

## Pensions and Retiree Healthcare

**Pensions** - Net pension liabilities of the primary government totaled \$3.7 billion. This amount is the combined liability for six defined benefit plans covering State employees and the State's proportionate share of the net pension liability for teachers - \$1.4 billion.

### Plan fiduciary net position as a % of the total pension liability

ERS - State employees	52.8%
ERS - Teachers	54.6%
SPRBT - State Police	83.1%
SPRFT - State Police	9.3%
JRBT - Judges	95.7%
RIJRFT - Judges	4.7%

The net pension liability is the **accounting** measure of pension liabilities and is net of amounts accumulated for future benefits at the measurement date. Plan net position as a percentage of total pension liability for the plans at the June 30, 2019 measurement date is shown in the table.

The State contributed \$318.3 million in fiscal 2020 as employer contributions to the defined benefit pension plans which included \$108.6 million as the State's share for teachers. The net investment return on assets within the defined benefit pension plans was approximately 3.8% for fiscal 2020.

Assets of the defined contribution plan, part of the hybrid pension benefit structure, totaled \$1.2 billion at June 30, 2020.

**OPEB** - Six defined benefit OPEB plans provide retiree healthcare benefits for State employees including certain electing teachers and Board of Education employees.

The net OPEB liability (asset) is the **accounting** measure of OPEB liabilities and assets. Net OPEB liabilities totaled \$425.7 million which is net of amounts accumulated for future benefits at the measurement date. Plan net position as a percentage of the total OPEB liability at the June 30, 2019 measurement date is shown in the table.

The funded status of the OPEB plans is improving — the largest plan covering most state employees increased from 26.3% to 33.6% at June 30, 2020. For three plans, a net OPEB asset results from plan assets exceeding the OPEB plan liabilities by \$7.2 million.

### Plan fiduciary net position as a % of the total OPEB liability

State employees	33.6%
Teachers	121.1%
State Police	64.9%
Judicial	346.8%
Legislators	202.6%
Board of Education	51.6%

Employer contributions to the OPEB plans totaled \$53.6 million in fiscal 2020.

The net investment return on assets within the OPEB trusts was 8.4% for fiscal 2020.

The **State of Rhode Island's Fiscal 2020 Comprehensive Annual Financial Report (CAFR)** prepared by the Office of Accounts and Control—Department of Administration—includes the *Independent Auditor's Report* of the Auditor General resulting from the annual audit of the State's financial statements required by General Law section 35-7-10. Management's Discussion and Analysis explains key highlights and changes between fiscal years 2020 and 2019.



The full fiscal 2020 CAFR is available on the Office of Accounts and Control and Auditor General websites:

[2020 State of Rhode Island CAFR 6.30.20 \(ri.gov\)](https://www.oag.ri.gov/2020-State-of-Rhode-Island-CAFR-6.30.20)

### Fiscal 2020 - COVID-19 Federal Assistance Expenditures

	(in millions)
<b>Coronavirus Relief Fund (CRF) - \$1.25 billion award.</b>	\$ 255.1
<b>FEMA – Federal Emergency Management Agency – Disaster Assistance - Stafford Act</b> (Claims pending FEMA approval at June 30, 2020).	\$ 109.9
<b>Unemployment Insurance (UI) - COVID-19 related awards</b> include benefits for self-employed individuals, supplemental benefits for all claimants and extended benefits for claimants remaining unemployed after the first 26 weeks.	\$ 1,015.6
<b>ESSER - Elementary and Secondary School Emergency Relief Fund</b>	\$ 41.7
<b>Enhanced Federal Medicaid Assistance Percentage (FMAP) for Medicaid</b> - increased the federal share of program costs by 6.2% from 52.95% to 59.15%.	\$ 70.7
<b>Other COVID-19 related assistance</b> - Some existing federal programs included additional awards related to COVID-19 – these included CHIP, Federal Transit Cluster, Child Nutrition Cluster, WIC, CDBG and Election Security Grants.	\$ 10.0
<b>Total</b>	\$ 1,503.0

## Office of the Auditor General

General Assembly

33 Broad Street • Suite 201 • Providence RI 02903

phone 401.222.2435— [www.oag.ri.gov](http://www.oag.ri.gov)

Dennis E. Hoyle, CPA Auditor General

## State of Rhode Island Comprehensive Annual Financial Report

Fiscal year ended June 30, 2020

## State of Rhode Island Comprehensive Annual Financial Report

Fiscal year ended June 30, 2020



Gina M. Raimondo, Governor

Department of Administration  
Brett Smiley, Director of Administration  
Office of Accounts and Control  
Peter B. Keenan, CPA, State Controller

2020

## Highlights from the State's Fiscal 2020 Audited Financial Statements

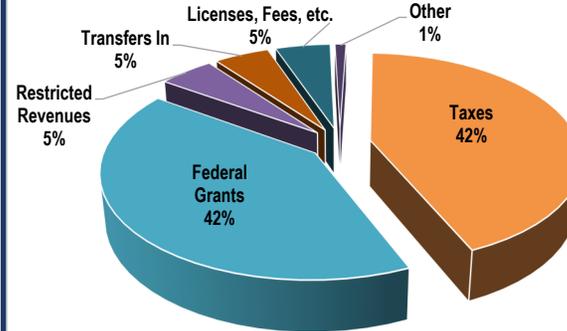
Prepared by  
Office of the Auditor General

## CAFR Highlights - Fiscal 2020

- The State's fiscal 2020 operations were significantly affected by the global pandemic which negatively impacted certain revenue sources, increased costs in response to the public health emergency and dramatically increased the volume and amount of unemployment claims. New federal funding totaling approximately \$1.5 billion was expended in fiscal 2020 in response to the effects of the pandemic.
- The Auditor General issued an unmodified opinion on the State's fiscal 2020 financial statements concluding that the financial statements are fairly presented in accordance with U.S. generally accepted accounting principles.
- Fund balance of the General Fund totaled \$402 million at June 30, 2020 — \$156.2 million is available for future appropriation.
- The budget reserve ("rainy day") account totaled \$90.7 million at June 30, 2020, reflecting a \$120 million appropriation to address anticipated revenue reductions and increased expenditures related to the pandemic. The fiscal 2021 budget includes a provision to restore \$90 million to the reserve beginning in fiscal 2021.
- \$62.2 million is available in the RI Capital Plan Fund for future capital projects.
- The State received \$1.25 billion of federal assistance through the Coronavirus Relief Fund (CARES Act funded). \$255 million had been spent at June 30, 2020 and \$995 million was available at that date for expenditures through December 31, 2021.
- Unemployment insurance benefits totaled \$1.4 billion in fiscal 2020 compared to \$148 million in fiscal 2019.
- Government-wide net position (deficit) of the primary government decreased by \$75.5 million increasing the net deficit to (\$303.6) million at June 30, 2020. \$3.8 billion represents the State's net investment in capital assets. \$1.3 billion is restricted for specific purposes leaving an unrestricted net deficit of (\$5.5) billion.
- Capital assets of the primary government, net of accumulated depreciation, totaled \$4.9 billion at June 30, 2020, of which \$2.4 billion were infrastructure assets. Construction in progress totaled \$665 million, mostly for infrastructure projects.
- The fund balance of the IST fund, which accounts for transportation activity, increased \$46.6 million to \$370.4 million largely due to the issuance of new debt for transportation projects.

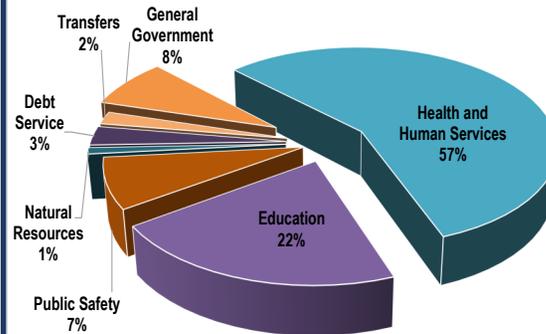
## General Fund Operations

### General Fund Revenues and Other Sources



- Tax revenues totaled \$3.3 billion in fiscal 2020, an increase of 2.7% over fiscal 2019.
- Transfers in from the Lottery totaled \$283.9 million, a decrease of \$113.5 million compared to 2019 primarily related to temporary closure of the casinos due to the pandemic.
- Federal revenues totaled \$3.1 billion, an increase of \$301.5 million.

### General Fund Expenditures and Transfers



- Expenditures and transfers totaled \$7.6 billion, an increase of \$383.8 million or 5.3% over fiscal 2019. General government expenditures increased 7.0%. Health and human services expenditures increased 7.2%, largely in response to the pandemic. Debt service increased 13.5%.
- General Fund revenues and other sources exceeded expenditures and transfers by \$30.7 million for fiscal 2020.

## Transportation Operations

The following summarizes the fiscal 2020 activity in the Intermodal Surface Transportation (IST) Fund used to account for the State's transportation related activity.

Revenues and other sources:	(in millions)
Taxes	\$ 217.9
Federal grants	321.4
Transfers from RICAP	32.5
Fees and tolls	37.3
GARVEE bonds issued (including premium)	202.5
Other	12.0
<b>Total</b>	<b>\$ 823.6</b>
<b>Expenditures and transfers:</b>	
Maintenance and Infrastructure capital outlay	\$ 619.6
Debt service	65.8
Transfers to RIPTA - Gas Tax	40.3
Transfers (primarily to General Fund for debt service)	51.3
<b>Total</b>	<b>777.0</b>
<b>Increase in fund balance</b>	<b>\$ 46.6</b>

## Long-Term Liabilities

### Changes in Long-Term Liabilities (in millions)

	Beginning	Additions	Reductions	Ending
<b>Governmental</b>				
Bonds payable	\$ 2,746.7	\$ 469.3	\$ (284.6)	\$ 2,931.4
Net pension liability	3,629.8	22.8	-	3,652.6
Net OPEB liability	496.7	-	(74.9)	421.8
Other	363.1	116.6	(128.7)	351.0
<b>Total</b>	<b>\$ 7,236.3</b>	<b>\$ 608.7</b>	<b>\$ (488.2)</b>	<b>\$ 7,356.8</b>
<b>Business-Type</b>				
Bonds payable	\$ 222.8	\$ -	\$ (15.4)	\$ 207.4
Net pension liability	17.1	3.7	-	20.8
Net OPEB liability	3.9	0.1	-	4.0
Other	9.3	7.4	(4.1)	12.6
<b>Total</b>	<b>\$ 253.1</b>	<b>\$ 11.2</b>	<b>\$ (19.5)</b>	<b>\$ 244.8</b>
<b>Total</b>	<b>\$ 7,489.4</b>	<b>\$ 619.9</b>	<b>\$ (507.7)</b>	<b>\$ 7,601.6</b>