

## Pensions and Retiree Healthcare

**Pensions** - Net pension liabilities of the primary government totaled \$3.6 billion. This amount is the combined liability for six defined benefit plans covering State employees and the State's proportionate share of the net pension liability for teachers - \$1.4 billion.

The net pension liability is the **accounting** measure of pension liabilities which differs from measurements used to determine the actuarially determined annual contributions to each plan. The pension liability is net of amounts accumulated for future benefits at the measurement date. Plan net position as a percentage of total pension liability for the plans at the June 30, 2017 measurement date is shown in the table.

Plan fiduciary net position as a % of the total pension liability	
ERS - State employees	51.8%
ERS - Teachers	54.0%
SPRBT - State Police	84.1%
SPRFT - State Police	9.1%
JRBT - Judges	89.8%
RJJRFT - Judges	3.2%

The State contributed \$282.7 million in fiscal 2018 as employer contributions to the defined benefit pension plans which included \$98.1 million as the State's share for teachers. The net investment return on assets within the defined benefit plans was approximately 8% for fiscal 2018.

Assets of the defined contribution plan, part of the hybrid pension benefit structure, totaled \$856 million at June 30, 2018.

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

The net OPEB liability (asset) is the **accounting** measure of OPEB liabilities and assets which differs from measurements used to determine the actuarially determined annual contributions to each plan. The OPEB liability or asset is net of amounts accumulated for future benefits at the measurement date. Plan net position as a percentage of total OPEB liability for the plans at the June 30, 2017 measurement date is shown in the table.

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

State employees	22.4%
Teachers	76.2%
State Police	45.5%
Judicial	279.9%
Legislators	190.4%
Board of Education	32.1%

State employer contributions to the OPEB plans totaled \$48.5 million including contributions of the University and Colleges to the Board of Education plan.

The **State of Rhode Island's Fiscal 2018 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 2018 and 2017.

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 net OPEB liabilities (assets) and employer contributions to the various pension and OPEB (retiree healthcare) plans covering employees.



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

[http://controller.admin.ri.gov/documents/Financial%20Reports//120\\_Comprehensive%20Annual%20Financial%20Report\\_06-30-2018.pdf](http://controller.admin.ri.gov/documents/Financial%20Reports//120_Comprehensive%20Annual%20Financial%20Report_06-30-2018.pdf)



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State of Rhode Island

# Comprehensive Annual Financial Report

Fiscal year ended June 30, 2018



Highlights from the

State's Fiscal 2018  
Audited Financial Statements

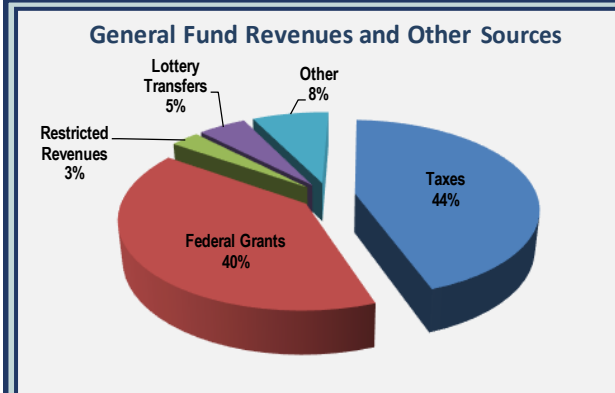
prepared by the

Office of the Auditor General

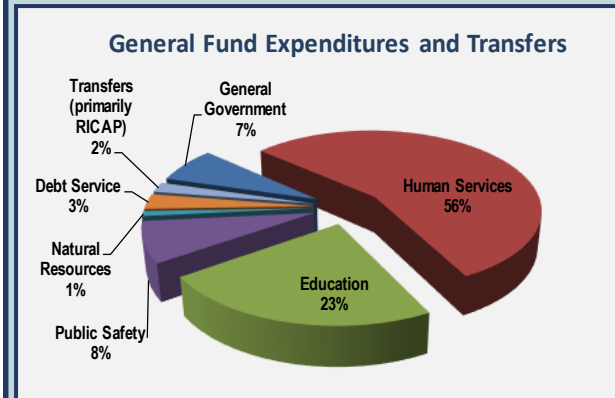
## CAFR Highlights - Fiscal 2018

- The Auditor General issued an unmodified opinion on the State's fiscal 2018 financial statements concluding that the financial statements are fairly presented in accordance with U.S. generally accepted accounting principles.
- The Independent Auditor's Report emphasized the re-statement of beginning government-wide net position due to the State's required implementation of GASB Statement No. 75. OPEB (retiree healthcare) costs and related assets and liabilities are now measured and reported in the same manner as pension costs and related liabilities.
- Fund balance of the General Fund totaled \$359 million at June 30, 2018 of which \$31.3 million has been appropriated in support of the 2019 budget, and \$21.3 million is available for future appropriation.
- The budget reserve or "rainy day" fund is fully funded at \$198.5 million as required by Constitution and statute.
- \$131 million is available in the RI Capital Plan Fund (RICAP) for future capital projects.
- Government-wide net position (deficit) of the primary government increased by \$221.2 million reducing the net deficit to (\$374.2) million at June 30, 2018. \$3.3 billion represents the State's net investment in capital assets (net of related debt). \$1.0 billion is restricted for specific purposes leaving an unrestricted net deficit of (\$4.7) billion.
- Net OPEB liabilities totaled \$515.5 million and Net OPEB assets totaled \$3.7 million. A net OPEB asset results from plan assets exceeding the total OPEB plan liability.
- Net pension liabilities totaled \$3.6 billion for State employees and the State's proportionate share of the net pension liability for teachers.
- Capital assets of the primary government net of accumulated depreciation totaled \$4.4 billion at June 30, 2018, of which \$2.3 billion were infrastructure assets.
- The State disclosed contingencies related to the implementation of its UHIP/RIBridges computer system which is used to determine eligibility and disburse benefits for multiple human service programs.

## General Fund Operations



- Tax revenues totaled \$3.1 billion in fiscal 2018, an increase of 5.4% over fiscal 2017.
- Lottery transfers totaled \$365 million, an increase of \$2.3 million compared to fiscal 2017.
- Federal revenues totaled \$2.7 billion, an increase of \$18 million over fiscal 2017.



- Expenditures and transfers totaled \$7.0 billion, an increase of \$161 million or 2.4% over fiscal 2017. General government expenditures decreased 8%. Debt service increased 16.4% due to lower costs in the prior year due to refundings.
- General Fund expenditures and transfers exceeded revenues and other sources by \$31.3 million for fiscal 2018.

## Transportation Operations

The Intermodal Surface Transportation (IST) Fund reported fund balance of \$415.1 million, a decrease of \$39.1 million over 2017.

Revenues and other sources:	(in millions)
Taxes	\$ 204.1
Federal grants	241.7
Transfers from RICAP	39.4
Fees	24.4
Other	11.5
<b>Total</b>	<b>\$ 521.1</b>

Expenditures and transfers:	(in millions)
Maintenance and Infrastructure capital outlay	\$ 429.0
Debt service	25.4
Transfers to RIPTA - Gas Tax	43.7
Transfers (primarily to General Fund for debt service)	51.1
Net debt refunding sources (uses)	11.0
<b>Total</b>	<b>560.2</b>
<b>Decrease in fund balance</b>	<b>\$ (39.1)</b>

## Long-Term Debt

Long-term liabilities of the primary government totaled \$7.4 billion at June 30, 2018.

	Changes in Long-Term Liabilities (in millions)			
	Beginning	Additions	Decreases	Ending
<b>Governmental</b>				
Bonds payable	\$ 2,682.0	\$ 210.2	\$ (211.5)	\$ 2,680.7
Net pension liability	3,476.3	149.0		3,625.3
Net OPEB liability	536.2		(24.5)	511.7
Other	352.2	103.1	(135.1)	320.2
<b>Total</b>	<b>\$ 7,046.7</b>	<b>\$ 462.3</b>	<b>\$ (371.1)</b>	<b>\$ 7,137.9</b>
<b>Business-Type</b>				
Bonds payable	\$ 195.8	\$ 113.7	\$ (75.0)	\$ 234.5
Net pension liability	16.3	0.6		16.9
Net OPEB liability	3.9			3.9
Other	8.3	0.9	(1.0)	8.2
<b>Total</b>	<b>\$ 224.3</b>	<b>\$ 115.2</b>	<b>\$ (76.0)</b>	<b>\$ 263.5</b>
<b>Total</b>	<b>\$ 7,271.0</b>	<b>\$ 577.5</b>	<b>\$ (447.1)</b>	<b>\$ 7,401.4</b>