

## Pensions and Retiree Healthcare

Net pension liabilities of the primary government totaled \$3.5 billion. This amount is the combined liability for six defined benefit plans covering State employees and the State's proportionate share of the net pension liability for teachers (\$1.2 billion).

The net pension liability is the **accounting** measure of pension liabilities which differs from measurements used to determine the **funding** requirements or actuarially determined annual contributions to each plan.

Five plans are managed as trusts by the Employees' Retirement System of RI (ERSRI) - the pension liability is net of amounts accumulated for future benefits at the measurement date. An additional judicial plan is managed on a pay-as-you-go basis.

Plan fiduciary net position as a percentage of total pension liability for the plans managed by ERSRI at the June 30, 2016 measurement date is shown in the table to the right.

Plan fiduciary net position as a % of the total pension liability	
ERS - State employees	51.9%
ERS - Teachers	54.1%
State Police	92.6%
JRBT - Judges	90.2%
RIJRFT - Judges	2.5%

The State contributed \$296 million in fiscal 2017 as employer contributions to the defined benefit pension plans which included \$97 million as the State's share for teachers. The net investment return on assets within the defined benefit plans was approximately 12% for fiscal 2017.

Assets of the defined contribution plan, part of the hybrid pension benefit structure, totaled \$692.1 million at June 30, 2017.

Six defined benefit OPEB plans provide retiree healthcare benefits for State employees including certain electing teachers and Board of Education employees. The funded status of the plans as of the June 30, 2015 actuarial valuation is shown at left.

OPEB Plans	Funded Status
State employees	13.7%
Teachers	52.1%
State Police	27.8%
Judicial	311.6%
Legislators	151.5%
Board of Education	15.8%

State employer contributions to the OPEB plans totaled \$56.7 million including contributions of the University and Colleges to the Board of Education plan.

## The State of Rhode Island's Fiscal 2017 Comprehensive Annual Financial Report (CAFR)

prepared by the Office of Accounts and Control—Department of Administration—includes government-wide financial statements that encompass all the State's financial activity for the year, as well as individual fund level financial statements and notes thereto.

The CAFR includes the *Independent Auditor's Report* of the Auditor General resulting from the annual audit of the State's financial statements required by General Law section 35-7-10.

Management's Discussion and Analysis explains key highlights and changes between fiscal years 2017 and 2016.

Required Supplementary Information (RSI) provides summarized budget to actual comparison schedules for the State's General Fund and Intermodal Surface Transportation Fund.

RSI also provides important trend information on the net pension liabilities and employer contributions to the defined benefit pension plans covering employees as well as the progress made in funding retiree healthcare (OPEB). Ten-year trend information is included in the Statistical Section of the report.

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

[http://controller.admin.ri.gov/documents/Financial%20Reports/119\\_Comprehensive%20Annual%20Financial%20Report\\_06-30-2017.pdf](http://controller.admin.ri.gov/documents/Financial%20Reports/119_Comprehensive%20Annual%20Financial%20Report_06-30-2017.pdf)



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## State of Rhode Island Comprehensive Annual Financial Report

Fiscal year ended June 30, 2017

### State of Rhode Island Comprehensive Annual Financial Report

Fiscal year ended June 30, 2017



Gina M. Raimondo, Governor

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

2017

### Highlights of the State's Fiscal 2017 Audited Financial Statements

prepared by the

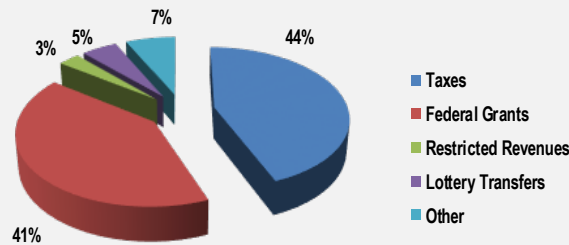
Office of the Auditor General

## CAFR Highlights - Fiscal 2017

- The Auditor General issued an unmodified opinion on the State's fiscal 2017 financial statements concluding that the financial statements are fairly presented in accordance with U.S. generally accepted accounting principles.
- The budget reserve or "rainy day" fund is fully funded at \$192.6 million as required by Constitution and statute.
- \$151.9 million is available in the RI Capital Plan Fund (RICAP) for future capital projects.
- Net pension liabilities totaled \$3.5 billion for State employees and the State's proportionate share (40%) for teachers. The net pension liability increased compared to the prior year primarily due to reductions in plan assets at the measurement date.
- Government-wide net position (deficit) of the primary government increased by \$192.2 million reducing the net deficit to (\$138.1) million at June 30, 2017. \$3.1 billion represents the State's net investment in capital assets (net of related debt). \$1.3 billion is restricted for specific purposes leaving an unrestricted net deficit of \$4.6 billion.
- Capital assets of the primary government net of accumulated depreciation totaled \$4.3 billion at June 30, 2017, of which \$2.4 billion were infrastructure assets.
- Fund balance of the General Fund totaled \$390 million at June 30, 2017 of which \$52.5 million has been appropriated in support of the 2018 budget, and \$9.2 million is available for future appropriation.
- The State converted a State Police pay-as-you-go pension plan to an advance-funded plan by making a one-time \$15 million contribution from federal Equitable Sharing funds and also making the required actuarially determined contribution during fiscal 2017.
- The State disclosed contingencies related to the implementation of its UHIP/RIbridges computer system which is used to determine eligibility and disburse benefits for various human service programs.
- The State included newly required disclosures about tax abatements in the notes to the financial statements.

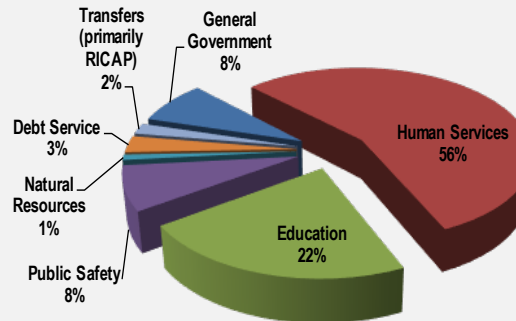
## General Fund Operations

### General Fund Revenues and Other Sources



- Tax revenues totaled \$2.9 billion in fiscal 2017, an increase of less than 1% over fiscal 2016
- Lottery transfers totaled \$362.7 million, a decrease of \$7.1 million compared to fiscal 2016.
- Federal revenues totaled \$2.7 billion, an increase of \$115.9 million over fiscal 2016.

### General Fund Expenditures and Transfers



- Expenditures totaled \$6.7 billion, an increase of \$231.5 million or 3.6% over fiscal 2016. General government expenditures decreased 4%. Debt service increased 22% due to lower costs in the prior year due to refundings.
- General Fund expenditures and transfers exceeded revenues and other sources by \$110.7 million for fiscal 2017.

## Transportation Operations

The Intermodal Surface Transportation (IST) Fund reported fund balance of \$454.2 million; an increase of \$318.1 million over 2016 due primarily to the issuance of \$245 million in GARVEE bonds for transportation projects.

Revenues and other sources:	(in millions)
Taxes	\$ 197.3
Federal grants	239.7
Transfers from RICAP	25.4
Fees	22.5
New GARVEE Bonds including premium	301.7
Other	5.4
<b>Total</b>	<b>\$ 792.0</b>

Expenditures and transfers:	
Maintenance and Infrastructure capital outlay	\$ 343.5
Debt service	27.7
Transfers to RIPTA - Gas Tax	42.6
Transfers (primarily to General Fund for debt service)	60.1
<b>Total</b>	<b>473.9</b>
<b>Increase in fund balance</b>	<b>\$ 318.1</b>

## Long-Term Debt

Long-term liabilities of the primary government totaled \$6.7 billion. The net pension liability for defined benefit pension plans is included in the financial statements pursuant to GASB 68.

	Changes in Long-Term Liabilities (in millions)			
	Beginning	Additions	Decreases	Ending
<b>Governmental</b>				
Bonds payable	\$ 2,410.4	\$ 496.6	\$ (225.0)	\$ 2,682.0
Net pension liability	3,230.5	245.8		3,476.3
Other	371.7	143.8	(154.9)	360.6
<b>Total</b>	<b>\$ 6,012.6</b>	<b>\$ 886.2</b>	<b>\$ (379.9)</b>	<b>\$ 6,518.9</b>
<b>Business-Type</b>				
Bonds payable	\$ 208.6	\$	\$ (12.8)	\$ 195.8
Net pension liability	15.1	1.2		16.3
Other	9.8	0.4	(2.0)	8.2
<b>Total</b>	<b>\$ 233.5</b>	<b>\$ 1.6</b>	<b>\$ (14.8)</b>	<b>\$ 220.3</b>
<b>Total</b>	<b>\$ 6,246.1</b>	<b>\$ 887.8</b>	<b>\$ (394.7)</b>	<b>\$ 6,739.2</b>