Expense	(155,992)	(124)	—	—
Net investment income (loss)	<u>1,326,831</u>	<u>4,641</u>	<u>350,601</u>	<u>1,179</u>
Unclaimed property	—	—	—	58,271
Deposits for patients, clients and inmates	—	—	—	9,051
Miscellaneous	—	—	—	60,240
Total additions	<u>2,402,310</u>	<u>345,639</u>	<u>696,877</u>	<u>128,741</u>
Deductions				
Retirement benefits	1,054,771	—	—	—
Death benefits	3,235	—	—	—
Distributions	71,018	305,246	—	—
Program participant redemptions	—	—	747,579	—
Refund of contributions	8,391	—	—	—
Administrative expense	13,637	—	13,734	—
Service credit transfers	5,887	—	—	—
OPEB benefits	34,421	—	—	—
Return of unclaimed property	—	—	—	48,652
Payments made on behalf of individuals in State care	—	—	—	9,114
Miscellaneous	—	—	—	5,384
Total deductions	<u>1,191,360</u>	<u>305,246</u>	<u>761,313</u>	<u>63,150</u>
Change in net position restricted for:				
Pension benefits	1,122,338	—	—	—
Other postemployment benefits	88,612	—	—	—
External investment pool participants	—	40,393	—	—
Tuitions savings program	—	—	(66,783)	—
Other	—	—	2,347	65,591
Fiduciary net position - beginning	<u>14,233,495</u>	<u>44,115</u>	<u>4,103,583</u>	<u>69,528</u>
Fiduciary net position - ending	<u>\$ 15,444,445</u>	<u>\$ 84,508</u>	<u>\$ 4,039,147</u>	<u>\$ 135,119</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, 2025
(Expressed in Thousands)

	<u>RIAC</u>	<u>RICC</u>	<u>I-195 RDC</u>	<u>RIPTA</u>	<u>RITBA</u>
Assets and deferred outflows of resources					
Current assets:					
Cash and cash equivalents	\$ 46,606	\$ 23,228	\$ 2,189	\$ 12,011	\$ 1,427
Investments	53,990	—	—	2,124	—
Receivables (net)	25,814	2,518	125	8,825	264
Lease receivables	2,386	—	—	—	—
Restricted assets:					
Cash and cash equivalents	20,296	241,933	7,668	—	14,584
Investments	—	1,668	—	—	9,635
Receivables (net)	—	56	—	—	1,246
Other assets	—	—	—	—	—
Due from primary government	72	907	17	8,338	1,181
Due from other governments	—	—	—	—	—
Due from other component units	488	350	—	—	—
Inventories	—	—	—	1,784	146
Other assets	387	296	219	336	690
Total current assets	<u>150,039</u>	<u>270,956</u>	<u>10,218</u>	<u>33,418</u>	<u>29,173</u>
Non-current assets:					
Investments	—	302	—	2,602	—
Receivables (net)	—	7,164	—	—	—
Lease receivables	56,004	—	—	—	—
Restricted assets:					
Cash and cash equivalents	56,001	5,874	—	—	13,132
Investments	5,775	911	—	—	141,294
Receivables (net)	1,932	9,093	—	—	—
Other assets	—	—	—	—	—
Net pension asset	—	2,251	—	—	—
Capital assets - non-depreciable	157,181	8,271	5,319	93,921	3,426
Capital assets - depreciable (net)	410,937	1,286	153	119,167	207,666
Other assets	2,392	—	643	2,239	—
Total non-current assets	<u>690,222</u>	<u>35,152</u>	<u>6,115</u>	<u>217,929</u>	<u>365,518</u>
Total assets	<u>840,261</u>	<u>306,108</u>	<u>16,333</u>	<u>251,347</u>	<u>394,691</u>
Deferred outflows of resources	<u>118</u>	<u>2,767</u>	<u>—</u>	<u>22,695</u>	<u>—</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Component Units
June 30, 2025
(Expressed in Thousands)

	<u>RIAC</u>	<u>RICC</u>	<u>I-195 RDC</u>	<u>RIPTA</u>	<u>RITBA</u>
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	15,909	10,336	1,279	8,147	1,008
Notes payable	—	—	—	—	—
Loans payable	—	—	—	—	—
Due to primary government	—	—	—	2,711	45
Due to other component units	—	—	—	—	—
Due to other governments	—	—	—	—	—
Lease liability	—	394	—	—	—
Subscription-based IT liability	—	—	—	241	—
Accrued expenses	11,859	—	200	4,806	5,387
Unearned revenue	9,930	24,850	576	1,320	7,349
Other current liabilities	6,705	2,322	132	1,080	—
Compensated absences	—	—	13	3,132	—
Current portion of long-term debt	11,769	1,668	—	—	7,235
Total current liabilities	<u>56,172</u>	<u>39,570</u>	<u>2,200</u>	<u>21,437</u>	<u>21,024</u>
Non-current liabilities:					
Due to primary government	—	—	—	4,733	—
Unearned revenue	—	584	—	—	—
Notes payable	—	—	—	—	—
Loans payable	—	—	—	—	—
Lease liability	—	320	—	—	—
Subscription-based IT liability	—	—	—	176	—
Net pension liability	900	—	—	80,070	—
Net OPEB liability	66	—	—	68,606	—
Other liabilities	—	259	—	11,963	—
Compensated absences	—	—	—	9,397	—
Bonds payable	182,095	1,799	—	—	175,714
Total non-current liabilities	<u>183,061</u>	<u>2,962</u>	<u>—</u>	<u>174,945</u>	<u>175,714</u>
Total liabilities	<u>239,233</u>	<u>42,532</u>	<u>2,200</u>	<u>196,382</u>	<u>196,738</u>
Deferred inflows of resources	<u>56,894</u>	<u>3,632</u>	<u>—</u>	<u>16,202</u>	<u>—</u>
Net position (deficit)					
Net investment in capital assets	392,486	9,558	4,177	203,526	52,029
Restricted for:					
Debt	34,689	—	—	—	145,772
Program purposes	—	—	—	—	—
Other	10,721	—	7,060	299	—
Nonexpendable	11,695	219,986	—	—	—
Net Pension Asset	—	2,251	—	—	—
Net OPEB Asset	—	—	—	—	—
Unrestricted	94,661	30,916	2,896	(142,367)	152
Total net position (deficit)	<u>\$ 544,252</u>	<u>\$ 262,711</u>	<u>\$ 14,133</u>	<u>\$ 61,458</u>	<u>\$ 197,953</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Component Units
June 30, 2025
(Expressed in Thousands)

	URI	RIC	CCRI	Other Component Units	Totals
Assets and deferred outflows of resources					
Current assets:					
Cash and cash equivalents	\$ 233,159	\$ 57,397	\$ 49,295	\$ 131,174	\$ 556,486
Investments	43,682	—	—	—	99,796
Receivables (net)	131,196	5,909	6,644	29,235	210,530
Lease receivables	—	—	59	43	2,488
Restricted assets:					
Cash and cash equivalents	—	—	—	1,012,927	1,297,408
Investments	—	—	—	76,032	87,335
Receivables (net)	—	—	—	96,380	97,682
Other assets	—	—	2,258	136,106	138,364
Due from primary government	7,770	2,802	2,879	15,281	39,247
Due from other governments	—	—	—	394	394
Due from other component units	—	—	—	525	1,363
Inventories	1,570	—	147	4,678	8,325
Other assets	2,428	3,308	5,753	25,277	38,694
Total current assets	419,805	69,416	67,035	1,528,052	2,578,112
Non-current assets:					
Investments	314,395	50,177	7,324	—	374,800
Receivables (net)	9,818	780	—	21,161	38,923
Lease receivables	—	—	224	1,091	57,319
Restricted assets:					
Cash and cash equivalents	3,249	436	—	78	78,770
Investments	—	—	—	2,062,864	2,210,844
Receivables (net)	—	—	—	1,279,259	1,290,284
Other assets	10,090	1,221	2,019	1,331,420	1,344,750
Net pension asset	—	—	—	10,096	12,347
Capital assets - non-depreciable	113,183	6,709	33,489	237,220	658,719
Capital assets - depreciable (net)	804,830	231,167	62,464	414,092	2,251,762
Other assets	1,562	—	—	326,813	333,649
Total non-current assets	1,257,127	290,490	105,520	5,684,094	8,652,167
Total assets	1,676,932	359,906	172,555	7,212,146	11,230,279
Deferred outflows of resources	29,151	9,359	8,591	14,361	87,042

(Continued)

State of Rhode Island
Combining Statement of Net Position
Component Units
June 30, 2025
(Expressed in Thousands)

	<u>URI</u>	<u>RIC</u>	<u>CCRI</u>	<u>Other Component Units</u>	<u>Totals</u>
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	41,848	11,661	10,573	30,248	131,009
Notes payable	—	—	—	69,441	69,441
Loans payable	104	—	—	1,065	1,169
Due to primary government	1,930	2,150	781	87	7,704
Due to other component units	—	—	—	1,340	1,340
Lease liability	834	7	5	2,599	3,839
Subscription-based IT liability	6,547	839	874	—	8,501
Accrued expenses	23,092	1,962	—	2,970	50,276
Unearned revenue	26,114	3,727	4,733	4,141	82,740
Other current liabilities	6,234	—	—	551,979	568,452
Compensated absences	2,678	5,519	4,276	387	16,005
Current portion of long-term debt	13,416	568	—	118,222	152,878
Total current liabilities	<u>122,797</u>	<u>26,433</u>	<u>21,242</u>	<u>782,479</u>	<u>1,093,354</u>
Non-current liabilities:					
Due to primary government	10,400	3,100	—	—	18,233
Unearned revenue	—	—	—	144	728
Notes payable	—	—	—	313,955	313,955
Loans payable	186	—	—	18,850	19,036
Lease liability	5,325	28	10	90,348	96,031
Subscription-based IT liability	5,786	1,152	2,514	—	9,628
Net pension liability	89,275	28,596	25,161	29,165	253,167
Net OPEB liability	6,764	2,260	1,984	18,710	98,390
Other liabilities	4,568	350	—	463,306	480,446
Compensated absences	33,328	171	4,042	4,641	51,579
Bonds payable	221,079	8,681	—	3,091,346	3,680,714
Total non-current liabilities	<u>376,711</u>	<u>44,338</u>	<u>33,711</u>	<u>4,030,465</u>	<u>5,021,907</u>
Total liabilities	<u>499,508</u>	<u>70,771</u>	<u>54,953</u>	<u>4,812,944</u>	<u>6,115,261</u>
Deferred inflows of resources	<u>30,249</u>	<u>14,453</u>	<u>10,781</u>	<u>237,196</u>	<u>369,407</u>
Net position (deficit)					
Net investment in capital assets	666,261	219,434	92,054	526,509	2,166,034
Restricted for:					
Debt	—	—	—	240,878	421,339
Program purposes	—	—	—	1,087,845	1,087,845
Other	185,960	29,786	7,512	82,893	324,231
Nonexpendable	206,348	24,455	7,735	—	470,219
Net Pension Asset	—	—	—	603	2,854
Unrestricted	117,757	10,366	8,111	237,639	360,131
Total net position (deficit)	<u>\$ 1,176,326</u>	<u>\$ 284,041</u>	<u>\$ 115,412</u>	<u>\$ 2,176,367</u>	<u>\$ 4,832,653</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, 2025
(Expressed in Thousands)

	<u>RIAC</u>	<u>RICC</u>	<u>I-195 RDC</u>	<u>RIPTA</u>	<u>RITBA</u>	<u>URI</u>	<u>RIC</u>	<u>CCRI</u>	<u>Other Component Units</u>	<u>Totals</u>
Expenses	\$ 85,305	\$ 74,385	\$ 2,565	\$ 158,886	\$ 35,173	\$ 702,028	\$ 172,547	\$ 156,019	\$ 510,573	\$ 1,897,481
Program revenues:										
Charges for services	91,298	5,020	970	19,045	30,640	375,919	64,365	33,237	308,357	928,851
Operating grants and contributions	—	23,924	2,248	118,997	461	354,643	110,327	120,131	203,386	934,117
Capital grants and contributions	54,350	—	3,055	27,662	436	86,033	46,162	9,850	134,913	362,461
Total program revenues	<u>145,648</u>	<u>28,944</u>	<u>6,273</u>	<u>165,704</u>	<u>31,537</u>	<u>816,595</u>	<u>220,854</u>	<u>163,218</u>	<u>646,656</u>	<u>2,225,429</u>
Net (expenses) revenues	60,343	(45,441)	3,708	6,818	(3,636)	114,567	48,307	7,199	136,083	327,948
General revenues:										
Interest and investment earnings (losses)	8,454	10,992	236	599	6,900	42,856	7,435	2,451	89,705	169,628
Miscellaneous revenues	2	51,883	—	4,355	15,759	—	937	—	2,242	75,178
Gain (loss) on sale of capital assets	—	—	110	—	(1,419)	—	—	—	39	(1,270)
Total general revenue	<u>8,456</u>	<u>62,875</u>	<u>346</u>	<u>4,954</u>	<u>21,240</u>	<u>42,856</u>	<u>8,372</u>	<u>2,451</u>	<u>91,986</u>	<u>243,536</u>
Change in net position	68,799	17,434	4,054	11,772	17,604	157,423	56,679	9,650	228,069	571,484
Net position (deficit) - beginning as restated	<u>475,453</u>	<u>245,277</u>	<u>10,079</u>	<u>49,686</u>	<u>180,349</u>	<u>1,018,903</u>	<u>227,362</u>	<u>105,762</u>	<u>1,948,298</u>	<u>4,261,169</u>
Net position (deficit) - ending	<u>\$ 544,252</u>	<u>\$ 262,711</u>	<u>\$ 14,133</u>	<u>\$ 61,458</u>	<u>\$ 197,953</u>	<u>\$ 1,176,326</u>	<u>\$ 284,041</u>	<u>\$ 115,412</u>	<u>\$ 2,176,367</u>	<u>\$ 4,832,653</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.

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.

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.

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.

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 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. For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, Rhode Island Airport Corporation, 2000 Post Road, Warwick, RI 02886 or at www.pvdairport.com.

Rhode Island Commerce Corporation (RICC)

This corporation was created in 1995 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.

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. For more detailed information, a copy of the financial statements can be obtained by writing to the Executive Director, I-195 Redevelopment District, 315 Iron Horse Way, Suite 101, Providence, RI 02908, or at www.195district.com.

Rhode Island Public Transit Authority (RIPTA)

This Authority was established in 1964 to acquire any mass motor bus transportation system that has filed a petition to discontinue its service, provided that the Authority has determined it to be in the public interest to continue such service. Revenues of RIPTA include passenger revenue, a portion of the tax on gasoline, and operating assistance grants from the State and federal governments. In addition to significant operating assistance, the State has also forgiven certain debt service obligations 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.

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. Title relating to the Jamestown and Sakonnet River bridges has remained with the State, thus, those capital assets are reported within the primary government on the State's government-wide financial statements. The Claiborne Pell and Mount Hope bridges are reported as capital assets of RITBA. For more detailed information, a copy of the financial statements can be obtained by writing to the Executive Director, R.I. Turnpike and Bridge Authority, P.O. Box 437, Jamestown, RI 02835-0437, or at www.ritba.org.

University and Colleges

The State's University and Colleges include the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI). The Council on Postsecondary Education is vested with the responsibility of providing oversight for RIC and 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.

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.

Division of Higher Education Assistance (DHEA)

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

Rhode Island Housing and Mortgage Finance Corporation (RIHMFC)

This corporation, established in 1973, was created in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State. It has the power to issue notes and bonds to achieve its corporate purpose. Certain debt issued by RIHMFC is secured in part by capital reserve funds. The General Assembly may, but is not required to, appropriate funding of any deficiencies in such reserves. For more detailed information, a copy of the financial statements can be obtained by writing to the Chief Financial Officer, R.I. Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, RI 02903-1721, or at www.rihousing.com.

Rhode Island Industrial Facilities Corporation (RIIFC)

The purpose of this corporation is to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects which further industrial development in the State. All bonds and notes issued by RIIFC are payable solely from the revenues derived from leasing or sale 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.

Rhode Island Industrial-Recreational Building Authority (RIIRBA)

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

Rhode Island Resource Recovery Corporation (RIRRC)

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.

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 opportunities in the State. The State has provided funding for certain capital improvements required at the industrial park to aid in its expansion and development. For more detailed information, a copy of the financial statements can be obtained by writing to the Finance Director, Quonset Development Corporation, 95 Cripe Street, North Kingstown, RI 02852 or at www.quonset.com.

The Metropolitan Regional Career and Technical Center (The 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 Life Science Hub (RILSH)

RILSH was authorized by an Act of the Rhode Island General Assembly on May 5, 2023 to establish a quasi-public corporate body and agency of the State for the express purpose of acting as the central entity and coordinating organization of life science initiatives. This entity will serve as a government and community resource to bolster biotech and life sciences business expansion in Rhode Island. For more detailed information, visit the website at www.rilifescience.com.

Rhode Island Infrastructure Bank (RIIB)

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

Rhode Island Health and Educational Building Corporation (RIHEBC)

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

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

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

Sheila C. "Skip" Nowell Leadership Academy (Nowell Academy)

Nowell Academy is an educational institution established to support pregnant, parenting, and underserved youth in grades 9–12. Authorized under state education statutes and operating with approval from the Rhode Island Department of Education, Nowell Academy provides a competency-based, flexible learning environment designed to help students earn high school diplomas while balancing family and personal challenges. The school is governed by a board of trustees, appointed by the Rhode Island Council on Elementary and Secondary Education, and is primarily funded through state education aid, tuition from cities and towns where students reside, and federal grants. It operates on a public-private partnership model and utilizes facilities in Providence, Rhode Island. Nowell Academy integrates academic instruction with wraparound services, including on-site childcare and post-secondary readiness programs, to promote student success in college, career, and family life. For more detailed information, visit the website at www.nowellacademy.org.

Fiduciary Component Units

The following entities qualify as fiduciary component units of the State of Rhode Island:

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.

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.” 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.

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 governments 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 FundsGovernmental 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, 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 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.

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 or soon enough thereafter to pay liabilities of the current period (i.e., earned and collected within the next 12 months). Significant sources of tax revenues susceptible to accrual in the current period are limited to 60 days thereafter and are recorded as taxpayers earn income (personal income and business corporation taxes), as sales are made (sales and use taxes) and as other taxable events occur (miscellaneous taxes), net of estimated tax refunds. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for principal and interest on long-term debt and compensated absences are recorded when payments come due. Expenditures and liabilities relating to other claims and judgments are recorded to the extent that such amounts are expected to be paid within the current period.

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

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

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

I. Due From Other Governments and Agencies

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

J. Interfund Activity

In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity, 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.

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.

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.

Fiscal Year ended June 30, 2025

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:

Asset Category	Capitalization Thresholds	Estimated Useful Lives
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
Intangibles: right to use lease assets	\$100 thousand	3 - 10 years
Intangibles: subscription-based IT assets	\$5 thousand	2 - 5 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.

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 expenditure 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 State'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.

The State administered one non-contributory (pay-as-you-go) plan covering certain retired judges. For the plan, 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 Laborer's International Union of North America (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. 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.

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. A liability must be recorded for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off while employed or settled upon separation from employment. Based on this criteria, the following leave qualifies for liability recognition for compensated absences:

- Vacation leave. State employees earn vacation leave that, if not used for paid time off, results in compensation at termination or retirement as dictated by appropriate vesting schedule policy.
- Sick leave. State employees earn sick leave that, if not used for paid time off, can be cashed out according with vested rights when an employee retires or dies. Any accumulated sick leave lapses upon separation from service for other reasons.
- Compensatory time and other miscellaneous leave. Certain state employees earn compensatory time, reduction time, and other miscellaneous leave that accumulates that can either be used for paid time off or may be cashed out in accordance with regulations, collective bargaining agreements, or agency policy, as appropriate.

For government-wide reporting purposes, the state reports compensated absences obligations as liabilities in the applicable governmental or business-type activities columns on the Statement of Net Position. Compensated absences are recognized as an expenditure in governmental funds when the leave is paid, such as when an employee uses the leave for paid time off or when the employee retires. Proprietary and fiduciary fund type accounts recognize the expense and record a liability for vacation leave, sick leave, and other leave types, including related employer costs, as it is 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.

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.

U. Fund Balances

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

- Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form; or (b) legally or contractually required to be maintained intact.
- Restricted – amounts with constraints placed 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

The State adopted the following new accounting standard issued by GASB:

GASB Statement No. 101, *Compensated Absences*, the objective of this statement aims to better meet the informational 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. GASB 101 establishes guidance for measuring a liability for leave that has not been used, resulting in a methodology change for measurement of all unused sick leave for State employees. There were no other significant methodology changes as a result of GASB 101, however the implementation requires a restatement of compensated absence liability balances, see Note 10.

GASB Statement No. 102, *Certain Risk Disclosures*, the objective of this statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that are essential to their analyses for making decisions or assessing accountability. While the implementation results in expanded disclosure requirements within the notes to the financial statements, there are no material changes to the State's existing accounting or operational practices, and no restatement of prior period balances was necessary.

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

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for fiscal years beginning after June 15, 2025. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for fiscal years beginning after June 15, 2025. State and local governments are required to provide detailed information about capital assets in the notes to the financial statements. GASB Statement No. 34, *Basic Financial Statements— Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class of capital assets. The objective of this statement is to provide users of governmental financial statements with essential information about certain types of capital assets.

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025 and will be effective for fiscal years beginning after June 15, 2026. This statement establishes guidance on recognizing and disclosing events that occur after the reporting period but provide additional information about conditions that existed at year-end or reflect new developments. Its primary objective is to enhance consistency and transparency in financial reporting by clarifying when and how subsequent events should be recognized or disclosed.

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

W. Change in State's Reporting Entity

Sheila C. "Skip" Nowell Leadership Academy (Nowell Academy)

In the current fiscal year, the government added the Sheila C. "Skip" Nowell Leadership Academy as a discretely presented non-major component unit to its financial reporting entity in accordance with RI General Law 16-11.4-4. The addition is reflected by an adjustment to the beginning balance of the primary government's net position, see Note 10. The change is disclosed in the notes to the financial statements to explain the nature, reason, and impact of the change.

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

A. Primary Government-Governmental and Business-Type Activities

Cash Deposits

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

In accordance with Chapter 35-10.1 of the 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, 2025 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, 2025, of the \$1.5 billion invested, \$171.4 million were collateralized purchase agreements.

All bank balances of the primary government and its blended component units in FY25 were fully collateralized. This collateralization was achieved through federal depository insurance, securities held by an independent third party in the State or the blended component unit's name, or through 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.

Fiscal Year ended June 30, 2025

The following table depicts the State's cash equivalents and investments (expressed in thousands) at June 30, 2025:

Pooled cash equivalents (at amortized cost)	
Commercial Paper	\$ 695,113
Repurchase Agreements	171,429
U.S. Government Agency - Debt	347,216
U.S. Treasury Obligations	196,548
Certificates of deposit	4,000
Time deposits	69,000
Variable Rate Demand Note	14,475
Total investments	<u>1,497,781</u>
Plus: other assets (liabilities)	166
Total investment pool	<u>1,497,947</u>
Less: funds held by fiduciary funds and discretely presented component units	
Amounts held by fiduciary trust funds:	
Pension trust	17,534
OPEB trust	767
Amounts held by discretely presented component units:	
URI	77,025
RIC	29,402
RIIRBA	2
RIRRC	30,565
RIHEBC	10,103
RIPTA	6,078
Amounts held for external parties	<u>84,508</u>
Primary government pooled cash equivalents	<u>1,241,963</u>
Add: other primary government cash equivalents and investments	
Money market mutual funds	<u>70,789</u>
Total primary government cash equivalents and investments	<u><u>1,312,752</u></u>
Cash equivalents and investments	1,312,752
Cash deposits and interest bearing deposits	<u>1,509,559</u>
Total cash, cash equivalents and investments	<u><u>2,822,311</u></u>
<u>Statement of Net Position</u>	
Cash and cash equivalents	2,751,760
Restricted cash and cash equivalents	<u>70,551</u>
Total cash, cash equivalents and investments	<u><u>\$ 2,822,311</u></u>

State restricted cash and cash equivalents total approximately \$70.6 million at June 30, 2025. Of this total, \$48.6 million is held by the Tobacco Settlement Financing Corporation and \$22.0 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 are 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.

Fiscal Year ended June 30, 2025

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, 2025, information about the State's exposure to interest rate risk for pooled cash equivalents and investments (expressed in thousands) is as follows:

Investment Type	Fair Value	Investment Maturities (in days)				
		Amortized Cost	0-30	31-90	91-180	181-397
Commercial Paper	\$ 695,113	\$ 695,113	\$ 404,730	\$ 221,079	\$ 61,304	\$ 8,000
Repurchase Agreements	171,429	171,429	171,429	—	—	—
U.S. Government Agency	347,216	347,216	224,604	122,612	—	—
U.S. Treasury Obligations	196,548	196,548	176,613	19,935	—	—
Certificates of Deposit	4,000	4,000	4,000	—	—	—
Time Deposits	69,000	69,000	69,000	—	—	—
Variable Rate Demand Note	14,475	14,475	14,475	—	—	—
	<u>\$ 1,497,781</u>	<u>\$ 1,497,781</u>	<u>\$ 1,064,851</u>	<u>\$ 363,626</u>	<u>\$ 61,304</u>	<u>\$ 8,000</u>

At June 30, 2025 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	P-1	P-2
Commercial Paper	\$ 695,113	\$ 695,113	\$ 695,113	\$ —
Repurchase Agreements	171,429	171,429	171,429	—
Variable Rate Demand Note	14,475	14,475	14,475	—
U.S. Government Agency Debt	347,216	347,216	347,216	—
U.S. Treasury Obligations	196,548	196,548	196,548	—
Certificates of Deposit	4,000	4,000	4,000	—
Time Deposit	69,000	69,000	69,000	—
	<u>\$ 1,497,781</u>	<u>\$ 1,497,781</u>	<u>\$ 1,497,781</u>	<u>\$ —</u>

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

Fiscal Year ended June 30, 2025

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

As of June 30, 2025, 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	\$ 11,742	Money Market	AAA-mf	35
Dreyfus Treasury Securities	10,080	Money Market	AAA-mf	55
Goldman Sachs Financial Square Treasury Instruments Fund	48,967	Money Market	AAA-mf	41
	<u>\$ 70,789</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, 2025 with the breakdown by maturity are as follows:

Investment Type	Fair Value	Less Than 1 year	1-5 years	Quality Rating
U.S. Treasuries	\$ 33,531	\$ 33,531		—
U.S. Government Agencies	12,605	12,605	—	Aaa
Money Market Funds	149,494	149,494	—	Aaa-mf
Fixed Income	48,087	48,087		See Table
	<u>243,717</u>	<u>\$ 243,717</u>	<u>\$ —</u>	
Cash/Cash Reserve	7,108			
Funds on Deposit with fiscal agent	<u>\$ 250,825</u>			

Cash includes \$7.1 million in uninsured and non-collateralized cash reserve funds on deposit with the fiscal agent.

Quality Rating	Aaa	Aa2	Aa3	A1	A2	A3	Baa1	P-1	Total
Fixed Income	\$ —	\$ 255	\$ —	\$ —	\$ —	\$ 232	\$ 250	\$ 47,350	\$ 48,087

Fiscal Year ended June 30, 2025

The following table (expressed in thousands) represents the fair value of investments by type held by the fiscal agent at June 30, 2025:

	Fair Value 06/30/2025	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
		(Level 1)	(Level 2)
Investments at Fair Value			
U.S. Treasuries	\$ 33,531	\$ 33,531	\$ —
U.S. Government Agencies	12,605	—	12,605
Fixed Income	48,087	—	48,087
Total investments by fair value level	<u>\$ 94,223</u>	<u>\$ 33,531</u>	<u>\$ 60,692</u>
Investments Measured at Net Asset Value (NAV)			
Money Market Mutual Funds	149,494		
Cash/Cash Reserve	7,108		
Total Funds on Deposit with Fiscal Agent	<u>\$ 250,825</u>		

Money market mutual funds are used as temporary cash management investments. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlying investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant withdrawal limitations.

Funds on deposit with fiscal agent also include approximately \$599.2 million held by the Federal Unemployment Insurance Trust Fund within the Business-Type Activities-Employment Security Fund.

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.

ERSRI (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, infrastructure, and crisis protection class - trend following 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, and infrastructure represented 6.4%, 21.1%, 5.6%, and 4.2%, respectively, of the total reported fair value of ERSRI's pooled investment trust at June 30, 2025.

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, infrastructure, crisis protection class and equity options), 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, 2025, the carrying amount of pension trust cash deposits and cash equivalents was approximately \$20.5 million and the bank balance was approximately \$21.0 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, 2025 (excluding the collateralized interest-bearing deposits) pursuant to this statutory provision. 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%. All cash and cash equivalents are collateralized in accordance with SIC policy with the exception of OSIP, which is not subject to the collateralization requirement.

Cash equivalents are invested in the Ocean State Investment Pool (OSIP), an investment pool established by the State General Treasurer. At June 30, 2025, the System had an investment in OSIP totaling \$17.5 million which represented less than 2% of the total OSIP Pool Trust at June 30, 2025. Agencies, authorities, commissions, boards, municipalities, political subdivisions, and other public units of the State may invest in OSIP. OSIP issues a publicly available financial report that can be obtained by writing to the Office of the General Treasurer, Finance Department, 50 Service Avenue – 2nd floor, Warwick, RI 02886.

OSIP has met the criteria outlined in GASB Statement No. 79 – Certain External Investment Pools and Pool Participants to permit election to report its investments at amortized cost which approximates fair value. The OSIP is not rated and the weighted average maturity of investments held in the pool, by policy, is not to exceed 60 days. OSIP's investments are high quality and liquid and include U.S. government and government agency obligations, U.S. dollar-denominated money market securities of domestic and foreign issuers such as short-term certificates of deposits, commercial paper, corporate bonds and notes, time deposits, municipal securities, asset-backed securities and repurchase agreements. OSIP transacts with its participants at a stable net asset value (NAV) per share. There are no participant withdrawal limitations.

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 December 6, 2023 with an effective date of January 1, 2024 and updated on May 28, 2025. 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.

Fiscal Year ended June 30, 2025

The following was the SIC's adopted asset allocation policy targets as of June 30, 2025:

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

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.

Fiscal Year ended June 30, 2025

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, 2025:

Investment Type	Fair Value (in thousands)
Cash and Cash Equivalents:	
US Cash	\$ 10,363
Non-US Cash	11,248
Repurchase Agreements	4,900
Short-Term Collective Investment Funds	199,335
US Government Securities	671,009
US Government Agency Securities	200,956
Collateralized Mortgage Obligations	25,949
Corporate Bonds	1,020,735
Commingled Funds - International Equity	1,184,929
Domestic Equity Securities	3,083,973
International Equity Securities	497,849
Equity Options - Private LLC Investment	212,712
Private Equity	2,557,088
Real Estate	681,839
Hedge Funds	777,610
Crisis Protection Class - Trend Following - Limited partnerships	494,663
Private Real Assets (ex-Real Estate)	515,214
Derivatives:	
Equity and Fixed Income Index Futures	1,778
Credit Default Swaps	1,028
Investments at Fair Value	\$ 12,153,178
Investment receivable	302,087
Investment payable	(314,097)
Total Pooled Investment Trust	\$ 12,141,168

(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.

Fiscal Year ended June 30, 2025

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

Investments at Fair Value	Fair Value June 30, 2025	Quoted Prices in Active Market for Identical Assets (level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable Inputs (level 3)
Equity Investments				
Global Equity	\$ 3,581,822	\$ 3,576,518	\$ 4,091	\$ 1,213
Fixed Income				
US Government Securities	671,009	671,009	—	—
US Government Agency Securities	200,956	—	200,956	—
Corporate Bonds	1,020,735	—	1,020,735	—
Collateralized Mortgage Obligations	25,949	—	25,949	—
	<u>\$ 1,918,649</u>	<u>\$ 671,009</u>	<u>\$ 1,247,640</u>	<u>\$ —</u>
Derivative Investments				
Equity and Fixed Income Index Futures	1,778	1,778	—	—
Credit Default Swaps	1,028	—	1,028	—
	<u>2,806</u>	<u>1,778</u>	<u>1,028</u>	<u>—</u>
Total Investment at Fair Value Level	<u><u>\$ 5,503,277</u></u>	<u><u>\$ 4,249,305</u></u>	<u><u>\$ 1,252,759</u></u>	<u><u>\$ 1,213</u></u>
Investments Measured at Net Asset Value (NAV)				
Short-Term Collective Investment Funds	\$ 199,335			
Commingled Funds - International Equity	1,184,929			
Hedge Funds	777,610			
Private Equity	2,557,088			
Real Estate	681,839			
Private Real Assets (ex-Real Estate)	515,214			
Equity Options - Private LLC Investment	212,712			
Crisis Protection Class - Trend Following	494,663			
	<u>\$ 6,623,390</u>			
Cash and Cash Equivalents				
US Cash	10,363			
Non-US Cash	11,248			
Repurchase Agreements	4,900			
	<u>26,511</u>			
Net Investment Payable	<u>(12,010)</u>			
Total Pooled Investment Trust	<u><u>\$ 12,141,168</u></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.

Fiscal Year ended June 30, 2025

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) and related notes:

	Fair Value	Unfunded Commitments	Redemption (if currently eligible)	Redemption Notice Period
Short-Term Collective Investment Funds ⁽¹⁾	\$ 199,335	\$ —	daily	none
Commingled Funds - International Equity ⁽²⁾	1,184,929	—	daily	see note below
Hedge Funds ⁽³⁾	777,610	—	see note below	see note below
Private Equity ⁽⁴⁾	2,557,088	1,120,422	see note below	see note below
Real Estate ⁽⁵⁾	681,839	176,440	see note below	see note below
Private Real Assets (ex-Real Estate) ⁽⁶⁾	515,214	191,490	see note below	see note below
Crisis Protection Class - Trend Following ⁽⁷⁾	494,663	—	see note below	see note below
Equity Options - Private LLC investment ⁽⁸⁾	212,712	—	see note below	see note below
	<u>\$ 6,623,390</u>	<u>\$ 1,488,352</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 seven limited partnerships divided into two subcategories: 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, 2025. Hedge funds represented 6.4% of the total reported fair value of ERSRI's pooled investment trust at June 30, 2025. Of the underlying holdings within the hedge funds approximately 61% 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, or semiannual basis, and are subject to notice periods which vary by fund and range from 45 days to 75 days. Some funds limit redemptions to 25% of invested capital on any one redemption date.

⁽⁴⁾ Private equity – these 141 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. Of the 141 limited partnership funds, 7 were committed to, but no capital called, as of June 30, 2025.

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, 2025. Private equity represented 21.1% of the total reported fair value of ERSRI's pooled investment trust at June 30, 2025. Private equity - the investments cannot be redeemed. The nature of these investments provides for distributions through the liquidation of the underlying assets or net operating cash flows.

⁽⁵⁾ Real Estate – these 30 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. Of the 30 limited partnership funds, 1 was committed to, but no capital called, as of June 30, 2025.

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, 2025. Real Estate represented 5.6% of the total reported fair value of ERSRI's pooled investment trust at June 30, 2025.

With the exception of six 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 17 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. Of the 17 funds, 1 was committed to, but no capital called, as of June 30, 2025. 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, 2025.

Private real assets (ex-real estate) represented 4.2% of the total reported fair value of ERSRI's pooled investment trust at June 30, 2025. With the exception of two open-end core fund 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. 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, 2025. 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⁾ 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, 2025. The underlying investments at June 30, 2025, which consist of equity options and fixed income investments were publicly traded.

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

Fiscal Year ended June 30, 2025

(c). Rate of Return

For the year ended June 30, 2025, 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.

	<u>ERS</u>	<u>TSB</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<u>RIJRFT</u>	<u>SPRFT</u>
Money-weighted rate of return - year ended June 30, 2025	4.53%	3.16%	4.25%	8.17%	5.89%	4.83%	8.27%

(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:

- BofA US HY Index
- JP Morgan CLOIE BB Index
- Bloomberg Barclays Long Duration US Treasury Bond Index
- BofA ML 0-1 Year US Treasury Index
- Bloomberg Barclays US Corporate Bond Index
- Bloomberg Barclays Securitized MBS/ABS/CMBS Index

At June 30, 2025, 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, 2025:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Effective Duration</u>
US Government Agency Securities	\$ 200,956	5.99
US Government Securities	671,009	11.34
Collateralized Mortgage Obligations	25,949	2.60
Corporate Bonds	1,020,735	4.14
Total Fixed Income	<u>\$ 1,918,649</u>	6.83

At June 30, 2025, the System had investments totaling \$199.3 million in short-term collective investment funds. The cash-equivalent type investments held in those funds had a weighted average maturity of 35 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's repurchase agreements outstanding at June 30, 2025 had maturity of one day.

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's overall asset allocation targets and related objectives.

The System manages exposure to credit risk generally by instructing fixed income managers to adhere to an overall target weighted average credit quality for their portfolios and by establishing limits on the percentage of the portfolios that are invested in non-investment grade securities.

Fiscal Year ended June 30, 2025

The System's exposure to credit risk as of June 30, 2025 is as follows (in thousands):

Moody's Quality Rating	US		Corporate Bonds	Term Loans	Grand Total
	Government Agency	CMO			
A1	\$ —	\$ 184	\$ 53,133	\$ —	\$ 53,317
A2	—	—	35,533	—	35,533
A3	—	—	40,961	—	40,961
Aa1	2,432	845	8,589	—	11,866
Aa2	—	2,524	17,855	—	20,379
Aa3	—	886	12,569	—	13,455
Aaa	171,246	19,097	42,921	—	233,264
B1	—	—	74,477	—	74,477
B2	—	—	43,255	—	43,255
B3	—	—	43,466	—	43,466
Ba1	—	—	67,620	—	67,620
Ba2	—	—	43,091	—	43,091
Ba3	—	—	69,199	—	69,199
Baa1	—	662	68,609	—	69,271
Baa2	—	—	83,375	—	83,375
Baa3	—	559	94,809	—	95,368
Ca	—	—	555	—	555
Caa1	—	—	30,492	—	30,492
Caa2	—	—	6,927	—	6,927
Caa3	—	270	1,660	—	1,930
Not Rated	27,279	920	180,386	—	208,585
WR	—	—	1,251	—	1,251
Grand Total	\$ 200,957	\$ 25,947	\$ 1,020,733	\$ —	\$ 1,247,637

Ratings provided by Moody's Investors Service

(f). Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. There is no single issuer exposure within the System's pooled investment trust that comprises 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, 2025, all securities were registered in the name of Employees' Retirement System Pooled Trust (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, 2025, 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.

Fiscal Year ended June 30, 2025

Foreign Currency Risk (in thousands)

Currency	Commingled Funds	Equities	Private Equity	Cash	Futures	Corporate Bonds	Total
Australian Dollar	\$ 42,245	\$ 25,574	\$ —	\$ 386	\$ 7	\$ —	\$ 68,212
Brazilian Real	18,696	—	—	—	—	—	18,696
Canadian Dollar	—	68,029	—	578	(60)	—	68,547
Chilean Peso	2,223	—	—	—	—	—	2,223
Chinese Yuan	8,925	—	—	—	—	—	8,925
Colombian Peso	608	—	—	—	—	—	608
Czech Republic Koruna	916	—	—	—	—	—	916
Danish Krone	13,886	8,979	—	104	—	—	22,969
Egyptian Pound	409	—	—	—	—	—	409
Euro Currency	220,243	140,261	194,870	4,282	(148)	2,928	562,436
Great Britain Pound	89,166	45,541	19,270	955	37	—	154,969
Hong Kong Dollar	122,971	28,482	—	1,186	2	—	152,641
Hungarian Forint	1,534	—	—	—	—	—	1,534
Indian Rupee	91,401	—	—	—	—	—	91,401
Indonesia Rupiah	5,706	—	—	—	—	—	5,706
Israeli Shekel	3,444	—	—	194	—	—	3,638
Japanese Yen	133,133	82,259	—	1,501	(219)	—	216,674
Kuwaiti Dinar	3,730	—	—	—	—	—	3,730
Malaysian Ringgit	6,288	—	—	—	—	—	6,288
Mexican Peso	9,519	—	—	—	—	—	9,519
New Taiwan Dollar	92,404	—	—	—	—	—	92,404
New Zealand Dollar	1,155	—	—	7	—	—	1,162
Norwegian Krone	3,851	6,840	—	222	—	—	10,913
Philippine Peso	2,262	—	—	—	—	—	2,262
Polish Zloty	5,494	—	—	—	—	—	5,494
Qatari Real	3,591	—	—	—	—	—	3,591
Saudi Riyal	17,109	—	—	—	—	—	17,109
Singapore Dollar	8,239	18,354	—	484	—	—	27,077
Swedish Krona	18,344	14,556	—	766	(2)	—	33,664
Swiss Franc	57,888	58,974	—	584	—	—	117,446
South African Rand	14,454	—	—	—	—	—	14,454
South Korean Won	52,880	—	—	—	—	—	52,880
Thailand Baht	4,833	—	—	—	—	—	4,833
Turkish Lira	2,506	—	—	—	—	—	2,506
United Arab Emirates Dirham	7,480	—	—	—	—	—	7,480
Total	<u>\$ 1,067,533</u>	<u>\$ 497,849</u>	<u>\$ 214,140</u>	<u>\$ 11,249</u>	<u>\$ (383)</u>	<u>\$ 2,928</u>	<u>\$ 1,793,316</u>

(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, credit default swaps, options, rights, and warrants. The System enters into these transactions to enhance performance, rebalance the portfolio consistent with overall asset allocation targets, gain or reduce exposure to a specific market, or mitigate specific risks.

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

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

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

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

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

Additionally, the System is an investor in a private investment fund that writes collateralized put options on both U.S. indices, including the S&P 500® Index and 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.

Fiscal Year ended June 30, 2025

The following summarize the System's exposure to specific derivative investments (in thousands) at June 30, 2025:

Investment Derivative Instruments	Change in fair value included in investment income	Fair Value at 06/30/2024	Fair Value at 06/30/2025	Notional Amount
Fixed income futures - long	\$ 2,739	\$ 2,864	\$ 5,603	\$ 504,801
Fixed income futures - short	5	(82)	(77)	(7,422)
Equity index futures - long	(59)	342	283	(14,718)
Equity index futures - short	(3,535)	(495)	(4,030)	(240,437)
Credit default swaps	623	405	1,028	—
Total	\$ (227)	\$ 3,034	\$ 2,807	
Foreign Currency Forward Contracts Payable				
Pending (liability)			(461)	
Pending receivable (asset)			\$ 21	
Total			\$ (440)	

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, 2025 was \$21 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 four counterparties were Aa3 (one counterparty), A1 (two counterparties), A3 (one counterparty). The S&P credit ratings of two counterparties were A+ (one counterparty) and A- (one counterparty).

(j). 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 years-to-retirement asset allocation model currently serving as the plan's default. It is composed of investment options offered in the plan's core investment lineup that also serve as standalone options. Each model is based on a target date strategy and corresponds to a specific range of years to retirement (e.g. 10-12 years to retirement). An individual investment option can be a mutual fund, annuity contract, trust, or any other option that is part of the plan's core investment lineup. The term "investment option" does not include investments available solely through brokerage accounts or investments that otherwise are closed to participant-directed allocations.

The majority (91%) of investments held by participants in the defined contribution plan are annuities or equity funds. Annuities are guaranteed insurance contracts that are not categorized as investments for purposes of federal securities laws. Equity index funds seek to replicate the price and yield performance of a particular index.

The 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 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, 2025, all non-annuity assets, including mutual funds, that are traded and held in retirement plans by TIAA were held at TIAA-Trust, N.A., (formerly TIAA-CREF Trust Company, FSB) as custodian/trustee.

The majority of the defined contribution plan investment options are asset allocation models that facilitate investments directly into the individual investment options available within the plan; the models 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 are subject to interest rate, inflation and credit risks. 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.

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

Other investments that are not traded on a national security exchange (primarily private equity, 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.

Private equity, real estate, and private real assets ex-real estate represented 3.3%, 3.1%, and 1.5%, respectively, of the total reported fair value of all pooled OPEB trust investments at June 30, 2025.

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., hedge funds, private equity, real estate, and private real assets (ex-real estate), 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, 2025, the carrying amount of the OPEB System cash deposits was approximately \$7.3 million and the bank balance was \$7.3 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, 2025 (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 \$767 thousand invested in the Ocean State Investment Pool at June 30, 2025. 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.

Fiscal Year ended June 30, 2025

The SIC has adopted an Investment Policy Statement (IPS) which includes specific asset allocation targets and asset class policies. An investment policy statement was adopted by the SIC on June 22, 2022 and was effective from January 1, 2023 through December 31, 2023. The SIC approved a revised Investment Policy Statement on December 6, 2023 with an effective date of January 1, 2024. The Investment Policy Statements may be amended by a majority vote of SIC members. The SIC's asset allocation policy seeks to achieve the assumed rate of return adopted by the System over the long-term while reducing risk through the prudent diversification of the portfolio across various asset classes.

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

The SIC adopted the following asset allocation policy targets as of January 1, 2025:

Asset Class	Target Asset Allocation
<i>GROWTH</i>	
Public Growth	40.0 %
Private Growth	5.0
<i>Subtotal</i>	<u>45.0</u>
<i>INCOME</i>	
Equity Options	4.0
Liquid Credit	8.0
Collateralized Loan Obligations (CLOs)	4.0
Private Credit	5.0
<i>Subtotal</i>	<u>21.0</u>
<i>STABILITY</i>	
Inflation Protection - Core Real Estate	4.0
Inflation Protection - Private Real Assets (ex-Real Estate)	4.0
Volatility Protection - US Aggregate Bond	26.0
<i>Subtotal</i>	<u>34.0</u>
Total	<u><u>100.0 %</u></u>

Consistent with a target asset allocation model adopted by the SIC, the OPEB 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.

Fiscal Year ended June 30, 2025

The following table presents the fair value of investments by type that are held within the pooled trust at June 30, 2025:

Investment Type	Fair Value (in thousands)
US Cash and Cash Equivalents:	
US Cash	\$ 56
Non-US Cash	135
Money Market Mutual Funds	3,702
Corporate Bonds	14,436
Derivatives:	
Equity and Fixed Income Index Futures	35
Commingled Funds - International Equity	115,050
Commingled Funds - Domestic Equity Index Funds	523,934
Equity Options	29,346
Private Equity	24,550
Private Credit	8,138
Real Estate	23,403
Private Real Assets ex-Real Estate	11,518
Investment at Fair Value	754,303
Net Investment Receivable (Payable)	(63)
Total Pooled Investment Trust	\$ 754,240

(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.

Fiscal Year ended June 30, 2025

The following table presents the investments measured at fair value at June 30, 2025 (expressed in thousands):

Investments at Fair Value	Fair Value 06/30/2025	Quoted Process in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Fixed Income:			
Corporate Bonds	\$ 14,436	\$ —	\$ 14,436
Derivatives:			
Equity and Fixed Income Futures	35	35	—
Total investments by fair value level	\$ 14,471	\$ 35	\$ 14,436
Investments measured at the net asset value (NAV)			
Commingled Funds - International Equity	115,050		
Commingled Funds - Domestic Equity Index Funds	523,934		
Equity Options	29,346		
Money Market Funds	3,702		
Private Equity	24,550		
Private Credit	8,138		
Real Estate	23,403		
Private Real Assets ex-Real Estate	11,518		
	\$ 739,641		
Cash and Cash Equivalents			
US Cash and Cash Equivalents	56		
Non-US Cash	135		
	191		
Net investment receivable (Payable)	(63)		
Total Pooled Investment Trust	\$ 754,240		

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):

	Fair Value	Unfunded Commitments	Redemption (if currently eligible)	Redemption Notice Period
Commingled Funds - International Equity	\$ 115,050	\$ —	daily	none
Commingled Funds - Domestic Equity Index Funds	523,934	—	daily	see note below
Equity Options	29,346	—	see note below	see note below
Money Market Fund	3,702	—	see note below	see note below
Private Equity	24,550	20,566	see note below	see note below
Private Credit	8,138	12,815	see note below	see note below
Real Estate	23,403	4,571	see note below	see note below
Private Real Assets ex-Real Estate	11,518	8,461	see note below	see note below
	\$ 739,641	\$ 46,413		

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.

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, 2025. The underlying investments at June 30, 2025, 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 24 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. Of the 24 limited partnership investments, 5 were committed to but no capital called as of June 30, 2025.

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, 2025. 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.

Private Credit – these seven limited partnership investments invest in non-traded, non-control structured credit, direct lending, and performing debt for which current interest income represents the majority of returns. The Private Credit allocation is anchored by strategies that make direct senior loans to companies across sectors, supplemented by esoteric debt strategies such as specialty finance, hard asset-backed lending, and royalties, among others. Of the seven limited partnership investments, 1 was committed to but no capital called as of June 30, 2025.

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, 2025. 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 18 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. Of the 18 limited partnership investments, one was committed to but no capital called as of June 30, 2025.

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, 2025.

With the exception of six 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 – these seven funds provide 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 these investments have been determined using the NAV per share of the investment as reported by the general partner at June 30, 2025. Of the seven funds, one was committed to but no capital called as of June 30, 2025.

With the exception of two open-ended core funds which allow for quarterly liquidity (with a notice period of between 45 to 60 days), these investments cannot be redeemed. Redemptions may not be fulfilled in a timely manner due to market conditions and initial lock-up period. The nature of these investments provide 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, 2025, 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, 2025	11.21%	10.99%	9.86%	11.11%	10.26%	11.13%

Fiscal Year ended June 30, 2025

(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 credit managers, the OPEB 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 Collateralized loan obligations.

The fixed income indices currently used by the System is:

- ICE BofA ML US HY Index
- JP Morgan CLOIE BB Index
- Bloomberg US Aggregate Bond Index

At June 30, 2025, 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, 2025 (expressed in thousands):

Investment Type:	Fair Value	Effective Duration
Corporate Bonds	\$ 14,436	1.96
Total Fixed Income	\$ 14,436	

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 at June 30, 2025 (expressed in thousands):

Investment	Investment Type	Fair Value	Effective Duration
US Aggregate Bond Index NL	Commingled Funds - Domestic Equity	\$ 221,136	6.05
US High Yield Bond Index NL	Commingled Funds - Domestic Equity	95,134	2.73

(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 OPEB System may be exposed to credit risk with respect to its fixed income investments. The OPEB 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 OPEB System vary by asset class and reflect the manager's strategy and the OPEB 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.

Fiscal Year ended June 30, 2025

The OPEB System's exposure to credit risk on corporate bonds as of June 30, 2025 is as follows (expressed in thousands):

Quality Rating ⁽¹⁾	Corporate Bonds
Ba1	\$ 1,002
Ba3	5,632
B3	19
Not rated	7,783
Fair Value	\$ 14,436

⁽¹⁾ **Moody's Investors Service Ratings**

In addition to the exposure to credit risk on corporate bonds shown, the following table depicts credit ratings for two commingled domestic equity fund investments at June 30, 2025 (expressed in thousands):

Investment	Investment Type:	Fair Value	Average Credit Quality	Credit Quality Breakdown
US Aggregate Bond Index NL	Commingled Funds - Domestic Equity	\$ 221,136	AA3	Aaa-3.3%, Aa-72.3%, A-11.4%, Baa-11.9%, Below Baa-0.1%, Not rated-1.0%
US High Yield Bond Index NL	Commingled Funds - Domestic Equity	\$ 95,134	B1	BBB or higher - 1.8%, BB-50.3%, B-35.0%, CCC or lower-11.9%, Not rated-1.0%

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 fund 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, 2025, all securities were registered in the name of State of Rhode Island OPEB Systems Trust (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.

Fiscal Year ended June 30, 2025

The OPEB System's exposure to foreign currency risk at June 30, 2025, is detailed in the following table:

Currency Code	Currency	Commingled Funds	Private Equity	Cash	Total
AUD	Australian Dollar	\$ 5,055	\$ —	\$ —	\$ 5,055
BRL	Brazilian Real	1,521	—	—	1,521
CAD	Canadian Dollar	9,195	—	—	9,195
CLP	Chilean Peso	168	—	—	168
CNY	Chinese Yuan	9,494	—	—	9,494
COP	Colombian Peso	48	—	—	48
CZK	Czech Republic Koruna	63	—	—	63
DKK	Danish Krone	1,629	—	—	1,629
EGP	Egyptian Pound	22	—	—	22
EUR	Euro Currency	26,055	184	4	26,243
GBP	Great Britain Pound	10,483	642	131	11,256
HKD	Hong Kong Dollar	1,482	—	—	1,482
HUF	Hungarian Forint	105	—	—	105
INR	Indian Rupee	6,096	—	—	6,096
IDR	Indonesia Rupiah	435	—	—	435
ILS	Israeli Shekel	731	—	—	731
JPY	Japanese Yen	15,645	—	—	15,645
KWD	Kuwaiti Dinar	273	—	—	273
MYR	Malaysian Ringgit	459	—	—	459
MXN	Mexican Peso	709	—	—	709
TWD	New Taiwan Dollar	6,302	—	—	6,302
NZD	New Zealand Dollar	115	—	—	115
NOK	Norwegian Krone	490	—	—	490
PEN	Peruvian Nouveau Sol	111	—	—	111
PHP	Philippine Peso	168	—	—	168
PLN	Polish Zloty	369	—	—	369
QAR	Qatari Real	268	—	—	268
SAR	Saudi Riyal	1,166	—	—	1,166
SGD	Singapore Dollar	1,291	—	—	1,291
SEK	Swedish Krona	2,710	—	—	2,710
CHF	Swiss Franc	6,825	—	—	6,825
ZAR	South African Rand	1,059	—	—	1,059
KRW	South Korean Won	3,539	—	—	3,539
THB	Thailand Baht	304	—	—	304
TRY	Turkish Lira	184	—	—	184
AED	United Arab Emirates	481	—	—	481
Total		\$ 115,050	\$ 826	\$ 135	\$ 116,011

(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.

Fiscal Year ended June 30, 2025

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 summarizes the System’s exposure to specific derivative investments (in thousands) at June 30, 2025:

Investment Derivative Instruments	Change in Fair Value Included in Investment Income	Fair Value at 06/30/2024	Fair Value at 06/30/2025	Notional Amount
Fixed income futures - long	\$ 16	\$ 15	\$ 31	\$ 2,800
Fixed income futures - short	—	—	—	208
Equity index futures - long	3	1	4	447
Equity index futures - short	3	(3)	—	123
Total	\$ 22	\$ 13	\$ 35	

E. Private Purpose Trusts

The Tuition Savings Program had investments of approximately \$4.0 billion in a number of mutual funds and other investment vehicles as of June 30, 2025. These investments are categorized as Level 1 of the fair value hierarchy, with the exception of investment contracts totaling \$569.7 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 \$4.7 million in the Fidelity Balanced Fund as of June 30, 2025. 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, 2025. These investments are categorized as Level 1 of the fair value hierarchy, with the exception of a FDIC-Insured Checking Account which is not subject to the fair value hierarchy.

F. Custodial Funds

As of June 30, 2025, 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.

Fiscal Year ended June 30, 2025

Note 3. Receivables

Receivables at June 30, 2025 (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	\$ 900,486	\$ 569,205	\$ 404	\$ 1,470,095	\$ (351,368)	\$ 1,118,727	\$ 541,024
Less current portion	889,698	468,046	—	1,357,744	(334,891)	1,022,853	504,811
Non-current portion	10,788	101,159	404	112,351	(16,477)	95,874	36,213
Business-type activities receivables	83,766	56,583	—	140,349	(38,558)	101,791	1,999
Less current portion	83,766	56,583	—	140,349	(38,558)	101,791	1,999
Non-current portion	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Within the governmental activities, 62.4% of the net receivables is attributed to net taxes receivable (\$202.2 million is uncollectible) and 37.6% to net accounts receivables (\$149.1 million is uncollectible). In fiscal year 2025, a significant amount of the account receivables related to the opioid settlement, which totaled \$88.4 million and Medicaid accruals, which totaled \$44.6 million. These amounts represent 21.0% and 10.6% of the net accounts receivable, respectively.

The due from other governments and agencies include \$72.9 million in Medicaid accruals due from the federal government, which represents 13.5% of the total due from other governments.

Receivables related to the Employment Security Fund totaled \$88.4 million, which represent 86.9% of the total receivable net for business-type activities.

Fiscal Year ended June 30, 2025

Note 4. Intra-Entity Receivables and Payables

Intra-entity receivables and payables as of June 30, 2025 are the result of ongoing operations and are expected to be reimbursed within the subsequent fiscal year. They are summarized below (expressed in thousands):

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Description</u>
Governmental Funds			
Major Funds			
General	\$ —	\$ 2,981	Bond proceeds and internal service billings
Intermodal Surface Transportation	7,493	—	Transportation funding
RI Capital Plan	2,152	—	Project Funding
Total Major Funds	<u>9,645</u>	<u>2,981</u>	
Non-Major Funds			
RI Temporary Disability Insurance	—	3,335	Operating expenses
RI Clean Water Act.	13	—	Investment Interest
Bond Capital	—	4,301	Project funding
Large Systems Initiatives Fund	—	10,986	Project funding
Total Non-Major Funds	<u>13</u>	<u>18,622</u>	
Total Governmental Funds	9,658	21,603	
Proprietary Funds			
Enterprise Funds			
RI Lottery	—	5,185	RI Lottery residual net income transfer to General Fund
RI Convention Center	93	—	Project funding and operating assistance
Employment Security Trust	103	—	Benefit payments
Total Enterprise Funds	<u>196</u>	<u>5,185</u>	
Internal Service Funds	18,856	1,922	Settlement of services rendered
Total Primary Government	<u>\$ 28,710</u>	<u>\$ 28,710</u>	

Fiscal Year ended June 30, 2025

Note 5. Capital Assets

The capital asset activity of the reporting entity for the year ended June 30, 2025 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	\$ 424,671	\$ 5,503	\$ (1,613)	\$ 428,561
Works of art	5,673	170	—	5,843
Intangibles	191,029	12,111	(2,887)	200,253
Construction in progress	1,348,256	767,151	(762,968)	1,352,439
Intangibles: Subscription-based IT assets (in dev)	23,241	34,915	—	58,156
Total capital assets not being depreciated or amortized	1,992,870	819,850	(767,468)	2,045,252
Capital assets being depreciated or amortized:				
Land improvements	11,436	—	—	11,436
Buildings	889,783	9,989	(214)	899,558
Building improvements	589,716	27,233	(643)	616,306
Furniture and equipment	420,770	33,754	(6)	454,518
Intangibles	339,453	381	—	339,834
Intangibles: right to use lease assets				
Land Improvements	—	320	—	320
Buildings	95,018	5,072	(3,165)	96,925
Furniture and equipment	3,780	2,035	(1,133)	4,682
Intangibles: subscription-based IT assets	26,508	40,579	(9,556)	57,531
Infrastructure	5,896,665	727,541	—	6,624,206
Total capital assets being depreciated or amortized	8,273,129	846,905	(14,718)	9,105,316
Less accumulated depreciation or amortization for:				
Land improvements	5,310	268	—	5,578
Buildings	424,314	16,906	(214)	441,006
Building improvements	294,970	21,302	(32)	316,240
Furniture and equipment	342,397	22,890	(6)	365,281
Intangibles	248,226	32,769	—	280,995
Intangibles: right to use lease assets				
Land improvements	—	46	—	46
Buildings	41,705	14,690	(3,145)	53,250
Furniture and equipment	1,017	2,041	—	3,058
Intangibles: subscription-based IT assets	13,953	15,942	(5,370)	24,525
Infrastructure	3,161,406	169,897	—	3,331,303
Total accumulated depreciation or amortization	4,533,298	296,751	(8,767)	4,821,282
Total capital assets being depreciated or amortized, net	3,739,831	550,154	(5,951)	4,284,034
Governmental activities capital assets, net (*)	\$ 5,732,701	\$ 1,370,004	\$ (773,419)	\$ 6,329,286

(*) Net governmental activities capital assets includes ISF net capital assets totaling \$19.7 million at June 30, 2025.

Fiscal Year ended June 30, 2025

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

General government	\$ 33,611
Health and human services	40,344
Education	7,022
Public safety	27,728
Natural resources	9,470
Transportation	178,576
Total depreciation or amortization expense - governmental activities	<u>\$ 296,751</u>

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 46,808	\$ —	\$ —	\$ 46,808
Construction in progress	7,027	15,439	(8,588)	13,878
Intangibles: Subscription-based IT assets (in dev)	705	625	(1,330)	—
Total capital assets not being depreciated	<u>54,540</u>	<u>16,064</u>	<u>(9,918)</u>	<u>60,686</u>
Capital assets being depreciated or amortized:				
Buildings	288,220	1,880	—	290,100
Machinery and equipment	57,600	6,709	(148)	64,161
Intangibles: right to use lease assets - equipment	1,337	—	(15)	1,322
Intangibles: right to use subscription assets	—	1,330	—	1,330
Total capital assets being depreciated	<u>347,157</u>	<u>9,919</u>	<u>(163)</u>	<u>356,913</u>
Less accumulated depreciation or amortization for:				
Buildings	210,352	5,303	—	215,655
Machinery and equipment	45,266	2,582	(148)	47,700
Intangibles: right to use lease assets - equipment	679	333	(15)	997
Intangibles: right to use subscription assets	—	212	—	212
Total accumulated depreciation or amortization	<u>256,297</u>	<u>8,430</u>	<u>(163)</u>	<u>264,564</u>
Total capital assets being depreciated or amortized (net)	<u>90,860</u>	<u>1,489</u>	<u>—</u>	<u>92,349</u>
Business-type activities capital assets (net)	<u>145,400</u>	<u>17,553</u>	<u>(9,918)</u>	<u>153,035</u>

Fiscal Year ended June 30, 2025

	Beginning Balance*	Increases	Decreases	Ending Balance
Discretely Presented Component Units				
Capital assets not being depreciated or amortized:				
Land	137,177	526	—	137,703
Construction in progress	356,521	388,468	(224,223)	520,766
Other	250	—	—	250
Total capital assets not being depreciated or amortized	<u>493,948</u>	<u>388,994</u>	<u>(224,223)</u>	<u>658,719</u>
Capital assets being depreciated or amortized:				
Buildings	3,082,770	102,547	(2,032)	3,183,285
Land improvements	366,617	45,437	(288)	411,766
Leasehold improvements	841	201	(3)	1,039
Machinery and equipment	644,798	44,325	(38,033)	651,090
Intangibles: right to use lease assets	67,662	38,813	(176)	106,299
Intangibles: subscription-based IT assets	32,781	17,143	(3,247)	46,677
Infrastructure	394,003	1,721	—	395,724
Total capital assets being depreciated or amortized	<u>4,589,472</u>	<u>250,187</u>	<u>(43,779)</u>	<u>4,795,880</u>
Less accumulated depreciation or amortization for:				
Buildings	1,504,202	96,328	(2,002)	1,598,528
Land improvements	242,350	10,766	(288)	252,828
Leasehold improvements	326	96	(2)	420
Machinery and equipment	456,715	33,732	(35,519)	454,928
Intangibles: right to use lease assets	8,468	2,512	(168)	10,812
Intangibles: subscription-based IT assets	16,102	11,406	(2,453)	25,055
Infrastructure	187,630	13,917	—	201,547
Total accumulated depreciation or amortization	<u>2,415,793</u>	<u>168,757</u>	<u>(40,432)</u>	<u>2,544,118</u>
Total capital assets being depreciated or amortized (net)	<u>2,173,679</u>	<u>81,430</u>	<u>(3,347)</u>	<u>2,251,762</u>
Total capital assets (net)	<u>\$ 2,667,627</u>	<u>\$ 470,424</u>	<u>\$ (227,570)</u>	<u>\$ 2,910,481</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, 2025 are as follows:

Component Units:

Direct Borrowings

R.I. Resource Recovery Corporation note payable to the host municipality, payable in equal installments over the next 4 years	\$ 893
R.I. Housing and Mortgage Finance Corporation bank notes and lines of credit, 0% to 6.3% interest, payable through 2049	86,233
	<u>87,126</u>
Less: current portion	66,274
Non-current portion	<u>\$ 20,852</u>

Other

R.I. Housing and Mortgage Finance Corporation federal bank note, 2.2% to 4.8% interest, payable from 2054 through 2064.	<u>\$ 296,270</u>
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Direct borrowing – Line of credit arrangements

R.I. Housing and Mortgage Finance Corporation (RIHMFC) - As of June 30, 2025, RIHMFC may borrow up to a maximum of \$135.0 million under various revolving loan agreements expiring between August 2025 and January 2026. 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, 2025, the borrowings were \$32.0 million and the rate was 4.88%. The remaining line of credit arrangements have fixed rates which range from 4.83% to 4.96%. Outstanding borrowings under these agreements totaled \$30.0 million at June 30, 2025.

Fiscal Year ended June 30, 2025

Note 7. Long-Term Liabilities**A. Changes in Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2025 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
Governmental Activities						
<i>Bonds Payable</i>						
General Obligation bonds (see section B)	\$ 1,483,220	\$ 273,250	\$ (168,710)	\$ 1,587,760	\$ 132,595	\$ 1,455,165
RICC Grant Anticipation Revenue bonds	411,480	123,915	(41,860)	493,535	43,950	449,585
RICC Rhode Island Motor Fuel Tax Revenue	10,470	—	(4,360)	6,110	4,580	1,530
Tobacco Settlement asset-backed bonds	497,208	—	(24,400)	472,808	14,810	457,998
Accreted interest on TSFC bonds	184,282	17,727	—	202,009	—	202,009
RICC Historic Tax Credit bonds	36,605	—	(8,740)	27,865	9,005	18,860
RIHEBC State Appropriation-Backed Revenue	89,630	—	(2,940)	86,690	3,090	83,600
Net unamortized premium/discount	155,055	34,926	(28,042)	161,939	—	161,939
Bonds payable (net)	<u>2,867,950</u>	<u>449,818</u>	<u>(279,052)</u>	<u>3,038,716</u>	<u>208,030</u>	<u>2,830,686</u>
Certificates of Participation (see section D)	58,295	—	(17,450)	40,845	6,930	33,915
Net unamortized premium/discount	3,012	—	(812)	2,200	—	2,200
Certificates of Participation (net)	<u>61,307</u>	<u>—</u>	<u>(18,262)</u>	<u>43,045</u>	<u>6,930</u>	<u>36,115</u>
Lease liability (see note 15)	61,657	8,208	(20,749)	49,116	16,774	32,342
SBITA liability (see note 15)	9,424	32,287	(15,804)	25,907	13,252	12,655
Net pension liability (see note 18)**	1,941,333	17,890	(14,206)	1,945,017	—	1,945,017
Net pension liability-special funding	1,031,708	—	(17,279)	1,014,429	—	1,014,429
Net OPEB liability (see note 19 D)**	188,978	—	(63,210)	125,768	—	125,768
Compensated absences (see section H)**(**)	145,948	28,138	(1,455)	172,631	139,469	33,162
Pollution remediation (see section G)	3,493	7,073	(2,756)	7,810	704	7,106
Other liabilities (see section K)	118,414	76,203	(43,295)	151,322	28,673	122,649
Total Governmental Long-term Liabilities	<u>\$ 6,430,212</u>	<u>\$ 619,617</u>	<u>\$ (476,068)</u>	<u>\$ 6,573,761</u>	<u>\$ 413,832</u>	<u>\$ 6,159,929</u>
Business-type Activities						
Revenue bonds (see section B)	\$ 140,200	\$ —	\$ (21,225)	\$ 118,975	\$ 21,975	\$ 97,000
Lease liability (see note 15)	685	—	(339)	346	345	1
SBITA liability (see note 15)	—	577	(109)	468	111	357
Net pension liability**	17,762	76	—	17,838	—	17,838
Net OPEB liability (**)	1,911	—	(637)	1,274	—	1,274
Unearned revenue	30,611	565	(1,386)	29,790	6,236	23,554
Compensated absences (see section H)**(**)	725	1,311	—	2,036	781	1,255
Total Business-type Long-term Liabilities	<u>\$ 191,894</u>	<u>\$ 2,529</u>	<u>\$ (23,696)</u>	<u>\$ 170,727</u>	<u>\$ 29,448</u>	<u>\$ 141,279</u>
Component Units						
Bonds payable (see section B)	\$ 3,163,201	\$ 718,518	\$ (200,661)	\$ 3,681,058	\$ 139,467	\$ 3,541,591
Bonds payable - direct placements	79,479	—	(12,873)	66,606	5,603	61,003
Net unamortized premium/discount	90,595	11,947	(11,997)	90,545	8,490	82,055
Refunding credits	(5,928)	—	1,305	(4,623)	(688)	(3,935)
Bonds payable (net)	<u>3,327,347</u>	<u>730,465</u>	<u>(224,226)</u>	<u>3,833,586</u>	<u>152,872</u>	<u>3,680,714</u>
Loans payable (see section C)**	20,978	16,606	(17,379)	20,205	1,169	19,036
Lease liability**	63,635	39,883	(3,647)	99,871	3,840	96,031
SBITA liability	14,202	16,521	(12,594)	18,129	8,501	9,628
Net pension liability**(**)	260,434	394	(7,661)	253,167	—	253,167
Net OPEB liability**	116,459	621	(17,609)	99,471	1,081	98,390
Compensated absences (see section H)**(**)	64,709	5,586	(2,369)	67,926	16,347	51,579
Due to primary government (see section J)	27,802	—	(4,654)	23,148	4,915	18,233
Unearned revenue**	27,208	19,825	(6,970)	40,063	39,335	728
Due to component units	896	—	(44)	852	852	—
Other Long-term liabilities						
Arbitrage rebate (see section I)	901	901	(275)	1,527	—	1,527
Pollution remediation (see section G)	12,152	—	(1,275)	10,877	978	9,899
Other liabilities (see section K)	446,429	30,113	(6,638)	469,904	884	469,020
Total Component Units Long-term Liabilities	<u>\$ 4,383,152</u>	<u>\$ 860,915</u>	<u>\$ (305,341)</u>	<u>\$ 4,938,726</u>	<u>\$ 230,774</u>	<u>\$ 4,707,952</u>

(*) The compensated absences, loans payable, lease liability, net pension liability, and unearned revenue were restated as a result of the recognition of Nowell Academy as a component unit and the adoption of GASB Statement No. 101.

(**) 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.

Fiscal Year ended June 30, 2025

B. Bonds Payable

At June 30, 2025, 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
2026	\$ 208,030	\$ 109,054	\$ 21,975	\$ 5,560	\$ 139,467	\$ 146,764	\$ 5,603	\$ 2,106
2027	196,925	102,483	21,095	4,778	147,303	142,499	7,659	1,869
2028	186,195	93,884	5,960	3,970	166,772	136,967	8,021	1,599
2029	166,720	85,832	6,285	3,647	145,834	130,898	8,299	1,312
2030	173,320	78,123	6,625	3,303	148,887	125,555	8,611	1,018
2031 - 2035	714,170	286,519	39,060	10,600	689,972	215,555	19,964	2,724
2036 -2040	552,130	148,404	12,295	2,837	720,883	147,304	8,449	414
2041 -2045	250,260	60,060	5,680	368	563,180	94,980	—	—
2046 -2050	121,130	30,283	—	—	506,110	52,789	—	—
2051 -2055	105,888	1,411,722 (*)	—	—	427,325	24,139	—	—
2056 -2060	—	—	—	—	18,940	994	—	—
2061 -2065	—	—	—	—	5,475	266	—	—
2061 -2070	—	—	—	—	910	—	—	—
	<u>\$ 2,674,768</u>	<u>\$ 2,406,364</u>	<u>\$ 118,975</u>	<u>\$ 35,063</u>	<u>\$ 3,681,058</u>	<u>\$ 1,218,710</u>	<u>\$ 66,606</u>	<u>\$ 11,042</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 June 2025, the State issued \$223.9 million of general obligation bonds with interest rates from 4.4% to 5.5%, maturing from 2026 to 2045. The total premium paid on these bonds was \$14.9 million. In accordance with certain bond statutes, net premiums of \$1.4 million were transferred to RI Infrastructure Bank to provide municipalities with low-cost financial assistance for road and bridge projects and \$12.6 million was transferred to Rhode Island Capital Plan Fund.

The State also issued \$49.4 million of general obligation refunding bonds with an interest rate of 5.0%, maturing from 2026 to 2027. The premium paid on these bonds was \$1.5 million. These bonds, combined with the premium, were deposited in an irrevocable trust to advance refund \$49.8 million of series 2014RD and 2015RA bonds with interest rates from 3.0% to 5.0%. The refunding resulted in a reduction of debt service of \$1.4 million from 2026 through 2028 and there was an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1.4 million. The advance refunding resulted in a deferred gain (difference between the reacquisition price and the net carry amount of the old debt) of approximately \$635 thousand that was recorded as a deferred inflow of resources.

At June 30, 2025, general obligation bonds authorized by the voters and unissued amounted to approximately \$591.2 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. 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.

Fiscal Year ended June 30, 2025

State Appropriation-Backed Revenue Bonds (Series 2023 Bonds) - The R.I. Health and Education Building Corporation (RIHEBC), on behalf of the State of Rhode Island (the "Borrower") and the City of Central Falls, issued \$93.5 million in State appropriations-backed revenue bonds for Central Falls School Projects on August 17, 2023. The bonds were issued with interest rates of 4.00% - 5.00%, maturing through 2043. The premium paid on these bonds was \$7.8 million. These bonds, combined with the premium, were deposited in a corporate trust with US Bank to fund construction of Central Falls High School. At June 30, 2025, bonds authorized by the General Assembly pursuant to General Law Chapter 35-18, but not issued for the school construction in the City of Central Falls totaled \$50.4 million.

The Series 2023 Bonds are special limited obligations of the Corporation and are payable solely from and secured by the pledge of payments to be made by the State of Rhode Island pursuant to the terms of a financing agreement by and among RIHEBC, the State of Rhode Island, City of Central Falls, and the Central Falls School District Board of Trustees. Under the financing agreement, the State covenants and agrees that the Governor's recommended budget shall include the annual debt service amount due on the Series 2023 Bonds in the proposed State budget for that fiscal year. The annual appropriation request would be subject to annual appropriation by the State General Assembly.

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-seven cents (\$.37) 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.

In September 2024, the Rhode Island Commerce Corporation, on behalf of the RI Department of Transportation, issued \$123.9 million of Grant Anticipation Bonds. The premium paid on these bonds was \$18.5 million. The bonds mature in 2032 to 2039 and have yields ranging from 2.92% to 3.32%. The bonds were issued to provide funding for certain costs of the Washington Bridge Project, and will be repaid with federal funds. The obligation of the State to make payments to the trustee of future federal aid revenues and future pledged motor fuel taxes is subject to annual appropriation by the General Assembly.

Pledged revenues were sufficient to fund fiscal year 2025 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 2039 and 2027.

Historic Tax Credit Bonds - In fiscal year 2019, the R.I. Commerce Corporation (RICC), on behalf of the State, issued \$76.9 million 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. As of June 30, 2025 there were \$27.9 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 year ended June 30, 2025, the Corporation utilized \$10.4 million 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, 2025, outstanding bond indebtedness totaled \$119.0 million.

In November 2017, the 2009 Series A Bonds outstanding in the amount of \$64,800,000 were advance refunded via the Authority's issuance of Revenue Refunding Bonds, 2017 Series A (federally taxable) ("2017 Series A Bonds").

Concurrent with the issuance of the RICCA's 2009 Series A Bonds, a financial guaranty insurance policy was issued by Assured Guaranty Corp. The policy provided maximum coverage for principal and interest payments on the 2009 Series A Bonds of \$127,472,366. Coverage under the policy terminated with the advance refunding of the 2009 Series A Bonds.

Simultaneous with the issuance of the 2009 Series A and Series B Bonds ("2009 Series Bonds"), a Debt Service Reserve Fund Facility (the "Facility") was issued by Assured Guaranty Municipal Corp. ("AGM") to meet the Debt Service Reserve Fund requirement. The Facility provides maximum coverage of \$16,230,945. Coverage under the Facility expires at the earlier of May 15, 2027 or the date upon which the bonds issued under 1991 General Revenue Bond Resolution (i.e., 2017 Series A and 2021 Series A) are no longer outstanding. Effective August 1, 2024, AGM completed its merger with and into Assured Guaranty Inc. ("AG") with AG as the surviving company. At the time of the merger, AG and AGM had identical financial strength ratings of AA by S&P and A1 by Moody's. These are the most recent ratings available as of the date the Authority's financial statements were available to be issued.

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, 2025, 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, 2025.

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, 2025 revenue bonds outstanding were approximately as follows: URI - \$223.3 million, RIC - \$9.0 million, and CCRI - \$0.

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, 2025, RIAC was in compliance with all financial covenants.

Fiscal Year ended June 30, 2025

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 \$117.5 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 \$54.8 million for the year ended June 30, 2025. Principal and interest payments for the year ended June 30, 2025 were approximately \$20.3 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, 2025, RIAC had approximately \$37.9 million in borrowings under this agreement.

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 \$291 thousand and \$19.6 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, 2025, 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, 2025, future debt service requirements for Certificates of Participation were as follows (expressed in thousands):

Fiscal Year Ending June 30	Principal	Interest
2026	\$ 6,930	\$ 1,847
2027	6,520	1,507
2028	5,690	1,192
2029	5,985	918
2030	3,820	630
2031 - 2035	11,900	993
	\$ 40,845	\$ 7,087

Fiscal Year ended June 30, 2025

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, 2025 (expressed in thousands) are as follows:

Category	Cost	Accumulated Depreciation	Net Book Value
Buildings	\$ 215,583	\$ 87,946	\$ 127,637
Building Improvements	86,737	53,182	33,555
Computer Systems	52,395	40,586	11,809
Infrastructure	26,754	11,504	15,250
	\$ 381,469	\$ 193,218	\$ 188,251

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, 2025, the following bonds outstanding (expressed in thousands) are considered defeased:

	Amount
Primary government:	
General Obligation Bonds	\$ 49,780
Component Units:	
R.I Infrastructure Bank	\$ 70,640

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 RIHMFC for any of those bonds. At June 30, 2025, the bonds have an aggregate outstanding principal amount payable of \$188.8 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 RIHEBC, 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 RIHEBC or the State, and accordingly are not reflected in the financial statements. The amount of conduit debt outstanding on June 30, 2025 was \$4.4 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, 2025 was \$32.5 million for RIIFC and \$849.3 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, 2025, RIIB had seven series of conduit bonds outstanding, with an aggregate principal amount payable of \$33.8 million.

The Rhode Island Industrial-Recreational Building Authority (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, 2025 totaled approximately \$8.2 million.

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, 2025, 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, as well as vested sick leave credits that are payable upon retirement, subject to certain limitation, and nonvested sick leave credits that are more likely than not to be used by employees as paid time off. Payment is calculated at the employees' current rate of pay as of the date of the financial statements.

I. Arbitrage Rebate & Yield Reduction Liabilities

A liability accrues for income on the investment of debt proceeds determined to be arbitrage earnings in accordance with federal regulations. These accrued amounts are generally payable to the federal government every fifth year after the issuance date of the bonds over the life of the issuance. As of June 30, 2025, the State carries \$21.1 million in arbitrage rebate.

The cumulative amount accrued can fluctuate over the five year measurement window. The State's accrued liability is remeasured annually.

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.

K. Other Long-Term Liabilities

Governmental Activities - the liabilities consist primarily of:

- Retainage related to infrastructure and other 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:

- Asset Retirement Obligations – General and RI Capital Plan.
- 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.

Fiscal Year ended June 30, 2025

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, 2025 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	\$ 6,433	\$ 597	\$ 7,030	\$ 7,419
Deferred pension costs - ERS	467,552	3,186	470,738	32,261
Deferred pension costs - single employer plans and other	52,737	—	52,737	21,884
Deferred OPEB costs - multiple employer plans	56,561	773	57,334	25,477
Deferred OPEB costs - single employer plans	12,273	—	12,273	—
Asset Retirement Obligations	37,918	—	37,918	—
Derivatives	—	—	—	1
Total deferred outflows of resources	<u>\$ 633,474</u>	<u>\$ 4,556</u>	<u>\$ 638,030</u>	<u>\$ 87,042</u>
Deferred inflows of resources:				
Deferred gain on refunding of debt - Tobacco	\$ 21,498	\$ —	\$ 21,498	\$ 1,030
Deferred gain on refunding of debt - GO Bond	629	—	629	—
Deferred pension credit - ERS	198,505	1,098	199,603	20,979
Deferred pension credit - single employer plans and other	18,262	—	18,262	4,459
Deferred OPEB credit - multiple employer plans	135,002	1,472	136,474	65,043
Deferred OPEB credit - single employer plans	40,016	—	40,016	—
Leases	21,422	27,197	48,619	277,807
Derivatives	—	—	—	89
Total deferred inflows of resources	<u>\$ 435,334</u>	<u>\$ 29,767</u>	<u>\$ 465,101</u>	<u>\$ 369,407</u>

The components of the deferred inflows of resources related to the governmental funds as of June 30, 2025 are as follows (expressed in thousands):

	General Fund	IST Fund	Other Governmental Funds	Total Governmental Funds
Deferred inflows of resources:				
Taxes	\$ 10,788	\$ —	\$ —	\$ 10,788
Other general revenue	7,236	—	—	7,236
Restricted revenue	77,850	—	—	77,850
Federal revenue	—	30,285	—	30,285
Leases	18,379	2,839	204	21,422
Total deferred inflows of resources	<u>\$ 114,253</u>	<u>\$ 33,124</u>	<u>\$ 204</u>	<u>\$ 147,581</u>

Fiscal Year ended June 30, 2025

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):

	Major Funds				Total
	General Fund	IST Fund	Rhode Island Capital Plan	Other Funds	
Fund Balances:					
Nonspendable:					
Prepaid expenditures and permanent funds principal	\$ 181,505	\$ —	\$ —	\$ 174	\$ 181,679
Restricted for:					
Purposes specified by enabling legislation	409,550	—	—	—	409,550
RI Capital Plan	—	—	806,141	—	806,141
Debt Service	—	14,133	—	67,450	81,583
Capital Projects	—	—	—	430,217	430,217
Temporary Disability Insurance	—	—	—	221,980	221,980
Historic Tax Credit Redemption	—	—	—	86,314	86,314
Transportation-Infrastructure	—	191,146	—	—	191,146
Mission 360 Loan Program	—	1,696	—	—	1,696
Other	—	—	—	627	627
Committed to:					
Transportation-Maintenance	—	189,887	—	—	189,887
Other	19,106	—	—	230	19,336
Assigned to:					
Subsequent Years Expenditures	274,024	830	—	399	275,253
Unassigned:					
Budget Reserve and Cash Stabilization	297,697	—	—	—	297,697
Supplemental Budget Reserve	55,000	—	—	—	55,000
Other	(160,355)	—	—	—	(160,355)
Permanent Fund Principal	—	—	—	(60)	(60)
Totals	<u>\$ 1,076,527</u>	<u>\$ 397,692</u>	<u>\$ 806,141</u>	<u>\$ 807,331</u>	<u>\$ 3,087,691</u>

B. Budget Reserve and Cash Stabilization Account

Article IX of the State Constitution requires the maintenance of a State Budget Reserve and Cash Stabilization Account (the Reserve) within the State's General Fund. Section 35-3 of the General Laws specifically establishes the annual minimum balance requirements for the account. For Fiscal Year 2025, 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.

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 2025, the Budget Reserve and Cash Stabilization Account had been fully funded.

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.

Pursuant to RIGL 35-3-20.2, the Supplemental State Budget Reserve was established at the close of fiscal year 2023 within the General Fund and is administered by the State Controller. The Reserve is intended to be used exclusively to provide funding, as appropriated, for any unanticipated general revenue deficits. Although the Supplemental State Budget Reserve was created in fiscal year 2023, the associated transfers were subsequently reversed for fiscal years 2024 and 2025.

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. Except that excess revenues from fiscal years 2023 and 2024 shall not be transferred to the supplemental state budget reserve account.

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 \$1.6 billion of restricted net position, of which \$1.4 billion is restricted by enabling legislation. See Note 1, Section U for more information regarding the five categories of fund balance.

Fiscal Year ended June 30, 2025

Note 10. Restatements – Net Position

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

	<u>Governmental Activities</u>	<u>Internal Service Funds</u>	<u>Discretely Presented Component Units</u>
Previously reported at June 30, 2024:			
Net Position	\$ 3,127,411	\$ 30,655	\$ 4,286,211
Restatement due to:			
1) Implementation of GASB Statement No. 101	(39,344)	(7,740)	(21,353)
2) Change in financial reporting entity - URI's Research Foundation	—	—	(4,496)
3) Change in financial reporting entity - Sheila C. "Skip" Nowell Leadership Academy	—	—	807
Restated Beginning Balances at July 1, 2024:			
Net Position	<u>\$ 3,088,067</u>	<u>\$ 22,915</u>	<u>\$ 4,261,169</u>

1) The State had restatements due to the implementation of GASB Statement No. 101 which resulted in a decrease to beginning net position of \$(39.3) million for governmental activities, which includes \$(7.7) million for internal service funds, and \$(21.4) million for discretely presented component units (CCRI, CFSD, RIPTA, and URI).

2) In fiscal year 2025, URI determined that the results of operations and financial position of its Research Foundation were not significant enough to be presented as part of the reporting entity. As a result, discretely presented component units' beginning net position was reduced by \$(4.5) million to reflect the change in the financial reporting entity.

3) Additionally, the State recognized Sheila C. "Skip" Nowell Leadership Academy as a component unit, resulting in an increase to discretely presented component units' net position of \$807 thousand.

Fiscal Year ended June 30, 2025

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	\$ 1,967,874	\$ 1,968,584
General Business Taxes:		
Business Corporations	329,133	324,688
Public Utilities Gross Earnings	116,322	116,322
Financial Institutions	7,604	7,604
Insurance Companies	167,694	167,694
Bank Deposits	5,110	5,110
Health Care Provider Assessment	44,765	44,765
Sub-total - General Business Taxes	<u>670,628</u>	<u>666,183</u>
Sales and Use Taxes:		
Sales and Use	1,672,709	1,671,404
Cigarettes	117,233	117,233
Alcoholic Beverages	21,849	21,849
Sub-total - Sales and Use Taxes	<u>1,811,791</u>	<u>1,810,486</u>
Other Taxes:		
Inheritance and Gift	84,884	84,884
Racing and Athletics	686	686
Realty Transfer	18,765	18,764
Sub-total - Other Taxes	<u>104,335</u>	<u>104,334</u>
Total - General Fund	<u>4,554,628</u>	<u>4,549,587</u>
Intermodal Surface Transportation Fund		
Gasoline	172,357	172,357
RI Highway Maintenance	79,165	79,165
Other Governmental Funds	296,742	296,743
Total Taxes	<u>\$ 5,102,892</u>	<u>\$ 5,097,852</u>

Fiscal Year ended June 30, 2025

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 nine programs in place to abate taxes. Of the nine programs, four are managed by the State and five 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 \$86.3 million is available in the Historic Tax Credit Fund at June 30, 2025.

The following is a summary of taxes abated during fiscal 2025 by tax type (expressed in thousands):

Tax Abatement Program	Personal Income	Business Corporation	Insurance Companies	Financial Institutions	Hotel Tax	Sales Tax	Total
Jobs Development Act	\$ —	\$ 2,284	\$ —	\$ —	\$ —	\$ —	\$ 2,284
Motion Picture Production Tax Credits	3,879	1,327	4,430	4,800	—	—	14,436
Qualified Jobs Incentive Tax Credit	1,168	1,449	—	—	—	—	2,617
Rebuild Rhode Island Tax Credit	1,445	263	5,301	—	—	—	7,009
Historic Preservation Tax Credits	4,406	311	6,597	—	—	—	11,314
Tax Credit for Contributions to Qualified Scholarship Organizations	1,010	—	—	—	—	—	1,010
Tax Increment Financing (PILOT)	—	—	—	—	232	1,455	1,687
Tax Increment Financing (Traditional)	—	—	—	—	186	1,752	1,938
Small Business Development	—	—	4,300	—	—	—	4,300
Wavemaker Fellowship	83	—	—	—	—	—	83
Total	\$ 11,991	\$ 5,634	\$ 20,628	\$ 4,800	\$ 418	\$ 3,207	\$ 46,678

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, 2025, direct payments made to Wavemaker fellows totaled approximately \$795 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.

Fiscal Year ended June 30, 2025

The following pages summarize the key provisions of the tax abatement programs authorized by the State at June 30, 2025.

Program Name:	Jobs Development Act	Motion Picture Production Tax Credits
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

Fiscal Year ended June 30, 2025

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

Fiscal Year ended June 30, 2025

<u>Program Name:</u>	<u>Tax Increment Financing</u>	<u>Wavemaker Fellowship</u>
Program purpose:	Stimulate business development; retain and attract new business and industry to RI; create good-paying jobs for RI residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary State and local governmental services.	Promote economic opportunity and bring more and higher-paying jobs to the State; offer educational opportunity and retraining to individuals impacted by job loss, workplace injury, disability or other hardship; keep young people in the State; encourage an entrepreneurial economy in the State.
Taxes being abated:	Business Corporation, Public Service Corporation, Financial Institution, Insurance Company, Personal Income, Hotel, or Sales and Use.	Personal Income
Authority under which abatements are entered into:	Rhode Island Tax Increment Financing Act of 2015 (RIGL 42-64.21).	Stay Invested in RI Wavemaker Fellowship (RIGL 42-64.26).
Criteria to be eligible to receive abatements and commitment of the taxpayer:	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 postgraduate degree holder, and may not exceed the education loan repayment expenses incurred by the selected taxpayer during each service period completed, for up to four (4) consecutive service periods provided that the taxpayer continues to meet the eligibility requirements throughout the eligibility period.
Recapture provisions:	Tax credits may be denied or revoked if applicant's certification or information is found to be willfully false; if the applicant or successor is convicted of bribery, fraud, theft, embezzlement, misappropriation, and/or extortion involving the State, any State agency or political subdivision of the State.	Tax credits may be denied or revoked if applicant's certification or information is found to be willfully false; if the applicant or successor is convicted of bribery, fraud, theft, embezzlement, misappropriation, and/or extortion involving the State, any State agency or political subdivision of the State.

<u>Program Name:</u>	<u>Tax Credit for Contributions to Qualified Scholarship Organizations</u>	<u>Historic Preservation Tax Credits</u>
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	RIGL 44-62-3	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 \$1,600,000 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

Program Name:	The Rhode Island Small Business Development Fund
Program purpose:	To encourage investment in a small business development fund and provide a tax credit to those who do so.
Taxes being abated:	Taxation of Insurance Companies under § 44-17-1 et seq.
Authority under which abatements are entered	R.I. Gen. Laws § 42-64.33
Criteria to be eligible to receive abatements and commitment of the taxpayer:	Small business fund investor makes a capital investment into a small business development fund which has previously been approved by the Rhode Island Commerce Corporation. Small business fund investor earns vested right to the tax credit.
How taxes are reduced:	Taxpayer applies SBDF tax credit certificate issued by the Rhode Island Commerce Corporation against its tax liability.
How abatement is determined:	The amount of tax liability that was offset by the SBDF tax credit certificate.
Recapture provisions:	R.I. Gen. Laws § 42-64.33-5. Tax credit recapture and exit.

Fiscal Year ended June 30, 2025

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)	\$ 40,758	
Investment income	2,364	
Total revenues	<u>43,122</u>	
General and administrative expenses, cash basis	73	
Net revenue available for debt service	<u><u>43,049</u></u>	
Required debt service payments	33,385	
Coverage ratio before "turbo redemption" principal payments ^(b)		128.95 %
Turbo redemptions - principal ^(c)	10,380	
Total annual debt service	<u><u>43,765</u></u>	
Total outstanding debt, net of unamortized premium/discount	686,824	
Coverage ratio after "turbo redemption" principal ^(d)		98.36 %
Term of commitment - through June 2052		

Revenue Bonds-GARVEE (Federal Highway)

Revenue - FHWA participation	66,505	
Less: operating expenses	—	
Net available revenue	<u>66,505</u>	
Debt service		
Principal	41,860	
Interest	24,791	
Total debt service	<u><u>66,651</u></u>	
Total outstanding debt, net of unamortized premium/discount	695,916	
Coverage ^(b)		99.78 %
Term of commitment - through June 2035		

Revenue Bonds-Motor Fuel (Gas Tax)

Revenue - 2 cents per gallon of the gasoline tax	8,709	
Less: operating expenses	—	
Net available revenue	<u>8,709</u>	
Debt service		
Principal	4,360	
Interest	524	
Total debt service	<u><u>\$ 4,884</u></u>	
Total outstanding debt, net of unamortized premium/discount	6,706	
Coverage ^(b)		178.32 %
Term of commitment - through June 2027		

^(a) Included for fiscal year 2025 are certain one-time revenue items totaling \$2,457,579.

^(b) Coverage ratio equals net revenue available for debt service divided by required debt service payments.

^(c) "Turbo" redemptions whereby TSFC is required to apply collections that are in excess of current funding requirements to the early redemption of the bonds are discussed in Note 7 to the Financial Statements.

^(d) Coverage ratio equals net revenue available for debt service divided by total annual debt service.

Fiscal Year ended June 30, 2025

Note 14. Transfers

Transfers for the fiscal year ended June 30, 2025 are presented below (expressed in thousands):

	<u>Transfers</u>	<u>Description</u>
Governmental Funds		
Major Fund		
General		
Major Funds		
Intermodal Surface Transportation	\$ 55,209	Debt service and operating assistance
RI Capital Plan	564	Capital expenditures
Non-major Funds		
Historic Tax Credit Financing	11,314	Tax credits claimed
Certificates of Participation	447	Funds paid for debt service costs
Large Systems Initiative Funds	10,966	Interest earnings transfer
Bond Capital	11,229	Interest earnings transfer and debt service
Proprietary Funds		
Lottery	433,595	Net income transfer
Total General Fund	<u>523,324</u>	
Intermodal Surface Transportation		
RI Capital Plan	129,302	Infrastructure funding
Total Intermodal Surface Transportation	<u>129,302</u>	
RI Capital Plan		
General	172,796	Transfer statutory excess in budget reserve
Bond Capital	12,604	Transfer of excess bond premiums
Total RI Capital Plan	<u>185,400</u>	
Non-major Funds		
RI Public Rail Corp		
Intermodal Surface Transportation	3,727	Operating assistance
Total Non-major Funds	<u>3,727</u>	
Total Governmental Funds	<u>841,753</u>	
Proprietary Funds		
RI Convention Center		
General	25,296	Debt service and operating assistance
RI Capital Plan	7,068	Capital improvements
Lottery		
RI Capital Plan	94	Capital improvements
Total Proprietary Funds	<u>32,458</u>	
Total Transfers Primary Government	<u>\$ 874,211</u>	

Fiscal Year ended June 30, 2025

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, 2025, the State recorded \$101.9 million and \$56.4 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 2025. The Lottery leases outdoor advertising structures for display of advertising copy at certain locations throughout the State under a long-term, non-cancelable lease agreement. The lease commenced on June 17, 2022 and expires on June 30, 2026.

At June 30, 2025, the Lottery recorded a right to use asset in the amount of \$1.3 million and accumulated amortization in the amount of \$951 thousand. There was no variable lease payments related to this lease for fiscal year 2025.

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, 2025, the RICCA recorded \$53 thousand and \$45 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>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 16,693	\$ 778	\$ 344	\$ 5	\$ 17,820
2027	10,157	544	2	—	10,703
2028	9,492	339	—	—	9,831
2029	8,218	164	—	—	8,382
2030	2,401	57	—	—	2,458
2031 - 2035	2,038	25	—	—	2,063
Total minimum lease payments	<u>\$ 48,999</u>	<u>\$ 1,907</u>	<u>\$ 346</u>	<u>\$ 5</u>	<u>\$ 51,257</u>

Fiscal Year ended June 30, 2025

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

	Governmental Activities	Business-Type Activities	Total
Equipment	\$ 4,682	\$ 1,322	\$ 6,004
Buildings	96,926	—	96,926
Land	319	—	319
Less: accumulated amortization	(56,353)	(996)	(57,349)
	<u>\$ 45,574</u>	<u>\$ 326</u>	<u>\$ 45,900</u>

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, 2025, the State recognized \$984 thousand and \$531 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, 2025, the Lottery recognized \$84 thousand in lease revenue, and \$56 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, 2025, the Authority recognized \$2.9 million and \$525 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.

Fiscal Year ended June 30, 2025

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

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 963	\$ 514	\$ 2,035	\$ 641	\$ 4,153
2027	1,000	492	2,128	592	4,212
2028	1,039	470	2,147	541	4,197
2029	1,080	446	2,185	491	4,202
2030	1,107	421	1,404	442	3,374
2031 - 2035	5,400	1,729	7,406	1,515	16,050
2036 - 2040	3,194	1,202	5,411	694	10,501
2041 - 2045	2,975	793	4,671	271	8,710
2046 - 2050	2,978	417	350	18	3,763
2051 - 2055	1,357	101	—	—	1,458
2056 - 2060	227	24	—	—	251
2061 and thereafter	43	2	—	—	45
Total minimum lease payments	\$ 21,363	\$ 6,611	\$ 27,737	\$ 5,205	\$ 60,916

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 has entered into certain SBITAs for various terms under long-term, non-cancelable agreements. The SBITAs expire at various dates through fiscal year 2033 and provide for renewal options of one year.

At June 30, 2025, the State recorded \$57.5 million and \$24.5 million in right to use subscription asset and accumulated amortization, respectively.

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

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 13,321	\$ 874	\$ 111	\$ 20	\$ 14,326
2027	9,685	426	117	15	10,243
2028	1,162	93	110	10	1,375
2029	304	57	72	5	438
2030	329	47	57	1	434
2031 and thereafter	1,145	75	—	—	1,220
Total minimum SBITA	\$ 25,946	\$ 1,572	\$ 467	\$ 51	\$ 28,036

At June 30, 2025, the State had commitments totaling \$58.2 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.

The RICCA has SBITAs with certain vendors for various terms under long-term, non-cancelable subscription agreements. The SBITAs expire at various dates through April 2030 and provide for renewal options ranging from one to five years.

As of June 30, 2025, the Authority acquired through outstanding SBITAs \$1.3 million and \$212 thousand in right-to use subscription assets and related accumulated amortization respectfully.

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, 2025 under various contractual obligations for transportation infrastructure improvements, construction and renovation of buildings, software development and implementation, and other capital projects. A substantial portion of the cost of these projects will be reimbursed by federal grants, with the remainder principally financed with debt proceeds and Rhode Island Capital Plan Funds.

At June 30, 2025, the primary government had transportation infrastructure design, construction and other contract commitments of approximately \$1.5 billion, and contract commitments for the design, construction and renovation of buildings of approximately \$287.4 million.

At June 30, 2025 the primary government had software development and implementation contract commitments totaling approximately \$117.9 million. Of this amount, \$35.5 million is associated with two major technology system contractual commitments: the enterprise-wide ERP system (\$21.0 million) and the DCYF Comprehensive Child Welfare Information System (CCWIS) (\$14.4 million). These commitments will carry forward into fiscal year 2026. These amounts include only purchase orders and related amendments generally processed through June 30, 2025. The State is also committed under multiple contracts for ongoing services which are not included in these commitment amounts.

I-195 Washington Bridge Closure

The Rhode Island Department of Transportation (RIDOT) closed the westbound side of this bridge during December 2023 due to a critical failure of old components. In March 2024, after further inspections and analysis by multiple consultants, it was determined the westbound side of the bridge would need to be replaced.

In April 2024, a new traffic configuration on the eastbound bridge was implemented providing three lanes in each direction. Additionally, the eastbound bridge underwent inspections and analysis to ensure it was safe to handle the additional traffic. In June 2024, RIDOT issued the award for the demolition of the superstructure which was later revised to include the demolition of the sub structure.

The total cost of demolition was \$97.9 million and substantial completion of the superstructure demolition was achieved on time in February 2025. Similarly, the substantial completion of the sub structure was achieved on time in December 2025. Another solicitation was put out for the replacement of the bridge. The solicitation was done as a two-step process with the RFQ issued in October 2024. Four highly qualified firms responded to the RFQ and in December 2024, two firms were shortlisted to compete in the RFP phase. The RFP was issued in December 2024. In June 2025, RIDOT issued the award for the replacement project. The total cost of the project is \$427.9 million with completion in June 2028 and the bridge being fully operational in November 2029.

In an effort to recover damages associated with the failure of the Washington Bridge, a legal team originally hired by the Governor's administration to represent the State, consisting of Wistow, Sheehan & Lovely, PC and Savage Law Partners, LLP, filed a lawsuit in State superior court on August 16, 2024, as co-counsel with the Rhode Island Attorney General, against certain companies, including Aetna Bridge Company, claimed by the legal team to bear responsibility for the bridge failure. Notwithstanding the foregoing, as noted above, RIDOT awarded the contract for the demolition portion of the project to Aetna Bridge Company, which demolition commenced in July of 2024. The State is requesting a trial by jury, who would serve as the final trier of fact and awards.

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 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 \$322.9 million, per federal law, subject to a self-insured retention of \$7.5 million.

City of Pawtucket Downtown Redevelopment Project (Tidewater Soccer Stadium)

The State has entered into an Economic Activity Taxes Agreement (EATs) with the City of Pawtucket and Pawtucket Redevelopment Agency (PRA) pursuant to Section 45-33.4-4 of Rhode Island General Laws related to the City of Pawtucket Downtown Redevelopment Project. Pursuant to this agreement, the State will deposit certain baseline and incremental revenues generated within certain legally defined districts into the Downtown Pawtucket Redevelopment Economic Activity Taxes Fund which may be used for the purpose of paying debt service on bonds, funding debt service reserves, paying costs of infrastructure improvements, funding future debt service on bonds, and funding a redevelopment revolving fund in accordance with R.I. General Laws § 45-33-1. Baseline revenues generated in the districts shall only be deposited to Economic Activity Taxes Fund following certification by the Rhode Island Commerce Corporation (RICC). Incremental revenues shall be deposited to the Economic Activity Taxes Fund in any year in which the State tax revenues generated in the districts exceed the baseline amounts generated in the districts established in 2019.

In February 2021, the RICC certified an award of baseline revenues for the Tidewater Landing Project which is comprised of a soccer stadium and related development. The Pawtucket Redevelopment Agency subsequently issued Series 2024A bonds in February 2024 with a schedule of debt service payments commencing in state fiscal year 2027 but only after the RICC certifies that the project had been placed in service. The project was placed in service on August 18, 2025. At such time, the State segregated baseline revenues generated in the district and deposited them into the Economic Activity Taxes Fund for the purpose of paying debt service on the 2024A bonds. Monies anticipated to pay debt service on the Series 2024A Bonds are subject to annual appropriation by the General Assembly.

The Governor of Rhode Island has covenanted and agreed to include the Narrative Appropriation of State EATs in the Governor's proposed budget of revenues and appropriations submitted annually to the General Assembly. The Governor has also covenanted and agreed to include in the Governor's proposed budget for Fiscal Year 2027 and for each Fiscal Year thereafter during which the Series 2024A Bonds are outstanding the Dollar Amount Appropriation equal to the dollar amount designated by the RICC to be made available for the Phase 1A Project for the coming Fiscal Year in the Final Verification's payment schedule. The Governor has covenanted and agreed to include the full Dollar Amount Appropriation in the Governor's proposed budget. Consistent with the Statute, the State EATs Agreement provides that nothing in the State EATs Agreement limits the authority of the General Assembly to appropriate revenues of the State other than State EATs to make deposits into the Fund to pay debt service on the Series 2024A Bonds. Accordingly, if Baseline Taxes are insufficient in any Fiscal Year, the Dollar Amount Appropriation could be made from State EATs and/or from any other legally available funds of the State.

In 2025, the PRA, in coordination with the State refinanced the par value \$54.3 million Series 2024A bonds with the issuance of par value \$59.9 million Series 2025A refunding bonds with the transaction closing December 23, 2025. The State's appropriation pledge for these bonds has not changed and no new or expanded support was added for the Series 2025A bonds.

Fiscal Year ended June 30, 2025

	Series 2024A	Series 2025A
Par Value	\$ 54,285	\$ 59,925
Original Issue Premium (Discount)	(4,451)	4,051
Net Proceeds	\$ 49,834	\$ 63,976

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 required 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, and a self directing support model, funded by the State. The amount of additional investment has been appropriated through fiscal 2026 to address the concerns outlined in the Consent Decree and to move the State toward substantial compliance by utilizing the funds to meet the needs of the population as outlined in the Addendum.

United States Environmental Protection Agency Consent Decree

Rhode Island Department of Transportation (RIDOT) entered into a 10-year 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 that ended in the 2025 fiscal year. RIDOT continues to follow the plan outlined in the consent decree even after it has ended.

Department of Children, Youth and Families - Litigation, Consent Decree, and 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 receives 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.

In December 2024, the State received Monitoring Report #12, in which the court-appointed monitors found the State in compliance with Section 6.2 of the Settlement Agreement. The State has achieved compliance with Sections 1-10, leaving only two remaining provisions related to annual reporting. As of January 15, 2025, the State has submitted a draft notice of exit from Section 6.2 and is discussing its final exit from the entire agreement with plaintiffs and the monitoring team. The Court approved final exit from the suit on June 6, 2025. On March 16, 2026, the parties filed a joint stipulation seeking the court's approval for payment of \$8,500 in full and final settlement of all remaining legal fees and costs.

On May 13, 2024, the Health and Human Services(HHS) and the U.S. Attorney's Office issued a letter notifying DCYF and the State of Rhode Island of its findings that Rhode Island is violating Title II of the ADA. The State acknowledges HHS and the U.S. Attorney's Office's findings and, while the State disputes aspects of those findings, the State remains committed to achieving the shared goal of fostering and strengthening community-based services for those children with behavioral health disabilities in the care and custody of DCYF.

A consent decree was filed on December 19, 2024 in the U.S. District Court of Rhode Island. This decree acknowledges the findings of the Department of Justice and Department of Health and Human Services of the unnecessary segregation of children with behavioral health disabilities at Bradley Hospital by the DCYF. This decree is under the intention to remedy the noncompliance with the Americans with Disability Act and Section 504 by reinforcing home-based care and crisis intervention resources. This consent decree was approved and entered by the Court on January 7, 2025.

On November 13, 2024, the Disability Rights Rhode Island, Children's Rights, and the American Civil Liberties Union of Rhode Island filed a class action lawsuit against the State for denying Medicaid-eligible children and youth their right to appropriate mental health care. The Court is currently mediating the lawsuit and settlement negotiations are ongoing.

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 \$12.2 million has been recorded as of June 30, 2025. 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 34 years as of June 30, 2025. During fiscal 2025 amortization expense of \$1.1 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, 2025 was \$37.9 million.

State Takeover of Providence Public School District

The State, acting through the Rhode Island Council on Elementary and Secondary Education and the Rhode Island Department of Education (RIDE), oversees the performance of schools and local education agencies (LEAs) receiving state aid. This oversight includes adopting statewide performance standards and annually assessing districts against them. State intervention typically begins with support and technical assistance.

In its oversight capacity, RIDE identified the Providence Public School District (PPSD) as consistently among the lowest performing in the state. This was based on objective criteria, including academic proficiency, absenteeism, and graduation rates. Pursuant to the Crowley Act, the State collaborated with PPSD and local stakeholders to improve the district through operational, policy, and financial support; however, none of these efforts yielded meaningful improvement following more than 30 years of chronic underperformance.

In May 2019, after standardized performance results showed persistently low English and Math proficiency, RIDE engaged the Institute for Education Policy at Johns Hopkins University (the Institute) to identify the systemic challenges impeding reform. The Institute's review included academic studies, classroom observations, and interviews with students, teachers, administrators, and community members.

The resulting June 2019 "Hopkins Report" identified systemic deficiencies in PPSD's governance, management, health and safety, facilities, curriculum, and instruction. It concluded that structural failures were the root cause of poor academic outcomes and the demoralization of staff and families.

Following a Commissioner's order on October 15, 2019—and with the support of the Mayor's Office, City Council, and School Board—the State assumed governance of PPSD on November 1, 2019. RIDE and PPSD then engaged the community to create the Providence Turnaround Action Plan (TAP) to target specific areas for improvement.

In September 2024, following independent reviews from Harvard and SchoolWorks noting significant progress, the Council of Elementary and Secondary Education voted unanimously to extend the state intervention through October 25, 2027. This action allows for an earlier return to local control if the district meets key conditions for academic success, governance, school construction, and finance.

Since the intervention began, the district has seen irrefutable progress:

- Proficiency levels in RICAS math and ELA have rebounded above pre-pandemic levels, according to the latest assessment data.
- Six new or "like-new" schools have opened, part of a \$1.0 billion plan to ensure all students have access to 21st-century environments by 2030.
- PPSD reached its highest graduation rate in 10 years.
- Chronic absenteeism has seen a record decline, dropping 28.2 percentage points from its pandemic peak.

Additionally, through court action, PPSD secured the highest increase in local funding from the City of Providence in history. On November 8, 2024, the Rhode Island Superior Court ruled that the City had failed to meet its statutory funding obligations. This led to a settlement providing PPSD with millions in additional municipal funding over four fiscal years: \$4.0 million in 2024; a total contribution of \$146.5 million for FY2025; and \$147.0 million for FY2026 (an \$11.5 million increase over the initial FY2025 allocation). For FY2027, the City will provide a \$147.0 million base contribution plus a percentage increase matching the total increase in State educational aid.

The priority of the Council and the Commissioner remains to ensure that local leaders can sustain this momentum. Past experiences, such as the intervention at Providence's Hope High School, demonstrate that student gains can be quickly lost if foundational systems are not strong enough to support long-term success.

Rhode Island Lottery – Master Contract Agreements

Gaming Systems Provider – International Game Technology (IGT)

Effective February 17, 2022, 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 paid \$27.0 million to the Lottery. In the event that the contract is terminated before its full term, a court may determine that the Lottery would need to refund some portion of the purchase price.

IGT, a Delaware Corporation changed its name to Brightstar Global Solutions Corporation (Brightstar) and contracted certain obligations under the Master Contract with the Lottery to IGT, a Nevada Corporation ("IGT"). On July 1, 2025, Apollo Global management (Apollo), a private equity firm, completed the acquisition of Everi Holding, Inc. and IGT's gaming/digital business, included the subcontracted obligations. This acquisition by Apollo will continue operations as IGT and be organized into three business units, Gaming, Digital, and FinTech. Due to the acquisition, on June 30, 2025, the Lottery signed a letter agreement related to subcontracting payment services as it relates to the gaming/digital business. Brightstar will continue to operate as Rhode Island's lottery gaming systems provider. No impact on Lottery operations is expected from the name change to Brightstar.

Fiscal Year ended June 30, 2025

The contract mandates commission percentages as detailed in the following chart.

Commission Percentages	
On-Line and Instant Tickets	
Total Lottery Sales in the Year	Percent Thereof
\$0 - \$275 Million	5.00 %
Over \$275 Million - \$400 Million	4.00 %
Over \$400 Million	5.00 %
Video Lottery Central System	
Total Net Terminal Income for the Year	Percent Thereof
\$0 - \$500 Million	2.50 %
Over \$500 Million - \$1 Billion	1.00 %
Over \$1 Billion	2.50 %

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, "Rhode Island VLT Company LLC", is owned by IGT and the Affiliates of Bally's but controlled by IGT or an Affiliate of IGT. The Rhode Island VLT Company LLC is the exclusive Technology Provider of VLTs, and is regulated by the Lottery as a Technology Provider.

Sportsbook - International Game Technology (IGT)

In August 2018, the Lottery also executed a Sports Betting Agreement with IGT to provide a proprietary sports betting solution for all sports betting at Bally's Lincoln Casino Resort and Bally's 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. IGT's revenue share is allocated in accordance with RI General Laws 42-61.2-5. 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, as amended, authorizing IGT to supply the equipment, software, and services for online sports wagering. This is in accordance with authorized online sports wagering legislation enacted in June 2019.

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, performing platform refreshments, and increasing bank functionality. The agreement also required the installation and maintenance of player kiosks on premises and the provision of system and organization control attestation reports to the Lottery annually. 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, 2022, 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. As of December 31, 2023, Bally's converted UTGR, Inc. to UTGR, LLC.

Pursuant to the Crisafulli Act, as of January 1, 2023, Bally's or Affiliates of Bally's is part of the VLT Joint Venture with IGT as the exclusive technology provider of video lottery terminals through June 30, 2043. The VLT Joint Venture, "Rhode Island VLT Company LLC", is owned by IGT and the Affiliates of Bally's but controlled by IGT or an Affiliate of IGT. The Rhode Island VLT Company LLC is the exclusive Technology Provider of VLTs, and is regulated by the Lottery as a Technology Provider.

The Master Contract reflects the statutory authorization of a promotional points program at the licensed gaming facilities. For fiscal year 2025, allowable promotional points are 20.0% of prior year net terminal income plus \$1.5 million. In fiscal year 2025, the combined promotional points authorized and issued were approximately \$98.8 million to facility patrons.

The Lottery is required to reimburse the gaming facilities for allowable marketing expenses incurred at the same percentage as the Lottery's share of net terminal income for the fiscal year 2025 (60.8% for Bally's Twin River Lincoln Casino Resort and 60.4% for Bally's Tiverton Casino & Hotel). For fiscal year 2025, the Lottery accrued \$3.1 million and \$507 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 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 \$3.0 million payment to be made to the Towns of Lincoln and Tiverton, RI from net table games revenue and video lottery net terminal income, and iGaming net revenue, with any shortfall coming from the State's share of table games net revenue and video lottery net terminal income. In fiscal year 2025, there was a shortfall to the Town of Tiverton, therefore the State was required to make a payment of \$755 thousand to bring the minimum required payment up to \$3.0 million.

In November 2018, the Lottery also entered into a Sports Wagering Hosting Agreement, as amended, with UTGR, Inc. and Twin-River Tiverton, LLC to host in-person and online sports wagering. The agreement entitles the owners to compensation of 17.0% of sports wagering revenue (write minus payout) 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 thousand per town.

iGaming systems provider (Bally's and Affiliates of Bally's)

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 required that the Lottery enter into a contract with the Affiliates of Bally's to be the exclusive iGaming platform vendor. On March 1, 2024, the Lottery entered into a contract with the subsidiary UTGR, LLC to be the iGaming Platform provider with a contract term ending on June 30, 2043. The contract obligates the UTGR, LLC to: (a) regularly update and replace the servicer-based system for iGaming on schedules agreed by the Lottery, (b) fund the Lottery's responsible gambling programs, (c) provide the Lottery with reporting and player account management, provide funds management (including fraud and security controls), maintain all custodial accounts, pay for all digital transactions fees, incur all costs associated with the implementation of the system, provide a player call center, etc. The Lottery pays UTGR, LLC commissions at statutory rates for both iSlots and iTables.

Fiscal Year ended June 30, 2025

The legislation further required the Lottery to enter into a contract with the Affiliates of Bally's to be the exclusive iGaming game provider. On March 1, 2024, the Lottery entered into a contract with UTGR, LLC to be the iGaming game provider with a contract term ending on June 30, 2043. The legislation also required the Affiliates of Bally's to enter into an assignment and assumption agreement between the Affiliates of Bally's (UTGR, LLC) and the iGaming Joint Venture. The iGaming Joint Venture (Bally's RI iCasino LLC) is the exclusive iGaming game provider. This joint venture is owned by the Affiliates of Bally's and IGT and controlled by Bally's. Under the terms of this contract, UTGR, LLC is to provide the platform with iSlots and iTables game offerings. This includes requirements for licensed games, a minimum number of game changes, as well as premium games starting in fiscal year 2025, and a limitation on the number of proprietary iSlot game developed by Bally's or its Affiliates of 20%. The Lottery pays Bally's RI iCasino LLC commissions at statutory rates for both iSlots and iTables.

The Lottery, the Affiliates of Bally's (UTGR, LLC) and IGT, are all required to pay their share of the sportsbook and iGaming advertising and marketing programs. Each party's share is based on contractual and state law mandated requirements detailed in both the Sports Wagering Hosting Agreement and iGaming Platform provider agreement.

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 \$131.6 million as of June 30, 2025 has been recorded in the statement of net position, as summarized by Phases below:

	Year ended 06/30/2025
Phase I	\$ 585
Phase II and III	11,732
Phase IV	15,010
Phase V	56,336
Phase VI	47,480
Other	434
Total	<u>131,577</u>
Less: Current Portion	(27)
Closure, Post-Closure - Noncurrent Portion	<u>\$ 131,550</u>

As of June 30, 2025, 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	\$ 5,591	90.97 %	1 year 4 months
Phase VI	\$ 71,220	40.00 %	21 years 9 months

Fiscal Year ended June 30, 2025

As of June 30, 2025 RIRRC revised its estimate for future pollution remediation and landfill closure and post-closure care costs. The revised estimate resulted in a \$6.3 million increase of the corresponding liability from \$136.1 million at June 30, 2024 to \$142.5 million at June 30, 2025.

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, 2025 is \$100.6 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, 2025 is as follows:

Balance, 06/30/2024	Additions	Reductions	Balance, 06/30/2025	Current Portion
\$ 12,153	\$ —	\$ 1,275	\$ 10,878	\$ 978

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 \$52.1 million as of June 30, 2025.

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 \$10.9 million as of June 30, 2025.

Rhode Island Public Transit Authority

The RI Public Transit Authority (RIPTA) is committed under various contracts in the amount of \$29.9 million at June 30, 2025.

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 \$18.6 million at June 30, 2025.

Rhode Island Convention Center Authority

The RI Convention Center Authority (RICCA) is committed under various construction project contracts in the amount of \$9.0 million at June 30, 2025.

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, 2025, RIAC's commitments with contractors were approximately \$75.9 million.

Rhode Island Life Science Hub

The Rhode Island Life Science Hub (RILSH) is committed to various construction project related commitments in the amount of \$8.1 million as of June 30, 2025.

Narragansett Bay Commission

The Narragansett Bay Commission (NBC) is committed under various engineering and construction contracts for the design and improvement of its facilities. As of June 30, 2025, NBC's commitments under these contracts were approximately \$172.4 million.

I-195 Redevelopment District

The I-195 Redevelopment District (I-195) is committed under project development initiatives contracts in the amount of \$4.9 million at June 30, 2025.

Quonset Development Corporation

At June 30, 2025, Quonset Development Corporation was obligated for the completion of certain construction contracts under commitments totaling approximately \$22.8 million which are expected to be funded from capital appropriations and grants, reimbursements and cash and cash equivalents.

*Rhode Island Health and Educational Building Corporation*School Construction Bond Program

Project awards consist of capital grants awarded by the School Building Authority (SBA) utilizing proceeds from general obligation bonds issued by the State. The State provided funding to PayGo only as needed to meet current disbursement requirements.

During fiscal 2025, the SBA awarded \$2.5 million of PayGo funds to 2 of the State's LEAs. For fiscal year 2025, PayGo reported transfers from the state of \$36.0 million and related project cost expenses of \$46.9 million. This amount reflected LEA project costs incurred during fiscal 2025, as approved and reported by SBA.

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.

Note 17. Contingencies

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 threatened is likely to result, either individually or in the aggregate, in final judgments against the State that would materially affect its financial condition. Notwithstanding that 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. 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. On December 6, 2024, the United States Court of Appeals for the First Circuit issued its decision. The Court concluded that the toll caps in the RhodeWorks legislation were unconstitutional but were severable from the rest of the statute and thus the remaining RhodeWorks legislation may go into effect without violating the dormant Commerce Clause of the US Constitution. On March 14, 2025, the Plaintiffs and Defendants each filed motions with the District Court for an award of attorneys' fees and costs. Plaintiffs seek approximately \$21.1 million in fees and costs.

On December 2, 2025, the court issued a report and recommendation that the plaintiff should be awarded \$2.7 million in fees and costs, well below the \$21.1 million initially sought. On January 15, 2026, the plaintiffs and defendants each filed objections to the report and recommendation. On February 13, 2026 and February 27, 2026, the plaintiffs and defendants each filed additional briefing with the court. The court overturned the Magistrate's report and recommendation, and instead ruled that the plaintiff was not in fact a prevailing party and is therefore not to be awarded any attorney fees or costs. The State, however, was ruled by the court as being the prevailing party and was entitled to be awarded its taxable costs, without offset, in the amount of \$199 thousand, but no attorney fees.

On April 24, 2026, the Plaintiffs filed a Notice of Appeal to the United States Court of Appeals for the First Circuit. On May 8, 2026, Defendants Robert Rocchio (who was automatically substituted as Acting Director of RIDOT following Peter Alviti's retirement) and the Rhode Island Turnpike and Bridge Authority filed a Notice of Cross Appeal. On June 2, 2026, the First Circuit issued a briefing schedule for the consolidated cross-appeals, designating Plaintiffs as appellants/cross-appellees and Defendants as appellees/cross-appellants. Plaintiffs' opening brief and appendix are due on or before July 13, 2026.

I-95 Viaduct 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 affects culturally significant land. A similar lawsuit was dismissed without prejudice and a new lawsuit was re-filed. The DC federal District Court dismissed the case and plaintiff appealed to the DC Circuit Court of Appeals. The State filed a Motion to Dismiss the appeal and/or for summary affirmance of the District Court's decision that there was no personal jurisdiction over the State Defendants. Plaintiff filed its own motion for summary reversal, to which the State objected. Plaintiff has also filed a motion for a protective order, to which the State has objected. The State defendants were dismissed from the lawsuit on July 27, 2023 and the dismissal was affirmed at the appellate level. The appeal continues against the Federal Highway Administration and an adverse decision may create some liability.

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, one remains pending. 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, and partially dismissed by the compliant. The defendants moved for summary judgment on the remaining aspects of the complaint. The court issued a decision finding that the 2010-13 CBA incorporated the version of the pension statute, as amended. The Court determined there were fact issues regarding aspects of the CBA that may provide "enhanced" benefits beyond what is provided in the statute, which precluded summary judgment. In September 2025, a status conference was held in this pending matter. As a result, certain claims remain pending against the State defendants.

Primary Government - Other Contingencies***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 March 2026 NPM adjustments have been settled through 2027. Future NPM adjustment claims remain possible for calendar year 2028 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, 2025.

Blue Cross & Blue Shield of Rhode Island - Tax Exemption Certificate

The Tax Division denied Blue Cross & Blue Shield's application for a tax exemption certificate on January 10, 2022, due to a lack of documentation evidencing that the Taxpayer operated exclusively for charitable purposes. The Taxpayer timely requested an administrative hearing and filed a motion for summary judgment. The Tax Administrator modified the Hearing Officer's Decision and Recommendation and issued an order, dated July 12, 2023, remanding the matter for further administrative proceedings. On October 22, 2025, the Tax Administrator rejected the Hearing Officer's Decision and Recommendation and issued an Order Rejecting and Modifying the Hearing Officer's Decision and Recommendation. The Taxpayer filed an administrative appeal in District Court on November 21, 2025. The Division filed an answer on December 17, 2025. The related exposure amount is approximately \$12.0 million.

RIBridges Cybersecurity Incident

In fiscal year 2026 the State finalized a settlement with Deloitte Consulting LLP related to the December 2024 RIBridges cybersecurity incident and subsequent system restoration efforts. Under the terms of the agreement, Deloitte has agreed to pay the State an additional \$7.0 million resulting in a total recovery of \$12.0 million. The State had previously been awarded \$5.0 million for unexpected expenses related to the incident. Deloitte has also provided \$6.0 million worth of system enhancements, operational support, and business continuity services at no additional charge in response to the incident that was outside the scope of their contract.

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 State's licensed casinos are under growing competitive pressure as Connecticut and Massachusetts expand their gaming options, including legalized sports wagering. Massachusetts is expected to implement iLottery in the spring of 2026, as well as legislative consideration of some additional iGaming bills. Meanwhile, the Mashpee Wampanoag Tribe opened a Welcome Center in East Taunton in January 2025 with ten (10) gaming machines. That number has increased to 50. Effective July 2025, hours have been extended, now operating 7 days a week. The Tribe has a proposal in place seeking to further expand the number of gaming machines to 250. The State continues to monitor these developments and is adapting its marketing and promotional strategies to protect gaming.

On May 29, 2024, the Lottery and the Rhode Island Department of Business Regulation entered into a letter agreement with Bally's or one of its Affiliates, with respect to the acceptance of wagers placed in Massachusetts through mobile devices, which activities constitute competitive activities in the operation of casino gaming (which includes sports wagering) in Massachusetts. Bally's will, or will cause an Affiliate to, reimburse the State of Rhode Island, through the Lottery, for a dollar-for-dollar up to \$1.5 million per year, with such reimbursement annually adjusted based on the change to the Consumer Price Index (CPI) beginning with calendar year 2024 and including, but ending with the fifth (5th) calendar year thereafter during which Bally's or an Affiliate conducts Massachusetts mobile sports betting. In March 2025, the Lottery received \$1.5 million regarding this agreement.

In connection with the iGaming platform contract, Bally's shall provide financial protection to the State related to the negative revenue impact (Shortfall) on Traditional Lottery Products as of a result of iGaming whereby Bally's shall make an annual payment to the Lottery in an amount equal to 100% of the first \$1.0 million of any Shortfall, and 50% of any Shortfall between \$1.0 million and \$2.0 million. The Shortfall will be calculated on the base year revenue (Shortfall to Base Year Revenue), which is fiscal year 2023, for any difference in the net revenue received for the current fiscal year compared to the base year. Keno, instant ticket games, and eInstants constitute traditional lottery products. For fiscal year 2025, the Lottery has recorded a receivable due from UTGR, LLC in the amount of \$1.5 million for the financial protection relating to the Shortfall provision.

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.

In accordance with Sections 5.1 and 5.3 of the Eighth Amendment to the Master Contract, the Lottery assessed liquidated damages from IGT for the shortfall in the minimum number of FTEs required under the second employment obligation. The Lottery received \$897 thousand during fiscal year 2025 regarding this assessment.

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 2025 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.

Medicaid Managed Care Contracts – The State contracts with three Managed Care Organizations (MCOs) to provide capitated healthcare coverage for individuals eligible for Medicaid. Premiums paid for this health coverage exceed \$2.1 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.

Payment Management System (PMS) Balance Reconciliations – The State is actively reconciling amounts in the PMS accounts for both benefit and administrative clearing associated with the drawdown and reporting of Medicaid expenditures to the Centers for Medicare and Medicaid Services (CMS). The reconciliations are associated with federal fiscal years 2024 and 2025 and represent State funding received in excess of current CMS approvals. EOHHS is working with CMS to resolve any reconciliation differences. The determination of any State liability cannot be determined until the reconciliation process is completed.

Medicare Medicaid Plan Contract - The State contracted with Neighborhood Health Plan of Rhode Island (NHPRI) and the Centers for Medicare and Medicaid Services (CMS) from 2016 through December 2025 for the Medicare Medicaid Plan (MMP) to provide coverage to beneficiaries dually eligible for Medicaid and Medicare. NHPRI is asserting underpayments for incorrect member rate cell assignment, to the value of approximately \$135.0 million. The administration has agreed to an independent audit to settle the dispute. The results of any audit could result in additional amounts being owed to or from the Medicaid Program upon settlement completion. This asserted NHPRI receivable was not previously accrued by NHPRI or documented in numerous financial filings reported to CMS or the National Association of Insurance Commissioners (NAIC).

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 when those benefits commenced in fiscal 2020, resulting in estimates of several hundred millions in fraudulent benefit payments being made. In response, the State enhanced application controls, including identification verification procedures, to prevent and detect fraudulent claims which continue to remain highly effective in minimizing benefit fraud in the program. The State continues to pursue recoveries in cases of identified program fraud and, when applicable, reimburses the federal government for recoveries made.

In addition, the State is pursuing a claim against its insurance provider for reimbursement for the unemployment insurance claims paid during the pandemic 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 likelihood of a favorable judgement or settlement of this matter at the present time.

Department of Administration - The Federal Emergency Management Agency (FEMA) is reviewing and auditing the prior COVID related claims. FEMA projects are subject to audit for three years after the subrecipient project is closed and any related disallowance is currently unknown.

Department of Human Services - DHS had a Food and Nutrition Service (FNS) Supplemental Nutrition Assistance Program (SNAP) Major Systems Failure penalty in fiscal year 2024 related to SNAP benefits overpayments of \$37.0 million. While it will likely take years to settle, depending on ruling, it could have a material impact on the State and its financial statements. DHS timely appealed this penalty on May 17, 2024, to the USDA FNS State SNAP Appeals Board. The Appeals Board granted the requested extension and DHS must submit the requested information and materials by September 7, 2026.

Component Units - Contingencies

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 \$60.0 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, 2025, 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, 2025 are \$8.2 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, 2025 is \$135.1 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 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 thousand relating to the remediation project, operation and maintenance costs, and site reviews. The related cost for the year ended June 30, 2025 were \$77 thousand.

Various lawsuits and complaints are pending or threatened against the University. In the opinion of management, no other litigation is now pending, or threatened, where the amount is known or estimable and a negative outcome is likely to occur, such that there is a probability of materially affecting the University's financial position.

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.

Fiscal Year ended June 30, 2025

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 2025 pension expense (credit)	Net pension liability (asset) at 06/30/2024 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	\$ 279,527	\$ 1,757,211
			Business-type activities	2,789	17,838
			Special funding – teachers - state share (see Note Section 18-E)	138,421	1,014,429
B	State Police Retirement Benefits Trust (SPRBT)	Single-employer defined benefit plan – advance funded through a trust	State Police hired after July 1, 1987	4,784	23,974
C	Judicial Retirement Benefits Trust (JRBT)	Single-employer defined benefit plan – advance funded through a trust	Judges appointed after December 31, 1989	18	(8,186)
D	RI Judicial Retirement Fund Trust (RIJRFT)	Single-employer defined benefit plan – funded through a trust	Covers 7 judges appointed prior to January 1, 1990	(366)	16,687
E	State Police Retirement Fund Trust (SPRFT)	Single-employer defined benefit plan – advance funded through a trust	State Police hired before July 1, 1987	6,169	116,673
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	1,153	30,472
	Totals			\$ 432,495	\$ 2,969,098
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	\$ 7,374	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/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 *Accounting and Financial Reporting for Pensions*.

Employer pension expense and related liabilities and deferred inflows/outflows of resources 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.

Fiscal Year ended June 30, 2025

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, 2023 actuarial valuations (with the exception of JNCRP which has a June 30, 2024 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	11,328	5,001	7,601	3,358	27,288
JRBT	36	1	14	46	97
RIJRFT	3	—	4	—	7
SPRBT	116	73	55	183	427
SPRFT	232	—	—	—	232
JNCRP	37	—	—	—	37

B. Defined Benefit Plan Descriptions – Trust 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 University of Rhode Island, Rhode Island College, Community College of Rhode Island, Division of Higher Education Assistance, 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.

Fiscal Year ended June 30, 2025

Retirement eligibility and plan benefits – are summarized in the following table:

Schedule	Schedule Criteria	Retirement eligibility	Benefit accrual rates	Maximum benefit
(A)	Completed 10 years of service on or before July, 1, 2005 and eligible to retire as of September 30, 2009	Age 60 with 10 years of service or after 28 years of service at any age	Effective until June 30, 2012: 1.7% for each of first ten years 1.9% for each of next ten years 3.0% for each of next fourteen years 2% for the 35 th year Effective July 1, 2012: 1.0% per year through June 30, 2015 Effective July 1, 2015: for members with 20 years of service as of July 1, 2012: 2% per year	80% of final average earnings (3 consecutive highest years)
(AB)	Completed 10 years of service on or before July, 1, 2005 but ineligible to retire as of September 30, 2009	Minimum retirement age of 62 and ten years of service with a downward adjustment of the minimum retirement age based on the years of service credit as of September 30, 2009	Effective until June 30, 2012: Same accrual rates as (A) above to September 30, 2009 and then Schedule B rates (below) thereafter Effective July 1, 2012: 1.0% per year through June 30, 2015 Effective July 1, 2015, for members with 20 years of service as of July 1, 2012: 2% per year	80% of final average earnings (5 consecutive highest years or 3 consecutive highest years if retired on or after July 1, 2024)
(B)	Less than 10 years of service before July 1, 2005 and eligible to retire as of September 30, 2009	Age 65 with 10 years of service or after 29 years of service and age 59	Effective until June 30, 2012: 1.6% for each of first ten years 1.8% for each of next ten years 2.0% for each of next five years 2.25% for each of next five years 2.5% for each of next seven years 2.25% for the 38 th year Effective July 1, 2012: 1.0% per year	75% of final average earnings (5 consecutive highest years or 3 consecutive highest years if retired on or after July 1, 2024)
(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 or 3 consecutive highest years if retired on or after July 1, 2024)
(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 or 3 consecutive highest years if retired on or after July 1, 2024)
(B3)	Hired on or after July 1, 2012	Social Security Retirement Age and 5 years of contributory service	1.0% per year	75% of final average earnings (5 consecutive highest years or 3 consecutive highest years if retired on or after July 1, 2024)

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 participated 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 age 55 with 25 years of service credit for correctional officers and registered nurses at the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

Effective January 1, 2025, State Law Enforcement Professionals are eligible to retire if any of the following apply: (1) they are at least 50 and have worked for at least 25 years; (2) they have worked for at least 27 years; or (3) they have reached Social Security retirement age and have worked for at least five years. Members will accrue 2% per year of service for service earned on or after January 1, 2025. Members with over 30 years of service who are at least 57 will accrue 2.25% per year for service earned on or after January 1, 2025. This change does not impact service accrued prior to January 1, 2025. These members are no longer participants in the defined contribution plan. However, their contribution to the defined benefit plan increased to 10%. 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 75%.

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%.

Effective July 1, 2024, retired state employees and teachers who retired on or before June 30, 2012 and have reached COLA-eligibility, will receive a full calculated COLA annually regardless of the plan's funded status. When the funding level of a plan exceeds 75% funded, eligible retirees who retired on or after July 1, 2012 may receive a full calculated COLA annually effective on the date of their retirement plus one month (or Social Security Normal Retirement Age, or SSNRA, plus one month, if later). Until the funding level of a plan exceeds 75% funded, eligible retirees who retired on or after July 1, 2012 may receive 25% (1/4th) of the calculated COLA annually effective on the date of their retirement plus one month (or SSNRA plus one month, if later). Eligible retirees of the SPRBT and JRBT plans may receive a full calculated COLA every 4 years, in lieu of annually, until the collective ERS, SPRBT and JRBT plans reach a funded status of 75%.

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 \$30,622 (indexed as of January 1, 2025) 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 \$30,622 is replaced with \$36,746 (indexed as of January 1, 2025) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 75%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$30,622).

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.

Fiscal Year ended June 30, 2025

Retirement eligibility and plan benefits – are summarized in the following table:

Judges appointed after	Retirement benefit
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.
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.
January 1, 2009 but before July 1, 2009	<p>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.</p> <p>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.</p>
July 1, 2009	<p>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.</p> <p>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.</p>

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 75%. The COLA provision will be reviewed in a four-year interval while the plans are less than 75% funded. When the collective funding level of a plan exceeds 75%, 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. 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 \$30,622 (indexed as of January 1, 2025) 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 \$30,622 is replaced with \$36,746 (indexed as of January 1, 2025) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 75%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$30,622).

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 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 sixty-five (65) 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 provides retirement benefits for members who have served for 20 years and have reached the age of 65 years, or has served 15 years, and reached the age of 70 years and may retire from regular service and receive a benefit equal to the annual salary the justice was receiving at the time of their retirement. Members 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 75% of the annual salary at the time of 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 75%. The COLA provision will be reviewed in a four-year interval while the plans are less than 75% funded. When the collective funding level of a plan exceeds 75%, 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 \$30,622 (indexed as of January 1, 2025) 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 \$30,622 is replaced with \$36,746 (indexed as of January 1, 2025) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 75%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$30,622).

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. Effective July 1, 2024, state police officers who were hired before July 1, 2007 will have their benefit for the portion of service accrued on or after July 1, 2012 calculated on the average of the highest three consecutive years of salary, pursuant to Article 3 of the fiscal year 2026 enacted budget. 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 75%. The COLA provision will be reviewed in a four-year interval while the plans are less than 75% funded. When the collective funding level of a plan exceeds 75%, 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 \$30,622 (indexed as of January 1, 2025) 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 \$30,622 is replaced with \$36,746 (indexed as of January 1, 2025) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 75%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$30,622).

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.

The trust was established to reduce the amount of the unfunded liability attributable to the retirement benefits for members of the state police hired on or before July 1, 1987. The trust was funded with monies obtained from the Department of Justice's Equitable Sharing Program, resulting from a settlement in which \$45 million of such settlement was allocated for use by the state police. Pursuant to Rhode Island General Law section 42-28-22.2, the State shall deposit contributions for the members of the state police initially hired on or before July 1, 1987 to be held in trust. The trust was established with a \$15.0 million supplemental contribution (from funds available to the State from the Department of Justice's Equitable Sharing Program) that was deposited in fiscal 2017. Taking into account the initial supplemental contribution, as certified by the State's actuary, the unfunded actuarial liability will be amortized over an 18-year period. The State will make annual contributions into the trust for this funding period, or until the unfunded accrued liability is fully amortized. This trust is a closed plan because there are no longer any active members.

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 75%. The COLA provision will be reviewed in a four-year interval while the plans are less than 75% funded. When the collective funding level of a plan exceeds 75%, 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 \$30,622 (indexed as of January 1, 2025) 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 \$30,622 is replaced with \$36,746 (indexed as of January 1, 2025) until the funded ratio of the ERS, SPRBT and JRBT, calculated by the system's actuary on an aggregate basis, exceeds 75%. At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$30,622).

C. Defined Benefit Trust Funded Plans - Summary of Significant Accounting Policies

The Fiduciary Net Position presented for defined benefit plans which are accounted for in a trust has been determined on a basis consistent with that used by the respective plans in preparing their financial statements. ERSRI 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 ERSRI 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 ERSRI, 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 approximately 40% of the cost of providing retirement benefits for teachers covered by the ERS Plan. 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 ERS Plan measured as of June 30, 2024 is approximately \$2.4 billion and the State's share of the net pension liability is approximately \$1.0 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, 2025 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 42.6% an increase of 0.045% 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.

Fiscal Year ended June 30, 2025

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 and JNCRP, employers are required by statute to make annual actuarial determined contributions to the respective defined benefit plans. Employer contributions for the defined contribution plan are prescribed by statute. Plan member contributions for the defined benefit and the defined contribution plans are fixed by statute. Member and employer contribution rates are subject to amendment by the General Assembly.

Actuarial determined contributions for defined benefit plans 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 2025 were determined based on valuations performed as of June 30, 2022 for all plans, with the exception of RIJRFT, which was determined based on a valuation performed as of June 30, 2024.

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 of \$16,387,092 into the Trust have been calculated on a level-dollar amortization over 18 years from June 30, 2016.

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, 2025 is provided in the table below:

	ERS	JRBT	RIJRFT(*)	SPRBT	SPRFT(*)	JNCRP(**)
Contribution rate:						
State	30.75 %	18.20 %	\$ 1,148	21.59 %	\$ 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	11.42 %	—	—	—	—	—
Contributions made for state employees	\$ 261,479	\$ 2,503	\$ 602	\$ 7,027	\$ 16,387	\$ 3,252
Contribution made for teachers	\$ 130,172	—	—	—	—	—

(*) 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(e) 1 and 2) also require, in addition to the contributions provided for by the funding policy, for each fiscal year in which the actuarially determined state contribution rate for state employees and teachers, including state contributions to the defined contribution plan, 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 actuarially 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 as a supplemental contribution to the applicable plan within the ERS Trust. 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 2025, no supplemental contribution was required in accordance with this provision of the General Laws.

The fiscal year 2025 enacted budget included a requirement that 50% of all State general revenue received in a fiscal year, net of transfers 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 System as defined in RI General Laws Section 36-8-2. In the spring of fiscal year 2025, the State of Rhode Island's final audited Fiscal Year 2024 report was released and the State Controller's Office determined the additional reserved amount to be \$21.65 million. In accordance, the supplemental contributions were transferred to the State Employees plan within the ERS Trust in June of 2025.

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 \$76,757 was paid to the ERS trust (for State employees) pursuant to Section 42-149-3.1 of 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 (asset) 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 2024. The State's proportion for the ERS Plan for State employees was 90.90% an increase of 0.14% from the prior reporting period. June 30, 2024 measurement date, the Lottery's proportion was 0.92%, an increase of 0.0003% since the prior reporting period.

The following is a summary of the net pension liability (asset) 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, 2024 (expressed in thousands and excluding amounts related to teachers under the special funding arrangement discussed above):

Fiscal Year ended June 30, 2025

Total Net Pension Liability - Employees' Retirement System (ERS) - State Employees		\$	1,933,150
<i>Less portion attributable to other entities:</i>			
Enterprise Fund - Rhode Island Lottery (Business-Type Activities)			(17,838)
Discretely Presented Component Units			
University of Rhode Island	\$	89,275	
Rhode Island College		28,596	
Community College of RI		25,161	
RI Airport Corporation		900	
			(143,932)
Related organization - Narragansett Bay Commission			(14,169)
ERS - Net Pension Liability		\$	1,757,211
Net Pension Liability - Single Employer Defined Benefit Pension Plans			
RIJRFT	\$	16,687	
SPRBT		23,974	
SPRFT		116,673	
JNCRP		30,472	
Total Net Pension Liability - All Plans (Governmental Activities)		\$	1,945,017
Net Pension Asset - Single Employer Defined Benefit Pension Plans			
JRBT	\$	(8,186)	
Total Net Pension Asset - Single Employer Defined Benefit Pension Plans		\$	(8,186)

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, 2024 is presented below:

	<u>JRBT</u>	<u>RIJRFT</u>	<u>SPRBT</u>	<u>SPRFT</u>
Total pension liability	\$ 106,628	\$ 18,385	\$ 250,414	\$ 148,944
Plan fiduciary net position	114,814	1,698	226,440	32,271
Net pension liability (asset)	<u>\$ (8,186)</u>	<u>\$ 16,687</u>	<u>\$ 23,974</u>	<u>\$ 116,673</u>
Plan fiduciary net position as a percentage of total pension liability	107.7 %	9.2 %	90.4 %	21.7 %

a. Actuarial assumptions used in determining total pension liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2023 and rolled forward to the June 30, 2024 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, 2024. The following table summarizes the actuarial assumptions, applied to all periods included in the measurement.

	ERS						
	State		JRBT	RIJRFT	SPRBT	SPRFT	JNCRP
	Employees	Teachers					
Valuation Date	06/30/2023 rolled forward to 06/30/2024	06/30/2023 rolled forward to 06/30/2024	06/30/2023 rolled forward to 06/30/2024	06/30/2023 rolled forward to 06/30/2024	06/30/2023 rolled forward to 06/30/2024	06/30/2023 rolled forward to 06/30/2024	06/30/2024
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 %	3.97 %	7.00 %	7.00 %	3.97 %
Projected Salary increases	3.00% to 7.00%	2.75% to 8.25%	2.75 %	2.75 %	4.00% to 12.00%	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 MP2021 with immediate convergence.						
Investment Rate of Return	The investment rate of return was used as the discount rate to determine the net position liability (asset) for all plans except the RIJRFT and JNCRP plans for which the municipal bond index rate at June 30, 2025 was used.						
COLA	All future COLAs were assumed to be 2.1% per annum for all MERS units with the COLA provision whose funding levels exceed 80%. For the TSB plan, a 2.5% COLA was assumed. For State Police and Judges, it was assumed that the COLA was suspended through 2027 and it would be 2.1% thereafter. For all other plans, it was assumed that twenty-five percent of the COLA increase will be granted 2024 through 2026, with full COLAs continuing in 2027.						

The actuarial assumptions used in the calculation of the total pension liability at the June 30, 2024 measurement date were consistent with the 2023 Actuarial Experience Investigation Study for the six-year period ending June 30, 2022, adopted by the Board on May 17, 2023.

Factors affecting trends for amounts related to the net pension liability

There was a change in assumption for the RIJRFT and JNCRP plans due to use of the municipal bond index rate of 3.97% as of June 30, 2024. This rate was 3.86% at June 30, 2023.

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 forty 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.

Fiscal Year ended June 30, 2025

The June 30, 2024 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
GROWTH		
Global Equity		
U.S. Equity	25.90 %	5.98 %
International Developed Equity	10.00 %	6.47 %
Emerging Markets Equity	4.10 %	8.10 %
Subtotal	40.00 %	
Private Growth		
Private Equity	12.50 %	9.37 %
Non-Core Real Estate	2.50 %	4.92 %
Subtotal	15.00 %	
INCOME		
Equity Options	2.00 %	5.69 %
Collateralized Loan Obligations	2.00 %	4.36 %
Liquid Credit	5.00 %	4.36 %
Private Credit	3.00 %	4.36 %
Subtotal	12.00 %	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00 %	1.00 %
Systematic Trend	5.00 %	4.02 %
Subtotal	10.00 %	
Inflation Protection		
Core Real Estate	4.00 %	4.92 %
Private Infrastructure	4.00 %	6.02 %
Subtotal	8.00 %	
Volatility Protection		
IG Corp Credit	3.25 %	2.60 %
Securitized Credit	3.25 %	2.60 %
Absolute Return	6.50 %	4.02 %
Cash	2.00 %	1.00 %
Subtotal	15.00 %	
Total	100.00 %	

b. Discount rate

The discount rate used to measure the total pension liability of the plans was 7.00% for all plans except for RIJFRT 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, as actuarially determined. Based on those assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be available to make all projected future benefit payments to 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 except the RIJFRT and JNCRP.

Fiscal Year ended June 30, 2025

For the RIJRFT and JNCRP plans, the State has not opted to make actuarially determined employer contributions. Based on those assumptions, the pension plans' fiduciary net position was not projected to be available to make all projected future benefit payments to 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", 3.97% at June 30, 2024, 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 7.00% (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 3.97% at June 30, 2024, 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	\$ 2,216,348	\$ 1,757,211	\$ 1,340,038
ERS - Teachers (State share)	1,317,143	1,014,429	739,382
JRBT	1,943	(8,186)	(17,387)
SPRBT	47,436	23,974	2,660
SPRFT	131,500	116,673	103,200

	1.00% Decrease (2.97%)	Municipal Bond Index Rate (3.97%)	1.00% Increase (4.97%)
RIJRFT	\$ 18,390	\$ 16,687	\$ 14,978
JNCRP	32,502	30,472	28,671

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	\$ 22,499	\$ 17,838	\$ 13,603

Fiscal Year ended June 30, 2025

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):

	<u>JRBT</u>	<u>RIJRFT</u>	<u>SPRBT</u>	<u>SPRFT</u>	<u>JNCRP^(*)</u>
Total Pension Liability					
Service cost	\$ 4,136	\$ 250	\$ 6,645	\$ —	\$ —
Interest	6,803	732	15,414	10,312	1,197
Differences between expected and actual experience	3,335	(992)	16,387	(1,210)	127
Changes of assumptions	—	(157)	—	—	(171)
Benefit payments	(5,528)	(601)	(9,827)	(14,947)	(3,415)
Net change in Total Pension Liability	<u>8,746</u>	<u>(768)</u>	<u>28,619</u>	<u>(5,845)</u>	<u>(2,262)</u>
Total Pension Liability - beginning	<u>97,882</u>	<u>19,153</u>	<u>221,795</u>	<u>154,789</u>	<u>32,734</u>
Total Pension Liability - ending	<u>106,628</u>	<u>18,385</u>	<u>250,414</u>	<u>148,944</u>	<u>30,472</u>
Plan Fiduciary Net Position					
Employer contributions	2,983	601	6,437	16,387	3,415
Employee contributions	1,577	114	2,729	—	—
Net investment income	10,827	91	21,299	3,718	—
Benefit payments	(5,528)	(601)	(9,827)	(14,947)	(3,415)
Administrative expenses	(112)	(2)	(223)	(28)	—
Other	—	—	6	—	—
Net change in Fiduciary Net Position	<u>9,747</u>	<u>203</u>	<u>20,421</u>	<u>5,130</u>	<u>—</u>
Plan Fiduciary Net Position - beginning	<u>105,067</u>	<u>1,495</u>	<u>206,019</u>	<u>27,141</u>	<u>—</u>
Plan Fiduciary Net Position - ending	<u>114,814</u>	<u>1,698</u>	<u>226,440</u>	<u>32,271</u>	<u>—</u>
Net Pension Liability (Asset)	<u>\$ (8,186)</u>	<u>\$ 16,687</u>	<u>\$ 23,974</u>	<u>\$ 116,673</u>	<u>\$ 30,472</u>

(*) This is a non-trusted 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, 2025, the State recognized net pension expense of \$294.1 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 \$138.4 million in the Statement of Activities relating to the State's share of the pension expense for teachers who are covered by the ERS.

Fiscal Year ended June 30, 2025

At June 30, 2025 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:

	<u>State Employees</u>	<u>Teachers</u>	<u>Totals</u>
<u>Deferred Outflows of Resources</u>			
State contributions subsequent to the measurement date	\$ 258,797	\$ 130,172	\$ 388,969
Differences between expected and actual experience	53,961	6,927	60,888
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,842	6,854	17,696
Totals	<u>323,600</u>	<u>143,953</u>	<u>467,552</u>
<u>Deferred Inflows of Resources</u>			
Net difference between projected and actual earnings on pension plan investments	63,753	62,219	125,972
Differences between expected and actual experience	276	24,184	24,460
Changes of assumptions	2,145	31,184	33,329
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	14,744	14,744
Totals	<u>\$ 66,174</u>	<u>\$ 132,331</u>	<u>\$ 198,505</u>

The \$258.8 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, 2026. In addition, the \$130.2 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, 2026. 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):

	<u>State Employees</u>	<u>Teachers</u>
Year ended June 30:		
2026	\$ (32,525)	\$ (65,811)
2027	52,754	2,139
2028	(8,022)	(28,704)
2029	(13,578)	(20,213)
2030	—	(5,353)
Thereafter	—	(608)
	<u>\$ (1,371)</u>	<u>\$ (118,550)</u>

Fiscal Year ended June 30, 2025

Business-type Activities:

For the year ended June 30, 2025, the Lottery, a proprietary fund of the State, recognized pension expense of \$2.8 million. At June 30, 2025, the Lottery reported deferred outflows and inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Contributions subsequent to the measurement date	\$ 2,579
Differences between expected and actual experience	548
Changes in proportion and differences between employer contributions and proportionate share of contributions	59
Totals	<u>\$ 3,186</u>

Deferred Inflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$ 647
Differences between expected and actual experience	3
Changes of assumptions	22
Changes in proportion and differences between employer contributions and proportionate share of contributions	426
Totals	<u>\$ 1,098</u>

The \$2.7 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 ending June 30, 2026. 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:	
2026	\$ (553)
2027	380
2028	(169)
2029	(149)
	<u>\$ (491)</u>

Fiscal Year ended June 30, 2025

Other Single Employer Pension Plans

For the fiscal year ended June 30, 2025, the table below provides information about pension expense (credit) recognized for each of the State's five single employer plans (expressed in thousands):

Plan	Annual Pension Expense (Credit)
JRBT	\$ 18
RIJRFT	(366)
SPRBT	4,784
SPRFT	6,169
JNCRP	1,153
Total	\$ 11,758

As of June 30, 2025, 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):

	JRBT	RIJRFT	SPRBT	SPRFT	JNCRP	Totals
<u>Deferred Outflows of Resources</u>						
Employer contributions subsequent to the measurement date	\$ 2,503	\$ 602	\$ 7,027	\$ 16,387	\$ 3,252	\$ 29,771
Differences between expected and actual experience	2,705	—	17,357	—	—	20,062
Change of Assumptions	123	—	2,781	—	—	2,904
Totals	\$ 5,331	\$ 602	\$ 27,165	\$ 16,387	\$ 3,252	\$ 52,737
<u>Deferred Inflows of Resources</u>						
Net difference between projected and actual earnings on pension plan investments	\$ 3,028	\$ 44	\$ 5,866	\$ 1,979	\$ —	\$ 10,917
Differences between expected and actual experience	3,668	—	3,448	—	—	7,116
Change of assumptions	229	—	—	—	—	229
Totals	\$ 6,925	\$ 44	\$ 9,314	\$ 1,979	\$ —	\$ 18,262

The amount of \$29.7 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 ending June 30, 2026. 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:	JRBT	RIJRFT	SPRBT	SPRFT	JNCRP	Totals
2026	\$ (2,975)	\$ (29)	\$ (1,240)	\$ (1,070)	\$ —	\$ (5,314)
2027	222	1	5,591	(84)	—	5,730
2028	(1,261)	(9)	(216)	(472)	—	(1,958)
2029	(224)	(6)	152	(354)	—	(432)
2030	142	—	1,613	—	—	1,755
Thereafter	—	—	4,924	—	—	4,924
	\$ (4,096)	\$ (43)	\$ 10,824	\$ (1,980)	\$ —	\$ 4,705

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 TIAA Trust, N.A. 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 \$7.4 million for the fiscal year ended June 30, 2025, 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 years of contributory service. Service credit prior to July 1, 2012 is credited to the member for vesting purposes. 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 in the year the member attains age 73 or terminate employment, if later. Members have the option to receive benefit payments in the form of a single life annuity, two-life annuity, lump-sum benefits, or installments. These payments are subject to any restrictions in the investment vehicles.

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, 2025, 814 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.

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 - \$1.73 per hour up to a maximum of 1,820 hours per year to the Plan for calendar year 2025. The State is not required to contribute to the Plan.

The Multi-employer Pension Plan Amendments Act of 1980 imposes certain liabilities upon employees associated with multi-employer 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 Funds, which are age-appropriate, or TIAA's Stable Value offering, which is a capital preservation fund.

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 the Teachers Insurance and Annuity Association 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 \$25.0 million during the year ended June 30, 2025.

The Rhode Island Public Transit Authority has two defined benefit pension plans that cover eligible employees which are described below. More information about the plans can be found in the audited financial statements of RIPTA which are available at www.ripta.com.

- The first plan, RIPTA Employees' Pension Plan, covers employees of the Authority who work more than 1,000 hours per year. There are no age or minimum service requirements, and employees are eligible to participate immediately upon employment. Any changes to the plan are subject to the collective bargaining process. Plan benefits and other provisions are established by the plan document. The Plan is administered by the Authority's Joint Pension Board. The plan provides retirement, disability, and death benefits. Benefits vest upon completion of ten years of service. Authority employees are eligible to retire upon attainment of normal retirement age (62, or if later, upon completion of 5 years of service). Retired employees are entitled to a monthly benefit for life as stipulated in the plan provisions. Employees are required to contribute 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, 2024 measurement date the plans' total pension liabilities exceeded the plans' fiduciary net position by an aggregate amount of \$80.1 million. Accordingly, a net pension liability of that amount has been recorded as of June 30, 2025. For the fiscal year ended June 30, 2025, pension expense of \$13.2 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 2025. 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 2025 OPEB expense (credit)	Net OPEB liability (asset) at 06/30/2024 measurement date
A	State Employees	Cost-sharing multiple- employer plan – advance funded through a trust	State employees excluding state police, legislators and judges		
			Governmental activities	\$ (16,467)	\$ 125,765
			Business-type activities	(51)	1,274
B	Teachers	Single-employer plan – advance funded through a trust	Certified public school teachers electing to participate in the System	1,793	(7,107)
C	Judges	Single-employer plan – advance funded through a trust	Judges and magistrates	(459)	(6,351)
D	State Police	Single-employer plan – advance funded through a trust	State police officers	(5,005)	(29,816)
E	Legislators	Single-employer plan – advance funded through a trust	Retired and former members of the General Assembly	(209)	(2,601)
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	(8)	3
	Totals			\$ (20,406)	\$ 81,167

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, 2023 actuarial valuations, is summarized in the table below:

	<u>Retirees and beneficiaries</u>	<u>Active</u>	<u>Total by Plan</u>
State Employees	7,677	10,923	18,600
Teachers	51	N/A	51
Judges	23	64	87
State Police	174	239	413
Legislators	19	112	131
Board of Education (BOE)	1,201	1,765	2,966

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 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 under 65 years of age (and spouses and dependents) receive the active health care plan benefits with the same co-share amount in effect at the date of their retirement. At age 65, these retirees may no longer be enrolled in the active health care plan. Upon the retiree reaching age 65, a spouse who is at least 60 years of age may continue enrollment in the active health care plan until reaching 65 with the State subsidy maintained at the same co-share rate in effect as of the date of retirement. Dependents are also allowed to continue enrollment in the active health care plan until they reach the age of 26 with the State subsidy maintained at the same co-share rate in effect as of the date of 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 0% to 50%.

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 0% to 50%.

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, 2025, the State and other participating employers paid \$43.7 million into the plans.

The fiscal year 2025 contribution rates for the six plans in the System were based on the actuarial valuation of those plans performed as of June 30, 2022.

Fiscal Year ended June 30, 2025

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, 2025 is provided in the table below:

	<u>State Employees</u>	<u>Teachers</u>	<u>Judges</u>	<u>State Police</u>	<u>Legislators</u>	<u>BOE</u>
Contribution rate:						
Employer	3.94 %	— (*)	— (*)	13.73 %	— (*)	1.67 %
Plan members	—	—	—	—	—	0.90 %
Contributions made:	\$ 33,745	\$ —	\$ —	\$ 4,381	\$ —	\$ 11

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

D. Net OPEB Liability (Asset)

The net OPEB liability of the State and other participating employers in the State Employees' Plan and the Board of Education Plan, which are multiple employer cost-sharing plans, has been apportioned based on the percentage share of total contributions made by each participating employer during fiscal year 2024.

The State's proportion for the State Employees' Plan and Board of Education Plan for State employees was 90.89% and 0.35%, respectively. At the June 30, 2024 measurement date, the Lottery's proportionate share of the net OPEB liability in the State Employees' Plan, reported under Business-type activities, was 0.92%.

Fiscal Year ended June 30, 2025

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, 2024 (expressed in thousands):

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

Total Net OPEB Liability - State Employees Plan	\$	138,391
<i>Less portion attributable to other entities:</i>		
Enterprise Fund - Rhode Island Lottery		(1,274)
Discretely Presented Component Units		
University of Rhode Island	\$	6,423
Rhode Island College		2,048
Community College of RI		1,808
RI Airport Corporation		66
		<u>(10,345)</u>
Related organization - Narragansett Bay Commission		<u>(1,007)</u>
State Employees Plan - State's Share of Net OPEB Liability - Governmental Activities	\$	125,765
Board of Education Plan - State's Share of Net OPEB Liability - Governmental Activities		<u>3</u>
State's Share of Net OPEB Liability - Multiple Employer Cost-sharing Plans - Governmental Activities	\$	<u>125,768</u>
State Employees Plan - Rhode Island Lottery's Share of Net OPEB Liability - Business-type Activities	\$	<u>1,274</u>
Total State's Share of Net OPEB Liability - Multiple Employer Cost-sharing Plans	\$	<u>127,042</u>
Net OPEB Liability - All Plans	\$	<u>127,042</u>
Net OPEB (Asset) - Single Employer OPEB Plans		
Teachers	\$	(7,107)
Judges		(6,351)
State Police		(29,816)
Legislators		(2,601)
Total Net OPEB (Asset)	\$	<u>(45,875)</u>

Statement of Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net OPEB Liability	\$ 125,768	\$ 1,274	\$ 127,042
Net OPEB (Asset)	\$ (45,875)	\$ —	\$ (45,875)

Further details regarding the State’s total OPEB liability and net OPEB liability (asset) for the single employer OPEB plans (expressed in thousands) which was measured as of June 30, 2024 is presented below:

	<u>Teachers</u>	<u>Judges</u>	<u>State Police</u>	<u>Legislators</u>
Total OPEB liability	\$ 9,012	\$ 514	\$ 76,569	\$ 1,652
Plan fiduciary net position	16,119	6,865	106,385	4,253
Net OPEB liability (asset)	<u>\$ (7,107)</u>	<u>\$ (6,351)</u>	<u>\$ (29,816)</u>	<u>\$ (2,601)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)	<u>178.85 %</u>	<u>1338.90 %</u>	<u>138.94 %</u>	<u>257.46 %</u>

a. Actuarial assumptions used in determining total OPEB liability

The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the June 30, 2024 measurement date using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Methods and Assumptions used in the June 30, 2023 valuation.						
	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 6.25%	3.25% to 6.25%
Valuation Health Care Cost Trend Rate	Pre-Medicare: 7.25% in 2024, grading to 3.5% in 2038 Medicare: 6.50% in 2024, grading to 3.5% in 2038					
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 Retire 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.					
Note: 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 used in the calculation of the total OPEB liability at the June 30, 2024 measurement date were consistent with the Actuarial Experience Investigation Study for the six years ended June 30, 2019 performed for the Employees’ Retirement System of Rhode Island.

Fiscal Year ended June 30, 2025

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.

The June 30, 2024 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity	40.00 %	6.52 %
Private Growth	5.00 %	8.90 %
Subtotal	<u>45.00 %</u>	
INCOME		
Equity Options	4.00 %	5.81 %
Liquid Credit	4.00 %	4.42 %
Emerging Market Debt	4.00 %	4.45 %
Collateralized Loan Obligations	4.00 %	4.42 %
Private Credit	5.00 %	4.42 %
Subtotal	<u>21.00 %</u>	
STABILITY		
Inflation Protection		
Core Real Estate	4.00 %	4.94 %
Private Real Assets	4.00 %	6.12 %
Subtotal	<u>8.00 %</u>	
Volatility Protection		
US Aggregate Bond	26.00 %	1.96 %
Subtotal	<u>26.00 %</u>	
Total	<u><u>100.00 %</u></u>	

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 and the projection of cash flows as of each fiscal year ending, the OPEB plan's fiduciary net position and future contributions were 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.

Fiscal Year ended June 30, 2025

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% with a -1/+1 sensitivity, 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 (5.00%)	1.00% Increase (6.00%)
State employees	\$ 193,213	\$ 125,765	\$ 69,260
Teachers	(6,403)	(7,107)	(7,728)
Judges	(6,338)	(6,351)	(6,366)
State Police	(23,307)	(29,816)	(35,638)
Legislators	(2,460)	(2,601)	(2,724)
BOE	43	3	(30)

Business-type Activities:

	1.00% Decrease (4.00%)	Current Discount Rate (5.00%)	1.00% Increase (6.00%)
Rhode Island Lottery: OPEB Plan - State Employees	\$ 1,958	\$ 1,274	\$ 702

d. Sensitivity of the net OPEB liability (asset) to changes in the healthcare inflation rate

The healthcare cost trend rate for Medicare eligible plan members was 6.50% and gradually decreasing to an ultimate rate of 3.5%. Similarly, the healthcare cost trend rate for Not Medicare eligible/HRA plan members was 7.25% and gradually decreasing to an ultimate rate of 3.5%. The following presents the Net OPEB Liability (Asset) of the employers calculated using the assumed healthcare cost trend rates, as well as, 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	\$ 54,859	\$ 125,765	\$ 213,773
Teachers	(7,819)	(7,107)	(6,311)
Judges	(6,399)	(6,351)	(6,301)
State Police	(37,994)	(29,816)	(20,120)
Legislators	(2,762)	(2,601)	(2,414)
BOE	(38)	3	54

Business-type Activities:

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Rhode Island Lottery: OPEB Plan - State Employees	\$ 556	\$ 1,274	\$ 2,166

Fiscal Year ended June 30, 2025

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):

	<u>Teachers</u>	<u>Judges</u>	<u>State Police</u>	<u>Legislators</u>
Total OPEB Liability				
Service cost	\$ —	\$ 48	\$ 3,651	\$ 54
Interest	319	11	4,211	29
Difference between expected and actual experience	(729)	(148)	(14,221)	530
Changes of assumptions	3,556	391	2,182	725
Benefit payments, net of retiree	(1,047)	46	(3,289)	(465)
Net change in Total OPEB Liability	<u>2,099</u>	<u>348</u>	<u>(7,466)</u>	<u>873</u>
Total OPEB Liability - beginning	<u>6,913</u>	<u>166</u>	<u>84,035</u>	<u>779</u>
Total OPEB Liability - ending	<u>9,012</u>	<u>514</u>	<u>76,569</u>	<u>1,652</u>
Plan Fiduciary Net Position				
Employer contributions	—	—	5,265	—
Net investment income	1,852	648	11,084	477
Benefit payments	(1,047)	46	(3,289)	(464)
Administrative expenses	(2)	(1)	(24)	(1)
Other	104	24	484	84
Net change in Fiduciary Net Position	<u>907</u>	<u>717</u>	<u>13,520</u>	<u>96</u>
Plan Fiduciary Net Position - beginning	<u>15,212</u>	<u>6,148</u>	<u>92,865</u>	<u>4,157</u>
Plan Fiduciary Net Position - ending	<u>16,119</u>	<u>6,865</u>	<u>106,385</u>	<u>4,253</u>
Net OPEB Liability (Asset)	<u>\$ (7,107)</u>	<u>\$ (6,351)</u>	<u>\$ (29,816)</u>	<u>\$ (2,601)</u>

Fiscal Year ended June 30, 2025

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, 2025, the State recognized OPEB expense (credit) of \$(16.5) million related to State employees who are covered by the OPEB cost-sharing plans administered by the System.

At June 30, 2025, 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	\$ 33,400	\$ 11	\$ 33,411
Differences between expected and actual experience	1,555	14	1,569
Net difference between projected and actual investment earnings			
Changes of assumptions	18,446	22	18,468
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,063	50	3,113
Totals	\$ 56,464	\$ 97	\$ 56,561
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 92,436	\$ 53	\$ 92,489
Net difference between projected and actual investment earnings	21,215	14	21,229
Changes of Assumptions	21,242	21	21,263
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	21	21
Totals	\$ 134,893	\$ 109	\$ 135,002

The \$33.4 million reported as deferred outflows of resources related to State contributions subsequent to the measurement date but before the end of the State's reporting period (June 30, 2025), will be recognized as a reduction in the net OPEB liability in the subsequent fiscal year ended June 30, 2026.

Fiscal Year ended June 30, 2025

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:		
2025	\$ (35,389)	\$ (7)
2026	(22,024)	(1)
2027	(27,218)	(10)
2028	(14,857)	(4)
2029	(7,427)	(2)
Thereafter	(4,914)	1
	<u>\$ (111,829)</u>	<u>\$ (23)</u>

Business-type Activities:

For the year ended June 30, 2025, the Lottery, a proprietary fund of the State, recognized OPEB expense (credit) of \$(51) thousand. At June 30, 2025, the Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

Contributions subsequent to the measurement date	315
Differences between expected and actual experience	16
Changes of assumptions	187
Changes in proportion and differences between employer contributions and proportionate share of contributions	255
Totals	<u>773</u>

Deferred Inflows of Resources

Differences between expected and actual experience	937
Net difference between projected and actual investment earnings	215
Changes of assumptions	215
Changes in Proportion	105
Totals	<u>\$ 1,472</u>

The \$345 thousand reported as deferred outflows of resources related to State contributions subsequent to the measurement date, but before the end of the State's reporting period (June 30, 2025), will be recognized as a reduction in the net OPEB liability in the subsequent fiscal year ended June 30, 2026.

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:	
2025	\$ (249)
2026	(179)
2027	(286)
2028	(161)
2029	(87)
Thereafter	(52)
	<u>\$ (1,014)</u>

Fiscal Year ended June 30, 2025

Other Single Employer OPEB Plans

For the fiscal year ended June 30, 2025, 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	\$ 1,793
Judges	(459)
State Police	(5,005)
Legislators	(209)
Total	\$ (3,880)

For the fiscal year ended June 30, 2025, the State recognized OPEB expense (credit) of \$1.8 million, \$(459) thousand, \$(5.0) million, \$(209) 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, 2025, 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	\$ —	\$ —	\$ 4,381	\$ —	\$ 4,381
Differences between expected and actual experience	—	—	176	496	672
Change of Assumptions	—	313	6,260	647	7,220
Net difference between projected and actual investment earnings	—	—	—	—	—
Totals	—	313	10,817	1,143	12,273
<u>Deferred Inflows of Resources</u>					
Differences between expected and actual experience	—	251	29,495	192	29,938
Change of assumptions	—	—	3,242	122	3,364
Net difference between projected and actual investment earnings	964	252	5,266	232	6,714
Totals	\$ 964	\$ 503	\$ 38,003	\$ 546	\$ 40,016

The amount of \$4.4 million reported as deferred outflows of resources, related to the State contributions after the measurement date, but before the end of the State's reporting period (June 30, 2025), will be recognized as a reduction in the net OPEB liability in the subsequent year ended June 30, 2026.

Fiscal Year ended June 30, 2025

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:				
2025	\$ (435)	\$ (134)	\$ (7,229)	\$ (7)
2026	101	59	(4,393)	105
2027	(407)	(87)	(7,083)	35
2028	(223)	(28)	(5,661)	95
2029	—	—	(3,273)	163
Thereafter	—	—	(3,928)	206
	<u>\$ (964)</u>	<u>\$ (190)</u>	<u>\$ (31,567)</u>	<u>\$ 597</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, 2025, the plan's total OPEB liability totaled \$69.7 million. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025. For the fiscal year ended June 30, 2025, 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.

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, 2025, each institution's proportionate share of net OPEB liability related to participation in the plans was as follows (in thousands):

University of Rhode Island	\$ 6,764
Rhode Island College	2,260
Community College of Rhode Island	1,984
Total	\$ 11,008

The net OPEB liabilities in the table above were measured as of June 30, 2024, 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, 2023 rolled forward to the June 30, 2024 measurement date. The proportion of net OPEB liability for each institution was based on its share of contributions to the Plans for fiscal year 2024 relative to the total contributions of all participating employers for that fiscal year.

For the fiscal year ended June 30, 2025, each institution recognized OPEB expense (credit) as follows (in thousands):

University of Rhode Island	\$ (3,159)
Rhode Island College	(1,946)
Community College of Rhode Island	(1,496)
Total	\$ (6,601)

Other information about the plans can be found in the audited financial statements for each institution as follows:

- University of Rhode Island - www.uri.edu
- Rhode Island College - our.ric.edu
- Community College of Rhode Island - www.ccri.edu

Other Component Units

Certain other component units have OPEB plans. For information regarding these plans, please refer to the component units' separately issued financial reports.

Note 20. Deferred Compensation

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Department of Administration, pursuant to Chapter 36-13 of the General Laws, administers the plan. The Department of Administration contracts with private corporations to provide investment products related to the management of the deferred compensation plan. Plan distributions are normally available to employees without penalty at the later of age 59 or retirement and mandatory distributions must commence once the individual reaches a certain age. The plan also allows for distributions for qualifying events such as termination, death, or “unforeseeable emergency.”

Current Internal Revenue Service regulations require that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors. The plan assets also may be held in annuity contracts or custodial accounts, which are treated as trusts.

The State does not serve in a trustee capacity. Accordingly, the plan assets are not included in the State’s financial statements.

Note 21. Risk Management

The State uses a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. The most significant risks include potential loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injury; information technology security and cybersecurity; employee healthcare, Medicaid managed care contracts, and natural disasters.

To manage losses associated with the theft, damage, or loss of assets (most notably, capital assets), the State has entered into various lines of coverage with commercial insurance carriers for insurance coverage, subject to certain deductibles. Furthermore, the State is required by the General Laws to provide insurance coverage on all motor vehicles owned by the State and operated by State employees. During fiscal year 2025, and the two preceding fiscal years, no settlements exceeded insured coverage limits in the aggregate (including excess policies).

Employee and non-Medicare eligible retiree healthcare - The State also has a contract with an insurance carrier/administrator to provide health care benefits to active and non-Medicare eligible 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, 2025 and June 30, 2024 was calculated based on historical claims data. The change in claims liability (expressed in thousands) is as follows:

	<u>Liability at 07/01/2024</u>	<u>Current Year Claims and IBNR Estimate</u>	<u>Claim Payments</u>	<u>Liability at 06/30/2025</u>
Health Insurance Internal Service Fund Unpaid claims	\$ 20,737	\$ 475,024	\$ 473,628	\$ 22,133

	<u>Liability at 07/01/2023</u>	<u>Current Year Claims and IBNR Estimate</u>	<u>Claim Payments</u>	<u>Liability at 06/30/2024</u>
Health Insurance Internal Service Fund Unpaid claims	\$ 20,280	\$ 377,251	\$ 376,794	\$ 20,737

Torts - The State is self-insured for risks of loss related to torts. Tort claims are defended by the State's Attorney General and, when necessary, appropriations are provided to pay claims.

Worker's Compensation - The State is self-insured for various risks of loss related to work-related injuries of State employees. The State contracts with a claims administrator to handle claims processing and provide certain loss prevention services for an administrative fee; however, the cost of worker's compensation claims (benefits) are paid by the State. The State maintains the Assessed Fringe Benefits Fund, an internal service fund that services, among other things, workers' compensation claims. Funding is provided through a fringe benefit rate applied to State payrolls on a pay-as-you-go basis.

Medicaid Managed Care - The State's Medicaid program provides health and dental coverage to a significant percentage of the Medicaid population through risk-based contracts with managed care organizations (MCOs) where the State is exposed to risk when actual medical claims exceed the capitation paid to the MCOs (subject to certain risk corridor limitations). Managed care expenditures represent a relatively large portion of the State's Medical Assistance expenditures. The State's known estimated risk (loss) or gain share amounts related to these contracts have been included in the financial statements.

Information Technology Security and Cybersecurity - The State relies upon a large and complex technology environment to conduct its operations, and accordingly is potentially exposed to cybersecurity threats which could disrupt operations or result in inadvertent disclosure of personal, private, or sensitive information. Additionally, cybersecurity breaches could expose the State to litigation and other legal risks. The State has not obtained insurance coverage specific to cybersecurity risks but does employ multiple forms of cybersecurity and operational safeguards based on strategies developed by the State's Chief Information Security Officer and other coordinating agencies.

Discretely Presented Component Units

The State's component units are also exposed to various risks of loss related to torts, property damage and theft, worker's compensation, employee healthcare, accident and casualty liability, etc. Component units manage these risks, in most instances, through the purchase of commercial insurance coverage. In certain instances, entities have opted to self-insure and maintain the risk of certain losses.

Specifically, the Rhode Island Public Transit Authority (RIPTA) is self-insured for claims associated with workers' compensation, health insurance, and accident and casualty losses. RIPTA has accrued a liability of \$12.5 million at June 30, 2025 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.

Fiscal Year ended June 30, 2025

Note 22. Other Information**A. Elimination Entries**

When the governmental fund statements and the internal service fund statements are combined into one column for governmental activity on the government-wide financial statements, interfund balances and activity should be eliminated. The following are the eliminations (expressed in thousands) that were made:

	Total Governmental Funds	Internal Service Funds	Total	Eliminations	Internal Balances
Assets					
Due from other funds	\$ 9,658	\$ 18,856	\$ 28,514	\$ (23,525)	\$ 4,989
Loans to other funds	3,487	1,177	4,664	(4,664)	—
Total assets	13,145	20,033	33,178	(28,189)	4,989
Liabilities					
Due to other funds	21,603	1,922	23,525	(23,525)	—
Loans from other funds	8	4,656	4,664	(4,664)	—
Total liabilities	21,611	6,578	28,189	(28,189)	—
Program revenue					
General government	—	546,107	546,107	(546,107)	—
Public safety	—	13,541	13,541	(13,541)	—
Expenses					
General government	—	(545,465)	(545,465)	545,465	—
Public safety	—	(14,183)	(14,183)	14,183	—
Net revenue (expenses)	—	—	—	—	—
Transfers					
Transfers in	841,753	—	841,753	(440,616)	401,137
Transfers out	(440,616)	—	(440,616)	440,616	—
Net transfers	\$ 401,137	\$ —	\$ 401,137	\$ —	\$ 401,137

	Total Business-type Activities	Internal Service Funds	Total	Eliminations	Internal Balances
Assets					
Due from other funds	\$ 196	\$ —	196	\$ (5,185)	\$ (4,989)
Total assets	196	—	196	(5,185)	(4,989)
Liabilities					
Due to other funds	5,185	—	5,185	(5,185)	—
Total liabilities	5,185	—	5,185	(5,185)	—
Transfers					
Transfers in	32,458	—	32,458	(32,458)	—
Transfers out	(433,595)	—	(433,595)	32,458	(401,137)
Net transfers	\$ (401,137)	\$ —	\$ (401,137)	\$ —	\$ (401,137)

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 \$3.5 cents per gallon of the gas tax to the Authority to fund the additional maintenance costs associated with these bridges.

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, 2025 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 \$489.9 thousand as of June 30, 2025.

I-195 Redevelopment District Commission (I-195 RDC) - The State has transferred land associated with the former Interstate 195 highway in Providence, Rhode Island to the I-195 Redevelopment District Commission (I-195 RDC). The value of the land, which the Commission intends to develop, was reported in the State's financial statements as a capital contribution at the historical cost. 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. This debt was retired by the State of Rhode Island in November 2023. There were no State appropriations for debt service in fiscal year 2025. Also the State appropriated \$2.2 million for operations during fiscal year 2025. The State has appropriated \$30.0 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, 2025 and 2024 are \$199 thousand and \$477 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, 2025, I-195 RDC received \$2.5 million 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. The 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, 2025, the College has a \$5.2 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 Postsecondary Commissioner are to be used to fund Rhode Island Promise scholarships. For the year ended June 30, 2025, the state administrative fees total \$171 thousand and the Student Fund contributions total \$506 thousand.

In addition to the 1.5 basis points paid to the Student Fund from program assets, the investment manager of the fund is required to contribute 9.5 basis points (0.095%) to the Student Fund. Such contributions, which total \$3.2 million for the year ended June 30, 2025, 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 2025, RIHEBC reported bond proceed transfers from the State of \$36.0 million and related project cost expenses of \$46.9 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 \$1.4 million was transferred to RIIB for this fund during fiscal year 2025. 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 \$44.7 million during fiscal year 2025 to fund various economic development initiatives on behalf of the State. The Corporation reported approximately \$214.1 million reserved for economic development initiatives at June 30, 2025 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, two developers have made payments 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, The Metropolitan Regional Career and Technical Center, Division of Higher Education Assistance, Quonset Development Corporation, Rhode Island Airport 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 2025, 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, except that excess revenues from fiscal year 2023 and 2024 shall not be transferred to the supplemental state budget reserve account.

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.

Fiscal Year ended June 30, 2025

D. Significant Transactions with Component Units

The significant transactions with the discretely presented component units are presented (expressed in thousands) below:

Significant transactions between primary government and component units

	Amount	Description
Governmental activities		
General		
University of Rhode Island	\$ 112,738	Operating assistance
Rhode Island College	72,237	Operating assistance
Community College of Rhode Island	62,110	Operating assistance
Central Falls School District	64,350	Operating assistance
The Met	12,545	Operating assistance
I-195 District Commission	1,245	Operating assistance
R.I. Commerce Corporation	41,370	Operating assistance
R.I. Division of Higher Education Assistance	3,719	Operating assistance
R.I. Public Transit Authority	3,438	Operating assistance
R.I. Health and Educational Building Corporation	83,286	School Building Authority Capital Fund/School Housing Aid
R.I. Housing and Mortgage Finance Corporation	59,944	Infrastructure improvements and bond proceeds
Quonset Development Corporation	45,621	Infrastructure improvements
IST		
R.I. Public Transit Authority	67,353	Operating assistance
R.I. Turnpike and Bridge Authority	15,702	Infrastructure improvements
Bond Capital		
R.I. Public Transit Authority	3,311	Construction, improvements or purchase of assets
University of Rhode Island	34,451	Construction, improvements or purchase of assets
Rhode Island College	31,275	Construction, improvements or purchase of assets
Community College of Rhode Island	1,136	Construction, improvements or purchase of assets
R.I. Commerce Corporation	9,964	Infrastructure improvements and bond proceeds
Quonset Development Corporation	12,148	Infrastructure improvements and bond proceeds
I-195 District Commission	2,464	Infrastructure improvements and bond proceeds
R.I. Housing and Mortgage Finance Corporation	15,000	Infrastructure improvements and bond proceeds
R.I. Health and Educational Building Corporation	36,012	Construction and building improvements
R.I. Infrastructure Bank	11,445	Infrastructure improvements, bond proceeds and bond premiums
R. I. Capital Plan		
R.I. Public Transit Authority	6,969	Construction, improvements or purchase of assets
University of Rhode Island	42,321	Construction, improvements or purchase of assets
Rhode Island College	13,285	Construction, improvements or purchase of assets
Community College of Rhode Island	8,664	Construction, improvements or purchase of assets
Quonset Development Corporation	4,750	Construction, improvements or purchase of assets
I-195 District Commission	1,612	Construction, improvements or purchase of assets
The Met	1,651	Construction, improvements or purchase of assets
Total Governmental Activities	<u>\$ 882,116</u>	

E. Individual Fund Deficits

The following Internal Service Funds had cumulative fund deficits at June 30, 2025:

- Human Resources (\$362 thousand)
- DCAMM (\$3.476 million)
- Correctional Industries (\$714 thousand)

- Records Center (\$149 thousand)
- Capitol Police (\$11 thousand)

The deficits will be eliminated through service charges during fiscal year 2026

Note 23. Subsequent Events

Primary Government

Bond Issuance – In April 2026, the State issued the following General Obligation Bonds: \$149.1 million Consolidated Capital Development Loan of 2026, Series A (Tax-Exempt) and \$72.3 million Consolidated Capital Development Loan of 2026, Series B (Federally Taxable).

In July 2025, the Rhode Island Health and Educational Building Corporation, on behalf of the State, issued \$50.5 million of State Appropriation-Backed Revenue Bonds, Series 2025 for the Central Falls Public Schools Projects.

Ocean State Transit, LLC Vs. RIDE and Angélica Infante-Green - Ocean State Transit, LLC (Ocean State) is suing the RI Department of Education (RIDE) Commissioner in her individual capacity, as well as other individuals for an alleged violation of the federal False Claims Act. The allegations include failure to pay Ocean State what was required under the CARES Act in relation to Ocean State's performance of a student transportation contract with RIDE's Statewide Student Transportation System. Ocean State seeks \$1.7 billion in damages, which includes costs, attorneys' fees, and interest.

FY 2027 Budget Enactment - The FY 2027 Appropriations Act (2026 H-7127Aaa), which incorporates the final FY 2026 Revised Budget and the enacted FY 2027 Budget, was adopted by the General Assembly and signed by the Governor into law in June 2026. The FY 2026 revised budget includes all funds appropriations of \$15.1 billion, of which \$5.8 billion were from general revenues. The FY 2027 enacted budget includes all funds appropriations of \$15.2 billion, of which \$6.1 billion were from general revenues. The enacted budget includes a number of revenue and expenditure policy changes expected to affect the State's future financial position and operating results.

Among the significant revenue policy changes included in the enacted budget is the establishment of an additional personal income tax surcharge on Rhode Island taxable income in excess of \$1.0 million. The surcharge is scheduled to be phased in over three tax years beginning in tax year 2027. The enacted budget also establishes a new refundable child tax credit and eliminates the age-based threshold applicable to the taxation of certain Social Security income. In addition, the budget includes a number of other measures impacting general revenues including a one-time tax amnesty program, measures which decouple the Rhode Island personal and corporate income tax from certain federal tax provisions, and various other changes. Collectively, these changes are expected to have a material effect on future State revenues and expenditures beginning in Fiscal Year 2027 and in subsequent fiscal years.

With respect to appropriations, the FY 2027 budget included general revenue expenditures of \$6.1 billion. This is an increase of \$241.6 million, or 4.1%, over the prior year revised appropriations. Grants and benefits grew by 6.8%. Among other changes, this reflects increases to social and medical assistance provider rates, as recommended by the Office of the Health Insurance Commissioner rate review. Local aid increased by 2.7%, driven primarily by enhancements to the education funding formula and full funding for local aid provisions. Other personnel and operating expenditures increased by 3.1%, reflecting continued funding of current services, investments to maintain compliance with changing federal policy with respect to social and medical benefits, and the creation of an office of Inspector General, among other changes.

New Debt Authorizations included in the FY 2027 Appropriations Act: The Appropriations Act authorizes \$600.0 million of general obligation bond questions to be placed on the November 2026 statewide ballot. The authorized questions include investments in higher education, housing and homeownership initiatives, economic development programs, green economy and clean energy projects, and the cultural economy. Issuance of any bonds associated with these authorizations remains contingent upon voter approval. Additionally, the Appropriations Act included joint resolutions authorizing financing pursuant to Rhode Island Law § 35-18-1 for the Rhode Island College Residential Life Renovations project in an amount not to exceed \$20.6 million which shall be secured by auxiliary revenues and for the University of Rhode Island Repaving and Hardscaping project in an amount not to exceed \$20.0 million which shall be secured by the University's unrestricted general revenues and also enterprise fees from parking.

Transfers to and from the Supplemental Budget Reserve: The General Assembly passed special legislation (2026 H-7408Aaa), which appropriated \$18.0 million in FY 2026 from the Supplemental Budget Reserve to support the acquisition and turnaround of Roger Williams Medical Center and Our Lady of Fatima Hospital. The Rhode Island Health and Educational Building Corporation issued approximately \$101.0 million in bonds to support the acquisition and transition of the hospital system, which are not an obligation of the state. State exposure is limited to the \$18.0 million appropriation, which finances a supplemental debt service reserve account.

The FY 2027 Appropriations Act included a \$24.0 million transfer into the Supplemental Budget Reserve in FY 2026, more than offsetting the \$18.0 million withdrawal, and brought the balance of this account to \$61.0 million.

Rhode Island Lottery - Additional Sportsbook Provider - The Rhode Island Lottery awarded a license to Bally's on May 8, 2026, making it the second licensed online sports betting operator in the State. Bally's was one of two company's that applied for the license prior to the February 2026 deadline.

Rhode Island Lottery - Online Prediction Markets Lawsuit - The State commenced litigation in May 2026 against two online prediction market companies accusing the sites of conducting illegal sports betting.

RI Commerce Corporation (RICC) - Defeased Bonds - RI Commerce Corporation, on behalf of the RI Department of Transportation, executed a cash defeasance of the Series 2017A Motor Fuel Tax Revenue Bonds on December 1, 2025. The defeasance covered the remaining outstanding principal balance of \$6.1 million. The bonds accrued interest at a rate of 5.0%. The cash defeasance was enabled by the fact that funds on deposit with the bond trustee exceeded the remaining debt service obligations on the outstanding bonds.

Additionally, RICC, on behalf of RI Department of Transportation, is anticipating to issue Series 2026A Grant Anticipation Refunding Bonds (GARVEE) on July 21, 2026. The preliminary details of the bond issuance is set at \$176.4 million with the initiative to refund Series 2016B callable bonds.

Component Units

Rhode Island Health and Educational Building Corporation - Bond Issuances - July 22, 2025, Public Schools Revenue Bond Financing Program \$102.1 million issued "Town of North Providence Issue, Series 2025 C". July 30, 2025, Public Schools Revenue Bond Financing Program \$7.5 million issued "Chariho Regional School District Issue, Series 2025 C". August 14, 2025, Public Schools Revenue Bond Financing Program \$24.3 million issued "Town of Coventry Issue, Series 2025 D". September 17, 2025, Educational Facilities Revenue Bonds \$5.0 million issued "Providence Country Day School Issue, Series 2025". October 8, 2025, Public Schools Revenue Bond Financing Program \$47.9 issued "Town of East Providence Issue, Series 2025 F". October 28, 2025, Student Housing Revenue Bonds \$210.8 million issued "PRG-RI Properties LLC Issue, Series 2025 A&B". November 25, 2025, Health Facilities Revenue Bonds issued \$8.0 million "Tamarisk, Inc. Issue, Series 2025". December 4, 2025, Public Schools Revenue Bond Financing Program issued \$5.8 million "Town of Burrville Issue, Series 2025G" and issued \$4.0 million "Town of New Shoreham Issue, Series 2025 G". December 23, 2025, Public Schools Revenue Bond Financing Program issued \$139.6 million "City of Warwick Issue, Series 2025 H". February 18, 2026, Hospital Financing Revenue Bonds Issued \$126.2 million "Brown University Health Obligated Group Issue, Series 2026 B".

Rhode Island Health and Educational Building Corporation - Refunded Bonds - Refunded Health Facilities Revenue Refunding Bonds \$9.4 million dated September 30, 2015, "Tamarisk, Inc. Issue, Series 2015". Refunded Hospital Financing Revenue Refunding Bonds \$265.5 million dated August 11, 2016, "Lifespan Obligated Group Issue, Series 2016".

Rhode Island Health and Educational Building Corporation - Retired Bonds - Retired Educational Institution Revenue Bonds \$6.5 million dated March 16, 2012, "Immaculate Conception School Issue, Series 2012".

Fiscal Year ended June 30, 2025

Rhode Island Housing and Mortgage Finance Corporation - Bond Redemption - Homeownership Opportunity Bonds October 1, 2025 \$25.9 million, Multi-Family Development October 15, 2025 \$4.5 million, and Multi-Family Development January 15, 2026 \$7.5 million.

Rhode Island Housing and Mortgage Finance Corporation - Bond Issuance - Homeownership Opportunity Bonds August 14, 2025 \$133.7 million, Homeownership Opportunity Bonds December 16, 2025 \$116.5 million, Multi-Family Development December 9, 2025 \$29.6 million, and Homeownership Opportunity Bonds March 25, 2026 \$125.0 million.

Rhode Island Public Transit Authority (RIPTA) - Line of Credit Renewal - RIPTA renewed a \$10.0 million line of credit with Bank of America effective January 2026.

Required Supplementary Information



State of Rhode Island
Fiscal Year Ended
June 30, 2025



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, 2025
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
General Revenues:				
Personal Income Tax	\$ 1,913,500	\$ 1,950,600	\$ 1,972,280	\$ 21,680
General Business Taxes:				
Business Corporations	342,600	345,600	329,443	(16,157)
Public Utilities Gross Earnings	105,300	115,000	116,322	1,322
Financial Institutions	39,500	12,300	7,604	(4,696)
Insurance Companies	167,500	175,900	174,291	(1,609)
Bank Deposits	5,700	5,000	5,110	110
Health Care Provider Assessment	44,400	44,400	44,765	365
Sales and Use Taxes:				
Sales and Use	1,704,000	1,682,000	1,672,709	(9,291)
Cigarettes	115,300	117,600	117,233	(367)
Alcohol	21,200	21,900	21,849	(51)
Other Taxes:				
Inheritance and Gift	65,500	80,500	84,884	4,384
Racing and Athletics	700	700	686	(14)
Realty Transfer Tax	17,200	16,700	18,765	2,065
<i>Total Taxes⁽¹⁾</i>	<u>4,542,400</u>	<u>4,568,200</u>	<u>4,565,941</u>	<u>(2,259)</u>
Departmental Revenue	543,500	556,976	541,682	(15,294)
Total Taxes and Departmental Revenue	<u>5,085,900</u>	<u>5,125,176</u>	<u>5,107,623</u>	<u>(17,553)</u>
Other Sources:				
Lottery	424,000	431,100	433,595	2,495
Unclaimed Property	21,300	33,600	31,003	(2,597)
Other Miscellaneous	25,400	34,400	33,717	(683)
Total Other Sources	<u>470,700</u>	<u>499,100</u>	<u>498,315</u>	<u>(785)</u>
Total General Revenues	<u>5,556,600</u>	<u>5,624,276</u>	<u>5,605,938</u>	<u>(18,338)</u>
Federal Revenues	4,591,717	5,086,372	4,552,164	(534,208)
Restricted Revenues	456,211	484,551	397,846	(86,705)
Other Revenues	65,777	65,196	63,167	(2,029)
Non-budgeted SBITA Proceeds	—	—	11,583	11,583
Non-budgeted Lease Proceeds	—	—	5,468	5,468
<i>Total Revenues⁽²⁾</i>	<u>10,670,305</u>	<u>11,260,395</u>	<u>10,636,166</u>	<u>(624,229)</u>
Expenditures:				
General government				
General government	1,220,247	1,623,477	1,276,893	346,584
General government - non-budgeted lease and SBITA expenditures	—	—	2,683	(2,683)
General government - non-budgeted transfer to ERSRI	—	—	21,650	(21,650)
Total general government	<u>1,220,247</u>	<u>1,623,477</u>	<u>1,301,226</u>	<u>322,251</u>
Health and human services				
Health and human services	6,245,592	6,246,682	6,043,456	203,226
Health and human services - non-budgeted lease and SBITA expenditures	—	—	7,848	(7,848)
Total health and human services	<u>6,245,592</u>	<u>6,246,682</u>	<u>6,051,304</u>	<u>195,378</u>
Education				
Education	2,305,752	2,360,936	2,307,748	53,188
Education - non-budgeted lease and SBITA expenditures	—	—	248	(248)
Total education	<u>2,305,752</u>	<u>2,360,936</u>	<u>2,307,996</u>	<u>52,940</u>
Public safety				
Public safety	814,430	859,297	748,208	111,089
Public safety - non-budgeted lease and SBITA expenditures	—	—	6,272	(6,272)
Total public safety	<u>814,430</u>	<u>859,297</u>	<u>754,480</u>	<u>104,817</u>
Natural resources				
Natural resources	122,545	143,325	129,579	13,746
<i>Total Expenditures⁽²⁾</i>	<u>10,708,566</u>	<u>11,233,717</u>	<u>10,544,585</u>	<u>689,132</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, 2025
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Transfer of Excess Budget Reserve to RI Capital Fund	—	—	172,796	
Transfer of scholarship revenue to RI Division of Higher Education ⁽³⁾	—	—	3,719	
Total Expenditures and Transfers	10,708,566	11,233,717	10,721,100	
Change in Fund Balance			(84,934)	
Fund balance - beginning			1,161,461	
Fund balance - ending			1,076,527	
Expenditures by Source:				
General Revenue	5,594,861	5,597,598	5,519,916	77,682
Federal Revenue	4,591,717	5,086,372	4,555,142	531,230
Restricted Revenue	456,211	484,551	372,453	112,098
Other Funds	65,777	65,196	58,373	6,823
Non-budgeted SBITA Expenditures	—	—	11,583	(11,583)
Non-budgeted Lease Expenditures	—	—	5,468	(5,468)
Non-budgeted transfer to ERSRI	—	—	21,650	(21,650)
	<u>\$ 10,708,566</u>	<u>\$ 11,233,717</u>	<u>\$ 10,544,585</u>	<u>\$ 689,132</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 2025 by Tax Type:

	General Fund Reported Revenue	Historic Tax Credits Applied Transfer from HTCF	Reported Revenue Budget and Actual
Personal Income	\$ 1,967,874	\$ 4,406	\$ 1,972,280
Business Corporations	329,132	311	329,443
Insurance Companies	167,694	6,597	174,291
Financial Institutions	7,604	—	7,604

⁽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.

(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, 2025
(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.

	<u>General Government</u>	<u>Health and Human Services</u>	<u>Education</u>	<u>Public Safety</u>	<u>Natural Resources</u>	<u>Debt Service</u>	<u>Transfers</u>	<u>Total Expenditures</u>
Budgetary Presentation	\$ 1,301,226	\$ 6,051,304	\$ 2,307,996	\$ 754,480	\$ 129,579	\$ —	\$ 176,515	\$ 10,721,100
Reclassifications:								
Debt Service	(173,637)	(9,698)	(51,682)	(5,516)	(2,779)	243,312	—	—
Other Transfers - RIDHEA	3,719	—	—	—	—	—	(3,719)	—
Other Transfers - RICCA	(25,295)	—	—	—	—	—	25,295	—
	—	—	—	—	—	—	—	—
Financial Statement Presentation	<u>\$ 1,106,013</u>	<u>\$ 6,041,606</u>	<u>\$ 2,256,314</u>	<u>\$ 748,964</u>	<u>\$ 126,800</u>	<u>\$ 243,312</u>	<u>\$ 198,091</u>	<u>\$ 10,721,100</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, 2025
(Expressed in Thousands)

Reconciliation of Fund Balance - Financial Reporting Perspective to Budgetary Perspective

	<u>Budgetary Perspective</u>		
	<u>Fund Balance Reported in the Financial Statements</u>	<u>Fund Balance Not Available for Appropriation in Fiscal Year 2026</u>	<u>Fund Balance Available for Appropriation in Fiscal Year 2026</u>
Nonspendable	\$ 181,505	\$ —	\$ 181,505
Restricted	409,550	409,550	—
Committed	19,106	19,106	—
Assigned	274,024	43,811 ^(a)	230,213 ^(b)
Unassigned	192,342	352,697 ^(c)	(160,355) ^(d)
Total Fund Balance	\$ 1,076,527	\$ 825,164	\$ 251,363

^(a) Assigned fund balance not available for appropriation in fiscal year 2026 includes general revenue appropriations carried forward by the Governor, Judiciary, and Legislature and intra-agency balances assigned for specific purposes.

^(b) Assigned fund balance available for appropriation in fiscal 2026 includes fiscal 2025 ending surplus amounts of \$230 million appropriated as resources in the 2025 enacted budget.

^(c) The Budget Reserve and Cash Stabilization Account and the Supplemental State Budget Reserve Account - for financial statement purposes, these accounts are classified as unassigned, yet, are not considered available for recurring operational appropriations.

^(d) 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, 2025
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 227,883	\$ 232,152	\$ 251,522	\$ 19,370
Licenses, fines, sales, and services	28,928	34,298	25,886	(8,412)
Departmental restricted revenue	6,117	6,166	2,310	(3,856)
Federal grants	474,773	526,224	590,880	64,656
Other revenues	6,568	6,221	10,109	3,888
Total revenues	<u>744,269</u>	<u>805,061</u>	<u>880,707</u>	<u>75,646</u>
Revenues and Other Financing Sources (unbudgeted):				
Miscellaneous revenue			9,358	
Total revenues			<u>890,065</u>	
Other financing sources:				
Transfers from RI Capital Plan			129,302	
Proceeds from issuance of GARVEE Bonds			123,915	
Premium on issuance of GARVEE Bonds			18,484	
Leases and Subscription-based IT financing			6,884	
Total other financing sources			<u>278,585</u>	
Total revenues and other financing Sources			<u>1,168,650</u>	
Expenditures (budgeted):				
Central management				
Federal Funds	15,122	13,765	6,141	7,624
Gasoline Tax	8,265	9,267	8,615	652
Total - central management	<u>23,387</u>	<u>23,032</u>	<u>14,756</u>	<u>8,276</u>
Management and budget				
Gasoline Tax	4,244	3,977	6,323	(2,346)
Total - management and budget	<u>4,244</u>	<u>3,977</u>	<u>6,323</u>	<u>(2,346)</u>
Infrastructure - engineering-GARVEE/motor fuel tax bonds				
Federal Funds	459,650	512,458	516,226	(3,768)
Restricted Receipts	6,117	6,166	2,330	3,836
Gasoline Tax	71,062	72,208	65,143	7,065
Land Sale Revenue	6,568	6,221	3,400	2,821
Total - infrastructure - engineering	<u>543,397</u>	<u>597,053</u>	<u>587,099</u>	<u>9,954</u>
Infrastructure - maintenance				
Gasoline Tax	39,245	40,304	35,648	4,656
Rhode Island Highway Maintenance Account	119,070	263,014	94,493	168,521
Total - infrastructure - maintenance	<u>158,315</u>	<u>303,318</u>	<u>130,141</u>	<u>173,177</u>
Total expenditures (budgeted)	<u>\$ 729,343</u>	<u>\$ 927,380</u>	<u>\$ 738,319</u>	<u>\$ 189,061</u>
Expenditures and other financing uses (unbudgeted):				
Infrastructure expenditures - GARVEE and State match funded by RI Capital Plan and bond capital funds			\$ 307,055	
Mission 360 loan program			217	
Transfers to general fund - gas tax			44,603	
Leases and Subscription-based IT financing			6,884	
Total Expenditures and other financing uses (unbudgeted)			<u>358,759</u>	
Total expenditures and other financing uses			1,097,078	
Net change in fund balance			71,572	
Fund balance, beginning			326,120	
Fund balance, ending			<u>\$ 397,692</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, 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 2025 reflect a June 30, 2024 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 - Teachers**
- **ERS - Schedule of State Contributions - State Employees - Business-Type Activities**

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 Ten Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Employees-Governmental Activities

<u>Year Ended</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<u>Measurement Date</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
State's proportion of the net pension liability	90.9 %	90.8 %	90.4 %	90.2 %	89.9 %	89.7 %	89.5 %	89.2 %	88.9 %	89.0 %
State's proportionate share of the net pension liability	\$ 1,757,211	\$ 1,747,517	\$ 1,783,390	\$ 1,604,576	\$ 2,044,888	\$ 2,031,989	\$ 2,013,417	\$ 2,010,955	\$ 1,887,351	\$ 1,767,095
State's covered payroll	805,578	737,116	703,931	668,135	679,351	644,463	627,595	620,754	612,081	594,466
State's proportionate share of the net pension liability as a percentage of its covered payroll	218.1 %	237.1 %	253.3 %	240.2 %	301.0 %	315.3 %	320.8 %	324.0 %	308.3 %	297.3 %
Plan fiduciary net position as a percentage of the total pension liability	63.1 %	61.3 %	59.6 %	63.2 %	52.6 %	52.8 %	52.5 %	51.8 %	51.9 %	55.0 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal year 2015.

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 Ten Fiscal Years
(Expressed in Thousands)

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

Rhode Island Lottery

<u>Year Ended</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<u>Measurement Date</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Lottery's proportion of the net pension liability	0.9 %	0.9 %	0.9 %	0.9 %	1.0 %	0.9 %	0.8 %	0.7 %	0.8 %	0.8 %
Lottery's proportionate share of the net pension liability	\$ 17,838	\$ 17,762	\$ 18,689	\$ 16,558	\$ 21,652	\$ 20,850	\$ 17,142	\$ 16,869	\$ 16,260	\$ 15,074
Lottery's covered payroll	8,178	7,492	7,377	6,899	7,199	6,613	5,311	5,186	5,156	5,071
Lottery's proportionate share of the net pension liability as a percentage of its covered payroll	218.1 %	237.1 %	253.3 %	240.0 %	300.8 %	315.3 %	322.8 %	325.3 %	315.4 %	297.3 %
Plan fiduciary net position as a percentage of the total pension liability	63.1 %	61.3 %	59.6 %	63.2 %	52.6 %	52.8 %	52.5 %	51.8 %	51.9 %	55.0 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal year 2015.

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 Ten Fiscal Years
(Expressed in Thousands)

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

<u>Year Ended</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<u>Measurement Date</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
State's proportion of the net pension liability	42.6 %	42.5 %	42.5 %	42.6 %	42.6 %	42.8 %	42.7 %	43.1 %	40.7 %	40.6 %
State's proportionate share of the net pension liability	\$ 1,014,429	\$ 1,031,708	\$ 1,148,198	\$ 1,002,105	\$ 1,361,982	\$ 1,366,538	\$ 1,357,444	\$ 1,357,577	\$ 1,212,754	\$ 1,117,395
Plan fiduciary net position as a percentage of the total pension liability	67.7 %	65.8 %	62.1 %	66.5 %	54.3 %	54.6 %	54.3 %	54.0 %	54.1 %	57.6 %

The State of Rhode Island adopted GASB Statement No. 68 in fiscal year 2015.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in Thousands)

Employees' Retirement System-State Employees-Governmental Activities

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020^(*)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 258,797	\$ 233,376	\$ 206,466	\$ 197,171	\$ 184,004	\$ 179,281	\$ 169,365	\$ 156,083	\$ 157,299	\$ 144,696
Contributions in relation to the actuarially determined contribution	<u>258,797</u>	<u>233,376</u>	<u>206,466</u>	<u>197,171</u>	<u>184,004</u>	<u>179,281</u>	<u>169,365</u>	<u>156,083</u>	<u>157,299</u>	<u>144,696</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	841,616	805,578	737,116	703,931	668,135	679,351	644,463	627,595	620,754	612,081
Contributions as a percentage of covered payroll	30.75 %	28.97 %	28.01 %	28.01 %	27.54 %	26.39 %	26.28 %	24.87 %	25.34 %	23.64 %

^(*) 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.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in Thousands)

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 130,172	\$ 126,825	\$ 122,455	\$ 116,291	\$ 112,623	\$ 108,636	\$ 102,239	\$ 98,121	\$ 96,542	\$ 87,998
Contributions in relation to the statutorily required contribution	130,172	126,825	122,455	116,291	112,623	108,636	102,239	98,121	96,542	87,998
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The State of Rhode Island adopted GASB Statement No. 68 in fiscal year 2015.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in Thousands)

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

Rhode Island Lottery

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020^(*)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 2,579	\$ 2,369	\$ 2,099	\$ 2,066	\$ 1,900	\$ 1,900	\$ 1,738	\$ 1,321	\$ 1,314	\$ 1,219
Contributions in relation to the actuarially determined contribution	<u>2,579</u>	<u>2,369</u>	<u>2,099</u>	<u>2,066</u>	<u>1,900</u>	<u>1,900</u>	<u>1,738</u>	<u>1,321</u>	<u>1,314</u>	<u>1,219</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	8,387	8,178	7,492	7,377	6,899	7,199	6,613	5,311	5,186	5,156
Contributions as a percentage of covered payroll	30.75 %	28.97 %	28.01 %	28.01 %	27.54 %	26.39 %	26.28 %	24.87 %	25.34 %	23.64 %

() 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.

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 2025 reflect a June 30, 2024 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

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 Ten Fiscal Years
(Expressed in Thousands)

State Police Retirement Benefits Trust

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2024	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
Total Pension Liability										
Service cost	\$ 6,645	\$ 6,392	\$ 5,829	\$ 5,827	\$ 5,788	\$ 5,342	\$ 4,999	\$ 4,498	\$ 4,316	\$ 4,198
Interest	15,414	14,642	13,898	13,110	12,405	11,590	10,763	9,393	9,058	8,540
Benefit Changes	—	—	—	—	—	—	—	—	—	1,170
Differences between expected and actual experience	16,387	(730)	(762)	(322)	(3,126)	624	1,912	10,694	(4,139)	(3,522)
Changes of assumptions	—	204	—	—	1,541	—	—	9,274	—	—
Benefit payments	(9,827)	(9,384)	(7,849)	(6,872)	(6,229)	(6,047)	(6,024)	(5,142)	(4,585)	(2,497)
Net Change in Total Pension Liability	28,619	11,124	11,116	11,743	10,379	11,509	11,650	28,717	4,650	7,889
Total Pension Liability-Beginning	221,795	210,671	199,555	187,812	177,433	165,924	154,274	125,557	120,907	113,018
Total Pension Liability-Ending	250,414	221,795	210,671	199,555	187,812	177,433	165,924	154,274	125,557	120,907
Plan Fiduciary Net Position										
Employer contributions	6,437	6,209	5,211	5,241	4,878	3,567	2,797	2,980	4,005	3,432
Employee contributions	2,729	2,601	2,387	2,324	2,346	2,130	1,994	2,060	2,035	1,732
Net investment income	21,299	16,241	(5,344)	41,840	5,642	9,161	10,298	13,694	58	2,656
Benefit payments	(9,827)	(9,384)	(7,849)	(6,872)	(6,229)	(6,047)	(6,024)	(5,142)	(4,585)	(2,497)
Administrative expenses	(223)	(174)	(203)	(153)	(158)	(140)	(137)	(125)	(103)	(100)
Other	6	3	16	16	25	1	16	5	1	4
Net Change in Plan Fiduciary Net Position	20,421	15,496	(5,782)	42,396	6,504	8,672	8,944	13,472	1,411	5,227
Plan Fiduciary Net Position-Beginning	206,019	190,523	196,305	153,909	147,405	138,733	129,789	116,317	114,906	109,679
Plan Fiduciary Net Position-Ending	226,440	206,019	190,523	196,305	153,909	147,405	138,733	129,789	116,317	114,906
Net Pension Liability	\$ 23,974	\$ 15,776	\$ 20,148	\$ 3,250	\$ 33,903	\$ 30,028	\$ 27,191	\$ 24,485	\$ 9,240	\$ 6,001
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability										
Covered Payroll	90.4%	92.9%	90.4%	98.4%	81.9%	83.1%	83.6%	84.1%	92.6%	95.0%
Net Pension Liability as a Percentage of Covered Payroll	77.0%	53.1%	75.9%	12.3%	128.3%	124.0%	120.4%	107.7%	44.0%	30.5%

The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 2015.

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 Ten Fiscal Years
(Expressed in Thousands)

Judicial Retirement Benefits Trust

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2024	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
Total Pension Liability										
Service cost	\$ 4,136	\$ 3,815	\$ 3,709	\$ 3,387	\$ 3,335	\$ 3,184	\$ 3,215	\$ 3,001	\$ 2,859	\$ 3,024
Interest	6,803	6,727	6,553	6,213	5,663	5,526	5,303	5,031	4,744	4,540
Benefit Changes	—	—	—	—	—	—	—	—	—	253
Differences between expected and actual experience	3,335	(3,881)	(2,874)	(564)	180	(3,165)	(2,032)	(1,788)	(1,206)	(2,857)
Changes of assumptions		(372)	—	—	2,515	—	—	5,173	—	—
Benefit payments	(5,528)	(5,210)	(4,700)	(3,983)	(3,724)	(3,609)	(2,956)	(2,740)	(2,531)	(1,809)
Net Change in Total Pension Liability	8,746	1,079	2,688	5,053	7,969	1,936	3,530	8,677	3,866	3,151
Total Pension Liability-Beginning	97,882	96,803	94,116	89,063	81,094	79,158	75,628	66,951	63,085	59,934
Total Pension Liability-Ending	106,628	97,882	96,804	94,116	89,063	81,094	79,158	75,628	66,951	63,085
Plan Fiduciary Net Position										
Employer contributions	2,983	2,843	2,611	2,246	2,189	1,922	2,058	2,057	2,410	2,709
Employee contributions	1,577	1,371	1,398	1,215	1,204	1,109	1,142	1,118	1,053	1,121
Net investment income	10,827	8,310	(2,742)	21,815	2,955	4,821	5,377	7,107	29	1,368
Benefit payments	(5,528)	(5,210)	(4,700)	(3,983)	(3,724)	(3,609)	(2,956)	(2,740)	(2,531)	(1,809)
Administrative expenses	(112)	(88)	(97)	(80)	(80)	(74)	(71)	(65)	(53)	(51)
Net Change in Plan Fiduciary Net Position	9,747	7,226	(3,530)	21,213	2,544	4,169	5,550	7,477	908	3,338
Plan Fiduciary Net Position-Beginning	105,067	97,841	101,371	80,158	77,614	73,445	67,895	60,418	59,510	56,172
Plan Fiduciary Net Position-Ending	114,814	105,067	97,841	101,371	80,158	77,614	73,445	67,895	60,418	59,510
Net Pension Liability (Asset)	\$ (8,186)	\$ (7,185)	\$ (1,037)	\$ (7,255)	\$ 8,905	\$ 3,480	\$ 5,713	\$ 7,733	\$ 6,533	\$ 3,575
Plan Fiduciary Net Position as a Percentage of the Total										
Pension Liability	107.7%	107.3%	101.1%	107.7%	90.0%	95.7%	92.8%	89.8%	90.2%	94.3%
Covered Payroll	\$ 13,487	\$ 11,996	\$ 11,454	\$ 10,387	\$ 10,284	\$ 9,474	\$ 9,653	\$ 9,532	\$ 8,981	\$ 9,570
Net Pension Liability as a Percentage of Covered Payroll	(60.7)%	(59.9)%	(9.1)%	(69.8)%	(86.6)%	36.7%	59.2%	81.1%	72.7%	37.4%

The State of Rhode Island adopted GASB Statement No. 68 in fiscal year 2015.

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 Ten Fiscal Years
(Expressed in Thousands)

RI Judicial Retirement Fund Trust

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2024	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
Total Pension Liability										
Service cost	\$ 250	\$ 263	\$ 460	\$ 400	\$ 323	\$ 277	\$ 294	\$ 350	\$ 466	\$ 416
Interest	732	707	451	550	640	685	726	586	719	673
Differences between expected and actual experience	(992)	3	(1,250)	(656)	(646)	—	(1,953)	—	(1,060)	(642)
Changes of assumptions	(157)	(548)	(3,358)	1,176	2,060	917	(116)	(666)	1,865	859
Benefit payments	(601)	(601)	(500)	(396)	(399)	(399)	(399)	(399)	(231)	—
Net Change in Total Pension Liability	(768)	(176)	(4,197)	1,074	1,978	1,480	(1,448)	(129)	1,759	1,306
Total Pension Liability-Beginning	19,153	19,329	23,526	22,452	20,474	18,994	20,442	20,571	18,812	17,506
Total Pension Liability-Ending	18,385	19,153	19,329	23,526	22,452	20,474	18,994	20,442	20,571	18,812
Plan Fiduciary Net Position										
Employer contributions	601	490	405	399	399	399	399	332	140	—
Employee contributions	114	111	125	126	126	122	117	117	135	159
Net investment income	91	69	(23)	178	23	38	44	64	4	9
Benefit payments	(601)	(601)	(500)	(396)	(399)	(399)	(399)	(399)	(231)	—
Administrative expenses	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	—	—
Net Change in Plan Fiduciary Net Position	203	68	6	306	148	159	160	113	48	168
Plan Fiduciary Net Position-Beginning	1,495	1,427	1,421	1,114	966	807	647	534	486	318
Plan Fiduciary Net Position-Ending	1,698	1,495	1,427	1,421	1,114	966	807	647	534	486
Net Pension Liability	\$ 16,687	\$ 17,658	\$ 17,902	\$ 22,105	\$ 21,338	\$ 19,508	\$ 18,187	\$ 19,795	\$ 20,037	\$ 18,326
Plan Fiduciary Net Position as a Percentage of the Total										
Pension Liability	9.2%	7.8%	7.4%	6.0%	5.0%	4.7%	4.2%	3.2%	2.5%	2.6%
Covered Payroll	\$ 949	\$ 926	\$ 1,038	\$ 1,051	\$ 1,046	\$ 1,002	\$ 1,020	\$ 988	\$ 963	\$ 1,321
Net Pension Liability as a Percentage of Covered Payroll	1758.4%	1906.9%	1724.7%	2103.2%	2040.0%	1946.9%	1783.0%	2003.3%	2189.2%	1387.4%

The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 2015.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Seven Fiscal Years
(Expressed in Thousands)

State Police Retirement Fund Trust

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total Pension Liability							
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	10,312	10,715	11,241	11,469	11,878	12,193	11,712
Benefit Changes	—	—	—	—	—	—	—
Differences between expected and actual experience	(1,210)	61	(3,212)	1,256	(162)	—	12,187
Changes of assumptions	—	(1,335)	—	—	(1,136)	—	—
Benefit payments	(14,947)	(15,415)	(15,698)	(16,269)	(16,581)	(16,799)	(17,273)
Net Change in Total Pension Liability	(5,845)	(5,974)	(7,669)	(3,544)	(6,001)	(4,606)	6,626
Total Pension Liability-Beginning	154,789	160,763	168,432	171,976	177,977	182,583	175,957
Total Pension Liability-Ending	148,944	154,789	160,763	168,432	171,976	177,977	182,583
Plan Fiduciary Net Position							
Employer contributions	16,387	16,387	16,387	16,387	16,387	16,387	16,387
Net investment income	3,718	2,295	(272)	6,144	868	770	1,137
Benefit payments	(14,947)	(15,415)	(15,698)	(16,269)	(16,581)	(16,799)	(17,273)
Administrative expenses	(28)	(21)	(22)	(18)	(17)	(17)	(6)
Net Change in Plan Fiduciary Net Position	5,130	3,246	395	6,244	657	341	245
Plan Fiduciary Net Position-Beginning	27,141	23,895	23,500	17,256	16,599	16,258	16,013
Plan Fiduciary Net Position-Ending	32,271	27,141	23,895	23,500	17,256	16,599	16,258
Net Pension Liability	\$ 116,673	\$ 127,648	\$ 136,868	\$ 144,932	\$ 154,720	\$ 161,378	\$ 166,325
Plan Fiduciary Net Position as a Percentage of the Total							
Pension Liability	21.7%	17.5%	14.9%	14.0%	10.0%	9.3%	8.9%
Covered Payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net Pension Liability as a Percentage of Covered Payroll	—%	—%	—%	—%	—%	—%	—%

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

The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 2015. This schedule is required prospectively until 10 years of data are presented. However, there are only seven 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 Ten Fiscal Years Ended June 30
(Expressed in Thousands)

State Police Retirement Benefits Trust

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 7,027	\$ 6,437	\$ 6,209	\$ 5,211	\$ 5,241	\$ 4,878	\$ 3,567	\$ 2,802	\$ 2,980	\$ 4,005
Contributions in relation to the actuarially determined contribution	7,027	6,437	6,209	5,211	5,241	4,878	3,567	2,802	2,980	4,005
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 32,547	\$ 31,159	\$ 29,752	\$ 27,083	\$ 26,442	\$ 26,394	\$ 24,199	\$ 22,930	\$ 22,191	\$ 23,258
Contributions as a percentage of covered payroll	21.59%	20.66%	20.87%	19.24%	19.82%	18.48%	14.74%	12.22%	13.43%	17.22%

The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 2015.

See Notes to Required Supplementary Information.

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

Judicial Retirement Benefits Trust

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 2,503	\$ 2,983	\$ 2,843	\$ 2,611	\$ 2,246	\$ 2,189	\$ 1,922	\$ 2,064	\$ 2,057	\$ 2,410
Contributions in relation to the actuarially determined contribution	2,503	2,983	2,843	2,611	2,246	2,189	1,922	2,064	2,057	2,410
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 13,753	\$ 13,487	\$ 11,767	\$ 11,967	\$ 10,393	\$ 10,278	\$ 9,477	\$ 9,768	\$ 9,532	\$ 8,993
Contributions as a percentage of covered payroll	18.20%	22.12%	24.16%	21.82%	21.61%	21.30%	20.28%	21.13%	21.58%	26.80%

The State of Rhode Island adopted GASB Statement No. 68 during fiscal year 2015.

See Notes to Required Supplementary Information.

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

Rhode Island Judicial Retirement Fund Trust

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,148	\$ 1,182	\$ 1,232	\$ 1,190	\$ 1,242	\$ 1,215	\$ 1,224	\$ 1,322	\$ 1,241	\$ 1,200
Contributions in relation to the actuarially determined contribution	602	601	490	405	399	399	399	399	332	140
Contribution deficiency (excess)	<u>\$ 546</u>	<u>\$ 581</u>	<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>
Covered payroll	\$ 994	\$ 949	\$ 926	\$ 1,038	\$ 1,051	\$ 1,046	\$ 1,002	\$ 1,020	\$ 988	\$ 964
Contributions as a percentage of covered payroll	60.56%	63.33%	52.92%	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.

See Notes to Required Supplementary Information.

State of Rhode Island
Required Supplementary Information - Pension Information
Schedule of State Contributions
Last Seven Fiscal Years
(Expressed in Thousands)

State Police Retirement Fund Trust

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 16,387	\$ 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	16,387
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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 seven 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 2025 reflects a June 30, 2024 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 Ten Fiscal Years
(Expressed in Thousands)

**Judicial Non-Contributory
Retirement Plan**

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2024	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
Total Pension Liability										
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	1,197	1,281	809	1,089	1,170	1,413	1,497	1,380	1,860	2,172
Benefit changes	—	—	—	—	—	—	—	—	—	—
Differences between expected and actual experience	127	(257)	548	(1,215)	3,560	521	916	182	—	328
Changes of assumptions	(171)	(1,166)	(5,010)	1,855	6,757	1,250	(166)	(2,291)	3,510	1,885
Benefit payments	(3,415)	(3,676)	(3,873)	(4,184)	(4,659)	(5,029)	(5,486)	(5,763)	(6,107)	(6,020)
Net Change in Total Pension Liability	(2,262)	(3,818)	(7,526)	(2,455)	6,828	(1,845)	(3,239)	(6,492)	(737)	(1,635)
Total Pension Liability-Beginning	32,734	36,552	44,078	46,533	39,705	41,550	44,789	51,281	52,018	53,653
Total Pension Liability-Ending	\$ 30,472	\$ 32,734	\$ 36,552	\$ 44,078	\$ 46,533	\$ 39,705	\$ 41,550	\$ 44,789	\$ 51,281	\$ 52,018

The State of Rhode Island adopted GASB Statement No. 68 in fiscal year 2015.

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 2025 were determined based on valuations performed as of June 30, 2022, 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, 2024. Significant methods and assumptions are summarized for each plan in the table below:

	ERS		SPRBT	JRBT	RIJRFT	SPRFT
	State Employees	Teachers				
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.					
Amortization Method	Level Percent of Payroll - Closed				Level Dollar	Level Dollar
Equivalent single remaining amortization period	14 years	15 years	14 years	20 years	20 years	13 years
Asset valuation method	5 year smoothed market				Market Value	Market Value
Amortization period for new gains and losses	20 years				N/A	N/A
Actuarial Assumptions						
Investment Rate of Return	7.0%				3.97%	7.00%
Projected Salary Increases	3.25% to 6.25%	3.0% to 13.0%	3.75% to 11.75%	2.75%	2.75%	N/A
Mortality	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.					
Inflation	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. In the original RIRSA legislation it was assumed that the benefit adjustments would be suspended until 2027 and all subsequent valuations have continued to reference this same timeframe. The actual amount of the COLA is determined based on 50% of the plan's five-year average investment rate of return minus 5.00% which will range from zero to 4.0%, and 50% of the lesser of 3% or last year's CPI-U increase for a total maximum increase of 3.0%.

Factors affecting trends for amounts related to the net pension liability***June 30, 2024 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, 2024 measurement date compared to the of June 30, 2023 measurement, except for the changes in assumptions for the RIJRT and JNCRP plans due to the use of the municipal bond index rate of 3.97% as of June 30, 2024.

June 30, 2023 measurement date:

The assumptions used for the purposes of this report have been updated since the last actuarial valuation and are based on the 2023 Actuarial Experience Investigation Study for the six-year period ending June 30, 2022, adopted by the Board on May 17, 2023. The RIJRT and JNCRP plans used the municipal bond index rate of 3.86% as of June 30, 2023.

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 RIJRT 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:

The assumptions used for the purposes of this report have been updated since the last actuarial valuation and are based on the 2019 Actuarial Experience Investigation Study for the six-year period ending June 30, 2019, adopted by the Board on May 22, 2020. The RIJRT and JNCRP plans used the municipal bond index rate of 1.92% as of June 30, 2021.

June 30, 2020 measurement date:

The assumptions used for the purposes of this report have been updated since the last actuarial valuation and are based on the 2019 Actuarial Experience Investigation Study for the six-year period ending June 30, 2019, adopted by the Board on May 22, 2020. The RIJRT and JNCRP plans used the municipal bond index rate of 2.45% as of June 30, 2020.

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved.

June 30, 2019 measurement date:

The RIJRT 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 RIJRT 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 RIJRFT plan due to use of the municipal bond index rate of 2.85%.

June 30, 2015 measurement date:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date except for the changes in assumption for the RIJRFT plan due to use of the municipal bond index rate of 3.8% compared to 4.29% used in the June 30, 2014 valuation.

Benefit changes, which resulted from the settlement of the pension litigation and the subsequent enactment of those settlement provisions by the General Assembly, are reflected in the calculation of the net pension liability at the June 30, 2015 measurement date. Significant benefit changes are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and participate solely in the defined benefit plan effective July 1, 2015 - service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, or 62 with 33 years of service. Members may retire earlier if their RI Retirement Security Act date is earlier or are eligible under a transition rule.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less the discount rate (5 year return - 5.5%, with a maximum of 4%) and 50% is calculated using the previous year's CPI-U (maximum of 3%) for a total maximum COLA of 3.5%. The COLA is calculated on the first \$25,855, effective 01/01/2016, and indexed as of that date as well.
- Other changes included providing interim cost of living increases at four rather than five year intervals, providing a one-time cost of living adjustment of 2% (applied to the first \$25,000), two \$500 stipends, and minor adjustments.

State of Rhode Island
Required Supplementary Information - OPEB Information
Multiple-Employer Cost-Sharing Plans

The Rhode Island State Employees' and Electing Teachers OPEB System administers two multiple-employer cost-sharing OPEB plans covering state employees; the State Employees plan and the Board of Education plan. Separate actuarial valuations are performed for each plan, but not for individual employers within each plan. The net OPEB liability and other OPEB related amounts are apportioned based on proportionate employer contributions to the plan.

The amounts included in these schedules for fiscal year 2025 reflect a June 30, 2024 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 Eight Fiscal Years
(Expressed in Thousands)

State Employees-Governmental Activities

<u>Year Ended</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>Measurement Date</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
State's proportion of the net OPEB liability	90.9 %	90.8 %	90.4 %	90.2 %	89.9 %	89.6 %	89.4 %	89.2 %
State's proportionate share of the net OPEB liability	\$ 125,765	\$ 188,956	\$ 247,868	\$ 209,192	\$ 324,502	\$ 391,135	\$ 455,475	\$ 463,597
State's covered payroll	781,429	740,880	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	16.1 %	25.5 %	34.9 %	31.0 %	47.6 %	59.5 %	71.9 %	73.3 %
Plan fiduciary net position as a percentage of the total OPEB liability	76.6 %	65.1 %	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 Eight Fiscal Years
(Expressed in Thousands)

State Employees-Business-Type Activities

<u>Year Ended</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>Measurement Date</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<i>Rhode Island Lottery</i>								
Lottery's proportion of the net OPEB liability	0.9 %	0.9 %	0.9 %	0.9 %	0.9 %	0.9 %	0.8 %	0.7 %
Lottery's proportionate share of the net OPEB liability	\$ 1,274	\$ 1,911	\$ 2,578	\$ 2,145	\$ 3,420	\$ 3,990	\$ 3,876	\$ 3,864
Lottery's covered payroll	7,918	7,493	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	16.1 %	25.5 %	34.9 %	31.0 %	47.6 %	59.5 %	73.0 %	74.5 %
Plan fiduciary net position as a percentage of the total OPEB liability	76.6 %	65.1 %	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 Eight Fiscal Years
(Expressed in Thousands)

State's Share of Board of Education Plan

<u>Year Ended</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>Measurement Date</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
State's proportion of the net OPEB liability	0.4 %	0.2 %	0.3 %	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %
State's proportionate share of the net OPEB liability	\$ 3	\$ 22	\$ 63	\$ 18	\$ 89	\$ 80	\$ 87	\$ 111
State's covered payroll	533	331	169	417	335	276	411	264
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.6 %	6.6 %	37.3 %	4.3 %	26.6 %	29.0 %	21.2 %	42.0 %
Plan fiduciary net position as a percentage of the total OPEB liability	99.1 %	87.9 %	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 Eight Fiscal Years Ended June 30
(Expressed in Thousands)

State Employees-Governmental Activities

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ 33,400	\$ 35,321	\$ 33,191	\$ 37,502	\$ 36,998	\$ 45,323	\$ 39,302	\$ 37,887
Contributions in relation to the actuarial determined contribution	33,400	35,321	33,191	37,502	36,998	45,323	39,302	37,887
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 847,722	\$ 781,429	\$ 740,880	\$ 710,271	\$ 673,924	\$ 681,554	\$ 657,222	\$ 633,562
Contributions as a percentage of covered payroll	3.94 %	4.52 %	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 Eight Fiscal Years Ended June 30
(Expressed in Thousands)

State Employees-Business-Type Activities

Rhode Island Lottery

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ 315	\$ 358	\$ 336	\$ 390	\$ 379	\$ 478	\$ 401	\$ 317
Contributions in relation to the actuarial determined contribution	315	358	336	390	379	478	401	317
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 7,989	\$ 7,918	\$ 7,493	\$ 7,386	\$ 6,911	\$ 7,182	\$ 6,705	\$ 5,308
Contributions as a percentage of covered payroll	3.94 %	4.52 %	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 Eight Fiscal Years Ended June 30
(Expressed in Thousands)

State's Share of Board of Education Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ 11	\$ 11	\$ 6	\$ 6	\$ 12	\$ 14	\$ 12	\$ 18
Contributions in relation to the actuarial determined contribution	11	11	6	6	12	14	12	18
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 649	\$ 533	\$ 331	\$ 169	\$ 417	\$ 335	\$ 276	\$ 411
Contributions as a percentage of covered payroll	1.67 %	2.15 %	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 2025 reflect a June 30, 2024 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 Eight Fiscal Years
(Expressed in Thousands)

Teachers Plan

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability								
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	319	348	373	477	556	581	612	562
Benefit Changes	—	—	—	—	—	(1,952)	—	—
Differences between expected and actual experience	(729)	79	(69)	(964)	(1,212)	1,954	91	1,625
Changes of assumptions	3,556	—	135	(696)	(164)	(45)	—	217
Benefit payments	(1,047)	(965)	(891)	(899)	(629)	(1,438)	(1,202)	(1,610)
Net Change in Total OPEB Liability	2,099	(538)	(452)	(2,082)	(1,449)	(900)	(499)	794
Total OPEB Liability-Beginning	6,913	7,451	7,902	9,984	11,433	12,333	12,832	12,038
Total OPEB Liability-Ending	9,012	6,913	7,450	7,902	9,984	11,433	12,333	12,832
Plan Fiduciary Net Position								
Employer contributions	—	—	—	—	—	2,277	2,321	2,321
Net investment income	1,852	1,620	(1,708)	3,376	1,082	1,101	780	864
Benefit payments	(1,047)	(965)	(891)	(899)	(629)	(1,438)	(1,202)	(1,610)
Administrative expenses	(2)	(2)	(5)	(2)	(24)	(2)	(17)	7
Other	104	116	34	109	150	117	136	103
Net Change in Plan Fiduciary Net Position	907	769	(2,570)	2,584	579	2,055	2,018	1,685
Plan Fiduciary Net Position-Beginning	15,212	14,443	17,013	14,429	13,850	11,795	9,777	8,092
Plan Fiduciary Net Position-Ending	16,119	15,212	14,443	17,013	14,429	13,850	11,795	9,777
Net OPEB Liability (Asset)	\$ (7,107)	\$ (8,299)	\$ (6,993)	\$ (9,111)	\$ (4,445)	\$ (2,417)	\$ 538	\$ 3,055
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	178.9 %	220.0 %	193.9 %	215.3 %	144.5 %	121.1 %	95.6 %	76.2 %
Covered Payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 Eight Fiscal Years
(Expressed in Thousands)

Judges Plan

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability								
Service cost	\$ 48	\$ 9	\$ 8	\$ 13	\$ 22	\$ 22	\$ 15	\$ 20
Interest	11	13	15	18	64	60	68	50
Benefit Changes	—	—	—	—	—	(42)	—	—
Differences between expected and actual experience	(148)	(150)	(144)	(144)	(960)	102	(271)	(306)
Changes of assumptions	391	—	13	(7)	(69)	(11)	—	503
Benefit payments	46	61	82	57	(18)	(54)	72	138
Net Change in Total OPEB Liability	348	(67)	(26)	(63)	(961)	77	(116)	405
Total OPEB Liability-Beginning	166	233	259	322	1,283	1,206	1,322	917
Total OPEB Liability-Ending	514	166	233	259	322	1,283	1,206	1,322
Plan Fiduciary Net Position								
Employer contributions	—	—	—	—	—	—	—	—
Net investment income	648	536	(553)	1,080	327	341	293	334
Benefit payments	46	61	82	57	(18)	(54)	72	138
Administrative expenses	(1)	(1)	(2)	(1)	(2)	—	(6)	—
Other	24	25	27	25	56	49	54	26
Net Change in Plan Fiduciary Net Position	717	621	(446)	1,161	363	336	413	498
Plan Fiduciary Net Position-Beginning	6,148	5,527	5,973	4,812	4,449	4,113	3,700	3,202
Plan Fiduciary Net Position-Ending	6,865	6,148	5,527	5,973	4,812	4,449	4,113	3,700
Net OPEB Liability (Asset)	\$ (6,351)	\$ (5,982)	\$ (5,294)	\$ (5,714)	\$ (4,490)	\$ (3,166)	\$ (2,907)	\$ (2,378)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1338.9 %	3699.7 %	2373.2 %	2307.8 %	1494.3 %	346.8 %	341.0 %	279.9 %
Covered Payroll	\$ 13,704	\$ 12,597	\$ 12,290	\$ 11,985	\$ 11,636	\$ 11,297	\$ 10,746	\$ 10,746
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(46.3)%	(47.5)%	(43.1)%	(47.7)%	(38.6)%	(28.0)%	(27.1)%	(22.1)%

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 Changes in Net OPEB Liability (Asset) and Related Ratios
Last Eight Fiscal Years
(Expressed in Thousands)

State Police Plan

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability								
Service cost	\$ 3,651	\$ 4,790	\$ 4,671	\$ 4,280	\$ 4,481	\$ 4,108	\$ 3,920	\$ 3,836
Interest	4,211	4,509	4,353	4,210	4,391	4,369	4,148	4,202
Benefit Changes	—	—	—	—	—	(4,790)	—	—
Differences between expected and actual experience	(14,221)	(11,473)	(6,713)	(6,873)	(2,230)	630	(907)	(174)
Changes of assumptions	2,182	—	3,740	4,148	(6,974)	(1,161)	—	(6,005)
Benefit payments	(3,289)	(3,163)	(2,805)	(3,388)	(3,009)	(2,801)	(2,849)	(3,130)
Net Change in Total OPEB Liability	(7,466)	(5,337)	3,246	2,377	(3,341)	355	4,312	(1,271)
Total OPEB Liability-Beginning	84,035	89,372	86,126	83,749	87,090	86,735	82,423	83,694
Total OPEB Liability-Ending	76,569	84,035	89,372	86,126	83,749	87,090	86,735	82,423
Plan Fiduciary Net Position								
Employer contributions	5,265	6,058	5,864	6,178	7,797	8,257	7,919	7,702
Net investment income	11,084	8,965	(9,286)	17,041	4,775	4,683	3,413	3,491
Benefit payments	(3,289)	(3,163)	(2,805)	(3,388)	(3,009)	(2,801)	(2,849)	(3,130)
Administrative expenses	(24)	(17)	(29)	(12)	(35)	(12)	(73)	(1)
Other	484	403	423	222	335	277	197	163
Net Change in Plan Fiduciary Net Position	13,520	12,246	(5,833)	20,041	9,863	10,404	8,607	8,225
Plan Fiduciary Net Position-Beginning	92,865	80,619	86,452	66,411	56,548	46,144	37,537	29,312
Plan Fiduciary Net Position-Ending	106,385	92,865	80,619	86,452	66,411	56,548	46,144	37,537
Net OPEB Liability (Asset)	\$ (29,816)	\$ (8,830)	\$ 8,753	\$ (326)	\$ 17,338	\$ 30,542	\$ 40,591	\$ 44,886
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	138.9 %	110.5 %	90.2 %	100.4 %	79.3 %	64.9 %	53.2 %	45.5 %
Covered Payroll	\$ 28,790	\$ 30,262	\$ 29,380	\$ 25,401	\$ 24,661	\$ 23,943	\$ 21,334	\$ 21,334
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(103.6)%	(29.2)%	29.8 %	(1.3)%	70.3 %	127.6 %	190.3 %	210.4 %

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 Changes in Net OPEB Liability (Asset) and Related Ratios
Last Eight Fiscal Years
(Expressed in Thousands)

Legislators Plan

Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability								
Service cost	\$ 54	\$ 30	\$ 28	\$ 39	\$ 57	\$ 71	\$ 54	\$ 63
Interest	29	44	51	58	80	79	74	66
Benefit Changes	—	—	—	—	—	(257)	—	—
Differences between expected and actual experience	530	(75)	(135)	(88)	(83)	284	102	168
Changes of assumptions	725	—	38	(41)	(350)	(61)	—	(45)
Benefit payments	(465)	(174)	(62)	(164)	(85)	(98)	(161)	(36)
Net Change in Total OPEB Liability	873	(175)	(80)	(196)	(381)	18	69	216
Total OPEB Liability-Beginning	779	954	1,035	1,231	1,612	1,594	1,525	1,309
Total OPEB Liability-Ending	1,652	779	955	1,035	1,231	1,612	1,594	1,525
Plan Fiduciary Net Position								
Employer contributions	—	—	—	—	—	15	14	27
Net investment income	477	399	(420)	854	263	276	247	283
Benefit payments	(464)	(174)	(62)	(164)	(85)	(98)	(161)	(36)
Administrative expenses	(1)	(1)	(1)	(1)	(2)	—	(4)	—
Other	84	83	69	53	79	32	42	29
Net Change in Plan Fiduciary Net Position	96	307	(414)	742	255	225	138	303
Plan Fiduciary Net Position-Beginning	4,157	3,850	4,264	3,522	3,267	3,042	2,904	2,601
Plan Fiduciary Net Position-Ending	4,253	4,157	3,850	4,264	3,522	3,267	3,042	2,904
Net OPEB Liability (Asset)	\$ (2,601)	\$ (3,378)	\$ (2,895)	\$ (3,229)	\$ (2,291)	\$ (1,655)	\$ (1,448)	\$ (1,379)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	257.5 %	533.4 %	403.2 %	412.3 %	287.6 %	202.6 %	190.9 %	190.4 %
Covered Payroll	\$ 2,055	\$ 2,012	\$ 1,954	\$ 1,925	\$ 1,868	\$ 1,814	\$ 1,719	\$ 1,719
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(126.6)%	(167.9)%	(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 Eight Fiscal Years Ended June 30
(Expressed in Thousands)

Teachers Plan

	<u>2025</u>	<u>2024^(*)</u>	<u>2023^(*)</u>	<u>2022^(*)</u>	<u>2021^(*)</u>	<u>2020^(*)</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,321	\$ 2,321
Contributions in relation to the actuarial determined contribution	—	—	—	—	—	—	2,277 ^(**)	2,321
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44</u>	<u>\$ —</u>
Covered payroll	N/A	N/A	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	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 Eight Fiscal Years Ended June 30
(Expressed in Thousands)

Judges Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarial determined contribution	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 14,938	\$ 14,201	\$ 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 Eight Fiscal Years Ended June 30
(Expressed in Thousands)

State Police Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ 4,381	\$ 5,265	\$ 6,058	\$ 5,864	\$ 6,178	\$ 7,797	\$ 8,257	\$ 7,919
Contributions in relation to the actuarial determined contribution	4,381	5,265	6,058	5,864	6,178	7,797	8,257	7,919
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 31,905	\$ 29,560	\$ 29,308	\$ 25,201	\$ 26,505	\$ 26,297	\$ 23,666	\$ 22,698
Contributions as a percentage of covered payroll	13.7 %	17.8 %	20.7 %	23.3 %	23.3 %	29.6 %	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 Eight Fiscal Years Ended June 30
(Expressed in Thousands)

Legislators Plan

	<u>2025(*)</u>	<u>2024(*)</u>	<u>2023(*)</u>	<u>2022(*)</u>	<u>2021(*)</u>	<u>2020(*)</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ 14
Contributions in relation to the actuarial determined contribution	—	—	—	—	—	—	15	14
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 2,308	\$ 2,240	\$ 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 actuarially determined contribution rates for fiscal 2025 were determined based on valuations performed as of June 30, 2022. Significant methods and assumptions are summarized for each plan in the table below.

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education
Actuarial Cost Method	Individual Entry Age Normal					
Amortization Method	Level Percent of Pay	Level Dollar	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Remaining amortization period	14 Years Closed	Determined by Statutory Contribution	30 Years Open	30 Years Open	30 Years Open	14 Years Closed
Asset valuation method	4 Year smoothed market, 20% corridor					
Actuarial Assumptions						
Investment Rate of Return	5%, net of OPEB plan expenses, including inflation					
Projected Salary Increases	3.25% to 6.25%	N/A	2.75%	3.75% to 11.75%	3.25% to 6.25%	3.25% to 6.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.					
Mortality	Post-Retirement Mortality					
	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.					
	Disabled Mortality					
	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 Ultimate MP16.						
Mortality	Pre-Retirement Mortality					
	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.					
Healthcare Cost Trend Rate	Pre-Medicare: 7.25% in 2023, grading to 3.5% in 2033. Medicare: 6.00% in 2023, grading to 3.5% in 2033.					
Aging Factors	The tables used in developing the retiree only premium are based on the 2013 SOA Study "Health Care Costs-From Birth to Death".					
Inflation	Not explicitly used, consistent with 2.50% assumption.					

Factors affecting trends for amounts related to the net OPEB liability

The actuarial methods and assumptions used to calculate the net OPEB liability of the participating employers are described in Note 19 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

June 30, 2024 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, 2024 measurement date compared to the June 30, 2023 measurement date.

June 30, 2023 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, 2023 measurement date compared to the June 30, 2022 measurement date.

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, 2025



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.

Large Systems Initiative Fund (LSIF) – created with the purpose of implementing and maintaining enterprise-wide software projects for executive branch departments. LSIF is funded by the state when a project(s) is deemed directly appropriate.

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, 2025
(Expressed in Thousands)**

	Special Revenue				Total Special Revenue Funds	Capital Project				Total Capital Project Funds	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		Bond Capital	R.I. Clean Water Act Environ- mental Trust	Certificates of Participation	Large Systems Initiatives		Tobacco Settlement Financing Corporation	Permanent School	
Assets													
Cash and cash equivalents	\$ 627	\$ 144,345	\$ 75,748	\$ 230	\$ 220,950	\$ 348,095	\$ 4,157	\$ —	\$ 86,848	\$ 439,100	\$ 375	114	660,539
Funds on deposit with fiscal agent	—	—	10,566	—	10,566	—	—	44,154	—	44,154	—	—	54,720
Restricted cash equivalents	—	—	—	—	—	—	—	—	—	—	48,592	—	48,592
Receivables (net)	—	81,252	—	—	81,252	571	—	—	3	574	18,895	—	100,721
Due from other funds	—	—	—	—	—	—	13	—	—	13	—	—	13
Lease receivables	—	—	—	204	204	—	—	—	—	—	—	—	204
Other assets	—	—	—	—	—	—	—	—	—	—	—	—	—
Total assets	<u>627</u>	<u>225,597</u>	<u>86,314</u>	<u>434</u>	<u>312,972</u>	<u>348,666</u>	<u>4,170</u>	<u>44,154</u>	<u>86,851</u>	<u>483,841</u>	<u>67,862</u>	<u>114</u>	<u>864,789</u>
Liabilities and Fund Balances													
Liabilities													
Accounts payable	—	6	—	—	6	9,976	—	9,860	1,476	21,312	13	—	21,331
Due to other funds	—	3,335	—	—	3,335	4,301	—	—	10,986	15,287	—	—	18,622
Due to component units	—	—	—	—	—	12,344	—	—	—	12,344	—	—	12,344
Loans from other funds	—	—	—	—	—	—	—	8	—	8	—	—	8
Other liabilities	—	276	—	—	276	4,575	—	—	98	4,673	—	—	4,949
Total liabilities	<u>—</u>	<u>3,617</u>	<u>—</u>	<u>—</u>	<u>3,617</u>	<u>31,196</u>	<u>—</u>	<u>9,868</u>	<u>12,560</u>	<u>53,624</u>	<u>13</u>	<u>—</u>	<u>57,254</u>
Deferred Inflows of Resources - Leases	—	—	—	204	204	—	—	—	—	—	—	—	204
Fund balances													
Nonspendable	—	—	—	—	—	—	—	—	—	—	—	174	174
Restricted	627	221,980	86,314	—	308,921	317,470	4,170	34,286	74,291	430,217	67,450	—	806,588
Committed	—	—	—	230	230	—	—	—	—	—	—	—	230
Assigned	—	—	—	—	—	—	—	—	—	—	399	—	399
Unassigned	—	—	—	—	—	—	—	—	—	—	—	(60)	(60)
Total fund balances	<u>627</u>	<u>221,980</u>	<u>86,314</u>	<u>230</u>	<u>309,151</u>	<u>317,470</u>	<u>4,170</u>	<u>34,286</u>	<u>74,291</u>	<u>430,217</u>	<u>67,849</u>	<u>114</u>	<u>807,331</u>
Total liabilities and fund balances	<u>\$ 627</u>	<u>\$ 225,597</u>	<u>\$ 86,314</u>	<u>\$ 434</u>	<u>\$ 312,972</u>	<u>\$ 348,666</u>	<u>\$ 4,170</u>	<u>\$ 44,154</u>	<u>\$ 86,851</u>	<u>\$ 483,841</u>	<u>\$ 67,862</u>	<u>\$ 114</u>	<u>\$ 864,789</u>

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, 2025
(Expressed in Thousands)

	Special Revenue				Total Special Revenue Funds	Capital Projects				Total Capital Project Funds	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		Bond Capital	R.I. Clean Water Act Environ- mental Trust	Certificates of Participation	Large Systems Initiatives		Tobacco Settlement Financing Corporation	Permanent School	
Revenues:													
Taxes	\$ —	\$ 296,742	\$ —	\$ —	\$ 296,742	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 296,742
Licenses, fines, sales, and services	4	—	1,679	25	1,708	—	—	—	—	—	—	35	1,743
Departmental restricted	—	—	—	—	—	—	—	—	—	—	—	—	—
Income (loss) from investments	—	4,789	4,201	11	9,001	11,229	164	4,228	4,971	20,592	2,314	2	31,909
Other revenues	—	—	—	—	—	—	—	—	—	—	38,418	—	38,418
Total revenues	<u>4</u>	<u>301,531</u>	<u>5,880</u>	<u>36</u>	<u>307,451</u>	<u>11,229</u>	<u>164</u>	<u>4,228</u>	<u>4,971</u>	<u>20,592</u>	<u>40,732</u>	<u>37</u>	<u>368,812</u>
Expenditures:													
Current:													
General government	—	270,276	1,056	—	271,332	—	—	—	—	—	83	—	271,415
Education	—	—	—	—	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	3,749	3,749	—	—	—	—	—	—	—	3,749
Capital outlays	—	—	—	—	—	191,906	—	81,699	38,661	312,266	—	—	312,266
Debt service:													
Principal	—	—	—	—	—	—	—	—	—	—	24,400	—	24,400
Interest and other charges	—	—	17	—	17	1,028	—	—	—	1,028	19,365	—	20,410
Total expenditures	<u>—</u>	<u>270,276</u>	<u>1,073</u>	<u>3,749</u>	<u>275,098</u>	<u>192,934</u>	<u>—</u>	<u>81,699</u>	<u>38,661</u>	<u>313,294</u>	<u>43,848</u>	<u>—</u>	<u>632,240</u>
Excess (deficiency) of revenues over (under) expenditures	4	31,255	4,807	(3,713)	32,353	(181,705)	164	(77,471)	(33,690)	(292,702)	(3,116)	37	(263,428)
Other financing sources (uses)													
Issuance of bonds and notes	—	—	—	—	—	223,865	—	—	—	223,865	—	—	223,865
Issuance of bond refundings	—	—	—	—	—	49,385	—	—	—	49,385	—	—	49,385
Debt issuance premiums	—	—	—	—	—	16,442	—	—	—	16,442	—	—	16,442
Transfers in	—	—	—	3,727	3,727	—	—	—	—	—	—	—	3,727
Payment to advance refunded bonds escrow agent	—	—	—	—	—	(50,804)	—	—	—	(50,804)	—	—	(50,804)
Transfers out	—	—	(11,314)	—	(11,314)	(23,833)	—	(447)	(10,966)	(35,246)	—	—	(46,560)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(11,314)</u>	<u>3,727</u>	<u>(7,587)</u>	<u>215,055</u>	<u>—</u>	<u>(447)</u>	<u>(10,966)</u>	<u>203,642</u>	<u>—</u>	<u>—</u>	<u>196,055</u>
Net change in fund balances	4	31,255	(6,507)	14	24,766	33,350	164	(77,918)	(44,656)	(89,060)	(3,116)	37	(67,373)
Fund balances - beginning	623	190,725	92,821	216	284,385	284,120	4,006	112,204	118,947	519,277	70,965	77	874,704
Fund balances - ending	<u>\$ 627</u>	<u>\$ 221,980</u>	<u>\$ 86,314</u>	<u>\$ 230</u>	<u>\$ 309,151</u>	<u>\$ 317,470</u>	<u>\$ 4,170</u>	<u>\$ 34,286</u>	<u>\$ 74,291</u>	<u>\$ 430,217</u>	<u>\$ 67,849</u>	<u>\$ 114</u>	<u>\$ 807,331</u>

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, 2025
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues: (*)				
Taxes	\$ 296,742	\$ 296,742	\$ 296,742	\$ —
Other revenues	4,789	4,789	4,789	—
Non-budgeted SBITA proceeds	—	—	—	—
Total revenues	<u>301,531</u>	<u>301,531</u>	<u>301,531</u>	<u>—</u>
Expenditures: (**)				
Department of Labor and Training	278,907	278,739	270,083	8,656
Office of the General Treasurer	247	239	193	46
Total expenditures	<u>\$ 279,154</u>	<u>\$ 278,978</u>	<u>\$ 270,276</u>	<u>\$ 8,702</u>
Net change in fund balance			31,255	
Fund balance - beginning			190,725	
Fund balance - ending			<u>\$ 221,980</u>	

(*) Revenues are not legislatively adopted, budgeted revenues and opening surplus are assumed to equal actual amounts.

(**) Expenditures are presented at the legal level of budgetary control, which is the line-item level established through the annual appropriations act. Budgetary controls consist principally of statutory spending restrictions, accounting system controls, and budgetary monitoring procedures. Accordingly, this budgetary comparison schedule is presented to demonstrate compliance with the legal level of budgetary control in accordance with GASB Codification Section 2400.

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, 2025
(Expressed in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues and Transfers In:				
Statutorily determined funding from General Fund	\$ —	\$ —	\$ 172,796	\$ —
Bond premium ⁽¹⁾	12,604	12,604	12,604	—
Investment earnings ⁽¹⁾	39,463	39,463	39,463	—
Total revenues	<u>52,067</u>	<u>52,067</u>	<u>224,863</u>	<u>—</u>
Expenditures:				
Administration				
Security Measures State Buildings	975	1,074	1,026	48
Energy Efficiency Improvements	1,000	—	—	—
Cranston Street Armory	250	250	26	224
State House Renovations	2,209	7,025	3,428	3,597
Zambarano Buildings and Campus	4,740	22,386	3,610	18,776
Replacement of Fueling Tanks	700	1,208	146	1,062
Environmental Compliance	725	921	445	476
Big River Management Area	754	920	270	650
Shepard Building Upgrades	435	2,225	562	1,663
RI Convention Center Authority	3,590	3,590	3,590	—
Pastore Center Power Plant Rehabilitation	250	595	42	553
Accessibility - Facility Renovations	289	946	525	421
DoIT Enterprise Operations Center	6,550	6,912	295	6,617
Cannon Building	700	150	102	48
Old State House	2,000	2,438	1,258	1,180
State Office Building	675	809	209	600
State Office Reorganization & Relocation	250	1,699	686	1,013
William Powers Building	2,400	5,653	3,352	2,301
Pastore Center Non - Hospital Buildings Asset Protection	10,405	18,256	7,187	11,069
Washington County Government Center	800	248	71	177
Chapin Health Laboratory	350	438	337	101
560 Jefferson Blvd Asset Protection	1,600	850	54	796
Arrigan Center	75	117	22	95
Civic Center	3,550	3,550	3,550	—
Pastore Center Building Demolition	9,900	9,398	3,102	6,296
Veterans Auditorium	400	400	400	—
Pastore Center Hospital Buildings Asset	2,400	1,537	548	989
Pastore Campus Infrastructure	22,195	34,813	16,038	18,775
Community Facilities Asset Protection	925	1,122	32	1,090
Zambarano LTAC Hospital	7,100	8,562	2,122	6,440
Medical Examiner New Facility	50	2,279	1,537	742

(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, 2025
(Expressed in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Group Home Replacement & Rehabilitation	5,000	5,493	3,509	1,984
Hospital Reorganization	25,000	25,000	12,824	12,176
Expo Center	1,220	1,220	297	923
Group Homes Consolidation	4,325	4,325	2,545	1,780
Statewide Facility Master Plan	500	1,107	562	545
BHDDH DD & Community Facilities - Asset Protection	—	295	265	30
BHDDH DD & Community Homes - Fire Code	—	143	109	34
BHDDH DD Regional Facilities - Asset Protection	—	341	337	4
BHDDH Substance Abuse Asset Protection	—	18	—	18
BHDDH Group Homes	—	158	18	140
State Land Use Planning Study	—	250	—	250
Business Regulation				
Fire Academy Expansion	7,056	2,500	1,660	840
Office of Energy Resources				
Energy Efficiency Improvements	—	1,329	1,329	—
Executive Office of Commerce				
I - 195 Redevelopment District Commission	646	1,004	969	35
I - 195 Park Improvements	3,000	2,000	643	1,357
Quonset Carrier Pier	2,250	2,250	2,250	—
Quonset Infrastructure	2,500	2,500	2,500	—
Children, Youth, and Families				
Training School Asset Protection	250	377	136	241
Residential Treatment Facilities	15,000	28,591	13,209	15,382
Human Services				
Blind Vending Facilities	165	239	165	74
Veterans Home Asset Protection	760	900	457	443
Veterans Memorial Cemetery Asset Protection	500	520	219	301
Behavioral Healthcare, Developmental Disabilities, and Hospitals				
DD Residential Support	100	198	3	195
Hospital Equipment	500	612	300	312
Elementary and Secondary Education				
Davies School HVAC	1,050	1,238	87	1,151
Davies School Asset Protection	750	441	291	150
Davies School Healthcare Classrooms	6,886	—	—	—
Davies School Wing Renovation	32,000	2,449	1,226	1,223

(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, 2025
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
MET School Asset Protection	2,000	3,622	1,651	1,971
School for the Deaf Asset Protection	168	396	150	246
Public Higher Education				
WEC Expansion - Annex Site	1,220	—	—	—
University of Rhode Island				
Asset Protection	14,006	14,109	10,796	3,313
Mechanical, Electric, and Plumbing	7,859	10,313	5,008	5,305
Fire Protection Academic Buildings	3,312	3,514	400	3,114
Bay Campus	6,000	10,299	10,342	(43)
Athletics Complex	8,883	9,738	4,795	4,943
Stormwater Management	2,222	445	55	390
Fine Arts Center Renovation	8,000	8,083	8,080	3
PFAS Water Treatment Plant	1,015	4,752	2,844	1,908
Rhode Island College				
Asset Protection	5,785	11,656	6,520	5,136
Infrastructure Modernization	5,675	11,434	5,262	6,172
Master Plan Phase III	5,000	2,592	2,592	—
Phase IV: Whipple Hall	500	500	—	500
Community College of Rhode Island				
Asset Protection	2,719	4,070	2,847	1,223
Knight Campus Renewal	—	—	—	—
Data, Cabling, and Power Infrastructure	4,200	335	64	271
Flanagan Campus Renovations	5,700	1,750	1,600	150
CCRI Renovation and Modernization Phase I	16,000	5,501	3,989	1,512
CCRI Accessibility Improvements	200	200	190	10
RI Atomic Energy Commission				
Asset Protection	50	50	42	8
Historical Preservation and Heritage				
Archaeological Collection Facility	—	50	—	50
Attorney General				
Building Renovations and Repairs	150	265	115	150
Corrections				
Asset Protection	4,100	5,500	5,495	5
Correctional Facilities - Renovations	3,180	250	145	105
Intake Service Center HVAC	23,947	8,305	7,359	946
Judiciary				
Judicial Complexes - HVAC	500	500	494	6
Judicial Complexes Asset Protection	2,250	2,501	2,479	22
Judicial Complexes Fan Coil Unit	500	500	497	3
Garrahy Courthouse Restoration	1,125	1,272	1,253	19
Military Staff				
Aviation Readiness Center	3,295	3,382	402	2,980

(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, 2025
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Asset Protection	1,799	2,513	380	2,133
Quonset Airport Runway Reconstruction	1,340	1,969	1,588	381
Quonset Air National Guard HQ Facility	3,000	3,000	1,106	1,894
Counter-Drug Training Facility	2,000	2,000	441	1,559
Sun Valley Armory	—	262	262	—
Public Safety				
DPS Asset Protection	3,425	3,716	1,917	1,799
Training Academy Upgrades	1,550	825	265	560
Statewide Communications System Network	245	245	245	—
Southern Barracks	21,500	22,037	9,793	12,244
Emergency Management Agency				
Emergency Management Building	—	250	—	250
State Emergency Ops Center	80	80	16	64
RI Statewide Communications Infrastructure	140	664	579	85
RI Statewide Communications 700 MHZ Project	—	1,388	1,388	—
RI Statewide Communications Warehouse	—	250	—	250
Environmental Management				
Dam Repair	5,386	500	108	392
Fort Adams Rehabilitation	300	391	175	216
Recreational Facilities Improvements	5,729	6,943	2,207	4,736
Port of Galilee	13,300	7,051	6,941	110
Newport Pier Upgrades	500	622	119	503
Fish & Wildlife Maintenance Facilities	200	302	283	19
Natural Resources Office and Visitor's Center	250	461	114	347
Marine Infrastructure/Pier Development	950	950	198	752
Recreational Facility Asset Protection	750	922	922	—
Health Department				
Health Laboratories & Medical Examiner Equipment	800	805	256	549
New Health Laboratory Building	2,222	7,199	907	6,292
Coastal Resources Management Council				
Little Narragansett Bay Study	—	50	—	50
Pawcatuck Resiliency Elevation Study	—	50	—	50
RI Coastal Storm Risk Study	—	—	—	—
Revenue (Lottery Division)				
Lottery Building Enhancements	690	850	94	756

(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, 2025
(Expressed in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Secretary of State				
Rhode Island Archives and History Center	500	500	5	495
Transportation				
Highway Improvement Program	141,102	129,302	129,303	(1)
Bike Path Asset Protection	400	400	400	—
RIPTA - Land and Buildings	11,214	5,779	4,057	1,722
RIPTA - Pawtucket/Central Falls Bus Hub	3,425	3,500	2,809	691
RIPTA - Providence High-Capacity Transit Corridor Study	—	250	147	103
RIPTA - Kingston Station Mobility Hub	—	1,140	8	1,132
Maintenance Capital Equipment	1,800	3,810	1,951	1,859
Maintenance Facilities Improvements	500	645	383	262
Welcome Center	150	450	53	397
Salt Storage Facilities	1,150	1,469	1,526	(57)
Train Station Asset Protection	476	1,130	106	1,024
Subtotal	<u>\$ 564,134</u>	<u>\$ 566,423</u>	<u>\$ 357,000</u>	<u>\$ 209,423</u>
Capital outlay-leases			—	
Total expenditures			<u>357,000</u>	
Net change in fund balance			<u>(132,137)</u>	
Fund balance - beginning			<u>938,278</u>	
Fund balance - ending			<u>\$ 806,141</u>	

(Concluded)

⁽¹⁾ Revenues are not legislatively adopted, budgeted revenues for these line items are assumed to equal actual amounts.

Certain items included in the budget and actual comparison schedule are presented as transfers to other funds on the Rhode Island Capital Plan financial statements.

Internal Service Funds

Internal Service Funds are used to account for the financing and provision of specified goods and services on a centralized basis for other departments and agencies.

Human Resources - accounts for costs of human resource services provided to State agencies.

DCAMM Facilities - accounts for costs of property management and maintenance services provided to State agencies.

Assessed Fringe Benefits - accounts for the biweekly assessment of a percentage applied to salaries and wages to pay for certain fringe benefits, including workers' compensation to State employees injured on the job.

Central Utilities - processes all electric bills for the State and charges the expending department/agency.

Enterprise Technology Strategy and Services (ETSS) - 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, 2025
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	ETSS	Central Mail	State Telecom and Technology	Automotive Maintenance
Assets:								
Current assets:								
Cash and cash equivalents	\$ 229	\$ 49	\$ 4,457	\$ 100	\$ —	\$ 478	\$ 507	\$ 2,600
Receivables (net)	1	5	1,371	712	—	2	—	934
Due from other funds	1,864	—	—	6,608	8,256	854	276	654
Due from other component units	—	—	—	997	—	—	—	—
Loans to other funds	—	1,000	—	—	—	—	—	—
Inventories	—	—	—	—	—	100	—	223
Other assets	—	—	1,000	—	—	—	—	—
Total current assets	<u>2,094</u>	<u>1,054</u>	<u>6,828</u>	<u>8,417</u>	<u>8,256</u>	<u>1,434</u>	<u>783</u>	<u>4,411</u>
Non-current assets:								
Capital assets - non-depreciable	—	495	—	—	—	—	—	—
Capital assets - depreciable (net)	—	95	—	—	2,954	227	4	269
Subscription-based IT assets (net)	176	—	—	—	13,492	—	—	—
Total non-current assets	<u>176</u>	<u>590</u>	<u>—</u>	<u>—</u>	<u>16,446</u>	<u>227</u>	<u>4</u>	<u>269</u>
Total assets	<u>2,270</u>	<u>1,644</u>	<u>6,828</u>	<u>8,417</u>	<u>24,702</u>	<u>1,661</u>	<u>787</u>	<u>4,680</u>
Liabilities:								
Current liabilities:								
Accounts payable	153	1,403	165	7,730	1,246	19	36	1
Due to other funds	—	1,490	343	—	—	—	—	—
Loans from other funds	—	—	—	677	2,989	—	—	—
Subscription-based IT liability	177	—	—	—	5,541	—	—	—
Other current liabilities	629	670	508	—	1,402	55	41	267
Compensated absences	1,156	1,222	1,716	—	2,970	154	104	95
Total current liabilities	<u>2,115</u>	<u>4,785</u>	<u>2,732</u>	<u>8,407</u>	<u>14,148</u>	<u>228</u>	<u>181</u>	<u>363</u>
Non-current liabilities								
Subscription-based IT liability	—	—	—	—	4,833	—	—	—
Compensated absences	517	335	28	—	1,628	78	—	47
Total non-current liabilities	<u>517</u>	<u>335</u>	<u>28</u>	<u>—</u>	<u>6,461</u>	<u>78</u>	<u>—</u>	<u>47</u>
Total liabilities	<u>2,632</u>	<u>5,120</u>	<u>2,760</u>	<u>8,407</u>	<u>20,609</u>	<u>306</u>	<u>181</u>	<u>410</u>
Net Position (Deficit):								
Net investment in capital assets	(1)	590	—	—	6,072	227	4	269
Unrestricted	(361)	(4,066)	4,068	10	(1,979)	1,128	602	4,001
Total net position (deficit)	<u>\$ (362)</u>	<u>\$ (3,476)</u>	<u>\$ 4,068</u>	<u>\$ 10</u>	<u>\$ 4,093</u>	<u>\$ 1,355</u>	<u>\$ 606</u>	<u>\$ 4,270</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Internal Service Funds
June 30, 2025
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance	State Fleet Revolving Loan	Capitol Police	Total
Assets:								
Current assets:								
Cash and cash equivalents	\$ 610	\$ 1,018	\$ 216	\$ 35	\$ 12,097	\$ 6,977	\$ —	\$ 29,373
Receivables (net)	23	451	4	—	9,319	1,027	—	13,849
Due from other funds	—	249	81	—	14	—	—	18,856
Due from other component units	—	—	—	—	—	—	—	997
Loans to other funds	177	—	—	—	—	—	—	1,177
Inventories	825	1,774	—	—	—	—	—	2,922
Other assets	—	—	—	—	4,203	—	—	5,203
Total current assets	<u>1,635</u>	<u>3,492</u>	<u>301</u>	<u>35</u>	<u>25,633</u>	<u>8,004</u>	<u>—</u>	<u>72,377</u>
Non-current assets:								
Capital assets - non-depreciable	572	—	—	—	—	—	—	1,067
Capital assets - depreciable (net)	1,186	46	—	—	—	—	—	4,781
Subscription-based IT assets (net)	134	—	—	—	—	—	—	13,802
Total non-current assets	<u>1,892</u>	<u>46</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>19,650</u>
Total assets	<u>3,527</u>	<u>3,538</u>	<u>301</u>	<u>35</u>	<u>25,633</u>	<u>8,004</u>	<u>—</u>	<u>92,027</u>
Liabilities:								
Current liabilities:								
Accounts payable	155	3,297	—	—	22,133	—	—	36,338
Due to other funds	48	—	—	—	—	41	—	1,922
Loans from other funds	—	675	304	—	—	—	11	4,656
Subscription-based IT liability	103	—	—	—	—	—	—	5,821
Other current liabilities	86	68	81	—	40	—	—	3,847
Compensated absences	17	174	49	—	163	—	—	7,820
Total current liabilities	<u>409</u>	<u>4,214</u>	<u>434</u>	<u>—</u>	<u>22,336</u>	<u>41</u>	<u>11</u>	<u>60,404</u>
Non-current liabilities								
Subscription-based IT liability	36	—	—	—	—	—	—	4,869
Compensated absences	—	38	16	—	132	—	—	2,819
Total non-current liabilities	<u>36</u>	<u>38</u>	<u>16</u>	<u>—</u>	<u>132</u>	<u>—</u>	<u>—</u>	<u>7,688</u>
Total liabilities	<u>445</u>	<u>4,252</u>	<u>450</u>	<u>—</u>	<u>22,468</u>	<u>41</u>	<u>11</u>	<u>68,092</u>
Net Position (Deficit):								
Net investment in capital assets	1,753	46	—	—	—	—	—	8,960
Unrestricted	1,329	(760)	(149)	35	3,165	7,963	(11)	14,975
Total net position (deficit)	<u>\$ 3,082</u>	<u>\$ (714)</u>	<u>\$ (149)</u>	<u>\$ 35</u>	<u>\$ 3,165</u>	<u>\$ 7,963</u>	<u>\$ (11)</u>	<u>\$ 23,935</u>

(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, 2025
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	ETSS	Central Mail	State Telecom and Technology	Automotive Maintenance
Operating revenues:								
Charges for services	\$ 15,754	\$ 53,293	\$ 33,768	\$ 32,994	\$ 52,000	\$ 8,041	\$ 2,767	\$ 22,871
Total operating revenues	<u>15,754</u>	<u>53,293</u>	<u>33,768</u>	<u>32,994</u>	<u>52,000</u>	<u>8,041</u>	<u>2,767</u>	<u>22,871</u>
Operating expenses:								
Personnel services	13,578	13,899	557	—	29,123	1,297	1,158	1,008
Supplies, materials, and services	3,053	40,834	35,239	30,449	19,413	6,793	1,799	20,419
Depreciation and amortization	219	137	—	—	4,464	89	8	110
Total operating expenses	<u>16,850</u>	<u>54,870</u>	<u>35,796</u>	<u>30,449</u>	<u>53,000</u>	<u>8,179</u>	<u>2,965</u>	<u>21,537</u>
Operating income (loss)	<u>(1,096)</u>	<u>(1,577)</u>	<u>(2,028)</u>	<u>2,545</u>	<u>(1,000)</u>	<u>(138)</u>	<u>(198)</u>	<u>1,334</u>
Non-operating revenues (expenses):								
Interest revenue	—	—	232	—	—	—	—	—
Other non-operating revenues (expenses)	<u>(5)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(192)</u>	<u>—</u>	<u>—</u>	<u>56</u>
Total non-operating revenue (expenses)	<u>(5)</u>	<u>—</u>	<u>232</u>	<u>—</u>	<u>(192)</u>	<u>—</u>	<u>—</u>	<u>56</u>
Change in net position	<u>(1,101)</u>	<u>(1,577)</u>	<u>(1,796)</u>	<u>2,545</u>	<u>(1,192)</u>	<u>(138)</u>	<u>(198)</u>	<u>1,390</u>
Net position (deficit) - beginning (Restated)	739	(1,899)	5,864	(2,535)	5,285	1,493	804	2,880
Net position (deficit) - ending	<u>\$ (362)</u>	<u>\$ (3,476)</u>	<u>\$ 4,068</u>	<u>\$ 10</u>	<u>\$ 4,093</u>	<u>\$ 1,355</u>	<u>\$ 606</u>	<u>\$ 4,270</u>

(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, 2025
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Revolving Loan	Capitol Police	Total
Operating revenues:								
Charges for services	\$ 6,260	\$ 5,482	\$ 929	\$ —	\$ 323,680	\$ 10	\$ 1,799	\$ 559,648
Total operating revenues	<u>6,260</u>	<u>5,482</u>	<u>929</u>	<u>—</u>	<u>323,680</u>	<u>10</u>	<u>1,799</u>	<u>559,648</u>
Operating expenses:								
Personnel services	1,693	1,488	381	—	1,409	—	1,732	67,323
Supplies, materials, and services	4,918	4,038	540	3	319,114	—	67	486,679
Depreciation and amortization	216	22	—	—	—	—	—	5,265
Total operating expenses	<u>6,827</u>	<u>5,548</u>	<u>921</u>	<u>3</u>	<u>320,523</u>	<u>—</u>	<u>1,799</u>	<u>559,267</u>
Operating income (loss)	<u>(567)</u>	<u>(66)</u>	<u>8</u>	<u>(3)</u>	<u>3,157</u>	<u>10</u>	<u>—</u>	<u>381</u>
Non-operating revenues (expenses):								
Interest revenue	—	—	—	—	387	163	—	782
Other non-operating revenues (expenses)	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(143)</u>
Total non-operating revenue (expenses)	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>387</u>	<u>163</u>	<u>—</u>	<u>639</u>
Change in net position	<u>(569)</u>	<u>(66)</u>	<u>8</u>	<u>(3)</u>	<u>3,544</u>	<u>173</u>	<u>—</u>	<u>1,020</u>
Net position (deficit) - beginning (Restated)	3,651	(648)	(157)	38	(379)	7,790	(11)	22,915
Net position (deficit) - ending	<u>\$ 3,082</u>	<u>\$ (714)</u>	<u>\$ (149)</u>	<u>\$ 35</u>	<u>\$ 3,165</u>	<u>\$ 7,963</u>	<u>\$ (11)</u>	<u>\$ 23,935</u>

(Concluded)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	ETSS	Central Mail	State Telecom and Technology	Automotive Maintenance
Cash flows from operating activities:								
Cash received from customers	\$ 15,708	\$ 55,237	\$ 23,704	\$ 24,702	\$ 49,912	\$ 7,982	\$ 2,880	\$ 22,017
Cash payments to suppliers for goods and services	(2,881)	(41,681)	(35,794)	(24,904)	(21,458)	(6,756)	(2,416)	(21,020)
Cash payments to employees	(13,209)	(13,624)	184	(7)	(28,350)	(1,272)	(1,142)	(967)
Net cash from operating activities	(382)	(68)	(11,906)	(209)	104	(46)	(678)	30
Cash flows from non-capital financing activities:								
Loans from other funds	—	—	—	2,132	2,989	—	—	—
Loans to other funds	—	(1,000)	—	(1,823)	—	—	—	—
Repayment of loans from other funds	—	382	—	—	—	—	—	—
Repayment of loans to other funds	—	—	—	—	—	—	—	—
Net cash from non-capital financing activities	—	(618)	—	309	2,989	—	—	—
Cash flows from capital and related financing activities:								
Principal paid on SBITA liability	(226)	—	—	—	(5,792)	—	—	—
Interest paid on SBITA liability	(5)	—	—	—	(192)	—	—	—
Acquisition of capital assets	—	143	—	—	(2,760)	—	—	—
Net cash from capital and related financing activities	(231)	143	—	—	(8,744)	—	—	—
Cash flows from investing activities:								
Interest on investments	—	—	232	—	—	—	—	55
Net cash from investing activities	—	—	232	—	—	—	—	55
Net increase (decrease) in cash and cash equivalents	(613)	(543)	(11,674)	100	(5,651)	(46)	(678)	85
Cash and cash equivalents - July 1	842	592	16,131	—	5,651	524	1,185	2,515
Cash and cash equivalents - June 30	229	49	4,457	100	—	478	507	2,600

(Continued)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Human Resources	DCAMM	Assessed Fringe Benefits	Central Utilities	ETSS	Central Mail	State Telecom and Technology	Automotive Maintenance
Reconciliation of operating income (loss) to net cash from operating activities:								
Operating income (loss)	(1,096)	(1,577)	(2,028)	2,545	(1,000)	(138)	(198)	1,334
Adjustments to reconcile operating income (loss) to net cash from operating activities:								
Depreciation/amortization	219	137	—	—	4,464	89	8	110
(Increase) decrease in assets:								
Receivables	(46)	1,945	(10,065)	(8,291)	(2,088)	(59)	113	(855)
Inventory	—	—	—	—	—	207	—	107
Prepaid items	—	—	—	—	—	—	—	—
Increase (decrease) in liabilities:								
Accounts payable	172	(847)	(553)	5,545	(2,045)	(170)	(606)	(935)
Accrued expenses	369	274	740	(8)	773	25	5	269
Total adjustments	714	1,509	(9,878)	(2,754)	1,104	92	(480)	(1,304)
Net cash from operating activities	<u>\$ (382)</u>	<u>\$ (68)</u>	<u>\$ (11,906)</u>	<u>\$ (209)</u>	<u>\$ 104</u>	<u>\$ (46)</u>	<u>\$ (678)</u>	<u>\$ 30</u>
Non Cash Investing, Capital and Financing Activities								
Subscription Based Assets	—	—	—	—	16,167	—	—	—

(Continued)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Revolving Loan	Capitol Police	Total
Cash flows from operating activities:								
Cash received from customers	\$ 6,504	\$ 5,209	\$ 937	\$ —	\$ 324,334	\$ (293)	\$ 1,802	\$ 540,635
Cash payments to suppliers for goods and services	(4,935)	(3,165)	(512)	(3)	(317,866)	—	(67)	(483,458)
Cash payments to employees	(1,689)	(1,539)	(377)	—	(1,321)	—	(1,732)	(65,045)
Net cash from operating activities	(120)	505	48	(3)	5,147	(293)	3	(7,868)
Cash flows from non-capital financing activities:								
Loans from other funds	—	675	—	—	—	—	(3)	5,793
Loans to other funds	(178)	—	—	—	—	—	—	(3,001)
Repayment of loans from other funds	—	—	—	—	—	785	—	1,167
Repayment of loans to other funds	—	(150)	—	—	—	—	—	(150)
Net cash from non-capital financing activities	(178)	525	—	—	—	785	(3)	3,809
Cash flows from capital and related financing activities:								
Principal paid on SBITA liability	(93)	—	—	—	—	—	—	(6,111)
Interest paid on SBITA liability	—	—	—	—	—	—	—	(197)
Acquisition of capital assets	—	(41)	—	—	—	—	—	(2,658)
Net cash from capital and related financing activities	(93)	(41)	—	—	—	—	—	(8,966)
Cash flows from investing activities:								
Interest on investments	—	—	—	—	387	163	—	837
Net cash from investing activities	—	—	—	—	387	163	—	837
Net increase (decrease) in cash and cash equivalents	(391)	989	48	(3)	5,534	655	—	(12,188)
Cash and cash equivalents - July 1	1,001	29	168	38	6,563	6,322	—	41,561
Cash and cash equivalents - June 30	610	1,018	216	35	12,097	6,977	—	29,373

(Continued)

State of Rhode Island
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Central Warehouse	Correctional Industries	Records Center	Surplus Property	Health Insurance Active	State Fleet Revolving Loan	Capitol Police	Total
Reconciliation of operating income (loss) to net cash from operating activities:								
Operating income (loss)	(567)	(66)	8	(3)	3,157	10	—	381
Adjustments to reconcile operating income (loss) to net cash from operating activities:								
Depreciation/amortization (Increase) decrease in assets:	216	22	—	—	—	—	—	5,265
Receivables	244	(271)	8	—	654	(303)	3	(19,011)
Inventory	88	(998)	—	—	—	—	—	(596)
Prepaid items	—	—	—	—	(132)	—	—	(132)
Increase (decrease) in liabilities:								
Accounts payable	(123)	1,858	(36)	—	1,398	—	—	3,658
Accrued expenses	22	(40)	68	—	70	—	—	2,567
Total adjustments	447	571	40	—	1,990	(303)	3	(8,249)
Net cash from operating activities	<u>\$ (120)</u>	<u>\$ 505</u>	<u>\$ 48</u>	<u>\$ (3)</u>	<u>\$ 5,147</u>	<u>\$ (293)</u>	<u>\$ 3</u>	<u>\$ (7,868)</u>
Non Cash Investing, Capital and Financing Activities								
Subscription Based Assets	201	—	—	—	—	—	—	16,368

(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.

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.

Trust Funds

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, 2025
(Expressed in Thousands)

	<u>Pension Trust</u>	<u>Other Employee Benefits Trust</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 20,523	\$ 8,102	\$ 28,625
Receivables			
Contributions	34,894	2,634	37,528
Due from State for teachers	26,444	—	26,444
Due from other plans	3,074	—	3,074
Other	1,644	—	1,644
Total receivables	<u>66,056</u>	<u>2,634</u>	<u>68,690</u>
Prepaid expenses	561	—	561
Investments, at fair value			
Equity in pooled trust	12,146,721	754,240	12,900,961
Other investments	2,469,160	—	2,469,160
Total investments	<u>14,615,881</u>	<u>754,240</u>	<u>15,370,121</u>
Total assets	<u>14,703,021</u>	<u>764,976</u>	<u>15,467,997</u>
Liabilities			
Accounts payable	7,909	694	8,603
Due to other plans	3,074	—	3,074
Incurred but not reported claims	—	1,154	1,154
Other	—	10,721	10,721
Total liabilities	<u>10,983</u>	<u>12,569</u>	<u>23,552</u>
Fiduciary net position restricted for pension and other postemployment benefits	<u>\$ 14,692,038</u>	<u>\$ 752,407</u>	<u>\$ 15,444,445</u>

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, 2025
(Expressed in Thousands)

	Pension Trust	Other Employee Benefits	Totals
Additions			
Contributions			
Member contributions	\$ 248,638	\$ 1,881	\$ 250,519
Employer contributions	618,794	43,661	662,455
Additional employer contributions	1,430	—	1,430
Supplemental employer contributions	21,727	—	21,727
State contributions for teachers	130,172	—	130,172
Interest on service credits purchased	313	—	313
Service credit transfer payments	5,886	—	5,886
Total contributions	<u>1,026,960</u>	<u>45,542</u>	<u>1,072,502</u>
Other income	<u>1,006</u>	<u>1,971</u>	<u>2,977</u>
Investment income			
Increase in fair value of investments	1,223,745	72,315	1,296,060
Interest	122,085	5,511	127,596
Dividends	59,167	—	59,167
	<u>1,404,997</u>	<u>77,826</u>	<u>1,482,823</u>
Less investment expense	<u>(153,794)</u>	<u>(2,198)</u>	<u>(155,992)</u>
Net investment income	<u>1,251,203</u>	<u>75,628</u>	<u>1,326,831</u>
Total additions	<u>2,279,169</u>	<u>123,141</u>	<u>2,402,310</u>
Deductions			
Retirement benefits	1,054,771	—	1,054,771
Death benefits	3,235	—	3,235
Distributions	71,018	—	71,018
Refund of contributions	8,391	—	8,391
Administrative expense	13,529	108	13,637
Service credit transfers	5,887	—	5,887
OPEB benefits	—	34,421	34,421
Total deductions	<u>1,156,831</u>	<u>34,529</u>	<u>1,191,360</u>
Net increase (decrease)	1,122,338	88,612	1,210,950
Net position restricted for pension and other postemployment benefits			
Fiduciary net position - beginning	13,569,700	663,795	14,233,495
Fiduciary net position - ending	<u>\$ 14,692,038</u>	<u>\$ 752,407</u>	<u>\$ 15,444,445</u>

State of Rhode Island
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2025
(Expressed in Thousands)

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	State Police Retirement Fund Trust	Judicial Retirement Benefits Trust	Judicial Retirement Fund Trust	Teachers' Survivors Benefit Plan	Defined Contribution Plan	FICA Alternative Retirement Program	Totals
Assets										
Cash and cash equivalents	\$ 17,140	\$ 1,220	\$ 130	\$ 44	\$ 46	\$ 795	\$ 1,148	\$ —	\$ —	\$ 20,523
Receivables										
Contributions	29,780	4,522	423	—	153	—	16	—	—	34,894
Due from State for teachers	26,444	—	—	—	—	—	—	—	—	26,444
Due from other plans	1,738	1,336	—	—	—	—	—	—	—	3,074
Other	1,281	281	3	16	—	54	9	—	—	1,644
Total receivables	<u>59,243</u>	<u>6,139</u>	<u>426</u>	<u>16</u>	<u>153</u>	<u>54</u>	<u>25</u>	<u>—</u>	<u>—</u>	<u>66,056</u>
Other Assets	434	95	7	1	4	—	20	—	—	561
Investments, at fair value										
Equity in pooled trusts	8,765,355	2,486,144	244,836	37,444	122,879	1,048	483,462	—	5,553	12,146,721
Other investments	—	—	—	—	—	—	—	2,469,160	—	2,469,160
Total investments	<u>8,765,355</u>	<u>2,486,144</u>	<u>244,836</u>	<u>37,444</u>	<u>122,879</u>	<u>1,048</u>	<u>483,462</u>	<u>2,469,160</u>	<u>5,553</u>	<u>14,615,881</u>
Total assets	<u>8,842,172</u>	<u>2,493,598</u>	<u>245,399</u>	<u>37,505</u>	<u>123,082</u>	<u>1,897</u>	<u>484,655</u>	<u>2,469,160</u>	<u>5,553</u>	<u>14,703,021</u>
Liabilities										
Accounts payable	6,054	1,447	107	25	53	1	222	—	—	7,909
Due to other plans	1,336	1,738	—	—	—	—	—	—	—	3,074
Total liabilities	<u>7,390</u>	<u>3,185</u>	<u>107</u>	<u>25</u>	<u>53</u>	<u>1</u>	<u>222</u>	<u>—</u>	<u>—</u>	<u>10,983</u>
Fiduciary net position restricted for pension benefits	<u>\$ 8,834,782</u>	<u>\$ 2,490,413</u>	<u>\$ 245,292</u>	<u>\$ 37,480</u>	<u>\$ 123,029</u>	<u>\$ 1,896</u>	<u>\$ 484,433</u>	<u>\$ 2,469,160</u>	<u>\$ 5,553</u>	<u>\$ 14,692,038</u>

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	State Police Retirement Fund Trust	Judicial Retirement Benefits Trust	Judicial Retirement Fund Trust	Teachers' Survivors Benefit Plan	Defined Contribution Plan	FICA Alternative Retirement Program	Totals
Additions										
Contributions										
Member contributions	\$ 94,515	\$ 25,375	\$ 2,832	\$ —	\$ 1,609	\$ 119	\$ 750	\$ 123,034	\$ 404	\$ 248,638
Employer contributions	475,998	79,312	7,027	16,387	2,503	602	750	36,215	—	618,794
Additional employer contributions	238	1,192	—	—	—	—	—	—	—	1,430
Supplemental employer contributions	21,727	—	—	—	—	—	—	—	—	21,727
State contributions for teachers	130,172	—	—	—	—	—	—	—	—	130,172
Interest on service credits purchased	216	88	9	—	—	—	—	—	—	313
Service credit transfers	2,874	3,012	—	—	—	—	—	—	—	5,886
Total contributions	<u>725,740</u>	<u>108,979</u>	<u>9,868</u>	<u>16,387</u>	<u>4,112</u>	<u>721</u>	<u>1,500</u>	<u>159,249</u>	<u>404</u>	<u>1,026,960</u>
Investment income										
Change in fair value	670,164	191,117	18,683	3,284	9,413	80	40,019	290,571	414	1,223,745
Interest	88,144	24,977	2,418	435	1,221	10	4,880	—	—	122,085
Dividends	42,108	11,966	1,170	210	589	5	2,333	553	233	59,167
	<u>800,416</u>	<u>228,060</u>	<u>22,271</u>	<u>3,929</u>	<u>11,223</u>	<u>95</u>	<u>47,232</u>	<u>291,124</u>	<u>647</u>	<u>1,404,997</u>
Investment Expense	(110,927)	(31,503)	(3,087)	(569)	(1,553)	(13)	(6,142)	—	—	(153,794)
Net investment income	<u>689,489</u>	<u>196,557</u>	<u>19,184</u>	<u>3,360</u>	<u>9,670</u>	<u>82</u>	<u>41,090</u>	<u>291,124</u>	<u>647</u>	<u>1,251,203</u>
Miscellaneous	37	10	1	—	—	—	—	958	—	1,006
Total additions	<u>1,415,266</u>	<u>305,546</u>	<u>29,053</u>	<u>19,747</u>	<u>13,782</u>	<u>803</u>	<u>42,590</u>	<u>451,331</u>	<u>1,051</u>	<u>2,279,169</u>
Deductions										
Retirement benefits	862,271	148,661	9,957	14,508	5,461	602	13,311	—	—	1,054,771
Death benefits	2,580	655	—	—	—	—	—	—	—	3,235
Distributions	—	—	—	—	—	—	—	70,787	231	71,018
Refund of contributions	5,545	1,760	35	—	—	—	1,051	—	—	8,391
Administrative expense	7,867	2,240	209	29	106	1	430	2,586	61	13,529
Service credit transfers	2,472	3,415	—	—	—	—	—	—	—	5,887
Total deductions	<u>880,735</u>	<u>156,731</u>	<u>10,201</u>	<u>14,537</u>	<u>5,567</u>	<u>603</u>	<u>14,792</u>	<u>73,373</u>	<u>292</u>	<u>1,156,831</u>
Net increase (decrease)	534,531	148,815	18,852	5,210	8,215	200	27,798	377,958	759	1,122,338
Net position restricted for pension benefits										
Fiduciary net position - beginning	8,300,251	2,341,598	226,440	32,270	114,814	1,696	456,635	2,091,202	4,794	13,569,700
Fiduciary net position - ending	<u>\$ 8,834,782</u>	<u>\$ 2,490,413</u>	<u>\$ 245,292</u>	<u>\$ 37,480</u>	<u>\$ 123,029</u>	<u>\$ 1,896</u>	<u>\$ 484,433</u>	<u>\$ 2,469,160</u>	<u>\$ 5,553</u>	<u>\$ 14,692,038</u>

State of Rhode Island
Combining Statement of Fiduciary Net Position
Other Employee Benefit Trust Funds
June 30, 2025
(Expressed in Thousands)

	<u>State Employees</u>	<u>Teachers</u>	<u>Judges</u>	<u>State Police</u>	<u>Legislators</u>	<u>Board of Education</u>	<u>Totals</u>
Assets							
Cash and cash equivalents	\$ 4,819	\$ 230	\$ 1,056	\$ 972	\$ 354	\$ 672	\$ 8,102
Receivables							
Contributions	2,009	27	6	367	30	194	2,634
Investments, at fair value							
Equity in pooled trusts	519,612	17,030	6,586	119,291	3,898	87,823	754,240
Total assets	<u>526,440</u>	<u>17,288</u>	<u>7,648</u>	<u>120,630</u>	<u>4,282</u>	<u>88,688</u>	<u>764,976</u>
Liabilities							
Accounts payable	493	21	7	70	51	52	694
Incurred but not reported claims	718	85	4	181	55	110	1,154
Due to other funds	420	14	4	97	2	71	608
Other	10,113	—	—	—	—	—	10,113
Total liabilities	<u>11,743</u>	<u>120</u>	<u>15</u>	<u>348</u>	<u>109</u>	<u>234</u>	<u>12,569</u>
Fiduciary net position restricted for other postemployment benefits	<u>\$ 514,696</u>	<u>\$ 17,168</u>	<u>\$ 7,633</u>	<u>\$ 120,282</u>	<u>\$ 4,173</u>	<u>\$ 88,455</u>	<u>\$ 752,407</u>

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education	Totals
Additions							
Contributions							
Member contributions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,881	\$ 1,881
Employer contributions	36,644	—	—	4,380	—	2,637	43,661
	<u>36,644</u>	<u>—</u>	<u>—</u>	<u>4,380</u>	<u>—</u>	<u>4,518</u>	<u>45,542</u>
Other income	<u>1,140</u>	<u>97</u>	<u>29</u>	<u>576</u>	<u>104</u>	<u>25</u>	<u>1,971</u>
Investment income							
Change in fair value	49,728	1,672	636	11,436	409	8,434	72,315
Interest	3,807	127	66	849	38	624	5,511
	<u>53,535</u>	<u>1,799</u>	<u>702</u>	<u>12,285</u>	<u>447</u>	<u>9,058</u>	<u>77,826</u>
Investment Expense	(1,511)	(50)	(19)	(349)	(12)	(257)	(2,198)
Net investment income	<u>52,024</u>	<u>1,749</u>	<u>683</u>	<u>11,936</u>	<u>435</u>	<u>8,802</u>	<u>75,628</u>
Total additions	<u>89,809</u>	<u>1,845</u>	<u>711</u>	<u>16,892</u>	<u>539</u>	<u>13,345</u>	<u>123,141</u>
Deductions							
OPEB benefits	26,820	795	(58)	2,978	619	3,267	34,421
Administrative expense	77	1	1	17	—	12	108
	<u>26,897</u>	<u>796</u>	<u>(57)</u>	<u>2,995</u>	<u>619</u>	<u>3,279</u>	<u>34,529</u>
Total deductions	<u>26,897</u>	<u>796</u>	<u>(57)</u>	<u>2,995</u>	<u>619</u>	<u>3,279</u>	<u>34,529</u>
Net increase (decrease)	<u>62,912</u>	<u>1,049</u>	<u>768</u>	<u>13,897</u>	<u>(80)</u>	<u>10,066</u>	<u>88,612</u>
Net position restricted for other postemployment benefits							
Fiduciary net position - beginning	451,784	16,119	6,865	106,385	4,253	78,389	663,795
Fiduciary net position - ending	<u>\$ 514,696</u>	<u>\$ 17,168</u>	<u>\$ 7,633</u>	<u>\$ 120,282</u>	<u>\$ 4,173</u>	<u>\$ 88,455</u>	<u>\$ 752,407</u>

State of Rhode Island
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2025
(Expressed in Thousands)

	Tuition Savings Program (RIHEST)	Touro Jewish Synagogue	ABLE Trust	Health Source RI Trust	Totals
Assets					
Cash and cash equivalents	\$ 4,508	\$ —	\$ —	\$ 3,151	\$ 7,659
Program investments sold	1,107	—	—	—	1,107
Total receivables	1,107	—	—	—	1,107
Investments, at fair value	4,029,884	4,692	7,568	—	4,042,144
Total assets	4,035,499	4,692	7,568	3,151	4,050,910
Liabilities					
Accounts payable	8,610	—	2	3,151	11,763
Total liabilities	8,610	—	2	3,151	11,763
Net position					
Tuition savings program	4,026,889	—	—	—	4,026,889
Other	—	4,692	7,566	—	12,258
Total net position	\$ 4,026,889	\$ 4,692	\$ 7,566	\$ —	\$ 4,039,147

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Tuition Savings Program (RIHEST)	Touro Jewish Synagogue	ABLE Trust	Health Source RI Trust	Totals
Additions					
From program participants	\$ 222,043	\$ —	\$ 2,596	\$ 121,637	\$ 346,276
Interest and investment income					
Change in fair value	184,203	218	500	—	184,921
Dividends and interest	165,435	79	—	—	165,514
Other investment	—	166	—	—	166
Total additions	<u>571,681</u>	<u>463</u>	<u>3,096</u>	<u>121,637</u>	<u>696,877</u>
Deductions					
Program participant redemptions	624,730	—	1,212	121,637	747,579
Administrative expense	13,734	—	—	—	13,734
Total deductions	<u>638,464</u>	<u>—</u>	<u>1,212</u>	<u>121,637</u>	<u>761,313</u>
Change in net position restricted for:					
Tuitions savings program	(66,783)	—	—	—	(66,783)
Other	—	463	1,884	—	2,347
Net position - beginning	4,093,672	4,229	5,682	—	4,103,583
Net position - ending	<u>\$ 4,026,889</u>	<u>\$ 4,692</u>	<u>\$ 7,566</u>	<u>\$ —</u>	<u>\$ 4,039,147</u>

Custodial Funds

Custodial Funds – used to report resources held by the State in a purely custodial capacity.

Confiscated Property – accounts for confiscation of assets or property derived from suspected criminal activity.

Statutory Deposits – accounts for deposits required from financial institutions, principally insurance companies, doing business within the State.

Funds Held for Hospital Patients – accounts for funds deposited to benefit those patients in State care.

Funds Held for Developmentally Disabled Individuals – accounts for funds deposited to benefit those individuals in State care.

Workers' Compensation Insurance Bond Deposits – accounts for bonds the State requires to be posted prior to the dissolution of a business by employers that are self insured for workers' compensation insurance.

Inmate Accounts – accounts for inmate wages earned and deposits made by others for the benefit of specific inmates.

Unclaimed Property – accounts for funds abandoned or unclaimed by rightful owner for a specific period of time.

State of Rhode Island
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2025
(Expressed in Thousands)

	<u>Confiscated Property</u>	<u>Statutory Deposits</u>	<u>Funds Held for Hospital Patients</u>	<u>Funds Held for Developmentally Disabled Individuals</u>	<u>Workers' Compensation Insurance Bond Deposits</u>	<u>Inmate Accounts</u>	<u>Unclaimed Property</u>	<u>CharterCARE Bankruptcy</u>	<u>Total</u>
Assets:									
Current assets:									
Cash and cash equivalents	\$ 3,558	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,558
Deposits held for others	—	53,005	—	—	—	—	—	—	53,005
Other	—	—	337	412	2,298	3,219	23,749	50,984	80,999
Miscellaneous	—	—	—	—	—	—	—	—	—
Total current assets	<u>3,558</u>	<u>53,005</u>	<u>337</u>	<u>412</u>	<u>2,298</u>	<u>3,219</u>	<u>23,749</u>	<u>50,984</u>	<u>137,562</u>
Total assets	<u>3,558</u>	<u>53,005</u>	<u>337</u>	<u>412</u>	<u>2,298</u>	<u>3,219</u>	<u>23,749</u>	<u>50,984</u>	<u>137,562</u>
Liabilities:									
Current liabilities:									
Unclaimed property claims	—	—	—	—	—	—	1,768	—	1,768
Due to inmates and beneficiaries	—	—	—	—	—	675	—	—	675
Total current liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>675</u>	<u>1,768</u>	<u>—</u>	<u>2,443</u>
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>675</u>	<u>1,768</u>	<u>—</u>	<u>2,443</u>
Net position:									
Restricted	<u>3,558</u>	<u>53,005</u>	<u>337</u>	<u>412</u>	<u>2,298</u>	<u>2,544</u>	<u>21,981</u>	<u>50,984</u>	<u>135,119</u>
Total net position	<u>\$ 3,558</u>	<u>\$ 53,005</u>	<u>\$ 337</u>	<u>\$ 412</u>	<u>\$ 2,298</u>	<u>\$ 2,544</u>	<u>\$ 21,981</u>	<u>\$ 50,984</u>	<u>\$ 135,119</u>

State of Rhode Island
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Confiscated Property</u>	<u>Statutory Deposits</u>	<u>Funds Held for Hospital Patients</u>	<u>Funds Held for Developmentally Disabled Individuals</u>	<u>Workers' Compensation Insurance Bond Deposits</u>	<u>Inmate Accounts</u>	<u>Unclaimed Property</u>	<u>CharterCARE Bankruptcy</u>	<u>Total</u>
Additions:									
Confiscated assets	\$ 1,234	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,234
Statutory deposits	—	6,407	—	—	—	—	—	—	6,407
Deposits for patients, clients and inmates	—	—	683	1,267	—	7,101	—	—	9,051
Bankruptcy Deposit	—	—	—	—	—	—	—	50,459	50,459
Unclaimed property	—	—	—	—	—	—	58,271	—	58,271
Interest and investment income	—	1,485	—	—	130	—	—	525	2,140
Change in fair value	—	1,179	—	—	—	—	—	—	1,179
Total additions	<u>1,234</u>	<u>9,071</u>	<u>683</u>	<u>1,267</u>	<u>130</u>	<u>7,101</u>	<u>58,271</u>	<u>50,984</u>	<u>128,741</u>
Deductions:									
Payments of confiscated assets	1,199	—	—	—	—	—	—	—	1,199
Return of statutory deposits	—	4,185	—	—	—	—	—	—	4,185
Payments made on behalf of individuals in State care	—	—	598	1,307	—	7,209	—	—	9,114
Transfer of unclaimed funds to the General Fund	—	—	—	—	—	—	31,003	—	31,003
Return of unclaimed property	—	—	—	—	—	—	17,649	—	17,649
Total deductions	<u>1,199</u>	<u>4,185</u>	<u>598</u>	<u>1,307</u>	<u>—</u>	<u>7,209</u>	<u>48,652</u>	<u>—</u>	<u>63,150</u>
Change in restricted net position	35	4,886	85	(40)	130	(108)	9,619	50,984	65,591
Restricted net position-beginning	<u>3,523</u>	<u>48,119</u>	<u>252</u>	<u>452</u>	<u>2,168</u>	<u>2,652</u>	<u>12,362</u>	<u>—</u>	<u>69,528</u>
Restricted net position-ending	<u>\$ 3,558</u>	<u>\$ 53,005</u>	<u>\$ 337</u>	<u>\$ 412</u>	<u>\$ 2,298</u>	<u>\$ 2,544</u>	<u>\$ 21,981</u>	<u>\$ 50,984</u>	<u>\$ 135,119</u>

State of Rhode Island
Combining Statement of Net Position
Non-major Component Units
June 30, 2025
(Expressed in Thousands)

	<u>DHEA</u>	<u>RIHMFC</u>	<u>RIIFC</u>	<u>RIIRBA</u>	<u>RIRRC</u>
Assets and deferred outflows of resources					
Current assets:					
Cash and cash equivalents	\$ 230	\$ 11,876	\$ 93	\$ 8	\$ 56,239
Investments	—	—	—	—	—
Receivables (net)	—	10,277	—	10	4,506
Lease receivables	—	—	—	—	43
Restricted assets:					
Cash and cash equivalents	—	453,654	—	—	—
Investments	—	36,441	—	—	30,565
Receivables (net)	—	—	—	—	—
Other assets	—	134,419	—	—	1,454
Due from primary government	901	—	—	409	—
Due from other governments	—	394	—	—	—
Due from other component units	—	—	502	23	—
Inventories	—	—	—	—	4,678
Other assets	—	12,605	6	11	932
Total current assets	<u>1,131</u>	<u>659,666</u>	<u>601</u>	<u>461</u>	<u>98,417</u>
Non-current assets:					
Investments	—	—	—	—	—
Receivables (net)	—	7,401	—	—	—
Lease receivables	—	—	—	—	1,091
Restricted assets:					
Cash and cash equivalents	—	—	—	—	—
Investments	—	1,910,144	—	—	152,720
Receivables (net)	—	—	—	—	—
Other assets	—	1,330,811	—	—	609
Net pension asset	—	—	—	—	—
Capital assets - non-depreciable	—	—	—	—	19,386
Capital assets - depreciable (net)	—	—	—	—	81,613
Due from other component units	—	—	—	—	—
Other assets	—	109,302	—	—	—
Total non-current assets	<u>—</u>	<u>3,357,658</u>	<u>—</u>	<u>—</u>	<u>255,419</u>
Total assets	<u>1,131</u>	<u>4,017,324</u>	<u>601</u>	<u>461</u>	<u>353,836</u>
Deferred outflows of resources	<u>24</u>	<u>1,882</u>	<u>—</u>	<u>—</u>	<u>56</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Non-major Component Units
June 30, 2025
(Expressed in Thousands)

	<u>DHEA</u>	<u>RIHMFC</u>	<u>RIIFC</u>	<u>RIIRBA</u>	<u>RIRRC</u>
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	425	5,264	—	—	8,233
Notes payable	—	69,191	—	—	250
Loans payable	—	—	—	—	—
Due to primary government	—	—	—	—	—
Due to other component units	—	—	350	502	—
Due to other governments	—	—	—	—	—
Accrued expenses	—	—	—	—	—
Unearned revenue	—	—	3	—	—
Other current liabilities	—	353,927	20	106	1,005
Lease liability	—	—	—	—	—
Subscription-based IT liability	—	—	—	—	—
Compensated absences	—	—	—	—	—
Current portion of long-term debt	—	65,290	—	—	—
Total current liabilities	<u>425</u>	<u>493,672</u>	<u>373</u>	<u>608</u>	<u>9,488</u>
Non-current liabilities:					
Due to primary government	—	—	—	—	—
Unearned revenue	—	—	7	—	—
Notes payable	—	313,312	—	—	643
Loans payable	—	—	—	—	—
Net pension liability	—	—	—	—	—
Net OPEB liability	—	8,785	—	—	467
Other liabilities	—	320,434	—	385	141,451
Lease liability	—	—	—	—	—
Subscription-based IT liability	—	—	—	—	—
Compensated absences	—	2,485	—	—	—
Bonds payable	—	2,491,110	—	—	—
Total non-current liabilities	<u>—</u>	<u>3,136,126</u>	<u>7</u>	<u>385</u>	<u>142,561</u>
Total liabilities	<u>425</u>	<u>3,629,798</u>	<u>380</u>	<u>993</u>	<u>152,049</u>
Deferred inflows of resources	<u>352</u>	<u>4,092</u>	<u>—</u>	<u>—</u>	<u>1,260</u>
Net position (deficit)					
Net investment in capital assets	—	8,414	—	—	100,105
Restricted for:					
Debt	—	240,878	—	—	—
Infrastructure Bank loan programs	—	—	—	—	—
Other	—	1,239	—	—	10,265
Net Pension Asset	—	—	—	—	—
Net OPEB Asset	—	—	—	—	—
Nonexpendable	—	—	—	—	—
Unrestricted	378	134,785	221	(532)	90,213
Net position (deficit)	<u>\$ 378</u>	<u>\$ 385,316</u>	<u>\$ 221</u>	<u>\$ (532)</u>	<u>\$ 200,583</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Non-major Component Units
June 30, 2025
(Expressed in Thousands)

	<u>QDC</u>	<u>RIIB</u>	<u>RIHEBC</u>	<u>RILSH</u>
Assets and deferred outflows of resources				
Current assets:				
Cash and cash equivalents	\$ 855	\$ 8,768	\$ 10,921	\$ 11,869
Investments	—	—	—	—
Receivables (net)	1,733	12,156	217	—
Lease receivables	—	—	—	—
Restricted assets:				
Cash and cash equivalents	31,747	527,239	287	—
Investments	—	9,026	—	—
Receivables (net)	—	96,380	—	—
Other assets	—	217	—	16
Due from primary government	—	10,000	—	—
Due from other governments	—	—	—	—
Due from other component units	—	—	—	—
Inventories	—	—	—	—
Other assets	10,899	—	104	—
Total current assets	<u>45,234</u>	<u>663,786</u>	<u>11,529</u>	<u>11,885</u>
Non-current assets:				
Investments	—	—	—	—
Receivables (net)	—	13,046	714	—
Lease receivables	—	—	—	—
Restricted assets:				
Cash and cash equivalents	78	—	—	—
Investments	—	—	—	—
Receivables (net)	—	1,279,259	—	—
Other assets	—	—	—	—
Net pension asset	—	—	—	—
Capital assets - non-depreciable	217,470	—	—	—
Capital assets - depreciable (net)	306,688	1,790	128	54
Due from other component units	—	—	—	—
Other assets	217,511	—	—	—
Total non-current assets	<u>741,747</u>	<u>1,294,095</u>	<u>842</u>	<u>54</u>
Total assets	<u>786,981</u>	<u>1,957,881</u>	<u>12,371</u>	<u>11,939</u>
Deferred outflows of resources				
	<u>—</u>	<u>3,078</u>	<u>—</u>	<u>—</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Non-major Component Units
June 30, 2025
(Expressed in Thousands)

	<u>QDC</u>	<u>RIIB</u>	<u>RIHEBC</u>	<u>RILSH</u>
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable	\$ 8,956	\$ 493	\$ —	\$ 186
Notes payable	—	—	—	—
Loans payable	987	—	—	—
Due to primary government	—	—	87	—
Due to other component units	488	—	—	—
Accrued expenses	2,902	—	68	—
Unearned revenue	3,976	—	—	—
Other current liabilities	110	195,764	994	—
Lease liability	2,020	158	105	—
Subscription-based IT liability	—	—	—	—
Compensated absences	348	—	—	19
Current portion of long-term debt	785	52,147	—	—
Total current liabilities	<u>20,572</u>	<u>248,562</u>	<u>1,254</u>	<u>205</u>
Non-current liabilities:				
Due to primary government	—	—	—	—
Unearned revenue	137	—	—	—
Notes payable	—	—	—	—
Loans payable	18,663	—	—	—
Net pension liability	—	—	—	—
Net OPEB liability	—	—	—	—
Other liabilities	237	799	—	—
Lease liability	87,314	1,584	—	—
Subscription-based IT liability	—	—	—	—
Compensated absences	—	—	—	—
Bonds payable	12,429	587,807	—	—
Total non-current liabilities	<u>118,780</u>	<u>590,190</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>139,352</u>	<u>838,752</u>	<u>1,254</u>	<u>205</u>
Deferred inflows of resources	<u>218,517</u>	<u>1,030</u>	<u>—</u>	<u>—</u>
Net position (deficit)				
Net investment in capital assets	395,715	47	22	54
Restricted for:				
Debt	—	—	—	—
Infrastructure Bank loan programs	—	1,087,845	—	—
Other	31,162	—	287	11,680
Net Pension Asset	—	—	—	—
Net OPEB Asset	—	—	—	—
Nonexpendable	—	—	—	—
Unrestricted	2,235	33,285	10,808	—
Net position (deficit)	<u>\$ 429,112</u>	<u>\$ 1,121,177</u>	<u>\$ 11,117</u>	<u>\$ 11,734</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Non-major Component Units
June 30, 2025
(Expressed in Thousands)

	<u>CFSD</u>	<u>The Met</u>	<u>Nowell</u>	<u>Totals</u>
Assets and deferred outflows of resources				
Current assets:				
Cash and cash equivalents	\$ 20,147	\$ 8,676	\$ 1,492	\$ 131,174
Investments	—	—	—	—
Receivables (net)	12	206	118	29,235
Lease receivables	—	—	—	43
Restricted assets:				
Cash and cash equivalents	—	—	—	1,012,927
Investments	—	—	—	76,032
Receivables (net)	—	—	—	96,380
Other assets	—	—	—	136,106
Due from primary government	2,742	1,125	104	15,281
Due from other governments	—	—	—	394
Due from other component units	—	—	—	525
Inventories	—	—	—	4,678
Other assets	628	—	92	25,277
Total current assets	<u>23,529</u>	<u>10,007</u>	<u>1,806</u>	<u>1,528,052</u>
Non-current assets:				
Investments	—	—	—	—
Receivables (net)	—	—	—	21,161
Lease receivables	—	—	—	1,091
Restricted assets:				
Cash and cash equivalents	—	—	—	78
Investments	—	—	—	2,062,864
Receivables (net)	—	—	—	1,279,259
Other assets	—	—	—	1,331,420
Net pension asset	9,493	—	603	10,096
Capital assets - non-depreciable	—	364	—	237,220
Capital assets - depreciable (net)	21,378	334	2,107	414,092
Due from other component units	—	—	—	—
Other assets	—	—	—	326,813
Total non-current assets	<u>30,871</u>	<u>698</u>	<u>2,710</u>	<u>5,684,094</u>
Total assets	<u>54,400</u>	<u>10,705</u>	<u>4,516</u>	<u>7,212,146</u>
Deferred outflows of resources	<u>8,326</u>	<u>—</u>	<u>995</u>	<u>14,361</u>

(Continued)

State of Rhode Island
Combining Statement of Net Position
Non-major Component Units
June 30, 2025
(Expressed in Thousands)

	<u>CFSD</u>	<u>The Met</u>	<u>Nowell</u>	<u>Totals</u>
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable	\$ 4,138	\$ 2,468	\$ 85	\$ 30,248
Notes payable	—	—	—	69,441
Loans payable	—	—	78	1,065
Due to primary government	—	—	—	87
Due to other component units	—	—	—	1,340
Accrued expenses	—	—	—	2,970
Unearned revenue	—	—	162	4,141
Other current liabilities	53	—	—	551,979
Lease liability	—	—	316	2,599
Subscription-based IT liability	—	—	—	—
Compensated absences	20	—	—	387
Current portion of long-term debt	—	—	—	118,222
Total current liabilities	<u>4,211</u>	<u>2,468</u>	<u>641</u>	<u>782,479</u>
Non-current liabilities:				
Due to primary government	—	—	—	—
Unearned revenue	—	—	—	144
Notes payable	—	—	—	313,955
Loans payable	—	—	187	18,850
Obligations under leases	—	—	—	—
Net pension liability	27,299	—	1,866	29,165
Net OPEB liability	9,458	—	—	18,710
Other liabilities	—	—	—	463,306
Lease liability	—	—	1,450	90,348
Subscription-based IT liability	—	—	—	—
Compensated absences	2,156	—	—	4,641
Bonds payable	—	—	—	3,091,346
Total non-current liabilities	<u>38,913</u>	<u>—</u>	<u>3,503</u>	<u>4,030,465</u>
Total liabilities	<u>43,124</u>	<u>2,468</u>	<u>4,144</u>	<u>4,812,944</u>
Deferred inflows of resources	<u>11,283</u>	<u>—</u>	<u>662</u>	<u>237,196</u>
Net position (deficit)				
Net investment in capital assets	21,378	698	76	526,509
Restricted for:				
Debt	—	—	—	240,878
Infrastructure Bank loan programs	—	—	—	1,087,845
Other	26,185	2,075	—	82,893
Net Pension Asset	—	—	603	603
Net OPEB Asset	—	—	—	—
Nonexpendable	—	—	—	—
Unrestricted	(39,244)	5,464	26	237,639
Net position (deficit)	<u>\$ 8,319</u>	<u>\$ 8,237</u>	<u>\$ 705</u>	<u>\$ 2,176,367</u>

(Concluded)

State of Rhode Island
Combining Statement of Activities
Non-major Component Units
For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>DHEA</u>	<u>RIHMFC</u>	<u>RIIFC</u>	<u>RIIRBA</u>	<u>RIIRC</u>	<u>QDC</u>	<u>RIIB</u>	<u>RIHEBC</u>	<u>RILSH</u>	<u>CFSD</u>	<u>The Met</u>	<u>Nowell</u>	<u>Totals</u>
Expenses	\$ 3,405	\$ 269,620	\$ 54	\$ 92	\$ 63,895	\$ 32,561	\$ 33,989	\$ 2,487	\$ 8,518	\$ 68,650	\$ 22,421	\$ 4,881	\$ 510,573
Program revenues:													
Charges for services	—	197,812	28	89	58,927	31,902	6,403	3,088	—	3,806	5,436	866	308,357
Operating grants and contributions	—	100,764	—	—	—	—	489	—	18,808	64,693	14,758	3,874	203,386
Capital grants and contributions	—	—	—	—	—	56,220	75,560	—	80	3,053	—	—	134,913
Total program revenues	<u>—</u>	<u>298,576</u>	<u>28</u>	<u>89</u>	<u>58,927</u>	<u>88,122</u>	<u>82,452</u>	<u>3,088</u>	<u>18,888</u>	<u>71,552</u>	<u>20,194</u>	<u>4,740</u>	<u>646,656</u>
Net (expenses) revenues	(3,405)	28,956	(26)	(3)	(4,968)	55,561	48,463	601	10,370	2,902	(2,227)	(141)	136,083
General revenues:													
Interest and investment earnings (losses)	14	30,067	—	—	12,343	(443)	46,912	413	24	—	375	—	89,705
Miscellaneous revenues	3,719	—	—	315	(1)	(2,443)	—	(253)	—	816	50	39	2,242
Gain (loss) on sale of capital assets	—	—	—	—	—	39	—	—	—	—	—	—	39
Total general revenues	<u>3,733</u>	<u>30,067</u>	<u>—</u>	<u>315</u>	<u>12,342</u>	<u>(2,847)</u>	<u>46,912</u>	<u>160</u>	<u>24</u>	<u>816</u>	<u>425</u>	<u>39</u>	<u>91,986</u>
Change in net position	328	59,023	(26)	312	7,374	52,714	95,375	761	10,394	3,718	(1,802)	(102)	228,069
Net position (deficit) - beginning as restated	<u>50</u>	<u>326,293</u>	<u>247</u>	<u>(844)</u>	<u>193,209</u>	<u>376,398</u>	<u>1,025,802</u>	<u>10,356</u>	<u>1,340</u>	<u>4,601</u>	<u>10,039</u>	<u>807</u>	<u>1,948,298</u>
Net position - ending	<u>\$ 378</u>	<u>\$ 385,316</u>	<u>\$ 221</u>	<u>\$ (532)</u>	<u>\$ 200,583</u>	<u>\$ 429,112</u>	<u>\$1,121,177</u>	<u>\$ 11,117</u>	<u>\$ 11,734</u>	<u>\$ 8,319</u>	<u>\$ 8,237</u>	<u>\$ 705</u>	<u>\$2,176,367</u>

Statistical Section



State of Rhode Island
Annual Comprehensive Financial Report
Fiscal Year ended June 30, 2025

2025

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.

	Page
Financial Trends Information	305
These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	
Revenue Capacity Information	312
These schedules contain information to help the reader assess the State's most significant taxes, income and sales.	
Debt Capacity Information	318
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	
Demographic and Economic Information	320
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	
Operating Information	323
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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities (*)										
Net investment in capital assets	\$ 5,635,681	\$ 5,057,342	\$ 4,771,719	\$ 4,315,804	\$ 4,049,759	\$ 3,845,461	\$ 3,554,559	\$ 3,356,040	\$ 3,212,380	\$ 3,063,506
Restricted	1,644,537	1,860,153	1,859,053	1,461,030	709,429	460,163	850,784	584,682	920,232	733,280
Unrestricted	(3,974,312)	(3,790,084)	(4,096,870)	(4,493,469)	(4,595,435)	(4,929,281)	(5,124,876)	(4,702,373)	(5,035,275)	(4,333,487)
Total governmental activities net position (deficit)	\$ 3,305,906	\$ 3,127,411	\$ 2,533,902	\$ 1,283,365	\$ 163,753	\$ (623,657)	\$ (719,533)	\$ (761,651)	\$ (902,663)	\$ (536,701)
Business-type activities										
Net investment in capital assets	\$ 50,660	\$ 29,674	\$ 2,612	\$ (27,576)	\$ (29,662)	\$ (31,295)	\$ (42,225)	\$ (50,807)	\$ (53,682)	\$ (57,493)
Restricted	682,779	614,174	544,732	345,148	231,685	366,561	561,601	471,070	384,198	283,901
Unrestricted	(11,495)	(13,309)	(13,814)	(17,094)	(22,886)	(28,309)	(27,981)	(26,437)	(23,285)	(19,970)
Total business-type activities net position (deficit)	\$ 721,944	\$ 630,539	\$ 533,530	\$ 300,478	\$ 179,137	\$ 306,957	\$ 491,395	\$ 393,826	\$ 307,231	\$ 206,438
Primary government										
Net investment in capital assets	\$ 5,686,341	\$ 5,087,016	\$ 4,774,331	\$ 4,288,228	\$ 4,020,097	\$ 3,814,166	\$ 3,512,334	\$ 3,305,233	\$ 3,158,698	\$ 3,006,013
Restricted	2,327,317	2,474,327	2,403,785	1,806,178	941,114	826,724	1,412,385	1,055,752	1,304,430	1,017,181
Unrestricted	(3,985,808)	(3,803,393)	(4,110,684)	(4,510,563)	(4,618,321)	(4,957,590)	(5,152,857)	(4,728,810)	(5,058,560)	(4,353,457)
Total primary government net position (deficit)	\$ 4,027,850	\$ 3,757,950	\$ 3,067,432	\$ 1,583,843	\$ 342,890	\$ (316,700)	\$ (228,138)	\$ (367,825)	\$ (595,432)	\$ (330,263)

(*) 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
General government	\$ 1,575,736	\$ 1,369,932	\$ 1,502,761	\$ 1,546,983	\$ 1,399,797	\$ 914,244	\$ 843,756	\$ 751,362	\$ 753,011	\$ 769,469
Health and human services	6,014,759	5,648,268	5,343,135	5,436,751	4,959,473	4,361,236	4,063,865	3,965,185	3,802,311	3,652,875
Education	2,453,387	2,396,887	2,246,321	1,977,247	1,929,835	1,802,009	1,803,273	1,708,408	1,619,343	1,595,289
Public safety	743,424	668,253	644,170	627,380	610,263	586,841	580,367	433,815	551,000	545,329
Natural resources	130,904	116,723	141,230	125,582	96,158	103,506	103,477	97,253	90,082	87,537
Transportation	554,086	459,964	395,122	400,677	375,266	365,022	426,522	403,365	350,585	343,270
Interest and other charges	105,442	103,462	84,676	96,490	98,595	102,687	99,971	92,231	109,664	83,899
Total governmental activities	11,577,738	10,763,489	10,357,415	10,211,110	9,469,387	8,235,545	7,921,231	7,451,619	7,275,996	7,077,668
Business-type activities:										
Lottery	1,046,475	1,215,120	1,062,933	1,040,555	773,867	600,854	680,356	521,594	510,302	507,199
Convention Center	54,164	52,789	54,366	47,523	33,499	46,544	51,698	52,684	50,658	48,905
Employment Security	229,339	205,701	154,740	451,040	2,058,867	1,424,693	148,430	149,227	155,672	157,018
Total business-type activities	1,329,978	1,473,610	1,272,039	1,539,118	2,866,233	2,072,091	880,484	723,505	716,632	713,122
Total primary government expenses	\$ 12,907,716	\$ 12,237,099	\$ 11,629,454	\$ 11,750,228	\$ 12,335,620	\$ 10,307,636	\$ 8,801,715	\$ 8,175,124	\$ 7,992,628	\$ 7,790,790
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 366,663	\$ 320,926	\$ 296,849	\$ 292,229	\$ 253,378	\$ 261,568	\$ 273,477	\$ 240,236	\$ 224,704	\$ 229,659
Health and human services	344,263	351,406	401,985	378,863	306,969	394,744	294,852	274,115	252,678	266,091
Education	66,971	62,664	55,374	47,930	40,478	34,724	45,262	34,357	32,250	29,749
Public safety	47,650	47,004	55,612	39,662	41,677	33,909	35,122	38,239	22,070	45,245
Natural resources	34,781	42,364	42,095	49,137	34,447	30,840	30,579	28,429	28,980	28,655
Transportation	28,249	27,449	33,271	63,309	58,163	41,701	34,663	25,929	23,857	25,354
Operating grants and contributions	4,600,439	4,562,473	5,104,997	4,822,534	4,697,836	3,159,368	2,817,912	2,784,544	2,747,631	2,677,431
Capital grants and contributions	558,309	399,490	416,903	335,376	282,976	288,421	295,979	207,673	230,956	178,628
Total governmental activities program revenues	6,047,325	5,813,776	6,407,086	6,029,040	5,715,924	4,245,275	3,827,846	3,633,522	3,563,126	3,480,812
Business-type activities:										
Charges for services	1,792,348	1,933,247	1,774,834	1,700,596	1,305,481	1,113,028	1,332,911	1,142,564	1,151,505	1,177,083
Operating grants and contributions	1,662	1,455	19	311,317	1,693,345	1,010,408	1,278	1,259	1,373	1,558
Total business-type activities program revenues	1,794,010	1,934,702	1,774,853	2,011,913	2,998,826	2,123,436	1,334,189	1,143,823	1,152,878	1,178,641
Total primary government program revenues	\$ 7,841,335	\$ 7,748,478	\$ 8,181,939	\$ 8,040,953	\$ 8,714,750	\$ 6,368,711	\$ 5,162,035	\$ 4,777,345	\$ 4,716,004	\$ 4,659,453

(Continued)

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expenses)/revenues										
Governmental activities	\$ (5,530,413)	\$ (4,949,713)	\$ (3,950,329)	\$ (4,182,070)	\$ (3,753,463)	\$ (3,990,270)	\$ (4,093,385)	\$ (3,818,097)	\$ (3,712,870)	\$ (3,596,856)
Business-type activities	464,032	461,092	502,814	472,795	132,593	51,345	453,705	420,318	436,246	465,519
Total primary government net expenses	\$ (5,066,381)	\$ (4,488,621)	\$ (3,447,515)	\$ (3,709,275)	\$ (3,620,870)	\$ (3,938,925)	\$ (3,639,680)	\$ (3,397,779)	\$ (3,276,624)	\$ (3,131,337)
General revenue and other changes in net position										
Governmental activities:										
Taxes	\$ 5,097,852	\$ 4,874,324	\$ 4,700,350	\$ 4,813,492	\$ 4,143,930	\$ 3,693,329	\$ 3,609,427	\$ 3,474,545	\$ 3,308,575	\$ 3,266,347
Interest and investment earnings	138,068	165,103	113,869	6,026	3,110	12,884	19,028	10,548	6,313	3,134
Miscellaneous	111,039	118,866	102,907	120,875	109,667	142,310	101,495	124,370	146,205	90,836
Gain on sale of capital assets	156	—	—	1,439	8,326	—	—	—	598	4,693
Transfers	401,137	384,929	283,740	359,850	275,840	251,466	368,236	343,273	338,978	335,765
Total governmental activities	5,748,252	5,543,222	5,200,866	5,301,682	4,540,873	4,099,989	4,098,186	3,952,736	3,800,669	3,700,775
Business-type activities:										
Interest and investment earnings	5,499	5,535	3,592	350	156	764	639	604	312	164
Miscellaneous	23,011	15,311	10,386	8,046	15,271	14,148	11,461	8,946	6,814	4,106
Transfers	(401,137)	(384,929)	(283,740)	(359,850)	(275,840)	(251,466)	(368,236)	(343,273)	(338,978)	(335,765)
Total business-type activities	(372,627)	(364,083)	(269,762)	(351,454)	(260,413)	(236,554)	(356,136)	(333,723)	(331,852)	(331,495)
Total primary government	5,375,625	5,179,139	4,931,104	4,950,228	4,280,460	3,863,435	3,742,050	3,619,013	3,468,817	3,369,280
Changes in net position										
Governmental activities	217,839	593,509	1,250,537	1,119,612	787,410	109,719	4,801	134,639	87,799	103,919
Business-type activities	91,405	97,009	233,052	121,341	(127,820)	(185,209)	97,569	86,595	104,394	134,024
Total primary government	\$ 309,244	\$ 690,518	\$ 1,483,589	\$ 1,240,953	\$ 659,590	\$ (75,490)	\$ 102,370	\$ 221,234	\$ 192,193	\$ 237,943

(Continued)

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net position (deficit), beginning of year as restated										
Governmental activities	\$ 3,127,411	\$ 2,533,902	\$ 1,283,365	\$ 163,753	\$ (623,657)	\$ (719,533)	\$ (761,651)	\$ (902,663)	\$ (536,701)	\$ (604,633)
Business-type activities	630,539	533,530	300,478	179,137	306,957	491,395	393,826	307,231	206,438	72,414
Total primary government	<u>3,757,950</u>	<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>
Effect of restatement in subsequent period										
Governmental activities	(39,344)	—	—	—	—	(13,843)	37,317	6,373	(453,761)	(35,987)
Business-type activities	—	—	—	—	—	771	—	—	(3,601)	—
Total primary government	<u>(39,344)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13,072)</u>	<u>37,317</u>	<u>6,373</u>	<u>(457,362)</u>	<u>(35,987)</u>
Net position (deficit), June 30 as restated										
Governmental activities	3,305,906	3,127,411	2,533,902	1,283,365	163,753	(623,657)	(719,533)	(761,651)	(902,663)	(536,701)
Business-type activities	721,944	630,539	533,530	300,478	179,137	306,957	491,395	393,826	307,231	206,438
Total primary government	<u>\$ 4,027,850</u>	<u>\$ 3,757,950</u>	<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>

(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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 181,505	\$ 164,678	\$ 194,629	\$ 1,323	\$ 1,538	\$ 7,918	\$ 1,558	\$ 1,626	\$ —	\$ —
Restricted	409,550	386,773	435,780	461,970	276,172	141,229	119,677	97,185	117,668	133,193
Unrestricted										
Committed	19,106	41,188	20,381	11,790	8,135	6,791	5,206	3,210	2,556	3,975
Assigned	274,024	317,639	415,828	31,720	291,985	6,851	37,255	42,385	67,931	128,422
Unassigned	192,342	251,183	126,573	476,914	319,425	225,138	207,336	218,136	201,818	235,096
Total General Fund (as restated)	<u>1,076,527</u>	<u>1,161,461</u>	<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>
All Other Governmental Funds										
Nonspendable	174	174	174	174	174	174	174	174	174	174
Restricted	1,819,704	1,970,497	1,856,138	1,477,675	928,708	843,088	794,052	862,804	916,016	614,687
Unrestricted										
Committed	190,117	167,402	128,021	100,329	42,268	51,116	87,111	76,782	63,673	39,175
Assigned	1,229	1,126	1,085	658	579	—	—	—	—	—
Unassigned	(60)	(97)	(76)	—	—	(588)	(694)	(1,130)	(1,518)	(1,519)
Total All Other Governmental Funds	<u>2,011,164</u>	<u>2,139,102</u>	<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>
Total - All Governmental Funds										
Nonspendable	181,679	164,852	194,803	1,497	1,712	8,092	1,732	1,800	174	174
Restricted	2,229,254	2,357,270	2,291,918	1,939,645	1,204,880	984,317	913,729	959,989	1,033,684	747,880
Unrestricted										
Committed	209,223	208,590	148,402	112,119	50,403	57,907	92,317	79,992	66,229	43,150
Assigned	275,253	318,765	416,913	32,378	292,564	6,851	37,255	42,385	67,931	128,422
Unassigned	192,282	251,086	126,497	476,914	319,425	224,550	206,642	217,006	200,300	233,577
Total - All Governmental Funds	<u>\$ 3,087,691</u>	<u>\$ 3,300,563</u>	<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>

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	\$5,102,892	\$4,878,153	\$4,705,048	\$4,811,250	\$4,141,193	\$3,686,449	\$3,603,497	\$3,472,042	\$3,310,524	\$3,266,616
Licenses, fines, sales, and services	508,159	479,876	447,473	471,641	438,935	444,469	430,616	410,726	373,066	380,376
Departmental restricted revenue	389,321	393,853	328,966	399,460	305,523	354,123	283,896	231,624	218,618	244,754
Federal grants	5,142,527	4,960,664	5,519,846	5,161,730	4,975,872	3,449,540	3,113,925	2,986,155	2,966,335	2,865,006
Income from investments	135,646	172,192	113,085	5,987	3,073	12,633	18,554	9,783	6,138	3,017
Other revenues	115,587	121,656	107,383	125,438	114,495	148,874	96,519	130,381	137,832	100,356
Total operating revenues	\$11,394,132	\$11,006,394	\$11,221,801	\$10,975,506	\$9,979,091	\$8,096,088	\$7,547,007	\$7,240,711	\$7,012,513	\$6,860,125
Expenditures:										
Current:										
General government	\$1,377,428	\$1,295,498	\$1,481,402	\$1,460,351	\$1,338,320	\$ 800,221	\$ 745,574	\$ 707,953	\$ 749,616	\$ 764,066
Health and human services	6,041,606	5,691,998	5,352,501	5,446,643	4,925,442	4,325,361	4,034,359	3,928,845	3,831,633	3,694,123
Education	2,256,314	2,327,880	2,183,889	1,965,622	1,839,342	1,662,336	1,642,764	1,579,936	1,526,076	1,467,236
Public safety	748,964	712,176	701,231	653,607	587,243	578,721	577,168	555,393	534,495	504,217
Natural resources	126,800	103,586	125,842	112,029	85,374	83,703	81,986	80,820	77,680	78,307
Transportation	963,749	723,246	694,970	591,298	586,942	661,629	593,988	474,310	387,518	386,712
Capital outlays	532,238	302,831	243,489	223,474	131,900	248,444	267,151	203,687	194,955	185,361
Intergovernmental										
Debt service:										
Principal	250,918	268,707	239,957	231,682	205,453	202,571	179,561	153,974	141,378	103,310
Interest and other charges	115,346	115,644	110,282	112,701	118,958	114,774	114,596	112,311	125,060	99,802
Total operating expenditures	\$12,413,363	\$11,541,566	\$11,133,563	\$10,797,407	\$9,818,974	\$8,677,760	\$8,237,147	\$7,797,229	\$7,568,411	\$7,283,134
Excess (deficiency) of revenues over (under) expenditures	\$(1,019,231)	\$ (535,172)	\$ 88,238	\$ 178,099	\$ 160,117	\$ (581,672)	\$ (690,140)	\$ (556,518)	\$ (555,898)	\$ (423,009)

(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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other financing sources (uses):										
Issuance of bonds and notes	\$ 347,780	\$ 240,225	\$ 222,750	\$ 135,000	\$ 135,900	\$ 386,705	\$ 255,820	\$ 149,375	\$ 336,925	\$ 72,000
Proceeds from refunding	—	—	5,900	9,972	—	—	—	—	—	—
Issuance of refunding and other escrow assets	49,385	—	43,240	—	87,660	—	—	43,020	91,560	459,235
Leases	5,865	7,877	—	1,789	—	—	—	1,328	25,932	5,021
Subscription-based IT financing	18,070	9,147	1,283	—	—	—	—	—	—	—
Premium and accrued interest	34,926	15,024	14,548	8,859	16,755	69,413	16,588	14,893	87,513	73,516
Transfers in	841,753	915,607	1,032,165	1,196,391	516,796	513,359	627,562	593,815	577,435	572,569
Payment to advance refunded bonds	(50,804)	—	(43,719)	—	(89,005)	(82,028)	—	(60,111)	(109,895)	(532,780)
Transfers out	(440,616)	(530,678)	(748,425)	(836,541)	(240,956)	(261,893)	(259,326)	(257,510)	(238,457)	(236,804)
Total other financing sources (uses)	806,359	657,202	527,742	515,470	427,150	625,556	640,644	484,810	771,013	412,757
Net change in fund balances	(212,872)	122,030	615,980	693,569	587,267	43,884	(49,496)	(71,708)	215,115	(10,252)
Fund balance, beginning of year as restated	3,300,563	3,178,533	2,562,553	1,868,984	1,281,717	1,251,676	1,301,172	1,368,318	1,153,203	1,172,147
Effect of restatement in subsequent period	—	—	—	—	—	(13,843)	—	4,562	—	(8,692)
Fund balance, June 30 as restated	\$3,087,691	\$3,300,563	\$3,178,533	\$2,562,553	\$1,868,984	\$1,281,717	\$1,251,676	\$1,301,172	\$1,368,318	\$1,153,203
Total operating expenditures	\$12,413,363	\$11,541,566	\$11,133,563	\$10,797,407	\$9,818,974	\$8,677,760	\$8,237,147	\$7,797,229	\$7,568,411	\$7,283,134
(*) 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(*)	\$ 870,091	\$ 603,802	\$ 525,255	\$ 465,257	\$ 435,027	\$ 531,688	\$ 416,953	\$ 340,650	\$ 339,270	\$ 378,935
Total non-capital expenditures	\$11,543,272	\$10,937,764	\$10,608,308	\$10,332,150	\$9,383,947	\$8,146,072	\$7,820,194	\$7,456,579	\$7,229,141	\$6,904,199
Debt service as a percentage of non-capital expenditures	3.2 %	3.5 %	3.3 %	3.3 %	3.5 %	3.9 %	3.8 %	3.6 %	3.7 %	2.9 %

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

(Concluded)

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

Taxable Sales By Industry:	Calendar Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Grocery, Food Stores, Delis, Bakeries	\$ 1,909	\$ 1,799	\$ 1,632	\$ 1,340	\$ 1,333	\$ 1,225	\$ 1,258	\$ 1,203	\$ 1,265	\$ 1,194
Restaurants and Bars	3,928	3,748	3,573	3,025	2,380	2,930	2,814	2,773	2,594	2,472
Room Rentals - Motels, Hotels	1,231	1,153	1,130	695	405	681	647	619	592	652
Utilities - Telephone, Electric, Gas, Water	289	275	272	252	248	267	286	266	255	592
Total	\$ 7,357	\$ 6,975	\$ 6,607	\$ 5,312	\$ 4,366	\$ 5,103	\$ 5,005	\$ 4,861	\$ 4,706	\$ 4,910
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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Farm Earnings	\$ 57	\$ 38	\$ 48	\$ 34	\$ 26	\$ 20	\$ 20	\$ 26	\$ 17	\$ 25
Private Earnings										
Forestry, fishing and other	(D)	(D)	71	74	(D)	(D)	(D)	(D)	(D)	(D)
Mining	(D)	(D)	17	12	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	322	335	308	292	245	219	211	181	160	150
Construction	3,027	2,807	2,618	2,466	2,357	2,434	2,241	(D)	1,968	1,889
Manufacturing	3,805	3,747	3,608	3,438	3,243	3,231	3,177	3,136	3,052	3,097
Wholesale trade	2,058	1,946	1,941	1,770	1,647	1,688	1,674	1,665	1,610	1,633
Retail Trade	3,083	3,032	2,865	2,781	2,633	2,493	2,337	2,163	2,134	2,175
Transportation and warehousing	1,047	1,021	986	899	792	816	768	711	689	677
Information	809	716	699	677	587	596	579	571	760	817
Finance and insurance	3,733	3,752	3,693	3,458	3,503	3,298	3,208	3,326	2,972	2,879
Real estate and rental and leasing	1,894	1,795	1,739	1,399	1,030	846	717	621	650	621
Professional, scientific, and technical services	4,809	4,429	4,211	3,834	3,373	3,290	3,139	2,995	2,828	2,867
Management of companies and enterprises	1,690	1,841	2,083	2,098	1,876	1,744	1,942	1,952	1,903	1,801
Administrative and waste services	2,127	2,075	2,003	1,819	1,669	1,649	1,588	1,486	1,376	1,345
Educational services	2,045	1,938	1,834	1,701	1,617	1,631	1,550	1,460	1,417	1,426
Health care and social assistance	7,087	6,599	6,170	5,855	5,610	5,506	5,219	5,079	5,031	5,033
Arts, entertainment, and recreation	667	530	475	412	331	449	502	525	517	488
Accommodation and food services	2,192	2,157	1,998	1,892	1,344	1,680	1,509	1,415	1,353	1,269
Other services, except public administration	1,724	1,626	1,530	1,388	1,293	1,392	1,361	1,314	1,282	1,239
Government and government enterprises										
Federal/civilian	1,792	1,677	1,549	1,481	1,422	1,363	1,333	1,306	1,227	1,188
Military	830	740	698	666	597	591	552	596	562	475
State and local	5,491	5,314	5,083	4,894	4,727	4,695	4,600	4,404	4,309	4,213
Total personal income by industry ^(*)	\$ 50,387	\$ 47,954	\$ 46,111	\$ 43,385	\$ 40,047	\$ 39,716	\$ 38,317	\$ 37,081	\$ 35,909	\$ 35,390

(*) Total Personal Income by Industry may not sum due to inclusion of non-disclosed data in total amount.

Source: US Bureau of Economic Analysis

The data for previous years are revised as more complete and accurate data becomes available.

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Personal Income Tax (PIT) Revenue	\$ 1,972	\$ 1,819	\$ 1,814	\$ 1,986	\$ 1,616	\$ 1,406	\$ 1,397	\$ 1,345	\$ 1,244	\$ 1,217
Personal Income	80,339	76,769	72,755	69,153	67,758	62,646	58,760	55,996	53,392	52,106
PIT Revenue as a Percent of Personal Income	2.45 %	2.37 %	2.49 %	2.87 %	2.38 %	2.24 %	2.38 %	2.40 %	2.33 %	2.34 %

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.

The data for previous years are revised as more complete and accurate data becomes available.

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 2024

All Filing Status Types	Tax Rate	3.75 %	4.75 %	5.99 %
	Income Bracket	\$0 - \$77,450	\$77,450 - \$176,050	over \$176,050

Tax Year 2023

All Filing Status Types	Tax Rate	3.75 %	4.75 %	5.99 %
	Income Bracket	\$0 - \$73,450	\$73,450 - \$166,950	over \$166,950

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

Source: Department of Revenue - Division of Taxation

State of Rhode Island
Schedule of Resident Personal Income Tax Filers & Liability by AGI
Tax Years 2014 through 2023

Tax Year 2023

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	137,712	25.28 %	\$ 7,706,683	0.45 %
\$25,001 - \$50,000	121,644	22.32 %	76,389,001	4.49 %
\$50,001 - \$75,000	89,050	16.34 %	122,767,646	7.21 %
\$75,001 - \$100,000	58,260	10.69 %	122,872,239	7.22 %
\$100,001 - \$200,000	98,097	18.00 %	429,638,967	25.24 %
\$200,001 - \$500,000	33,813	6.21 %	447,901,717	26.31 %
\$500,001 - \$1,000,000	4,543	0.83 %	171,317,390	10.06 %
\$1,000,001 and greater	1,793	0.33 %	323,896,648	19.02 %
	<u>544,912</u>	<u>100.00 %</u>	<u>\$ 1,702,490,291</u>	<u>100.00 %</u>

Tax Year 2022

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	144,896	27.00 %	\$ 9,244,355	0.56 %
\$25,001 - \$50,000	122,691	22.86 %	81,403,500	4.91 %
\$50,001 - \$75,000	85,574	15.94 %	123,114,641	7.42 %
\$75,001 - \$100,000	55,876	10.41 %	123,457,371	7.44 %
\$100,001 - \$200,000	91,607	17.07 %	417,922,770	25.19 %
\$200,001 - \$500,000	30,129	5.61 %	421,680,863	25.42 %
\$500,001 - \$1,000,000	4,239	0.79 %	162,006,633	9.77 %
\$1,000,001 and greater	1,732	0.32 %	319,967,458	19.29 %
	<u>536,744</u>	<u>100.00 %</u>	<u>\$ 1,658,797,591</u>	<u>100.00 %</u>

Tax Year 2021

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	149,581	27.82 %	\$ 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	24.86 %
	<u>537,906</u>	<u>100.00 %</u>	<u>\$ 1,737,060,548</u>	<u>100.00 %</u>

Tax Year 2020

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	163,433	30.42 %	\$ 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 %
	<u>537,392</u>	<u>100.00 %</u>	<u>\$ 1,411,897,197</u>	<u>100.00 %</u>

Tax Year 2019

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	181,633	34.31 %	\$ 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 %
	<u>529,233</u>	<u>100.00 %</u>	<u>\$ 1,323,773,116</u>	<u>100.00 %</u>

(Continued)

State of Rhode Island
Schedule of Resident Personal Income Tax Filers & Liability by AGI
Tax Years 2014 through 2023

Tax Year 2018

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 %

Tax Year 2017

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	173,455	34.55 %	\$ 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 %

Tax Year 2016

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	178,845	35.58 %	\$ 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 %
	502,522	100.00 %	\$ 1,116,949,174	100.00 %

Tax Year 2015

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 %
	493,852	100.00 %	\$ 1,222,441,813	100.00 %

Tax Year 2014

Federal AGI	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$0 - \$25,000	185,935	37.55 %	\$ 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 %
	495,036	100.00 %	\$ 1,095,392,606	100.00 %

(Concluded)

Source: Department of Revenue - Division of Taxation

State of Rhode Island
Schedule of Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
General obligation bonds	\$1,749,699	\$1,638,275	\$1,634,645	\$1,534,688	\$1,524,060	\$1,499,293	\$1,324,337	\$1,267,433	\$1,327,520	\$1,238,951
Revenue bonds (blended component units)	674,817	681,490	690,460	702,825	717,953	727,353	755,610	765,150	748,304	780,270
Certificates of Participation	43,045	61,307	83,586	119,223	137,444	170,362	204,105	201,478	228,531	231,090
Lease liability	49,116	61,657	70,385	78,237	—	—	—	—	—	—
Subscription-based IT liability	25,907	9,424	8,489	—	—	—	—	—	—	—
Special purpose bonds	614,200	548,185	524,105	586,905	647,085	704,755	666,788	648,237	606,195	391,240
Total governmental activities	<u>3,156,784</u>	<u>3,000,338</u>	<u>3,011,670</u>	<u>3,021,878</u>	<u>3,026,542</u>	<u>3,101,763</u>	<u>2,950,840</u>	<u>2,882,298</u>	<u>2,910,550</u>	<u>2,641,551</u>
Business-type Activities										
Revenue bonds	118,975	140,200	160,725	180,975	194,970	207,374	222,752	234,542	195,772	208,627
Lease liability	346	685	1,014	1,361	—	—	—	—	—	—
Total primary government	<u>\$3,276,105</u>	<u>\$3,141,223</u>	<u>\$3,173,409</u>	<u>\$3,204,214</u>	<u>\$3,221,512</u>	<u>\$3,309,137</u>	<u>\$3,173,592</u>	<u>\$3,116,840</u>	<u>\$3,106,322</u>	<u>\$2,850,178</u>
Debt as a Percentage of Personal Income	4.4 %	4.5 %	4.4 %	4.4 %	5.0 %	5.5 %	5.5 %	5.6 %	5.8 %	5.8 %
Amount of Debt Per Capita	\$ 2.98	\$ 2.87	\$ 2.90	\$ 2.85	\$ 3.05	\$ 3.12	\$ 3.00	\$ 2.94	\$ 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue Bonds-Tobacco Settlement Financing Corporation (TSFC)										
Revenue:										
Tobacco settlement revenue, cash basis ^(a)	\$ 40,758	\$ 43,056	\$ 48,279	\$ 52,902	\$ 46,987	\$ 41,489	\$ 43,882	\$ 45,916	\$ 31,057	\$ 47,432
Investment income	2,364	2,667	1,670	63	9	714	1,043	540	212	50
Total revenue	43,122	45,723	49,949	52,965	46,996	42,203	44,925	46,456	31,269	47,482
Less: operating expenses	73	100	83	49	72	87	65	52	84	141
Net available revenue	\$ 43,049	\$ 45,623	\$ 49,866	\$ 52,916	\$ 46,924	\$ 42,116	\$ 44,860	\$ 46,404	\$ 31,185	\$ 47,341
Debt service										
Interest and required principal payments	\$ 33,385	\$ 33,876	\$ 34,551	\$ 35,217	\$ 35,507	\$ 35,701	\$ 36,006	\$ 36,287	\$ 37,996	\$ 38,139
Covered ratio before turbo principal payment ^(b)	129%	135%	144%	150%	132%	118%	125%	128%	82%	124%
Turbo principal payments ^(c)	10,380	12,375	15,455	17,930	11,860	6,945	9,160	10,315	6,275	10,005
Total debt service	\$ 43,765	\$ 46,251	\$ 50,006	\$ 53,147	\$ 47,367	\$ 42,646	\$ 45,166	\$ 46,602	\$ 44,271	\$ 48,144
Coverage ratio after turbo principal payments ^(d)	98%	99%	100%	100%	99%	99%	99%	100%	70%	98%
Revenue Bonds-GARVEE (Federal Highway)										
Revenue - FHWA participation	\$ 66,505	\$ 65,647	\$ 65,799	\$ 65,817	\$ 65,517	\$ 57,493	\$ 57,521	\$ 23,555	\$ 19,116	\$ 6,254
Net available revenue	\$ 66,505	\$ 65,647	\$ 65,799	\$ 65,817	\$ 65,517	\$ 57,493	\$ 57,521	\$ 23,555	\$ 19,116	\$ 6,254
Debt service ^(e)										
Principal	\$ 41,860	\$ 43,180	\$ 41,125	\$ 39,170	\$ 37,305	\$ 35,525	\$ 33,975	\$ —	\$ —	\$ —
Interest	24,791	22,633	24,689	26,648	28,214	22,012	23,560	23,560	19,116	6,254
Total debt service	\$ 66,651	\$ 65,813	\$ 65,814	\$ 65,818	\$ 65,519	\$ 57,537	\$ 57,535	\$ 23,560	\$ 19,116	\$ 6,254
Coverage ^(b)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Revenue Bonds - Motor Fuel (Gas Tax)										
Revenue - 2 cents per gallon of the gasoline tax	\$ 8,709	\$ 8,632	\$ 8,629	\$ 8,606	\$ 8,151	\$ 8,270	\$ 9,776	\$ 8,976	\$ 8,845	\$ 8,981
Net available revenue	\$ 8,709	\$ 8,632	\$ 8,629	\$ 8,606	\$ 8,151	\$ 8,270	\$ 9,776	\$ 8,976	\$ 8,845	\$ 8,981
Debt service										
Principal	4,360	4,605	4,390	4,180	3,980	3,790	3,605	—	4,200	\$ 4,375
Interest	524	754	973	1,182	1,381	1,571	1,751	948	2,661	2,839
Coverage ^(b)	178%	161%	161%	160%	152%	154%	183%	947%	129%	124%

^(a) Included for fiscal year 2025 are certain one-time revenue items totaling \$2,457,579, 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
2024	24,898	5.6 %	78.6	5.1 %	73,227	4.6 %	70,743	4.2 %	340,004	1.0 %	1,110	0.8 %
2023	23,577	6.5 %	74.8	5.5 %	70,013	5.6 %	67,907	5.2 %	336,755	0.8 %	1,101	0.3 %
2022	22,145	3.1 %	70.9	2.5 %	66,303	2.5 %	64,538	2.3 %	333,996	0.6 %	1,098	0.1 %
2021	21,484	9.5 %	69.2	6.5 %	64,692	9.4 %	63,101	6.5 %	332,100	0.2 %	1,097	0.1 %
2020	19,613	6.9 %	65.0	7.8 %	59,151	6.4 %	59,277	7.5 %	331,578	0.4 %	1,096	0.1 %
2019	18,350	4.8 %	60.3	6.0 %	55,567	4.2 %	55,123	5.7 %	330,226	0.5 %	1,095	0.3 %
2018	17,514	5.1 %	56.9	4.0 %	53,311	4.5 %	52,132	3.4 %	328,530	0.6 %	1,092	0.6 %
2017	16,659	4.9 %	54.7	4.2 %	51,006	4.1 %	50,414	3.9 %	326,609	0.7 %	1,085	0.3 %
2016	15,885	2.7 %	52.5	1.4 %	48,974	1.9 %	48,515	1.0 %	324,353	0.8 %	1,082	0.4 %
2015	15,467	1.3 %	51.8	0.1 %	48,062	0.6 %	48,049	(0.3)%	321,815	0.8 %	1,078	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
2024	594	2.2%	8,274	6.1%
2023	581	0.9%	7,799	(25.3)%
2022	576	0.2%	10,443	(19.5)%
2021	575	0.9%	12,972	(3.5)%
2020	570	(0.5)%	13,445	2.2%
2019	573	0.2%	13,161	1.5%
2018	572	0.7%	12,961	(7.2)%
2017	568	0.5%	13,967	(1.2)%
2016	565	—%	14,130	12.6%
2015	565	(0.1)%	12,553	11.4%

Source: Moody's Economic Forecast from May 2026

The data for previous years are revised as more complete and accurate data becomes available.

**State of Rhode Island
Principal Employers (Non-Governmental)
2025 and 2016**

2025				2016			
Rank	Employer	Employed	Percentage	Rank	Employer	Employed	Percentage
1	Brown University Health	17,723	2.98 %	1	Lifespan	12,050	2.18 %
2	Care New England Health System	8,000	1.35 %	2	Care New England	8,500	1.54 %
3	CVS Health Corp.	6,900	1.16 %	3	CVS Caremark Corporation	7,800	1.41 %
4	General Dynamics Electric Boat	6,300	1.06 %	4	Citizens Bank	5,318	0.96 %
5	Brown University	5,496	0.93 %	5	General Dynamics Corp	5,068	0.92 %
6	Citizens Financial Group Inc.	4,200	0.71 %	6	Brown University	4,000	0.72 %
7	Naval Undersea Warfare Center	3,585	0.60 %	7	Fidelity Investments	4,000	0.72 %
8	Amica Mutual Insurance Co.	3,535	0.60 %	8	Roman Catholic Diocese of Providence	3,500	0.63 %
9	Fidelity Investments Inc.	3,200	0.54 %	9	Charter Care Health Partners	3,002	0.54 %
10	University of Rhode Island	2,807	0.47 %	10	Naval Undersea Warfare Center	2,963	0.54 %
	Total employment	594,000	10.40 %			552,106	10.16 %

Source: Providence Business News

Some employers are not listed because they did not wish to participate.

State of Rhode Island
Full Time State Employees by Function
Last Ten Fiscal Years

	Full Time State Employees as of June 30th for each fiscal year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Full-time Employees										
General Government	2,580	2,510	2,424	2,307	2,350	2,371	2,573	2,457	2,496	2,428
Health and Human Services	3,315	3,260	3,219	3,218	3,166	3,345	3,211	3,096	3,196	3,190
Education	394	395	359	347	356	351	358	357	352	353
Public Safety	3,150	3,078	2,995	3,039	2,995	3,011	3,025	3,032	3,031	3,007
Natural Resources	897	787	716	740	813	813	861	851	860	843
Transportation	748	777	713	714	705	743	789	740	741	705
State Total	11,084	10,807	10,426	10,365	10,385	10,634	10,817	10,533	10,676	10,526

Source: Department of Administration

State of Rhode Island
Schedule of Operating Indicators by Function
Prior Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Division of Taxation										
Dollars received electronically (expressed in thousands)	\$ 4,660,122	\$ 4,269,283	\$ 4,096,968	\$ 3,787,474	\$ 3,343,618	\$ 3,232,999	\$ 3,094,923	\$ 2,948,315	\$ 2,788,256	\$ 2,732,982
Number of business transactions processed electronically	1,966,367	1,828,693	1,682,159	1,570,407	979,410	891,270	844,749	809,922	1,219,895	1,042,129
Personal Income Tax returns filed electronically -Tax Year	652,632	641,736	650,127	650,593	605,932	588,220	559,995	546,404	555,142	531,354
Department of Labor and Training										
Labor force total (expressed in thousands)	589	572	571	569	553	555	555	553	553	555
Unemployment rate (percentage)	4.7%	3.0%	4.0%	7.4%	6.2%	3.7%	4.3%	4.7%	5.6%	6.7%
Health and Human Services										
Department of Children, Youth and Families										
Average number of children in out-of-home placement	2,505	2,557	2,240	2,880	3,016	2,991	2,838	2,531	2,535	2,484
Number of births (expressed in thousands)	10	10	11	11	11	11	11	12	12	12
Education										
Office of Postsecondary Commissioner										
Enrollment - Higher Education	36,868	35,643	35,637	35,523	35,807	38,405	39,779	40,098	41,030	43,335
Number of certificates and degrees awarded - Higher Education	8,391	8,042	8,012	8,176	8,699	8,594	8,372	8,325	7,888	7,675
Public Safety										
Department of Corrections										
Incarcerated offenders (male)	2,205	2,224	2,176	2,031	2,413	2,521	2,644	2,819	3,068	3,047
Incarcerated offenders (female)	132	122	122	101	131	145	140	138	125	136
Natural Resources										
Department of Environmental Management										
Hatchery fish raised and restocked (approximated in thousands)	127	125	101	104	150	178	180	180	143	141
Park visitations (expressed in thousands)	9,000	9,140	8,953	9,069	10,545	8,652	8,775	8,111	7,884	6,393
Recreational registrations (boats)	37,621	39,000	20,722	39,640	38,663	38,784	38,880	43,259	40,178	38,463
Transportation										
Department of Transportation										
Vehicle miles traveled (expressed in millions)	7,362	7,470	7,245	7,327	6,864	7,905	8,009	8,001	7,927	7,832

Source: Various Agencies

**State of Rhode Island
Schedule of Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>General Government</u>										
Buildings	23	25	19	17	17	17	17	16	17	17
Vehicles	203	199	189	194	186	192	182	118	126	161
<u>Health and Human Services</u>										
Buildings	160	169	167	166	183	182	188	188	188	188
Vehicles	272	251	210	229	227	232	243	248	273	281
<u>Education</u>										
Buildings	10	10	10	10	10	9	12	12	12	13
Vehicles	18	20	18	19	19	19	19	19	18	18
<u>Public Safety</u>										
Buildings	65	71	64	65	65	68	67	66	66	66
Vehicles	828	773	715	679	651	661	627	674	669	656
<u>Natural Resources</u>										
Buildings	83	112	78	69	68	66	60	81	80	81
Vehicles	462	452	439	414	402	396	381	388	424	443
Number of state parks, beaches, bike paths ^(*)	46	34	34	34	34	34	34	34	34	25
Area of state parks, beaches (acres) ^(*)	6,471	8,294	8,294	8,162	8,038	8,038	8,038	8,038	8,038	8,038
<u>Transportation</u>										
Buildings	29	43	24	24	23	23	23	22	21	19
Vehicles	1,021	964	865	855	885	881	833	790	693	606
Miles of state highway ^(**)	1,207	1,199	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272

Source: Department of Administration

^(*) There has been a change in categorization for the area and the amount of state parks, beaches, and bike paths starting fiscal year 2025

^(**) Commencing fiscal year 2024, the method of calculating miles of state highway was redesigned as a result of a new system adoption

**The Rhode Island Commerce Corporation assisted in providing artwork for the
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Cover – Block Island



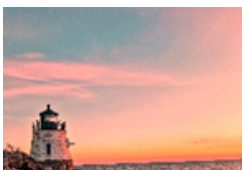
Introductory Section – Rodman's Hollow Block Island



Financial Section – Mohegan Bluffs – Block Island



Management's Discussion and Analysis – Caste Hill Lighthouse – Newport



Basic Financial Statements – St Ann's Church – Providence



Required Supplementary Information – Temple To Music – Providence



Combining Financial Statements – Slater Mill – Pawtucket



Statistical Section – Second Beach – Newport

