STATE OF RHODE ISLAND

State Employees' and Electing Teachers OPEB System

(A Component Unit of the State of Rhode Island)

FISCAL YEAR ENDED JUNE 30, 2025

David A. Bergantino, CPA, CFE
Auditor General

State of Rhode Island
General Assembly
Office of the Auditor General

Office of the Auditor General
State of Rhode Island - General Assembly
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September 3, 2026

JOINT COMMITTEE ON LEGISLATIVE SERVICES:

SPEAKER Christopher R. Blazejewski, Chair

Senator Valarie J. Lawson
Senator Jessica de la Cruz
Representative Katherine S. Kazarian
Representative Michael W. Chippendale

BOARD OF THE RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM:

We have completed our audit of the financial statements of the Rhode Island State Employees' and Electing Teachers OPEB System (System) for the fiscal year ended June 30, 2025.

The System provides retiree healthcare benefits to State employees, electing teachers, and certain employees of the Board of Education.

Section 36-12.1-12 of the Rhode Island General Laws requires the preparation of an annual financial report to be submitted to the Governor for transmittal to the General Assembly. This report is intended to meet the reporting requirement of the General Laws for the fiscal year ended June 30, 2025.

Section V of this report includes our *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

Section VI of this report includes the Schedule of Findings and Responses which includes one finding deemed to be a significant deficiency in internal control over financial reporting.

Our report is contained herein as outlined in the Table of Contents.

Sincerely,

David A. Bergantino, CPA, CFE
Auditor General

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM

(A Component Unit of the State of Rhode Island)

FISCAL YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

JOINT COMMITTEE ON LEGISLATIVE SERVICES, GENERAL ASSEMBLY
STATE OF RHODE ISLAND:

BOARD OF THE RHODE ISLAND STATE EMPLOYEES' AND ELECTING
TEACHERS OPEB SYSTEM:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the plans which comprise the Rhode Island State Employees' and Electing Teachers OPEB System (the System), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the plans within the System, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1, the financial statements of the System present only the OPEB trust funds of the State of Rhode Island (the State) and do not purport to, and do not present fairly the financial position of the State, as of June 30, 2025 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As described in Note 2, the fair values of certain investments (private equity, private credit, real estate, and private real assets ex-real estate) representing 9.0% of assets within the pooled investment trust, have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or general partners.

Our opinions are not modified with respect to these matters.

Joint Committee on Legislative Services
Board of the Rhode Island State Employees' and Electing Teachers OPEB System

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 System'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 System'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 System'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.

Joint Committee on Legislative Services
Board of the Rhode Island State Employees' and Electing Teachers OPEB System

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 and other required supplementary information as listed in the table of contents for pages 31 through 42 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 3, 2026 on our consideration of the System'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 System'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 System's internal control over financial reporting and compliance.

David A. Bergantino

David A. Bergantino, CPA, CFE
Auditor General

September 3, 2026

Rhode Island State Employees' and Electing Teachers OPEB System

Management's Discussion and Analysis

The Rhode Island State Employees' and Electing Teachers OPEB System (the System) provides this Management's Discussion and Analysis of their financial performance for the readers of the System's financial statements. This narrative provides an overview of the System's financial activity for the fiscal year ended June 30, 2025. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the System's financial activities based on the status of the System and issues currently facing management.

The System is administered by the State of Rhode Island OPEB Board and was authorized, created, and established under Chapter 36-12.1 of the RI General Laws. The Board was established under Chapter 36-12.1 as an independent board to hold and administer, in trust, the funds of the OPEB system.

Pursuant to legislation enacted by the General Assembly, a trust was established in fiscal year 2011 to accumulate assets and pay benefits and other costs associated with the System. In addition, beginning in fiscal year 2011, the State and other participating employers were required by law to fund the plans on an actuarially determined basis. Previously the System had been funded on a pay-as-you-go basis with annual contributions designed to fund only current year claims, premiums, and administrative costs.

The System administers other post-employment benefits plans for the following groups:

- **State Employees -** covers State employees and certain employees of the Narragansett Bay Commission, RI Airport Corporation, and RI Commerce Corporation.

- **Teachers -** covers certified public school teachers electing to participate in the System.

- **Judges -** covers judges and magistrates.

- **State Police -** covers State Police officers.

- **Legislators -** covers retired and former members of the General Assembly.

- **Board of Education** (BOE) **-** covers certain employees of the State's University and Colleges, primarily faculty.

Healthcare coverage benefits vary by plan and are fully described in Note 1.

Understanding the System's Financial Statements

The Statements of Fiduciary Net Position provide a snapshot of the financial position of the System at June 30, 2025. The Statements of Changes in Fiduciary Net Position summarize the additions and deductions that occurred during the fiscal year. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the financial statements. The Required Supplementary Information consists of schedules and related notes, which demonstrate the System's progress in accumulating funds to meet future OPEB benefit obligations for members of the System.

Financial Highlights for the Fiscal Year Ended June 30, 2025

- Fiduciary net position increased by $88.6 million in fiscal 2025 to $752.4 million. The System began accumulating assets for the future payment of post-employment benefits in 2011.
- Total post-employment health care benefits paid were $34.4 million, an increase of $1.6 million from the amount of benefits paid in fiscal 2024.
- Contributions to all plans from members and employers for fiscal 2025 totaled $45.5 million, a decrease of $3.6 million compared to the contributions received in fiscal 2024.
- The System experienced a net gain from investing activities of $75.6 million for fiscal 2025.

Assets, Liabilities and Fiduciary Net Position – All Plans

	June 30, 2025	June 30, 2024
Assets:		
Cash and cash equivalents	$ 8,102,324	$ 6,647,328
Investments	754,241,186	666,100,238
Receivables	2,633,738	2,798,865
Total assets	764,977,248	675,546,431
Liabilities:		
Accounts payable and incurred but not reported claims	1,848,076	1,640,657
Other liabilities	10,721,888	10,108,261
Total liabilities	12,569,964	11,748,918
Fiduciary Net Position:	$ 752,407,284	$ 663,797,513

Summary of Changes in Fiduciary Net Position – All Plans

	June 30, 2025	June 30, 2024
Additions:		
Contributions:		
Employer	$ 43,661,042	$ 47,268,760
Member	1,881,092	1,885,103
Other income	1,970,636	2,604,249
Net investment income	75,628,214	70,105,364
Total Additions	123,140,984	121,863,476
Deductions:		
Benefits	34,421,955	32,855,900
Administrative expenses	109,258	148,113
Total Deductions	34,531,213	33,004,013
Increase (Decrease) in Fiduciary Net Position:	88,609,771	88,859,463
Fiduciary Net Position:		
Beginning of year	663,797,513	574,938,050
End of year	$ 752,407,284	$ 663,797,513

Investments

The State Investment Commission (SIC) monitors investment performance of the System and conducts periodic asset/liability (A/L) studies to identify an optimal diversified investment portfolio that maximizes return within an acceptable level of risk. As long-term investors, the SIC is committed to its strategic asset allocation that has been developed as part of a comprehensive A/L study which incorporates capital market return expectations, risks and correlations associated with each asset class as well as the unique profile and objectives of the System.

The following asset allocation targets were in place during the year ended June 30, 2025.

Fiscal 2025 – Asset Allocation Targets	
GROWTH	
Public Growth	40.0%
Private Growth	5.0%
Growth - Subtotal	**45.0%**
INCOME	
Equity Options	4.0%
Liquid Credit	8.0%
Collateralized Loan Obligations (CLOs)	4.0%
Private Credit	5.0%
Income - Subtotal	**21.0%**
STABILITY	
Inflation Protection – Core Real Estate	4.0%
Inflation Protection – Private Real Assets (ex-Real Estate)	4.0%
Volatility Protection – US Aggregate Bond	26.0%
Stability - Subtotal	**34.0%**
Total	**100.0%**

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

Investment Type	Fair Value
US Cash and Cash Equivalents:	
US Cash	$ 55,987
Non-US Cash	135,329
Money Market Mutual Funds	3,701,931
Corporate Bonds	14,435,724
Derivatives:	
Equity and Fixed Income Index Futures	35,269
Commingled Funds - International Equity	115,050,477
Commingled Funds - Domestic Equity Index Funds	523,933,902
Equity Options	29,346,345
Private Equity	24,550,414
Private Credit	8,137,508
Real Estate	23,402,852
Private Real Assets (ex-Real Estate)	11,518,108
Investment at Fair Value	754,303,846
Investment receivable (payable)	(62,660)
Total Pooled Investment Trust	$ 754,241,186

Investment Performance

The System's actuarial investment return assumption is 5.00%. The allocation of assets among equity and fixed income securities in the future may have a significant impact on actual investment performance. The actual investment return, net of investment expenses, for the fiscal year ended June 30, 2025 was 11.10% while the composite benchmark return was 10.7%.

Funded Status

Independent actuarial valuations of the System have been conducted every two years with annual valuations beginning June 30, 2018. As part of these valuations, the progress toward funding OPEB obligations of the System will be measured by comparing the actuarial value of assets to the actuarial accrued liability. This measure is referred to as the funded ratio or funded status.

Next Year's Contribution Rates

The fiscal 2026 employer contribution rates are all based upon actuarial valuations performed at June 30, 2023. The net employer contribution rates (expressed as a percent of covered payroll) for fiscal year 2026 are 3.25% for State employees, 10.78% for State Police, and 1.36% for members of the Board of Education plan. There is no fiscal 2025 required contribution to the Judges and Legislators plans due to their funded status. The State's contribution for retired teachers is expressed as a dollar amount and not as a percent of payroll; however, there will be no contribution to this plan for fiscal year 2026.

Future health care inflation experience and the assumed rate of return are key variables that could have a major impact on future employer contributions to the System. Trustees of the System, after consultation with the System's actuaries, will continue to carefully monitor this and other actuarial assumptions and make adjustments to future valuations as appropriate.

Contacting the System's Management

This discussion and analysis presentation is designed to provide a general overview of the System's financial activity. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Accounts and Control
1 Capitol Hill
Providence, RI 02908

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM
Statements of Fiduciary Net Position
June 30, 2025

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education	Total
Assets							
Cash and cash equivalents	$ 4,819,076	$ 229,591	$ 1,056,026	$ 972,067	$ 354,000	$ 671,564	$ 8,102,324
Contribution receivables	2,008,799	27,424	6,383	367,055	29,954	194,123	2,633,738
Investments at fair value - equity in pooled trust	519,612,902	17,030,499	6,585,633	119,291,049	3,898,384	87,822,719	754,241,186
Total assets	526,440,777	17,287,514	7,648,042	120,630,171	4,282,338	88,688,406	764,977,248
Liabilities							
Accounts payable	492,615	21,158	7,184	69,764	51,218	52,237	694,176
Incurred but not reported claims	717,700	85,200	4,000	181,400	55,300	110,300	1,153,900
Due to other funds	420,342	13,530	3,866	96,797	2,481	71,220	608,236
Other	10,113,652	-	-	-	-	-	10,113,652
Total liabilities	11,744,309	119,888	15,050	347,961	108,999	233,757	12,569,964
Net position held in trust for other post-employment benefits	$ 514,696,468	$ 17,167,626	$ 7,632,992	$ 120,282,210	$ 4,173,339	$ 88,454,649	$ 752,407,284

The accompanying notes are an integral part of this financial statement.

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM
Statements of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2025

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education	Total
Additions							
Contributions							
Member contributions	$ -	$ -	$ -	$ -	$ -	$ 1,881,092	$ 1,881,092
Employer contributions (note 4)	36,643,921	-	-	4,380,543	-	2,636,578	43,661,042
Total contributions	36,643,921	-	-	4,380,543	-	4,517,670	45,542,134
Other income (note 6)	1,140,160	96,869	28,546	576,298	104,165	24,598	1,970,636
Investment income							
Net appreciation in fair value of investments	49,728,346	1,671,593	635,901	11,435,653	408,907	8,434,489	72,314,889
Interest and dividends	3,807,120	127,228	65,826	848,557	37,742	624,320	5,510,793
	53,535,466	1,798,821	701,727	12,284,210	446,649	9,058,809	77,825,682
Less investment expense	(1,510,769)	(50,394)	(19,273)	(348,428)	(12,072)	(256,532)	(2,197,468)
Net investment income	52,024,697	1,748,427	682,454	11,935,782	434,577	8,802,277	75,628,214
Total additions	89,808,778	1,845,296	711,000	16,892,623	538,742	13,344,545	123,140,984
Deductions							
Benefits	26,819,522	795,557	(57,819)	2,978,491	619,094	3,267,110	34,421,955
Administrative expense (note 7)	77,256	1,619	873	17,235	(246)	12,521	109,258
Total deductions	26,896,778	797,176	(56,946)	2,995,726	618,848	3,279,631	34,531,213
Net Increase	62,912,000	1,048,120	767,946	13,896,897	(80,106)	10,064,914	88,609,771
Net position held in trust for other post-employment benefits							
Net position - beginning	451,784,468	16,119,506	6,865,046	106,385,313	4,253,445	78,389,735	663,797,513
Net position - ending	$ 514,696,468	$ 17,167,626	$ 7,632,992	$ 120,282,210	$ 4,173,339	$ 88,454,649	$ 752,407,284

The accompanying notes are an integral part of this financial statement.

1. Plan Descriptions

(a) General

The Rhode Island State Employees' and Electing Teachers OPEB System (the "System"), a component unit of the State of Rhode Island, acts as a common investment and administrative agent for benefits to be provided for six defined benefit other post-employment plans as listed below:

Plan	Members	Plan Type
State Employees	State employees (excluding state police, legislators, and judges) and certain employees of the Narragansett Bay Commission, RI Airport Corporation, and RI Commerce Corporation.	Cost-sharing multiple employer
Teachers	Certified public school teachers electing to participate in the System.	Single-employer
Judges	Judges and magistrates.	Single-employer
State Police	State Police officers.	Single-employer
Legislators	Retired and former members of the General Assembly.	Single-employer
Board of Education	Certain employees of the Board of Education inclusive of URI, RIC and CCRI and the Office of Higher Education.	Cost-sharing multiple employer

All plans are advance funded through a trust.

Although the assets of the plans are commingled for investment purposes, each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan, in accordance with the terms of that plan.

As a fiduciary component unit, the System's financial statements are reported as fiduciary funds in the Annual Comprehensive Financial Report of the State of Rhode Island. The accompanying financial statements are not intended to present the financial position and results of operations of the State.

The System is administered by the State of Rhode Island OPEB Board and was authorized, created, and established under Chapter 36-12.1 of the RI General Laws. The Board was established under Chapter 36-12.1 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.

Members of the System, which include State employees, legislators, judges, State Police officers, certified public school teachers and employees of certain component units (or related organizations), if they meet certain eligibility requirements, are eligible to receive some form of retiree health care benefits. In addition, certain employees of the Board of Education receive benefits under another plan known as the Rhode Island Board of Education Health Care Insurance Retirement Program (the "BOE Plan").

1. Plan Descriptions (continued)

(b) Membership and Benefit Provisions

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. Payments received from certain retired members consist of the required retiree share of coverage based on the time of retirement and years of service. Other payments received from retired members 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 follows:

State Employees

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.

For State employees who retired on or before September 30, 2008, the fiscal 2025 contributions are as follows:

Age of Retirement	Years of Service	Amount of Cost Paid by Retiree
Below 60:	28-34	10%
	35+	0%
From 60 to 64:	10-15	50%
	16-22	30%
	23-27	20%
	28+	0%
65 and Over:	10-15	50%
	16-19	30%
	20-27	10%
	28+	0%

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.

1. Plan Descriptions (continued)

(b) Membership and Benefit Provisions (continued)

At age 65, State retirees must purchase Medicare Part B (deducted from their Social Security payment) and enroll in a HRA plan to which the OPEB Trust contributes based upon 80% of the lowest-cost Medicare supplemental plan available through the program that meets the plan requirements defined in the law. Amounts available in each retiree's HRA plan can be used for any eligible medical care expense including reimbursement for health insurance premiums.

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 or Advantage plan. Retirees who retired before that date are able to continue on the active health care plan provided they enroll in Medicare Part B. No State subsidies are received by the retirees of these plans.

State Police

Prior to age 65 retired State Police officers (including spouses and dependents) receive the active health care plan benefits with the same co-share amount in effect at the date of their retirement. Upon reaching age 65 these retirees may no longer be enrolled in the active health care plan. They may enroll in Medicare Part B and a Medicare Supplement or Advantage plan; however, there is no subsidy from the State. 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 age 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. Vision and dental coverage are not provided under this plan.

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 or Advantage plan. Retirees who retired before that date are able to continue on the active health care plan provided they enroll in Medicare Part B. No State subsidies are received by the retirees of these plans.

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 Advantage 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.

1. Plan Descriptions (continued)

(b) Membership and Benefit Provisions (continued)

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 premiums while the retiree contributes from 0% to 50%.

Employees retiring after June 30, 2008, who are under 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.

A summary of membership by plan and the number of participating employers as of the June 30, 2024 actuarial valuation follows:

Plan	Members			Participating Employers
	Active	Retired	Total	
State employees	10,923	7,677	18,600	9
Teachers	N/A	51	51	N/A
Judges	64	23	87	1
State Police officers	239	174	413	1
Legislators	112	19	131	1
BOE employees	1,765	1,201	2,966	5

2. Summary of Significant Accounting Policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is responsible for establishing generally accepted accounting principles for other post-employment benefit plans established by governmental entities.

Basis of Accounting – The financial statements of the System have been prepared utilizing the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are withheld from retiree benefits. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions.

Benefits are recorded based on (1) recognition of a claim liability for a plan covered service for self-insured coverage or (2) when premiums are due and payable for insured coverage. Accordingly, at fiscal year-end, an estimated liability for incurred but not reported claims is recognized in the financial statements for self-insured coverage.

2. Summary of Significant Accounting Policies (continued)

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 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 and domestic and international equity securities are generally based on published market prices and quotations from national securities 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 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 securities exchange (primarily private equity, private credit, 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.

Cash and Cash Equivalents - Cash represents deposits held in a financial institution. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase.

Investment Expenses - Investment expenses include investment consultant fees, custodial fees, direct investment expenses paid to managers, and certain indirect expenses allocated by managers to fund or partnership investors. When indirect investment expenses for certain types of investments (e.g., private equity, private credit, real estate, private real assets ex-real estate, and equity options), are not reported separately to System's management and the investment custodian, additional information is obtained to allow reporting of the System's share of such indirect investment expenses on a gross fee basis.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies. These estimates are subject to a certain amount of uncertainty in the near term, which could result in changes in

2. Summary of Significant Accounting Policies (continued)

the values reported for those assets and liabilities in the statement of fiduciary net position. Because of the inherent uncertainty in the valuation of privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the difference can be material. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from these estimates.

Total Columns - Total columns on the financial statements are presented only to facilitate financial analysis. Data in these columns are not comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

New Accounting Pronouncements – The System evaluates the impact of all new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB). Effective for fiscal year 2025, GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*, were implemented by the system. These statements had no impact on the fiscal 2025 financial statements.

In subsequent years, the System will consider the impact, if any, of GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. System management has not yet determined the effect that these statements will have on the financial statements for future periods.

3. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

At June 30, 2025, the carrying amounts of the plans' cash deposits are listed below:

	State Employees	Teachers	Judges	State Police	Legislators	BOE	Total
Book Balance							
Cash Deposits:	$ 4,055,722	$ 229,194	$ 1,056,026	$ 972,067	$ 354,000	$ 671,564	$ 7,338,573
Cash Equivalents:	763,354	397	-	-	-	-	763,751
Total Cash Deposits and Cash Equivalents:	$ 4,819,076	$ 229,591	$ 1,056,026	$ 972,067	$ 354,000	$ 671,564	$ 8,102,324

At June 30, 2025, bank balances for the plan's cash accounts totaled:

	State Employees	Teachers	Judges	State Police	Legislators	BOE	Total
Bank Balances:	$ 4,062,261	$ 229,643	$ 1,057,567	$ 973,203	$ 354,720	$ 672,525	$ 7,349,919

The bank and book balances represent the plans' deposits in short-term trust accounts which include fully insured 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 by a third-party custodian.

3. Cash, Cash Equivalents, and Investments (Continued)

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 $763,751 which represented less than 1% 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. Investments reported at the NAV are not subject to the leveling categorization described in the "Fair Value Hierarchy" section of this note. 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

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 plan's respective contributions to, or withdrawals from, the trust.

The State Investment Commission (SIC) oversees all investments made by the State of Rhode Island, including those made for the OPEB System. The establishment of the SIC, its legal authority, and investment powers are outlined in Chapter 35-10 of the Rhode Island General Laws. The SIC has adopted an Investment Policy Statement (IPS) which includes specific asset allocation targets and asset class policies. The most recent policy statement was adopted by the SIC on December 6, 2023 and was effective as of January 1, 2024, and 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.

3. Cash, Cash Equivalents, and Investments (Continued)

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

The following asset allocation policy targets were in place during the fiscal year ended June 30, 2025:

Asset Class	Target Asset Allocation
GROWTH	
Public Growth	40.00%
Private Growth	5.00%
Growth - Subtotal	**45.00%**
INCOME	
Equity Options	4.00%
Liquid Credit	8.00%
Collateralized Loan Obligations (CLOs)	4.00%
Private Credit	5.00%
Income - Subtotal	**21.00%**
STABILITY	
Inflation Protection – Core Real Estate	4.00%
Inflation Protection – Private Real Assets (ex-Real Estate)	4.00%
Volatility Protection – US Aggregate Bond	26.00%
Stability - Subtotal	**34.00%**
Total	**100.00%**

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. The custodian bank holds assets of the System in a pooled account and each plan holds units in the account. The number of units held by each plan is a function of each plans' respective contributions to, or withdrawals from the account. Investment expense is allocated to each plan based on the plan's units in the pooled trust at the end of each month.

Consistent with a target asset allocation model adopted by the SIC, the OPEB System maintains a diversified portfolio by sector, credit rating and issuer using the prudent person standard, which 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.

3. Cash, Cash Equivalents, and Investments (Continued)

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
US Cash and Cash Equivalents:		
US Cash	$	55,987
Non-US Cash		135,329
Money Market Funds		3,701,931
Corporate Bonds		14,435,724
Derivatives:		
Equity and Fixed Income Index Futures		35,269
Commingled Funds - International Equity		115,050,477
Commingled Funds - Domestic Equity Index Funds		523,933,902
Equity Options		29,346,345
Private Equity		24,550,414
Private Credit		8,137,508
Real Estate		23,402,852
Private Real Assets ex-Real Estate		11,518,108
Investment at Fair Value	$	754,303,846
Net Investment payable		(62,660)
Total Pooled Investment Trust	$	754,241,186

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.

3. Cash, Cash Equivalents, and Investments (Continued)

The following table presents the investments measured at fair value at June 30, 2025:

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)
Fixed Income			
Corporate Bonds	$ 14,435,724	$ -	$14,435,724
Derivatives			
Equity and Fixed Income Index Futures	35,269	35,269	-
Total Investments by fair value level	$ 14,470,993	$ 35,269	$14,435,724
Investments measured at the net asset value (NAV)			
Commingled Funds – International Equity	115,050,477		
Commingled Funds – Domestic Equity Index Funds	523,933,902		
Equity Options	29,346,345		
Money Market Funds	3,701,931		
Private Equity	24,550,414		
Private Credit	8,137,508		
Real Estate	23,402,852		
Private Real Assets ex-Real Estate	11,518,108		
	$ 739,641,537		
Cash and Cash Equivalents			
US Cash	55,987		
Non-US cash	135,329		
	$ 191,316		
Net Investment payable	(62,660)		
Total Pooled Investment Trust	**$ 754,241,186**		

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:

	Fair Value	Unfunded Commitments	Redemption (if currently eligible)	Redemption Notice Period
Commingled Funds - International Equity	$ 115,050,477	$ -	daily	none
Commingled Funds - Domestic Equity Index Funds	523,933,902	-	daily	see note below
Equity Options	29,346,345	-	see note below	see note below
Money Marktet Funds	3,701,931	-	see note below	see note below
Private Equity	24,550,414	20,565,828	see note below	see note below
Private Credit	8,137,508	12,815,142	see note below	see note below
Real Estate	23,402,852	4,570,642	see note below	see note below
Private Real Assets ex-Real Estate	11,518,108	8,460,986	see note below	see note below
	$ 739,641,537	$ 46,412,598		

3. Cash, Cash Equivalents, and Investments (Continued)

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 funds, 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. Private equity represented 3.3% of the total reported fair value of all pooled OPEB trust investments 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 these 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. Private credit represented 1.1% of the total reported fair value of all pooled OPEB trust investments 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.

3. Cash, Cash Equivalents, and Investments (Continued)

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 these 18 limited partnership investments, 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 3.1% of the total reported fair value of all pooled OPEB trust investments 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. Private real assets ex-real estate represented 1.5% of the total reported fair value of all pooled OPEB trust investments at June 30, 2025. Of these seven funds, 1 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.

<u>**Interest Rate Risk**</u>

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 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.

3. Cash, Cash Equivalents, and Investments (Continued)

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:

Investment Type:	Fair Value	Effective Duration
Corporate Bonds	$14,435,724	1.96

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 that primarily invest in fixed income securities at June 30, 2025:

Investment	Investment Type	Fair Value	Effective Duration
US Aggregate Bond Index NL	Commingled Funds - Domestic Equity	$ 221,135,773	6.05
US High Yield Bond Index NL	Commingled Funds - Domestic Equity	$ 95,134,446	2.73

Credit Risk

Credit risk is the possibility of a loss due to the failure of a counterparty to repay a loan or meet another contractual obligation. The System may be exposed to credit risk with respect to its fixed income investments. The System manages its credit risk by setting credit rating criteria to govern the investment activities of its fixed income managers at the portfolio and security level. Ratings criteria may be expressed on a relative basis against predetermined benchmark index or on an absolute basis based on that manager's mandate. If a security is not rated by any rating agency, the internal rating assigned by the investment manager, or an affiliate (internal rating) will be used. The credit risk policies currently utilized by the System vary by asset class and reflect the manager's strategy and the System's overall asset allocation targets and related objectives.

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

3. Cash, Cash Equivalents, and Investments (Continued)

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

Quality Rating (1)	Corporate Bonds
Ba1	$ 1,002,276
Ba3	5,631,459
B3	19,109
Not rated	7,782,880
Fair Value	$14,435,724

(1) Moody's Investors Service Ratings

In addition to the exposure to credit risk on corporate bonds shown above, the following table depicts credit ratings for two commingled domestic equity fund investments that primarily invest in fixed income securities at June 30, 2025:

Investment	Investment Type	Fair Value	Average Credit Quality	Credit Quality Breakdown
US Aggregate Bond Index NL	Commingled Funds - Domestic Equity	$ 221,135,773	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	$ 95,134,446	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.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a System's investments in a single issuer. There is no single issuer exposure within the System's portfolio that comprises more than 5% of the overall portfolio.

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 the State of Rhode Island OPEB System 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.

3. Cash, Cash Equivalents, and Investments (Continued)

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:

Currency Code	Currency	Commingled Funds	Private Equity	Cash	Total
AUD	Australian Dollar	$ 5,054,841	$ -	$ -	$ 5,054,841
BRL	Brazilian Real	1,521,459	-	-	1,521,459
CAD	Canadian Dollar	9,194,783	-	-	9,194,783
CLP	Chilean Peso	168,144	-	-	168,144
CNY	Chinese Yuan	9,493,558	-	-	9,493,558
COP	Colombian Peso	47,784	-	-	47,784
CZK	Czech Republic Koruna	62,870	-	-	62,870
DKK	Danish Krone	1,629,387	-	-	1,629,387
EGP	Egyptian Pound	21,808	-	-	21,808
EUR	Euro Currency	26,054,702	184,499	4,018	26,243,219
GBP	Great Britain Pound	10,482,838	642,341	131,311	11,256,490
HKD	Hong Kong Dollar	1,482,129	-	-	1,482,129
HUF	Hungarian Forint	105,029	-	-	105,029
INR	Indian Rupee	6,095,841	-	-	6,095,841
IDR	Indonesia Rupiah	435,483	-	-	435,483
ILS	Israeli Shekel	731,182	-	-	731,182
JPY	Japanese Yen	15,645,410	-	-	15,645,410
KWD	Kuwaiti Dinar	273,208	-	-	273,208
MYR	Malaysian Ringgit	459,157	-	-	459,157
MXN	Mexican Peso	709,329	-	-	709,329
TWD	New Taiwan Dollar	6,301,570	-	-	6,301,570
NZD	New Zealand Dollar	114,575	-	-	114,575
NOK	Norwegian Krone	490,369	-	-	490,369
PEN	Peruvian Nouveau Sol	110,934	-	-	110,934
PHP	Philippine Peso	168,406	-	-	168,406
PLN	Polish Zloty	368,631	-	-	368,631
QAR	Qatari Real	268,246	-	-	268,246
SAR	Saudi Riyal	1,165,948	-	-	1,165,948
SGD	Singapore Dollar	1,290,544	-	-	1,290,544
SEK	Swedish Krona	2,710,409	-	-	2,710,409
CHF	Swiss Franc	6,824,561	-	-	6,824,561
ZAR	South African Rand	1,058,736	-	-	1,058,736
KRW	South Korean Won	3,539,430	-	-	3,539,430
THB	Thailand Baht	303,856	-	-	303,856
TRL	Turkish Lira	184,406	-	-	184,406
AED	United Arab Emirates Dirham	480,914	-	-	480,915
	Total	$ 115,050,477	$ 826,840	$ 135,329	$ 116,012,646

3. Cash, Cash Equivalents, and Investments (Continued)

Derivatives and Other Similar Investments

Certain of the System's investment managers are allowed to invest in derivative type transactions consistent with the terms and limitations governing their investment objective and related contract specifications. Derivatives and other similar investments are financial contracts whose value depends on one or more underlying assets, reference rates, or financial indices.

The System's derivative investments include futures contracts. The System enters into these transactions to enhance performance, rebalance the portfolio consistent with overall asset allocation targets, gain or reduce exposure to a specific market, or mitigate specific risks.

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

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

Additionally, the System is an investor in a private investment fund that writes collateralized put options on both U.S. indices, including the S&P 500® Index and exchange traded funds. The advisor attempts to generate returns through the receipt of option premiums from selling puts, as well as through investments in fixed income instruments, which collectively are intended to reduce volatility relative to what it would be if the fund held the underlying equity index on which the options are written.

Additional information regarding interest rate risks for these investments is included in the **Interest Rate Risk** section.

The System may sell a security in anticipation of a decline in the fair value of that security or to lessen the portfolio allocation of an asset class. Short sales may increase the risk of loss to the System when the price of a security underlying the short sale increases and the System is obligated to deliver the security in order to cover the position.

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

Investment Derivative Instruments	Change in Fair Value Included in Investment Income	Fair Value at June 30, 2024	Fair Value at June 30, 2025	Notional Amount
Fixed income futures - long	$ 15,744	$ 15,646	$ 31,390	$ 2,800,438
Fixed income futures - short	(63)	N/A	(63)	208,023
Equity index futures - long	3,263	859	4,122	446,773
Equity index futures - short	2,996	(3,176)	(180)	123,350
Total	$ 21,940	$ 13,329	$ 35,269	

3. Cash, Cash Equivalents, and Investments (Continued)

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	Board of Education
Fiscal Year Ended June 30, 2025	11.21%	10.99%	9.86%	11.11%	10.26%	11.13%

4. Contributions

RIGL Sections 36-10-2, 36-12.1, 36-12-2.2 and 36-12-4 govern the provisions of the System. The contribution requirements of plan members, the State, and other participating employers are statutorily determined and may be amended by the General Assembly. Beginning in fiscal year 2011, the State and other participating employers were required by law to fund the plans on an actuarially determined basis.

For the fiscal year ended June 30, 2025, the State and other participating employers paid $43,661,042 into the plans.

The annual required contribution rates for fiscal year 2025 were determined based on the June 30, 2022 Actuarial Valuation for all plans.

The table below displays the contribution rates for the year ended June 30, 2025

Plan	Employee (Active)	Employer
State Employees	none	3.94%
Teachers	not applicable	not applicable
Judges	none	none
State Police	none	13.73%
Legislators	none	none
Board of Education	0.90%	1.67%

5. Net OPEB Liability (Asset) of the Participating Employers

The Net OPEB Liability (Asset) of employers participating in the various plans of the System as of June 30, 2025 were as follows:

Plan	Total OPEB Liability	Plan Fiduciary Net Position	Employer's Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a % of the Total OPEB Liability
State Employees	$ 604,969,142	$514,696,468	$90,272,674	85.08%
Teachers	9,213,548	17,167,626	(7,954,078)	186.33%
Judges	642,671	7,632,992	(6,990,321)	1187.70%
State Police	83,316,051	120,282,210	(36,966,159)	144.37%
Legislators	1,844,103	4,173,339	(2,329,236)	226.31%
Board of Education	79,989,258	88,454,649	(8,465,391)	110.58%

5. Net OPEB Liability (Asset) of the Participating Employers (continued)

a. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The total OPEB liability was based on valuations performed as of June 30, 2024 rolled forward to June 30, 2025 (measurement date).

The following table summarizes the assumptions and methods employed in the June 30, 2024 valuation.

Summary of Actuarial Methods and Assumptions used in the June 30, 2024 valuation						
	State Employees' Plan	**Teachers Plan**	**Judges Plan**	**State Police Plan**	**Legislators Plan**	**Board of Education Plan**
Actuarial Cost Method	Individual Entry Age					
Amortization Method	Level Percent of Payroll	Level Dollar	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
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 Healthcare Cost Trend Rate	Pre-Medicare: 7.00% in 2025, grading to 3.50% in 2038 Medicare: 6.25% in 2025, grading to 3.50% 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 General Healthy 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.					
Note: Although an inflation rate was not explicitly used, for purposes of determining total OPEB liability inflation was consistent with a 2.5% assumption.						

5. Net OPEB Liability (Asset) of the Participating Employers (continued)

a. Actuarial Methods and Assumptions (continued)

The actuarial assumptions used in the June 30, 2024 valuation and the calculation of the total OPEB liability (asset) at June 30, 2025 were consistent with an Actuarial Experience Investigation Report for the six-year period ending June 30, 2019 performed for the Employees' Retirement System of Rhode Island.

The long-term expected rate of return best-estimate on OPEB plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of OPEB plan expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 41 nationally recognized consulting firms (27 of which provided long-term assumptions). These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

The June 30, 2025 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%	6.47%
Private Growth	5.00%	8.82%
Subtotal	45.00%	
INCOME		
Equity Options	4.00%	5.88%
Liquid Credit	4.00%	4.41%
Emerging Market Debt	4.00%	4.46%
Collaterized Loan Obligations	4.00%	4.41%
Private Credit	5.00%	4.41%
Subtotal	21.00%	
STABILITY		
Inflation Protection		
Core Real Estate	4.00%	5.18%
Private Real Assets	4.00%	6.24%
Subtotal	8.00%	
Volatility Protection		
US Aggregate Bond	26.00%	2.20%
Subtotal	26.00%	
Total	**100.00%**	**5.05%**
Assumed Rate of Inflation		**2.50%**
Long Term Arithmetic Return Expectation		**7.55%**

5. Net OPEB Liability (Asset) of the Participating Employers (continued)

b. Discount rate

The discount rate used to measure the total OPEB liability of the plans was 5.0%. 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, actuarially determined. Based on those assumptions and the projection of cash flows 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.

c. Sensitivity of the Net OPEB Liability (Asset) to changes in the discount rate

The following table presents the Net OPEB Liability (Asset) of the employers calculated using the discount rate of 5.0%, as well as 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.

Sensitivity of Net OPEB Liability (Asset)
to the Single Discount Rate Assumption

Plan	1.0% Decrease 4.0%	Current Single Discount Rate Assumption 5.0%	1.0% Increase 6.0%
State Employees	$ 165,303,072	$ 90,272,674	$ 27,695,296
Teachers	(7,265,481)	(7,954,078)	(8,564,564)
Judges	(6,967,480)	(6,990,321)	(7,010,447)
State Police	(29,702,449)	(36,966,159)	(43,447,189)
Legislators	(2,177,078)	(2,329,236)	(2,462,485)
Board of Education	3,061,851	(8,465,391)	(17,907.089)

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 6.25% and gradually decreasing to an ultimate rate of 3.5%. Similarly, the healthcare cost trend rate for Pre-Medicare/HRA plan members was 7.00% 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.

5. Net OPEB Liability (Asset) of the Participating Employers (continued)

d. Sensitivity of the Net OPEB Liability (Asset) to changes in the healthcare inflation rate (continued)

**Sensitivity of Net OPEB Liability (Asset)
to the Healthcare Cost Trend Rate Assumption**

Plan	1.0% Decrease	Current Healthcare Cost Trend Rate Assumption	1.0% Increase
State Employees	$ 5,599,209	$ 90,272,674	$ 196,152,925
Teachers	(8,757,586)	(7,954,078)	(7,056,762)
Judges	(7,048,316)	(6,990,321)	(6,916,697)
State Police	(46,800,821)	(36,966,159)	(25,235,416)
Legislators	(2,522,913)	(2,329,236)	(2,103,291)
Board of Education	(20,723,732)	(8,465,391)	7,204,922

6. Other Income

Drug rebates received from drug manufacturers relating to claims paid for retirees totaling $1,970,636 are included in other income.

7. Administrative Expenses

Pursuant to General Law section 36-12.1-15, a restricted receipts account within the General Fund is funded and used to pay the expenses of the OPEB Board and the cost of maintaining and administering the OPEB System. This restricted receipt account is funded from a transfer from the OPEB trust funds equal to 25 basis points of the average total investments before lending activities for the preceding five fiscal years or $200,000, whichever is greater. Any non-encumbered funds on June 30 of any fiscal year are returned to the OPEB System. For fiscal year 2025, administrative expenses of the System totaled $109,258.

Administrative expenses recorded within the OPEB System consist primarily of actuarial, investment advisory, custodial fees, and plan design/administration services. Other costs related to administering the post-employment benefit program such as enrollment of retirees, payment of claims, accounting, and investment monitoring have been allocated to the System starting in fiscal year 2018.

8. Commitments

The State Investment Commission has committed to fund certain private equity, private credit, real estate, and private-real assets ex-real estate investment managers at a predetermined subscription amount. Outstanding unfunded investment commitments at June 30, 2025 totaled $46.4 million. These commitments will be funded through cash available within the pooled investment trust generated through investment income and/or liquidation of other investments.

Rhode Island State Employees' and Electing Teachers OPEB System

Required Supplementary Information

Schedules of Changes in the Participating Employers' Net OPEB Liability (Asset) and Related Ratios

Schedules of Investment Returns

Schedules of Employer Contributions

Notes to Required Supplementary Information

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM
Required Supplementary Information

Schedules of Changes in the Participating Employers' Net OPEB Liability (Asset) and Related Ratios

State Employees' Plan

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Total OPEB liability									
Service cost	$ 14,884,634	$ 14,280,082	$ 15,842,215	$ 15,303,500	$ 16,519,615	$ 16,882,590	$ 17,372,538	$ 17,596,695	$ 15,729,608
Interest on the total OPEB liability	29,210,413	29,553,343	30,318,692	29,193,028	31,209,172	32,655,281	34,361,493	33,247,970	31,905,604
Changes of benefit terms	-	-	-	-	-	-	(17,295,587)	-	-
Difference between expected and actual experience	(2,482,095)	(48,706,805)	(36,185,418)	2,952,563	(32,742,035)	(32,616,568)	(39,458,052)	(3,327,426)	(31,336,582)
Changes of assumptions	-	23,526,270	-	(1,781,102)	(31,489,165)	(21,442,501)	(4,429,631)	-	36,061,281
Benefit payments, net of retiree contributions	(26,819,522)	(24,808,000)	(24,194,786)	(22,653,352)	(23,771,476)	(24,667,526)	(24,192,503)	(26,076,925)	(26,815,313)
Net change in total OPEB liability	14,793,430	(6,155,110)	(14,219,297)	23,014,637	(40,273,889)	(29,188,724)	(33,641,742)	21,440,314	25,544,598
Total OPEB liability - beginning	590,175,712	596,330,822	610,550,119	587,535,482	627,809,371	656,998,095	690,639,837	669,199,523	643,654,925
Total OPEB liability - ending (a)	$ 604,969,142	$ 590,175,712	$ 596,330,822	$ 610,550,119	$ 587,535,482	$ 627,809,371	$ 656,998,095	$ 690,639,837	$ 669,199,523
Plan fiduciary net position									
Employer contributions	$ 36,643,921	$ 38,865,962	$ 36,565,974	$ 41,484,573	$ 41,024,947	$ 50,407,617	$ 43,857,850	$ 42,265,174	$ 42,731,807
OPEB plan net investment income	52,024,697	47,846,126	38,249,262	(39,332,111)	70,305,219	19,298,169	18,614,687	13,736,209	14,292,030
Benefit payments, net of retiree contributions	(26,819,522)	(24,808,000)	(24,194,786)	(22,653,352)	(23,771,476)	(24,667,526)	(24,192,503)	(26,076,925)	(26,815,313)
OPEB plan administrative expense	(77,256)	(103,075)	(70,621)	(123,762)	(51,872)	(169,968)	(123,499)	(218,614)	(82,273)
Other	1,140,160	1,820,047	1,251,751	1,409,340	1,165,170	1,515,368	1,055,044	1,848,386	1,721,604
Net change in plan fiduciary net position	62,912,000	63,621,060	51,801,580	(19,215,312)	88,671,988	46,383,660	39,211,579	31,554,230	31,847,855
Plan fiduciary net position - beginning	451,784,468	388,163,408	336,361,828	355,577,140	266,905,152	220,521,492	181,309,913	149,755,683	117,907,828
Plan fiduciary net position - ending (b)	$ 514,696,468	$ 451,784,468	$ 388,163,408	$ 336,361,828	$ 355,577,140	$ 266,905,152	$ 220,521,492	$ 181,309,913	$ 149,755,683
Net OPEB liability (asset) - ending (a) - (b)	$ 90,272,674	$ 138,391,244	$ 208,167,414	$ 274,188,291	$ 231,958,342	$ 360,904,219	$ 436,476,603	$ 509,329,924	$ 519,443,840
Plan fiduciary net position as a percentage of total OPEB liability	85.08 %	76.55 %	65.09 %	55.09 %	60.52 %	42.51 %	33.57 %	26.25 %	22.38 %
Covered-payroll	$ 880,747,547	$ 855,094,706	$ 796,091,187	$ 772,904,065	$ 790,412,182	$ 767,390,468	$ 745,039,289	$ 708,886,705	$ 708,886,705
Net OPEB liability (asset) as a percentage of covered-payroll	10.25 %	16.18 %	26.15 %	35.48 %	29.35 %	47.03 %	58.58 %	71.85 %	73.28 %

See notes to required supplementary information.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM

Required Supplementary Information

Schedules of Changes in the Participating Employers' Net OPEB Liability (Asset) and Related Ratios

Teachers Plan

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Total OPEB liability									
Interest on the total OPEB liability	$ 430,766	$ 319,492	$ 348,403	$ 372,853	$ 476,731	$ 555,940	$ 580,725	$ 611,581	$ 561,694
Changes of benefit terms	-	-	-	-	-	-	(1,951,858)	-	-
Difference between expected and actual experience	565,238	(728,998)	79,487	(68,895)	(963,502)	(1,212,233)	1,953,684	91,200	1,625,377
Changes of assumptions	-	3,556,406	-	135,020	(695,985)	(164,307)	(44,957)	-	216,323
Benefit payments, net of retiree contributions	(795,557)	(1,047,288)	(964,926)	(891,031)	(898,605)	(628,511)	(1,438,073)	(1,201,727)	(1,609,591)
Net change in total OPEB liability	200,447	2,099,612	(537,036)	(452,053)	(2,081,361)	(1,449,111)	(900,479)	(498,946)	793,803
Total OPEB liability - beginning	9,013,101	6,913,489	7,450,525	7,902,578	9,983,939	11,433,050	12,333,529	12,832,475	12,038,672
Total OPEB liability - ending (a)	$ 9,213,548	$ 9,013,101	$ 6,913,489	$ 7,450,525	$ 7,902,578	$ 9,983,939	$ 11,433,050	$ 12,333,529	$ 12,832,475
Plan fiduciary net position									
Employer contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,277,327	$ 2,321,057	$ 2,321,057
OPEB plan net investment income	1,748,427	1,852,132	1,618,160	(1,708,123)	3,375,991	1,081,692	1,100,529	780,155	864,037
Benefit payments, net of retiree contributions	(795,557)	(1,047,288)	(964,926)	(891,031)	(898,605)	(628,511)	(1,438,073)	(1,201,727)	(1,609,591)
OPEB plan administrative expense	(1,619)	(2,077)	(2,654)	(5,248)	(2,383)	(24,093)	(2,562)	(16,645)	6,752
Other	96,869	106,474	117,197	34,254	108,281	150,032	117,494	135,678	102,934
Net change in plan fiduciary net position	1,048,120	909,241	767,777	(2,570,148)	2,583,284	579,120	2,054,715	2,018,518	1,685,189
Plan fiduciary net position - beginning	16,119,506	15,210,265	14,442,488	17,012,636	14,429,352	13,850,232	11,795,517	9,776,999	8,091,810
Plan fiduciary net position - ending (b)	$ 17,167,626	$ 16,119,506	$ 15,210,265	$ 14,442,488	$ 17,012,636	$ 14,429,352	$ 13,850,232	$ 11,795,517	$ 9,776,999
Net OPEB liability (asset) - ending (a) - (b)	$ (7,954,078)	$ (7,106,405)	$ (8,296,776)	$ (6,991,963)	$ (9,110,058)	$ (4,445,413)	$ (2,417,182)	$ 538,012	$ 3,055,476
Plan fiduciary net position as a percentage of total OPEB liability	186.33%	178.85%	220.01%	193.85%	215.28%	144.53%	121.14%	95.64%	76.19%
Covered-payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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	N/A

Contributions for the Teachers plan are determined at a fixed amount rather than a percentage of payroll thus covered payroll is not applicable for this plan.

See notes to required supplementary information.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedules of Changes in the Participating Employers' Net OPEB Liability (Asset) and Related Ratios

Judges Plan

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Total OPEB liability									
Service cost	$ 54,915	$ 47,964	$ 8,818	$ 7,356	$ 13,183	$ 22,108	$ 21,662	$ 15,496	$ 19,825
Interest on the total OPEB liability	28,455	10,649	13,385	15,171	17,849	64,241	59,547	68,300	49,824
Changes of benefit terms	-	-	-	-	-	-	(42,183)	-	-
Difference between expected and actual experience	(11,256)	(148,477)	(149,653)	(143,527)	(143,712)	(959,905)	102,138	(271,123)	(305,715)
Changes of assumptions	-	390,784	-	13,316	(7,174)	(68,955)	(11,454)	-	502,717
Benefit payments, net of retiree contributions	57,819	45,642	60,676	81,776	56,664	(18,402)	(53,714)	72,064	138,035
Net change in total OPEB liability	129,933	346,562	(66,774)	(25,908)	(63,190)	(960,913)	75,996	(115,263)	404,686
Total OPEB liability - beginning	512,738	166,176	232,950	258,858	322,048	1,282,961	1,206,965	1,322,228	917,542
Total OPEB liability - ending (a)	$ 642,671	$ 512,738	$ 166,176	$ 232,950	$ 258,858	$ 322,048	$ 1,282,961	$ 1,206,965	$ 1,322,228
Plan fiduciary net position									
Employer contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPEB plan net investment income	682,454	648,271	535,841	(552,275)	1,080,261	326,697	340,565	293,204	334,455
Benefit payments, net of retiree contributions	57,819	45,642	60,676	81,776	56,664	(18,402)	(53,714)	72,064	138,035
OPEB plan administrative expense	(873)	(1,205)	(859)	(1,700)	(771)	(2,021)	(48)	(6,344)	(75)
Other	28,546	24,373	23,975	26,667	25,487	56,517	48,945	54,150	26,236
Net change in plan fiduciary net position	767,946	717,081	619,633	(445,532)	1,161,641	362,791	335,748	413,074	498,651
Plan fiduciary net position - beginning	6,865,046	6,147,965	5,528,332	5,973,864	4,812,223	4,449,432	4,113,684	3,700,610	3,201,959
Plan fiduciary net position - ending (b)	$ 7,632,992	$ 6,865,046	$ 6,147,965	$ 5,528,332	$ 5,973,864	$ 4,812,223	$ 4,449,432	$ 4,113,684	$ 3,700,610
Net OPEB liability (asset) - ending (a) - (b)	$ (6,990,321)	$ (6,352,308)	$ (5,981,789)	$ (5,295,382)	$ (5,715,006)	$ (4,490,175)	$ (3,166,471)	$ (2,906,719)	$ (2,378,382)
Plan fiduciary net position as a percentage of total OPEB liability	1187.70%	1338.90%	3699.67%	2373.18%	2307.78%	1494.26%	346.81%	340.83%	279.88%
Covered-payroll	$ 14,080,810	$ 13,703,951	$ 12,597,489	$ 12,290,160	$ 11,984,760	$ 11,635,690	$ 11,296,786	$ 10,746,388	$ 10,746,388
Net OPEB liability (asset) as a percentage of covered-payroll	(49.64)%	(46.35)%	(47.48)%	(43.09)%	(47.69)%	(38.59)%	(28.03)%	(27.05)%	(22.13)%

See notes to required supplementary information.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM
Required Supplementary Information

Schedules of Changes in the Participating Employers' Net OPEB Liability (Asset) and Related Ratios

State Police Plan

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Total OPEB liability									
Service cost	$ 4,142,685	$ 3,650,628	$ 4,790,427	$ 4,671,467	$ 4,280,032	$ 4,480,895	$ 4,107,886	$ 3,920,121	$ 3,836,395
Interest on the total OPEB liability	3,857,497	4,210,782	4,509,242	4,352,942	4,209,749	4,391,305	4,369,437	4,147,935	4,202,351
Changes of benefit terms	-	-	-	-	-	-	(4,789,678)	-	-
Difference between expected and actual experience	1,726,508	(14,221,172)	(11,472,648)	(6,713,436)	(6,872,647)	(2,230,148)	629,748	(906,705)	(174,805)
Changes of assumptions	-	2,181,928	-	3,739,734	4,147,775	(6,974,066)	(1,161,395)	-	(6,004,696)
Benefit payments, net of retiree contributions	(2,978,491)	(3,289,282)	(3,163,349)	(2,805,039)	(3,388,477)	(3,008,878)	(2,801,411)	(2,848,978)	(3,129,860)
Net change in total OPEB liability	6,748,199	(7,467,116)	(5,336,328)	3,245,668	2,376,432	(3,340,892)	354,587	4,312,373	(1,270,615)
Total OPEB liability - beginning	76,567,852	84,034,968	89,371,296	86,125,628	83,749,196	87,090,088	86,735,501	82,423,128	83,693,743
Total OPEB liability - ending (a)	$ 83,316,051	$ 76,567,852	$ 84,034,968	$ 89,371,296	$ 86,125,628	$ 83,749,196	$ 87,090,088	$ 86,735,501	$ 82,423,128
Plan fiduciary net position									
Employer contributions	$ 4,380,543	$ 5,264,632	$ 6,057,957	$ 5,864,255	$ 6,178,412	$ 7,796,954	$ 8,256,965	$ 7,919,243	$ 7,701,758
OPEB plan net investment income	11,935,782	11,083,737	8,965,404	(9,285,557)	17,041,043	4,775,406	4,682,710	3,412,887	3,491,032
Benefit payments, net of retiree contributions	(2,978,491)	(3,289,282)	(3,163,349)	(2,805,039)	(3,388,477)	(3,008,878)	(2,801,411)	(2,848,978)	(3,129,860)
OPEB plan administrative expense	(17,235)	(23,949)	(16,562)	(28,781)	(12,406)	(35,353)	(10,762)	(73,579)	(1,031)
Other	576,298	485,041	400,641	423,411	223,350	334,325	276,804	197,488	163,266
Net change in plan fiduciary net position	13,896,897	13,520,179	12,244,091	(5,831,711)	20,041,922	9,862,454	10,404,306	8,607,061	8,225,165
Plan fiduciary net position - beginning	106,385,313	92,865,134	80,621,043	86,452,754	66,410,832	56,548,378	46,144,072	37,537,011	29,311,846
Plan fiduciary net position - ending (b)	$ 120,282,210	$ 106,385,313	$ 92,865,134	$ 80,621,043	$ 86,452,754	$ 66,410,832	$ 56,548,378	$ 46,144,072	$ 37,537,011
Net OPEB liability (asset) - ending (a) - (b)	$ (36,966,159)	$ (29,817,461)	$ (8,830,166)	$ 8,750,253	$ (327,126)	$ 17,338,364	$ 30,541,710	$ 40,591,429	$ 44,886,117
Plan fiduciary net position as a percentage of total OPEB liability	144.37%	138.94%	110.51%	90.21%	100.38%	79.30%	64.93%	53.20%	45.54%
Covered- payroll	$ 29,654,153	$ 28,790,439	$ 30,261,702	$ 29,380,293	$ 25,400,782	$ 24,660,953	$ 23,942,673	$ 21,333,758	$ 21,333,758
Net OPEB liability (asset) as a percentage of covered-payroll	(124.66)%	(103.57)%	(29.18)%	29.78%	(1.28)%	70.31%	127.56%	190.27%	210.40%

See notes to required supplementary information.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedules of Changes in the Participating Employers' Net OPEB Liability (Asset) and Related Ratios

Legislators Plan

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Total OPEB liability									
Service cost	$ 59,279	$ 53,647	$ 29,986	$ 27,940	$ 39,453	$ 56,615	$ 72,406	$ 53,830	$ 63,441
Interest on the total OPEB liability	68,589	28,681	44,116	50,844	58,325	79,946	79,055	73,583	66,140
Changes of benefit terms	-	-	-	-	-	-	(257,228)	-	-
Difference between expected and actual experience	683,645	529,745	(75,075)	(134,901)	(87,535)	(86,248)	283,708	102,219	168,094
Changes of assumptions	-	725,417	-	38,313	(41,375)	(349,860)	(60,748)	-	(45,367)
Benefit payments, net of retiree contributions	(619,094)	(465,212)	(173,901)	(61,801)	(163,516)	(85,058)	(97,907)	(161,061)	(36,212)
Net change in total OPEB liability	192,419	872,278	(174,874)	(79,605)	(194,648)	(384,605)	19,286	68,571	216,096
Total OPEB liability - beginning	1,651,684	779,406	954,280	1,033,885	1,228,533	1,613,138	1,593,852	1,525,281	1,309,185
Total OPEB liability - ending (a)	$ 1,844,103	$ 1,651,684	$ 779,406	$ 954,280	$ 1,033,885	$ 1,228,533	$ 1,613,138	$ 1,593,852	$ 1,525,281
Plan fiduciary net position									
Employer contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,680	$ 14,283	$ 26,743
OPEB plan net investment income	434,577	477,455	399,365	(420,351)	853,922	263,185	275,693	247,459	283,490
Benefit payments, net of retiree contributions	(619,094)	(465,212)	(173,901)	(61,801)	(163,516)	(85,058)	(97,907)	(161,061)	(36,212)
OPEB plan administrative expense	246	(915)	(653)	(1,289)	(586)	(1,640)	72	(5,176)	82
Other	104,165	84,561	82,894	70,072	54,203	75,102	32,728	42,261	29,026
Net change in plan fiduciary net position	(80,106)	95,889	307,705	(413,369)	744,023	251,589	225,266	137,766	303,129
Plan fiduciary net position - beginning	4,253,445	4,157,556	3,849,851	4,263,220	3,519,197	3,267,608	3,042,342	2,904,576	2,601,447
Plan fiduciary net position - ending (b)	$ 4,173,339	$ 4,253,445	$ 4,157,556	$ 3,849,851	$ 4,263,220	$ 3,519,197	$ 3,267,608	$ 3,042,342	$ 2,904,576
Net OPEB liability (asset) - ending (a) - (b)	$ (2,329,236)	$ (2,601,761)	$ (3,378,150)	$ (2,895,571)	$ (3,229,335)	$ (2,290,664)	$ (1,654,470)	$ (1,448,490)	$ (1,379,295)
Plan fiduciary net position as a percentage of total OPEB liability	226.31%	257.52%	533.43%	403.43%	412.35%	286.46%	202.56 %	190.88 %	190.43 %
Covered-payroll	$ 2,117,093	$ 2,055,430	$ 2,012,491	$ 1,953,874	$ 1,924,524	$ 1,868,470	$ 1,814,049	$ 1,719,143	$ 1,719,143
Net OPEB liability (asset) as a percentage of covered-payroll	(110.02)%	(126.58)%	(167.86)%	(148.20)%	(167.80)%	(122.60)%	(91.20)%	(84.26)%	(80.23)%

See notes to required supplementary information.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM
Required Supplementary Information

Schedules of Changes in the Participating Employers' Net OPEB Liability (Asset) and Related Ratios

Board of Education Plan

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Total OPEB liability									
Service cost	$ 2,728,476	$ 2,707,873	$ 2,857,182	$ 2,592,749	$ 3,227,519	$ 3,335,242	$ 3,128,836	$ 3,179,293	$ 3,222,465
Interest on the total OPEB liability	3,942,607	3,875,728	3,930,613	3,462,479	4,197,760	3,864,149	4,124,665	3,880,857	3,714,663
Changes of benefit terms	-	-	-	-	-	-	(1,901,021)	-	-
Difference between expected and actual experience	(2,536,179)	(8,234,728)	(4,780,466)	4,145,885	(7,386,783)	4,535,783	(7,702,715)	404,539	(7,140,117)
Changes of assumptions	-	6,257,850	-	1,810,458	(11,620,555)	(2,463,515)	(436,983)	-	5,767,020
Benefit payments, net of retiree contributions	(3,267,110)	(3,291,760)	(2,768,993)	(2,793,225)	(2,819,135)	(2,272,019)	(2,780,591)	(2,346,016)	(2,091,088)
Net change in total OPEB liability	867,794	1,314,963	(761,664)	9,218,346	(14,401,194)	6,999,640	(5,567,809)	5,118,673	3,472,943
Total OPEB liability - beginning	79,121,464	77,806,501	78,568,165	69,349,819	83,751,013	76,751,373	82,319,181	77,200,508	73,727,565
Total OPEB liability - ending (a)	$ 79,989,258	$ 79,121,464	$ 77,806,501	$ 78,568,165	$ 69,349,819	$ 83,751,013	$ 76,751,373	$ 82,319,181	$ 77,200,508
Plan fiduciary net position									
Employer contributions	$ 2,636,578	$ 3,138,166	$ 2,553,631	$ 4,679,867	$ 3,994,538	$ 5,481,374	$ 5,599,588	$ 5,490,009	$ 3,911,529
Employee contributions	1,881,092	1,885,103	1,772,895	1,800,954	1,763,111	1,744,523	1,697,586	1,571,271	1,596,432
OPEB plan net investment income	8,802,277	8,197,643	6,653,190	(6,951,979)	12,421,244	3,423,477	3,268,452	2,288,741	2,288,592
Benefit payments, net of retiree contributions	(3,267,110)	(3,291,760)	(2,768,993)	(2,793,225)	(2,819,135)	(2,272,019)	(2,780,591)	(2,346,016)	(2,091,088)
OPEB plan administrative expense	(12,521)	(16,892)	(11,827)	(21,752)	(9,106)	(26,548)	(9,202)	(37,025)	(7,997)
Other	24,598	83,753	28,894	53,657	40,352	49,308	66,729	54,575	33,862
Net change in plan fiduciary net position	10,064,914	9,996,013	8,227,790	(3,232,478)	15,391,004	8,400,115	7,842,562	7,021,555	5,731,330
Plan fiduciary net position - beginning	78,389,735	68,393,722	60,165,932	63,398,410	48,007,406	39,607,291	31,764,729	24,743,174	19,011,844
Plan fiduciary net position - ending (b)	$ 88,454,649	$ 78,389,735	$ 68,393,722	$ 60,165,932	$ 63,398,410	$ 48,007,406	$ 39,607,291	$ 31,764,729	$ 24,743,174
Net OPEB liability (asset) - ending (a) - (b)	$ (8,465,391)	$ 731,729	$ 9,412,779	$ 18,402,233	$ 5,951,409	$ 35,743,607	$ 37,144,082	$ 50,554,452	$ 52,457,334
Plan fiduciary net position as a percentage of total OPEB liability	110.58%	99.08%	87.90%	76.58%	91.42%	57.32%	51.60%	38.59%	32.05%
Covered-payroll	$ 151,582,006	$ 147,166,996	$ 143,576,985	$ 139,395,131	$ 138,520,137	$ 134,485,570	$ 130,568,515	$ 124,967,304	$ 124,967,304
Net OPEB liability (asset) as a percentage of covered-payroll	-5.58%	0.50%	6.56%	13.20%	4.30%	26.58%	28.45%	40.45%	41.98%

See notes to required supplementary information.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM

Required Supplementary Information

Schedules of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense

	State Employees	Teachers	Judges	State Police	Legislators	Board of Education
Fiscal Year ended June 30, 2025	11.21%	10.99%	9.86%	11.11%	10.26%	11.13
Fiscal Year ended June 30, 2024	12.65%	3.62%	10.45%	11.86%	19.76%	11.85%
Fiscal Year ended June 30, 2023	11.89%	16.85%	9.70%	11.27%	11.07%	11.07%
Fiscal Year ended June 30, 2022	-10.47%	-7.68%	-9.16%	-10.38%	-9.81%	-10.67%
Fiscal Year ended June 30, 2021	20.04%	23.69%	22.19%	24.96%	23.94%	25.21%
Fiscal Year ended June 30, 2020	9.17%	7.45%	7.14%	8.21%	8.24%	8.24%
Fiscal Year ended June 30, 2019	10.11%	8.31%	8.45%	9.56%	9.31%	9.64%
Fiscal Year ended June 30, 2018	8.70%	6.95%	7.96%	8.60%	8.75%	8.59%
Fiscal Year ended June 30, 2017	10.42%	7.94%	9.83%	11.32%	9.99%	11.13%

See notes to required supplementary information.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM

Notes to Required Supplementary Information

Schedules of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
State Employees					
2025	$ 36,643,921	$ 36,643,921	$ -	$ 880,747,547	4.16%
2024	38,865,962	38,865,962	-	855,094,706	4.55%
2023	36,565,974	36,565,974	-	796,091,187	4.59%
2022	41,484,573	41,484,573	-	772,904,065	5.37%
2021	41,024,947	41,024,947	-	790,412,182	5.19%
2020	50,407,617	50,407,617	-	767,390,468	6.57%
2019	43,857,850	43,857,850	-	745,039,289	5.89%
2018	42,265,174	42,265,174	-	708,886,705	5.96%
2017	42,731,807	42,731,807	-	708,886,705	6.03%
2016	40,709,025	40,709,025	-	682,965,470	5.96%
Teachers					
2025	$ -	$ -	$ -	$ -	0.00%
2024	-	-	-	-	0.00%
2023	-	-	-	-	0.00%
2022	-	-	-	-	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2019	2,321,057	2,277,327	43,730	-	0.00%
2018	2,321,057	2,321,057	-	-	0.00%
2017	2,321,057	2,321,057	-	-	0.00%
2016	2,321,057	2,321,057	-	-	0.00%
Judges					
2025	$ -	$ -	$ -	$ 14,080,810	0.00%
2024	-	-	-	13,703,951	0.00%
2023	-	-	-	12,597,489	0.00%
2022	-	-	-	12,290,160	0.00%
2021	-	-	-	11,984,760	0.00%
2020	-	-	-	11,635,690	0.00%
2019	-	-	-	11,296,786	0.00%
2018	-	-	-	10,746,388	0.00%
2017	-	-	-	10,746,388	0.00%
2016	-	-	-	10,281,486	0.00%
State Police					
2025	$ 4,380,543	$ 4,380,543	$ -	$ 29,654,153	14.77%
2024	5,264,632	5,264,632	-	28,790,439	18,29%
2023	6,057,957	6,057,957	-	30,261,702	20.02%
2022	5,864,255	5,864,255	-	29,380,293	19.96%
2021	6,178,412	6,178,412	-	25,400,782	24.32%
2020	7,796,954	7,796,954	-	24,660,953	31.62%
2019	8,256,965	8,256,965	-	23,942,673	34.49%
2018	7,919,243	7,919,243	-	21,333,758	37.12%
2017	7,701,758	7,701,758	-	21,333,758	36.10%
2016	6,823,477	6,823,477	-	18,119,355	37.66%
Legislators					
2025	$ -	$ -	$ -	$ 2,117,093	0.00%
2024	-	-	-	2,055,430	0.00%
2023	-	-	-	2,012,491	0.00%
2022	-	-	-	1,953,874	0.00%
2021	-	-	-	1,924,524	0.00%
2020	-	-	-	1,868,470	0.00%
2019	14,680	14,680	-	1,814,049	0.81%
2018	14,283	14,283	-	1,719,143	0.83%
2017	26,743	26,743	-	1,719,143	1.56%
2016	26,572	26,572	-	1,741,853	1.53%
Board of Education					
2025	$ 2,636,578	$ 2,636,578	$ -	$ 151,582,006	1.74%
2024	3,138,166	3,138,166	-	147,166,996	2.13%
2023	2,553,631	2,553,631	-	143,576,985	1.,78%
2022	4,679,867	4,679,867	-	139,395,131	3.36%
2021	3,994,538	3,994,538	-	138,520,137	2.88%
2020	5,481,374	5,481,374	-	134,485,570	4.08%
2019	5,599,588	5,599,588	-	130,568,515	4.29%
2018	5,490,009	5,490,009	-	124,967,304	4.39%
2017	3,911,529	3,911,529	-	124,967,304	3.13%
2016	3,558,196	3,558,196	-	113,947,197	3.12%

See notes to required supplementary information.

1. Actuarial assumptions and methods used to calculate the net OPEB liability (asset) of the participating employers

The actuarial methods and assumptions used to calculate the net OPEB liability (asset) of the participating employers are described in Note 5 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

June 30, 2025 Measurement Date:
The net OPEB liability (asset) measured as of June 30, 2025 reflected updated assumptions for the health care trend rates compared to the June 30, 2024 measurement date.

June 30, 2024 Measurement Date:
The net OPEB liability (asset) measured as of June 30, 2024 reflected updated assumptions for the health care trend rates 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 (asset) of the plans 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 (asset) of the plans as of the June 30, 2022 measurement date compared to the June 30, 2021 measurement date.

June 30, 2021 Measurement Date:
Certain actuarial assumptions for State Employees (including Correctional Officers), Teachers, Judges, State Police, Legislators, and the Board of Education were updated to match the assumptions used in the pension valuation for the Employees' Retirement System of Rhode Island (ERSRI) and the results of an actuarial experience investigation performed for ERSRI for the period ended June 30, 2019. Changes were made to the following assumptions:

- The mortality assumptions for State Employees, Teachers, Judges, State Police, Legislators, and the Board of Education
- Rates of turnover for State Employees, Legislators, and the Board of Education
- Rates of retirement for State Employees, State Police, Legislators, and the Board of Education
- Rates of individual salary increases for State Employees, State Police, Legislators, and the Board of Education
- Probabilities of disability for State Employees, State Police, Legislators, and the Board of Education
- Lower wage assumptions for Judges

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, 2019 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 the June 30, 2019 measurement date decreased slightly from the previous measurement date.

1. Actuarial assumptions and methods used to calculate the net OPEB liability (asset) of the participating employers (continued)

June 30, 2018 Measurement Date:
There were no changes in actuarial methods or assumptions reflected in the calculation of the net OPEB liability (asset) of the plans 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, Legislators, and Board of Education 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 ("Cadillac 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.

2. Actuarially determined contributions

Actuarially determined contributions were previously calculated biennially but are now performed annually commencing with the June 30, 2017 valuation. The Actuarially Determined Employer Contribution is still three years prior to the fiscal years in which the contributions are reported. For example, the contribution rates for fiscal 2026 will be based on valuations performed as of June 30, 2023. The following table summarizes the assumptions and methods employed in the June 30, 2022 valuation.

Other assumptions, including those relating to rates of termination, rates of retirement, percent married, and retiree health care election rates, were based on the most recent experience study at that time for the Employees' Retirement System of Rhode Island, as well as on anticipated experience changes in conjunction with the adopted retirement plan changes enacted through legislation.

2. Actuarially determined contributions (continued)

Summary of Actuarial Methods and Assumptions as of June 30, 2022 valuation used to determine fiscal 2025 contribution rates						
	State Employees Plan	**Teachers Plan**	**Judges Plan**	**State Police Plan**	**Legislators Plan**	**Board of Education Plan**
Actuarial Cost Method	Entry Age Normal – the Individual Entry Age Actuarial cost methodology is used.					
Amortization Method	Level Percent of Payroll	Level Dollar	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	14 years closed	Determined by Statutory Contribution	30 years open	14 years closed	30 years open	14 years closed
Asset Valuation Method	Four-year smoothed market; 20% corridor					
Actuarial Assumptions						
Investment Rate of Return	5.0%, 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. **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 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 a recent study of health care costs titled "Health Care Costs-From Birth to Death".					
Inflation	Not explicitly used, consistent with a 2.50% assumption.					

3. Covered employee payroll

Covered employee payroll, as included in required supplementary information schedules, includes projected annualized payroll amounts for employees beginning employment during the fiscal year. Consequently, the covered employee payroll amounts included in the required supplementary information schedules may differ from the actual fiscal year payroll base to which the actuarially determined contribution rate was applied. Additionally, the contribution amount as a percentage of covered payroll may differ from the Board approved contribution rate expressed as a percentage of payroll.

4. Schedules of Investment Returns

The annual money-weighted return on investments within each of the plans, net of investment expense, are shown in the required supplementary information schedule. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

Rhode Island State Employees' and Electing Teachers OPEB System

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

JOINT COMMITTEE ON LEGISLATIVE SERVICES, GENERAL ASSEMBLY
STATE OF RHODE ISLAND:

BOARD OF THE RHODE ISLAND STATE EMPLOYEES' AND ELECTING
TEACHERS OPEB SYSTEM:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the plans within the Rhode Island State Employees' and Electing Teachers OPEB System (System), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated September 3, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2025-01 that we consider to be a significant deficiency.

Joint Committee on Legislative Services
Board of the Rhode Island State Employees' and Electing Teachers OPEB System

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

David A. Bergantino

David A. Bergantino, CPA, CFE
Auditor General

September 3, 2026

Finding 2025-01 (*significant deficiency – repeat finding – 2024-01)*

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OPEB SYSTEM – ASSESS THE RESOURCES AND SYSTEMS NECESSARY TO EFFECTIVELY ADMINISTER THE OPEB SYSTEM

The State has not implemented administrative processes and computer applications to effectively support the overall administration of the OPEB System. Current functions including 1) accumulating plan census data, 2) managing member eligibility, 3) determining member copays, and 4) plan enrollment functions are supported through decentralized processes that do not adequately support plan administration.

Background: The Rhode Island State Employees' and Electing Teachers OPEB System (the System), acts as a common investment and administrative agent for post-employment health care benefits provided by six plans covering state employees and certain employees of the Board of Education (BOE). In fiscal 2025, required employer and employee contributions to OPEB plans approximated $46 million, with $34 million in retiree benefits paid. OPEB assets totaled $765 million at June 30, 2025.

When the State began to advance fund its retiree health benefits, OPEB trusts were established for each of the plans and a formalized governance structure was established by statute; however, no dedicated personnel were specifically tasked with administering the System and no administrative systems were implemented at that time, or subsequently, to capture and control membership data for the various OPEB plans. Instead, membership data, the determination of eligibility for benefits and any required retiree copays are administered through a variety of processes which largely lack the controls needed to administer plans of this size and complexity.

The System's functions are managed across various units within State government. The Department of Administration's Office of Employee Benefits (OEB) currently determines eligibility and manages member benefits for the State Employees, Teachers, Judges, State Police and Legislator plans. The Human Resources Department at the University of Rhode Island separately determines eligibility, calculates benefits, and manages member subsidy receivables for the BOE plan. The Office of Accounts and Control handles the accounting and financial reporting aspects of the System and coordinates the actuarial valuations. The Office of the General Treasurer oversees the investment activity of the System.

The State currently manages OPEB enrollment by ensuring that all pre-65 retirees are registered in the State's Workterra software platform, which the State also utilizes to administer active employee benefits. This improvement provides systemic reporting of pre-65 enrollees and assists in ensuring their timely transition to Medicare and post-65 OPEB benefits. State employees (except for State Police, judges, legislators, and certain employees of the colleges and university), once enrolled in Medicare, are enrolled in Via Benefits which establishes a health reimbursement arrangement (HRA) for the retiree. The State funds a predetermined amount for the retiree who can utilize the funds to pay health claims or purchase Medicare supplemental or Advantage health insurance coverage. The State, however, lacks a complete system that it considers to be the official record of System enrollment.

Census data for each plan is provided to the System's actuary to prepare required actuarial valuations of the plans. Each plan has unique benefit eligibility and healthcare coverage provisions.

Criteria: As the System grows and matures, the administrative infrastructure supporting the System should be assessed to ensure adequate resources and systems with appropriate controls are in place to manage the System effectively.

Maintaining membership data and determining the eligibility for benefits and required copays should be managed through systems and processes with adequate controls to ensure that membership data is reliable, benefits are accurately and consistently determined in accordance with plan provisions, and census data is maintained to facilitate extraction for actuarial valuations. Duties should be appropriately segregated to ensure that no one individual is responsible for determining eligibility and required copays, enrolling the individual for coverage, collecting and accounting for copay amounts, and maintaining plan census data.

Condition: We identified the following control deficiencies over the various disjointed processes used to administer the OPEB plans:

- Insufficient resources have been allocated and centralized to administer the System effectively. Knowledge of key System benefit provisions, administrative operations and operating procedures are dispersed amongst too many separate units of State government without effective coordination.

- The accumulation of census data provided to the actuary for plan valuation purposes is derived from multiple sources and requires analysis of other external source data to establish the active and retiree plan members for each plan. Controls are inadequate to prevent duplicate or inaccurate census data from being provided to the actuary. The State lacks a documented comprehensive reconciliation of all System members and retirees that ensures completeness and accuracy of reported census data to the State's actuary. The most notable concerns regarding the completeness and accuracy of census data to the actuary included 1) certain individuals included in the census data not reported in the records of the third party administrator/insurer, 2) individuals noted in the records of the third-party administrator/insurer not included in the census data, and 3) inaccurate health coverage information (type of health insurance plan, most notably with Medicare Advantage and supplemental coverages) reported for retirees.

- Inadequate segregation of duties exists between eligibility determinations, benefit calculations, copay receivable billings and collections, healthcare plan enrollment, and maintenance of the plan census information.

- Periodic reconciliations between the plans' records and healthcare providers enrollment data are not documented.

- Procedures for identifying and terminating coverage for deceased members, spouses and dependents are inconsistent and can be improved. Our audit procedures continued to note that the census data provided to the actuary continued to include deceased retirees.

- Documentation and monitoring of user entity controls relating to functions contracted to service organizations (health insurance provider - Blue Cross / CVS Caremark, health benefits administration system - Workterra, HRA administrator - VIA Benefits) are lacking.

- Monitoring and analysis of OPEB liabilities reported for retirees over age 65 requires determining an estimate of the percentage of HRA commitment that is ultimately utilized by retirees over the course of their retirement to prevent overstatement of the liability amount accrued annually.

- Oversight of the accounting for the OPEB System needs improvement. The 2025 OPEB system financials included an accrual of the first HRA funding for 2026 and improperly classified retiree co-shares in the BOE plan as member contributions, inconsistent with its treatment in the other plans. While incorrect, these accounting misstatements did not have a material impact on the System's financial statements.

During fiscal 2025, the OPEB Board created a working group to study the issues cited in this finding to identify corrective actions. In conjunction with those efforts, we recommend that the working group formalize the internal controls over key plan functions. The working group should include the controls over the BOE plan employees at the colleges and university as the contribution and benefit provisions for the BOE plan differ significantly and many of the inconsistencies relating to census data and plan oversight relate specifically to that plan.

Cause: The State and System have not implemented administrative processes and computer applications to effectively support the overall administration of the OPEB System, including 1) accumulating plan census data, 2) managing member eligibility, 3) determining and monitoring member copays, and 4) plan enrollment functions. Existing processes in place to support healthcare plan enrollment for active employees have generally been adopted to support the OPEB System but lack certain functions and controls that are unique to and requisite for the administration of the OPEB System.

Effect: Inadequate controls over key plan administrative functions could impact the reliability of amounts (e.g., member copays and member benefits) reported on the System's financial statements as well as the accuracy of census data used by the actuary to determine each plan's annual contribution amount and the net OPEB liability or asset for each plan.

RECOMMENDATIONS

2025-01a Assess the resources necessary to effectively manage and administer the OPEB System to ensure all System functions are met and adequately controlled.

2025-01b Enhance the utilization of information technology to accumulate and centrally manage plan membership and health coverage data to support the overall administration of the OPEB System with enhanced controls.

2025-01c Evaluate assigned responsibilities for key functions and segregate certain responsibilities for incompatible functions to enhance controls over critical plan administrative functions.

2025-01d Establish consistent procedures to identify deceased plan members and prompt timely termination of coverage.

Management's Views and Corrective Actions:

2025-01a: The State has taken an active role in the management of the OPEB fund. During FY25 the board convened a vendor to perform an audit of the actuary report resulting in recommendations for improvement. The Board continues to outline responsibilities, controls, resources and plan of action to respond to the improvement recommendations.

2025-01b: The support staff will request information from BOE and higher education and centralize this information to improve controls and better support overall administration of the program.

2025-01c: The ERP system now requires separate processing of the invoice and approval of the invoice to promote segregation of duties control.

2025-01d: The actuary audit also recommended this control improvement. See response above 2024-01a.

Anticipated Completion Dates: *2025-01a&d: Ongoing with an anticipated completion date prior to June 30, 2027*
2025-01b: June 30, 2026
2025-01c: Completed

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