

**Highlights from the
State's Fiscal 2025 Audited Financial Statements**

**Prepared by the
Office of the Auditor General**

**State of Rhode Island
Annual Comprehensive Financial Report**

Fiscal Year ended June 30, 2025



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Thomas Verdi, Acting Director of Administration

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Dorothy Pascale, CPA, State Controller

2025

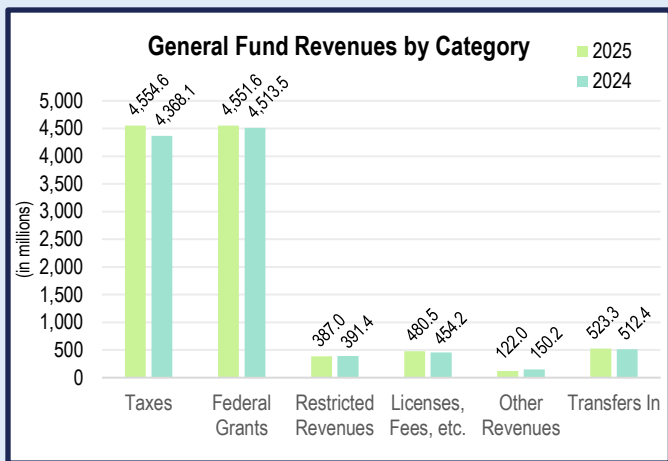
State of Rhode Island Annual Comprehensive Financial Report (ACFR)

Highlights – Fiscal 2025

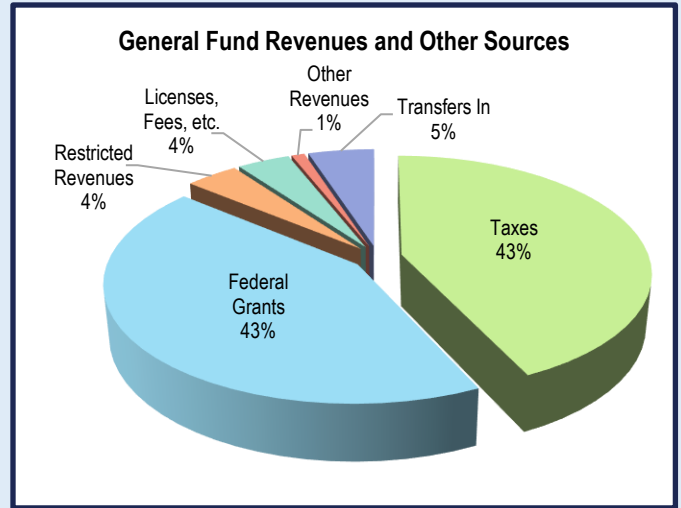
- The State's fiscal 2025 financial statements reported strong operating results. Federal revenue and tax revenue each totaled \$5.1 billion in fiscal 2025, increasing 3.7% and 4.6%, respectively, over fiscal 2024. Expenditures also rose in 2025, increasing 7.6% over the prior year.
- Government-wide net position (governmental activities) totaled \$3.3 billion – an increase of \$217.8 million. \$5.6 billion represents the State's net investment in capital assets. \$1.6 billion is restricted for specific purposes leaving an unrestricted net deficit of \$4.0 billion.
- Capital assets of the primary government, net of accumulated depreciation, totaled \$6.5 billion at June 30, 2025, of which \$3.3 billion were infrastructure assets. Construction in progress totaled \$1.4 billion, mostly for infrastructure projects.
- Federal grant revenue across governmental funds increased \$181.9 million over the prior year, totaling approximately \$5.1 billion in fiscal 2025. Notable increases in grants were identified in the Medicaid program administered by the Executive Office of Health and Human Services, as well as highway and bridge infrastructure programs administered by the Department of Transportation.
- The State expended \$268.4 million of federal State Fiscal Recovery Funds in fiscal 2025. These funds, previously awarded under the American Rescue Plan Act, were largely used to support 1) personnel and operating costs at the RI Public Transit Authority, 2) infrastructure improvements at the Port of Davisville and the Washington Bridge, and 3) affordable housing programs administered by RI Housing.
- Fund balance of the General Fund totaled \$1.1 billion at June 30, 2025, a decrease of \$84.9 million – \$251.4 million is available for future appropriation.
- The budget reserve ("rainy day") account totaled \$297.7 million at June 30, 2025. Statutorily created in fiscal 2023, the supplemental budget reserve account reported \$55.0 million at June 30, 2025.
- Intermodal Surface Transportation (IST) fund expenditures and transfers totaled \$1,097.1 million, increasing \$242.8 million over the prior year in large part to the ongoing Washington Bridge project. At June 30, 2025, the IST fund reported \$397.7 million in fund balance.
- The RI Capital Plan fund reported \$806.1 million available for future capital projects. \$172.8 million was transferred to the fund from the General Fund in fiscal 2025. RICAP amounts expended for capital projects during the fiscal year totaled \$357.0 million, inclusive of transfers totaling \$137.0 million. Transfers to the IST fund for infrastructure and the Convention Center Authority totaled \$129.3 million and \$7.1 million, respectively, comprising the overwhelming majority of the total transfers reported.
- The Rhode Island Lottery transferred \$433.6 million in net income to the General Fund in fiscal 2025 as compared to \$426.4 million in the prior year.
- Unemployment insurance benefits paid through the Employment Security Fund totaled \$229.3 million in fiscal 2025, an increase of \$23.6 million from fiscal 2024, as the State's unemployment rate rose to 4.4% over the 3.6% rate reported in 2024.
- The Rhode Island Convention Center Authority reported net position of \$58.6 million at June 30, 2025, an increase of \$19.4 million over the prior year. This increase was largely attributable to the continued pay down of outstanding bonds, funded through annual State appropriations.
- The Auditor General issued an unmodified opinion on the State's fiscal 2025 financial statements, concluding that the financial statements are fairly presented in accordance with U.S. generally accepted accounting principles. The Auditor General also reported 28 findings relating to deficiencies in internal control over the State's financial reporting in its separate report on internal control, as required by *Government Auditing Standards*.

General Fund Revenues

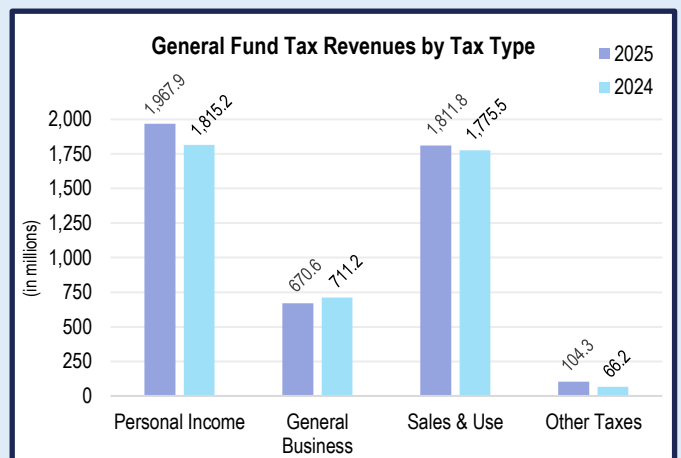
- General Fund revenues increased by \$218.3 million in fiscal 2025 from the prior year. Primary revenue increases resulted from taxes and license, fines, sales and services which increased \$186.4 million and \$26.3 million, respectively, over fiscal 2024. In contrast, income from investments decreased over the prior year totaling \$47.5 million as compared to \$69.5 million earned in fiscal 2024.
- Transfers from the Lottery, which constitute the majority of Transfers In reported for the General Fund, totaled \$433.6 million in 2025, a slight increase of \$7.2 million from fiscal 2024. The 1.7% increase in fiscal 2025 was largely attributable to a full year of iGaming operations (internet-based slot and table games), as opposed to four months of operation in 2024, and a substantial increase in iLottery revenues (mobile offering of instant tickets, Keno, etc.).



- Tax revenues totaled \$4.6 billion in fiscal 2025, an increase over the \$4.4 billion in fiscal 2024. Personal income tax revenues accounted for the largest portion of this increase, growing \$152.7 million from prior year. The notable increase of \$38.1 million in other tax revenues was due to increased inheritance payments of \$35.0 million.
- General business taxes, totaling \$670.6 million in fiscal 2025, dropped 5.7% from the prior year. This decrease was largely attributed to a statutory change in the tax base determination for financial institutions, resulting in \$40.1 million less revenues than in fiscal 2024.
- Sales and use taxes exceeded \$1.8 billion, seeing a continued increase of 2.0% over the prior year due to inflation in consumer goods and wages. Additionally, the State began imposing a tax on electronic nicotine delivery systems (i.e. vaping devices) in fiscal 2025.

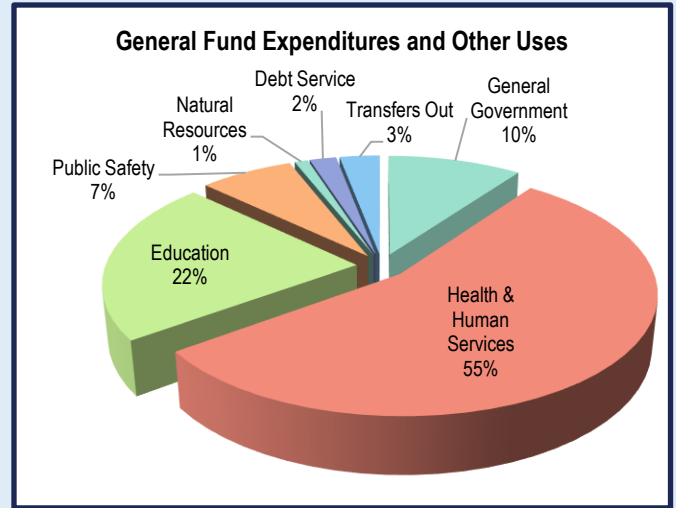


- Federal revenues reported in the General Fund remained consistent with fiscal 2024, approximating \$4.5 billion. Federal revenue relating to State and Local Fiscal Recovery Funding also remained consistent with the prior year, totaling \$268.4 million in fiscal 2025, a decrease of \$7.0 million. The Medicaid program continued to grow in fiscal 2025, \$196.2 million higher than the prior year. Conversely, funding for the Education Stabilization Fund dropped significantly in fiscal 2025, down \$173.5 million from fiscal 2024 grant revenue.
- Restricted revenues reported in 2025 remained consistent with the prior year, dropping \$4.4 million, a nominal 1.1% decrease. Revenue increases in restricted activities, such as greenhouse gas initiatives, debt commitments relating to Centerville Bank Stadium in Pawtucket, RI Health Exchange administration, statewide student transportation, and workers' compensation unit administration were notable. These increases, however, were balanced by significant decreases in revenues restricted for statewide opioid abatement and adult immunization activities.

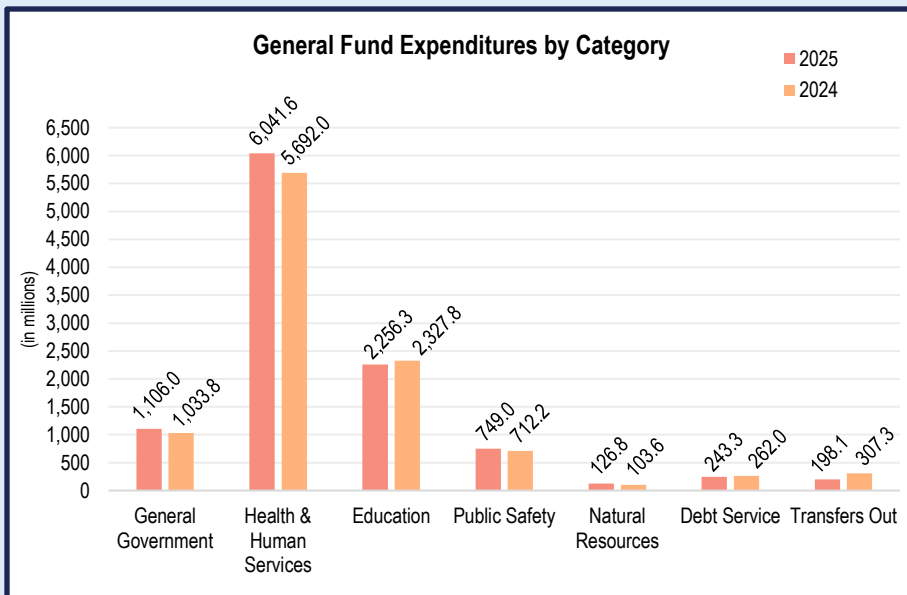


General Fund Expenditures

- Expenditures and transfers totaled \$10.7 billion in fiscal 2025, an increase of \$282.5 million, 2.7% higher than fiscal 2024. All expenditure categories increased in fiscal 2025, with the exception of education and debt service, which experienced reductions.
- General government expenditures totaled \$1.1 billion in fiscal 2025, a moderate 7% increase from fiscal 2024. Much of the increase can be accredited to the increased spending federal of pandemic recovery funding. Increased spending on the State Fiscal Recovery Fund, Emergency Rental Assistance, Coronavirus Capital Projects Fund, and State Small Business Credit Initiative programs collectively accounted for \$55.5 million of the net \$72.2 million increase over fiscal 2024.
- Health & human services expenditures grew by \$349.6 million in fiscal 2025, significantly attributable to increased spending on the Medicaid program administered by the Executive Office of Health and Human Services.
- Education expenditures decreased \$71.5 million in fiscal 2025 from the prior year. Expenditures by local school districts, charter schools, and State schools under the federal Education Stabilization Fund decreased \$173.5 million from fiscal 2024, as most education agencies exhaust their available program funding. Conversely, the State provided increased support for elementary and secondary education and public higher education of \$57.8 million and \$3.4 million, respectively.



- Public safety expenditures increased by \$36.8 million over prior year totals due to large increases in personnel costs across departments within the function, totaling \$46.2 million. These sweeping increases were offset by a marked decrease of \$25.2 million at the RI Emergency Management Agency for reimbursable pandemic response expenditures under the FEMA Stafford Act.
- Natural resources expenditures grew by \$23.2 million in fiscal 2025, most notably due to increased personnel costs at the Department of Environmental Management. In addition, the Department recognized increased pass-through awards to subrecipients for various federal programs and acquisitions of land and development rights through use of federal funding.



- Reduced debt service of \$18.7 million can be largely attributed to a \$12.2 million debt extinguishment in fiscal 2024, which inflated expenditures reported in the prior year. In addition, interest expenditures also saw a modest decrease of \$2.9 million over the prior year.
- The General Fund also transferred \$172.8 million to the RI Capital Plan Fund, as required by RI General Law section 35-3-20, to fund future capital projects.

Intermodal Surface Transportation (IST) Fund Operations

- IST Fund expenditures were funded through a variety of revenue sources in fiscal 2025. These sources mostly included gasoline taxes, appropriations from the RI Capital Plan Fund, federal transportation programs, GARVEE bond proceeds, and motor vehicle registry fees and surcharges.
- RIDOT expended \$892.7 million on infrastructure projects and maintenance programs. Infrastructure expenditures accounted for \$601.8 million. The three largest infrastructure projects were the Washington Bridge demolition, repair and replacement of numerous bridges on I-95 and Route 10, and the reconstruction of Route 146 between Providence and Lincoln, with expenditures totaling \$63.4 million, \$62.5 million, and \$52.3 million, respectively. Transfers of gas tax revenue from the IST fund to the RI Public Transit Authority (RIPTA) in fiscal 2025 totaled \$67.4 million, a moderate increase over the prior year.
- The notes to the financial statements reported the State's commitments relating to the replacement of the westbound side of the I-195 Washington Bridge. The State issued an award for the project with a total cost of \$427.9 million with the new bridge expected to open to traffic in November 2028.

Revenues and other sources:	(in millions)
Taxes	\$ 251.5
Federal grants	590.9
Capital financing	149.3
Transfers (primarily from RICAP)	129.3
Fees	25.9
Other	21.8
Total	\$ 1,168.7
Expenditures and transfers:	
Maintenance and infrastructure capital outlays	\$ 892.7
Debt service	78.1
Transfers to RIPTA - gas tax	67.4
Transfers (primarily to General Fund for debt service)	58.9
Total	1,097.1
Increase in fund balance	\$ 71.6

Rhode Island Capital Plan (RICAP) Fund Operations

Revenues and other sources:	(in millions)
Investment Income	\$ 39.5
Transfers (primarily from General Fund)	185.4
Total	\$ 224.9
Expenditures and transfers:	
Capital Outlays	\$ 220.0
Transfers (primarily to IST Fund)	137.0
Total	357.0
Decrease in fund balance	\$ (132.1)

- Fund balance in the RICAP fund totaled \$806.1 million at June 30, 2025, decreasing \$132.1 million from 2024.
- The RICAP Fund reported investment income totaling \$39.5 million in fiscal 2025. This amount, while a 20% decrease from the \$48.9 million in 2024, was still a substantial increase over the \$20.1 million in earnings reported in fiscal 2023.
- Transfers into the RICAP Fund increased by \$25.4 million over the prior year. Much of this increase is attributable to the \$18.4 million rise in transfers from the General Fund, as statutorily required by RI General Law section 35-3-20.
- Capital outlays and transfers totaled \$357.0 million for capital projects, representing an increase of \$88.0 million, or 32.7%, over fiscal 2024. Significant capital projects funded by RICAP included Pastore Campus Infrastructure (\$16.0 million), State Hospital Reorganization (\$12.8 million), Residential Treatment Facilities for Youths (\$13.2 million), University of Rhode Island (\$42.3 million), Rhode Island College (\$14.4 million), State Police Southern Barracks (\$9.8 million), Correctional Intake Service Center HVAC (\$7.4 million), and the Port of Galilee (\$6.9 million). In addition, RICAP transferred \$129.3 million to the IST fund for the Highway Improvement Program to fund the State's cost-share for projects approved by the Federal Highway Administration.

Federal Assistance Expenditures – Pandemic Recovery Funding

- Fiscal 2025 saw continued use of federal funding made available for pandemic recovery efforts. This funding consists of authorizations primarily under the American Rescue Plan Act.
- Federal expenditures funded by pandemic recovery assistance totaled \$493.0 million in fiscal 2025, down \$234.4 million from nearly \$727.4 million in 2024. The decrease in recovery expenditures is largely attributable to significant drops in the Education Stabilization Fund (\$173.5 million), Medicaid and Children’s Health Insurance programs (\$30.0 million combined), and FEMA Stafford Act Disaster Assistance (\$29.5 million).
- At June 30, 2025, \$188.7 million in Coronavirus State and Fiscal Recovery funding remained. The State is required to expend these remaining funds by December 31, 2026.
- Additional information on expenditures of federal awards during fiscal 2025 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.

	(in millions)
Coronavirus State and Local Fiscal Recovery Fund - Funding to states and municipalities for various projects related to economic recovery from the impact of the pandemic. No local-specific funding was awarded in fiscal 2025.	\$ 268.4
Education Stabilization Fund - Funds provided to local education agencies to address the impact the pandemic has had on elementary and secondary schools.	\$ 75.8
Epidemiology & Laboratory Capacity for Infectious Diseases - Funds used to continue virus mitigation efforts, as well as support construction costs of the State’s new health laboratory.	\$ 62.1
Emergency Rental Assistance Program - Funds provided to RI Housing and other organizations to assist households having difficulty making rent and utility payments due to the pandemic.	\$ 22.4
State Small Business Credits Initiative - Funds provided to RI Commerce Corp. to support small businesses and entrepreneurship in communities across the State by providing capital and technical assistance to promote small business stability, growth and success.	\$ 20.2
Coronavirus Capital Projects Fund - Funding to states for enhancement of fiber optic broadband access and infrastructure and for construction or renovation of multipurpose community centers for educational programs, workforce training, and health monitoring.	\$ 10.9
Other Federal Programs Receiving Pandemic Recovery Assistance	\$ 33.2
Total Pandemic Recovery Assistance Expended in 2025	\$ 493.0

Changes in Long-Term Liabilities

	(expressed in millions)			
	Beginning (as restated)	Additions	Reductions	Ending
Governmental				
Bonds payable	\$ 2,868.0	\$ 449.8	\$ (279.1)	\$ 3,038.7
Lease liability	61.7	8.2	(20.7)	49.2
SBITA liability	9.4	32.3	(15.8)	25.9
Net pension liability	2,973.0	17.9	(31.5)	2,959.4
Net OPEB liability	189.0	-	(63.2)	125.8
Other	329.1	110.9	(65.8)	374.2
Total	\$ 6,430.2	\$ 619.1	\$ (476.1)	\$ 6,573.2
Business-Type				
Bonds payable	\$ 140.2	\$ -	\$ (21.2)	\$ 119.0
Lease liability	0.7	-	(0.3)	0.4
SBITA Liability	-	0.6	(0.1)	0.5
Net pension liability	17.8	-	-	17.8
Net OPEB liability	1.9	-	(0.6)	1.3
Other	31.3	1.9	(1.4)	31.8
Total	\$ 191.9	\$ 2.5	\$ (23.6)	\$ 170.8
Total	\$ 6,622.1	\$ 621.6	\$ (499.7)	\$ 6,744.0

- In September 2024, RI Commerce Corporation, on behalf of the State, issued \$123.9 million of grant anticipation bonds to provide funding for certain costs of the Washington Bridge Project.
- Additionally, in June 2025, the State issued general obligation bonds totaling \$223.9 million for various projects previously authorized by the voting public. At that time, the State also issued \$49.4 million of general obligation bonds to advance refund \$49.8 million of outstanding bonds. The refunding resulted in a \$1.4 million reduction of debt service through fiscal 2028.
- The State also committed to various long-term subscription-based information technology arrangements (SBITAs) during fiscal 2025, including the State’s enterprise Microsoft license and various software products employed by agencies.
- Further details surrounding the changes in Net Pension and Net OPEB Liabilities can be found on the following page.

Employer Pension Plans

- Net pension liabilities of the primary government totaled \$3.0 billion. This is the combined liability for five defined benefit plans covering State employees totaling \$2.0 billion and the State's proportionate share of the net pension liability for teachers totaling \$1.0 billion as of the June 30, 2024 measurement date. The Judicial Retirement Benefits Trust reported a net pension asset of \$8.2 million as of the June 30, 2024 measurement date. Plan net position as a percentage of the total pension liability/asset for the plans at the June 30, 2024 measurement date is shown in the table.
- Net position restricted for State employee pension benefits increased by \$296.7 million across the respective defined benefit pension trust funds. These funds collectively recognized a \$310.5 million net investment gain in fiscal 2025.
- The State made employer contributions totaling \$202.1 million, inclusive of supplemental contributions totaling \$21.7 million, in fiscal 2025 to the defined benefit pension plans. In addition, the State contributed \$130.1 million for its share of pension contributions for teachers. Retirement benefits paid to retired State employees exceeded \$393.5 million in fiscal 2025.
- The State contributed an aggregate of \$7.4 million to the defined contribution plan in fiscal 2025 for State employees. The Defined Contribution Plan Pension Trust fund, which holds retirement assets for State employees, teachers, and municipal employees (plans participating in the Municipal Employees Retirement Trust Fund) reported net position of \$2.5 billion at June 30, 2025.

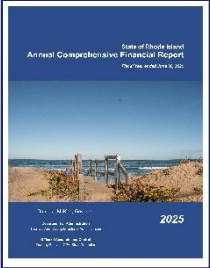
<i>Plan fiduciary net position as a % of the total pension liability / asset</i>	
ERS - State employees	63.1%
ERS - Teachers	67.7%
SPRBT - State Police	90.4%
SPRFT - State Police	21.7%
JRBT - Judges	107.7%
RIJRFT - Judges	9.2%

Retiree Healthcare Benefit (OPEB) Plans

- 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 \$127.0 million, which is net of amounts accumulated for future benefits at the measurement date. For four plans, a net OPEB asset results from plan assets exceeding the OPEB plans' liabilities by \$45.9 million collectively.
- Plan net position as a percentage of the total OPEB liability at the June 30, 2024 measurement date is shown in the table. The funded status of the OPEB plans increased moderately, with the largest plan covering most state employees growing from 65.1% to 76.6% at the June 30, 2024 measurement date.
- Employer contributions to the OPEB plans totaled \$43.7 million in fiscal 2025. The OPEB Trust Funds collectively recognized a \$75.6 million net investment gain across all funds for fiscal 2025. The investment rate of return assumption is 5% for the OPEB plans.
- OPEB Trust Funds paid \$34.4 million towards retiree healthcare benefits in fiscal 2025, an increase of \$1.5 million over the prior year.

<i>Plan fiduciary net position as a % of the total OPEB liability / asset</i>	
State employees	76.6%
Teachers	178.9%
State Police	138.9%
Judicial	1338.9%
Legislators	257.5%
Board of Education	99.1%

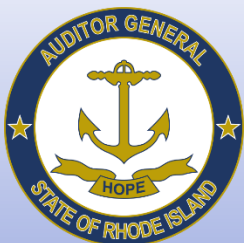
The **State of Rhode Island's Fiscal 2025 Annual Comprehensive Financial Report (ACFR)** prepared by the Office of Accounts and Control – Department of Administration – includes the *Independent Auditor's Report* of the Auditor General resulting from the annual audit of the State's financial statements as required by RI General Law section 35-7-10. Management's Discussion and Analysis explains key highlights and changes between fiscal years 2025 and 2024.



The full fiscal 2025 ACFR is available on the Office of Accounts and Control and Auditor General websites:

[2025 State of Rhode Island ACFR 6.30.25 \(ri.gov\)](https://www.ri.gov)

The Rhode Island Commerce Corporation assisted in providing artwork for the State of Rhode Island's 2025 Annual Comprehensive Financial Report



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