

## Pensions and Retiree Healthcare

**Pensions** - Net pension liabilities of the primary government totaled \$3.7 billion. This 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 totaling \$1.4 billion.

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

ERS - State employees	52.6%
ERS - Teachers	54.3%
SPRBT - State Police	81.9%
SPRFT - State Police	10.0%
JRBT - Judges	90.0%
RIJRFT - Judges	5.0%

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, 2020 measurement date is shown in the table.

The State contributed \$327 million in fiscal 2021 as employer contributions to the defined benefit pension plans which included \$112.6 million as the State's share for teachers. The net investment return on assets within the defined benefit pension plans was approximately 25.6% for fiscal 2021. The investment return assumption for the pension trust funds is 7%.

Assets of the defined contribution plan, part of the hybrid pension benefit structure, totaled \$1.6 billion at June 30, 2021.

**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 \$345.4 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, 2020 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 33.6% to 42.5% at June 30, 2021. For three plans, a net OPEB asset results from plan assets exceeding the OPEB plans' liabilities by \$11.2 million.

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

State employees	42.5%
Teachers	144.5%
State Police	79.3%
Judicial	1494.3%
Legislators	287.6%
Board of Education	57.3%

Employer contributions to the OPEB plans totaled \$43.6 million in fiscal 2021. The net investment return on assets within the OPEB trusts was 25.5% for fiscal 2021. The investment return assumption is 5% for the OPEB trusts.

The State of Rhode Island's Fiscal 2021 Annual Comprehensive Financial Report (ACFR) 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 2021 and 2020.



The full fiscal 2021 ACFR is available on the Office of Accounts and Control and Auditor General websites:

[2021 State of Rhode Island ACFR 6.30.21 \(ri.gov\)](https://www.ri.gov/2021-State-of-Rhode-Island-ACFR-6.30.21)

## Fiscal 2021 - Key COVID-19 Federal Assistance Expenditures

	(in millions)
<b>Coronavirus Relief Fund - \$1.25 billion award</b>	<b>\$ 967.6</b>
<b>FEMA - Federal Emergency Management Agency - Disaster Assistance - Stafford Act -</b> Amounts received in FY 2021 for approved claims filed in FY 2020 and FY 2021. (FY 2021 claims pending FEMA approval at June 30, 2021 totalled \$224.7 million.)	<b>\$ 168.5</b>
<b>Unemployment Insurance -</b> COVID-19 related awards include benefits for self-employed individuals, supplemental benefits for all claimants and extended benefits for claimants remaining unemployed after the first 26 weeks and \$172 million of FEMA funded benefits for lost wages.	<b>\$ 1,902.0</b>
<b>Total</b>	<b>\$ 3,038.1</b>

The State also received enhanced Medicaid funding during the public health emergency and supplemental federal awards for SNAP benefits, childcare, child nutrition, transit, and heating assistance, among others.

Additional information on expenditures of federal awards during fiscal 2021 will be included in the State's Single Audit Report which is in progress and will be shared with federal funding agencies as a condition of continued federal assistance.

## Office of the Auditor General

Rhode Island 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 Annual Comprehensive Financial Report

Fiscal year ended June 30, 2021

## State of Rhode Island Annual Comprehensive Financial Report

Fiscal year ended June 30, 2021



Daniel J. McKee, Governor

Department of Administration  
James Thorsen, Director of Administration  
Office of Accounts and Control  
Dorothy Pascale, CPA, State Controller

2021

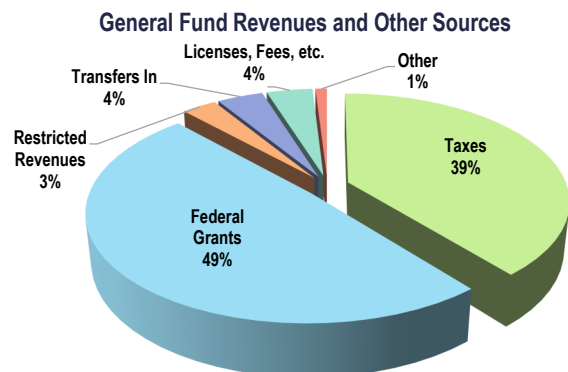
## Highlights from the State's Fiscal 2021 Audited Financial Statements

Prepared by  
Office of the Auditor General

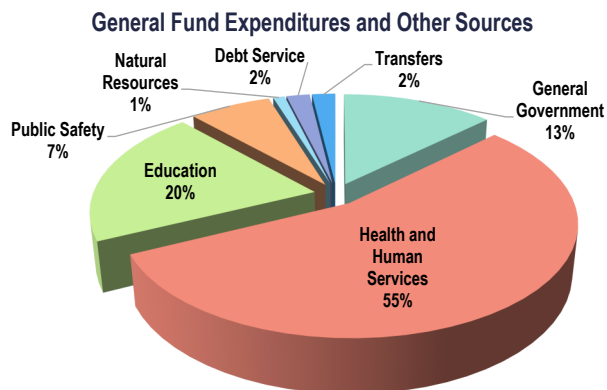
## ACFR Highlights - Fiscal 2021

- The State's fiscal 2021 operations were significantly enhanced by better than expected tax collections and receipt of unprecedented amounts of COVID related federal assistance. Fund balances and net position of the primary government were largely improved.
- Government-wide net position (governmental activities) totaled \$163.8 million—an increase of \$787.4 million which eliminated the prior year net deficit of \$623.7 million. \$4.0 billion represents the State's net investment in capital assets. \$709.4 million is restricted for specific purposes leaving an unrestricted net deficit of \$4.6 billion.
- Fund balance of the General Fund totaled \$897 million at June 30, 2021 an increase of \$509 million - \$374.4 million is available for future appropriation.
- The Auditor General issued an unmodified opinion on the State's fiscal 2021 financial statements concluding that the financial statements are fairly presented in accordance with U.S. generally accepted accounting principles. The report highlighted restatements of prior year balances due, in part, to implementation of a new accounting standard for fiduciary activities.
- The budget reserve ("rainy day") account totaled \$228 million at June 30, 2021, and was nearly restored to the maximum statutory balance after a \$120 million appropriation in the prior year.
- In fiscal 2021, the State expended \$967.6 million of the \$1.25 billion of federal Coronavirus Relief Fund.
- Unemployment insurance benefits totaled \$2.3 billion in fiscal 2021. Significant amounts of benefits paid have been deemed fraudulent and the State continues to quantify those amounts.
- \$149.8 million is available in the RI Capital Plan Fund for future capital projects. \$120 million was specifically appropriated to the fund in fiscal 2021 and expenditures totaled \$38.1 million.
- Capital assets of the primary government, net of accumulated depreciation, totaled \$5.1 billion at June 30, 2021, of which \$2.6 billion were infrastructure assets. Construction in progress totaled \$707 million, mostly for infrastructure projects.
- Federal American Rescue Plan Act funds totaling \$1.13 billion received by the State in fiscal 2021 were pending programming and were reflected as unearned revenue.

## General Fund Operations



- ◆ Tax revenues totaled \$3.7 billion in fiscal 2021, an increase of 13% over fiscal 2020.
- ◆ Transfers from the Lottery totaled \$302 million, an increase of \$18 million compared to 2020 but less than fiscal 2019 pre-pandemic amounts.
- ◆ Federal revenues totaled \$4.6 billion, an increase of \$1.5 billion principally due to \$1.0 billion in federal CRF expenditures.



- ◆ Expenditures and transfers totaled \$8.9 billion, an increase of \$1.4 billion or 18% over fiscal 2020 principally due to pandemic response expenditures.
- ◆ General Government, Health and Human Services and Education expenditures increased 98%, 14% and 11%, respectively, largely in response to the pandemic related expenditures.

## Transportation Operations

The following summarizes the fiscal 2021 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	\$ 218.1
Federal grants	326.7
Fees and tolls	58.6
Other	2.1
<b>Total</b>	<b>\$ 605.5</b>
<b>Expenditures and transfers:</b>	
Maintenance and Infrastructure capital outlay	\$ 544.1
Debt service	71.4
Transfers to RIPTA - Gas Tax	39.6
Transfers (primarily to General Fund for debt service)	55.0
<b>Total</b>	<b>710.1</b>
<b>Decrease in fund balance</b>	<b>\$ (104.6)</b>

## Long-Term Liabilities

	Changes in Long-Term Liabilities (in millions)			
	Beginning	Additions	Reductions	Ending
<b>Governmental</b>				
Bonds payable	\$ 2,931.4	\$ 254.3	\$ (296.6)	\$ 2,889.1
Net pension liability	3,652.6	24.2	(4.6)	3,672.2
Net OPEB liability	421.8	-	(79.8)	342.0
Other	351.0	172.5	(208.2)	315.3
<b>Total</b>	<b>\$ 7,356.8</b>	<b>\$ 451.0</b>	<b>\$ (589.2)</b>	<b>\$ 7,218.6</b>
<b>Business-Type</b>				
Bonds payable	\$ 207.4	\$ 32.2	\$ (44.6)	\$ 195.0
Net pension liability	20.9	0.8	-	21.7
Net OPEB liability	4.0	-	(0.6)	3.4
Other	12.5	1.9	(8.7)	5.7
<b>Total</b>	<b>\$ 244.8</b>	<b>\$ 34.9</b>	<b>\$ (53.9)</b>	<b>\$ 225.8</b>
<b>Total</b>	<b>\$ 7,601.6</b>	<b>\$ 485.9</b>	<b>\$ (643.1)</b>	<b>\$ 7,444.4</b>