

**Highlights from the
State's Fiscal 2024 Audited Financial Statements**

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

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

Fiscal year ended June 30, 2024



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2024

State of Rhode Island Annual Comprehensive Financial Report (ACFR)

Highlights – Fiscal 2024

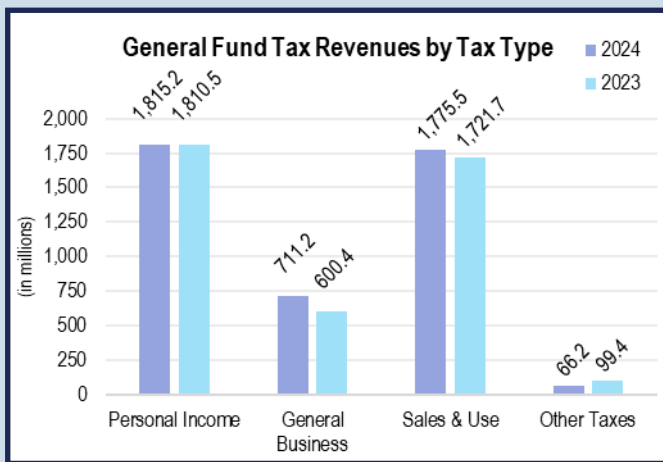
- The State's fiscal 2024 financial operations included notable General Fund revenue results. Tax revenues remained strong in 2024 increasing 3.2% over the prior fiscal year. Federal revenue continued to be the State's largest revenue source, however, decreased by 10.2% from fiscal 2023. Federal revenue is expected to decrease as the availability periods for certain pandemic recovery funding authorized under the American Rescue Plan Act expire over the next several years.
- General Fund expenditures increased over the prior year by 3.1% driven by continued spending of additional funding in health and human services and education functional categories. Transfers out of the General Fund showed a significant reduction from the prior year as fiscal 2024 transfers to RICAP returned to normal statutory funding levels. Fiscal 2022 and 2023 RICAP funding included significant appropriations authorized for future capital needs.
- Government-wide net position (governmental activities) totaled \$3.1 billion – an increase of \$593.5 million. \$5.1 billion represents the State's net investment in capital assets. \$1.8 billion is restricted for specific purposes leaving an unrestricted net deficit of \$3.8 billion.
- Fund balance of the General Fund totaled \$1.2 billion at June 30, 2024, a decrease of \$31.7 million – \$326.4 million is available for future appropriation.
- The budget reserve ("rainy day") account totaled \$292 million at June 30, 2024. The supplemental budget reserve account (statutorily created in fiscal 2023) totaled \$76 million at June 30, 2024.
- The Rhode Island Lottery transferred \$426.4 million in net income to the General Fund in fiscal 2024 as compared to \$434.7 million in the prior year.
- Capital assets of the primary government, net of accumulated depreciation, totaled \$5.9 billion at June 30, 2024, of which \$2.7 billion were infrastructure assets. Construction in progress totaled \$1.4 billion, mostly for infrastructure projects.
- Unemployment insurance benefits totaled \$205.7 million in fiscal 2024, an increase of \$51.0 million from fiscal 2023, as the State's unemployment rate rose to 3.6% over the 2.9% rate reported in 2023.



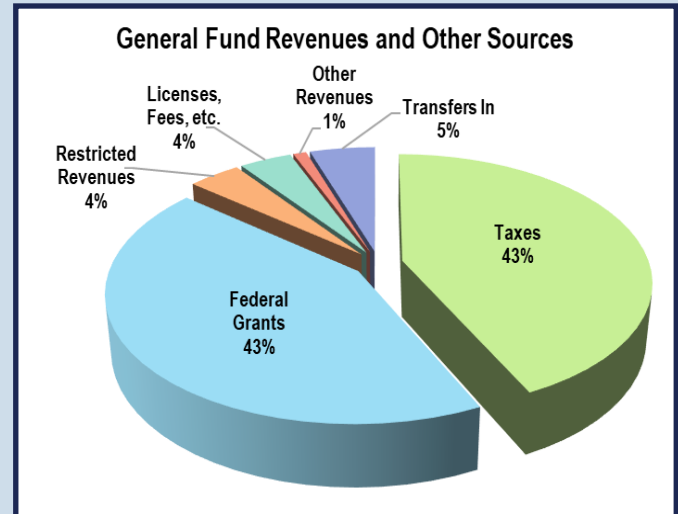
- The RI Capital Plan fund reported \$938.3 million available for future capital projects. \$154.4 million was transferred to the fund from the General Fund in fiscal 2024. Expenditures and transfers out totaled \$140.2 million and \$128.8 million, respectively, utilized for capital improvements across the State.
- The State received an allotment of \$1.13 billion in State Fiscal Recovery Funds under the American Rescue Plan Act. The State expended \$275.4 million in fiscal 2024, much of which was used to support personnel and operating costs at the Department of Corrections, provide small business assistance through the RI Commerce Corporation, and to fund affordable housing programs administered by RI Housing.
- Under FEMA Disaster Grants – Public Assistance (Stafford Act), the State received federal funds totaling \$62.9 million in fiscal 2024, of which \$28.3 million related to reimbursement of expenditures in prior years. The majority of revenue received was reimbursement for expenditures related to pandemic response activities.
- The Auditor General issued an unmodified opinion on the State's fiscal 2024 financial statements, concluding that the financial statements are fairly presented in accordance with U.S. generally accepted accounting principles.
- The Office of the Auditor General also issued its Findings and Management Comments report which included 28 findings that met the reporting requirements outlined in *Government Auditing Standards*. These findings mostly represent deficiencies in the State's internal control over financial reporting. Management must address these findings to ensure accurate financial reporting by the State.

General Fund Revenues

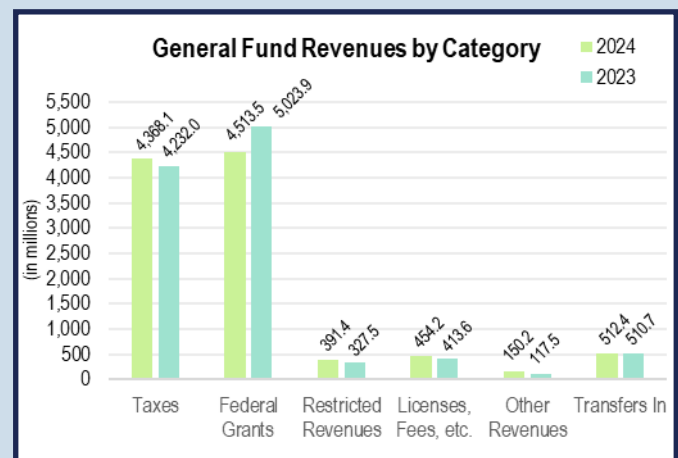
- General Fund revenues decreased by \$237.1 million in fiscal 2024 from the prior year. Tax revenue, as detailed more fully below, accounted for an increase of \$136.2 million but was offset by a decrease in federal grant revenue of \$510.4 million. Revenue from licenses, fines, sales, and services totaled \$454.2 million, a 9.8% increase over the prior year.
- Transfers from the Lottery (reported as Transfers In on the General Fund) totaled \$426.4 million in 2024, a slight decrease of \$8.3 million from fiscal 2023. The 1.9% decrease in fiscal 2024 was largely attributable to a decline in sports betting revenue as well as a decline in on-site table gaming revenue. The Lottery launched iGaming in March 2024 which generated about \$3.6 million in gross profit after prizes and commissions.



- Federal revenue, although reduced over fiscal 2023, totaled in excess of \$4.5 billion in fiscal 2024. Federal pandemic assistance remained substantial in fiscal 2024. The most notable federal revenue decrease in fiscal 2024 related to the FEMA Stafford (Disaster Grants - Public Assistance) Program which decreased by \$263 million as expenditures related to the pandemic response wound down with the end of the public health emergency in fiscal 2023.
- Restricted revenue in 2024 grew by \$63.9 million over the prior year, a 19.5% increase. This was partly attributable to increased receipts restricted for child and adult immunization and the Regional Greenhouse Gas Initiative programs.

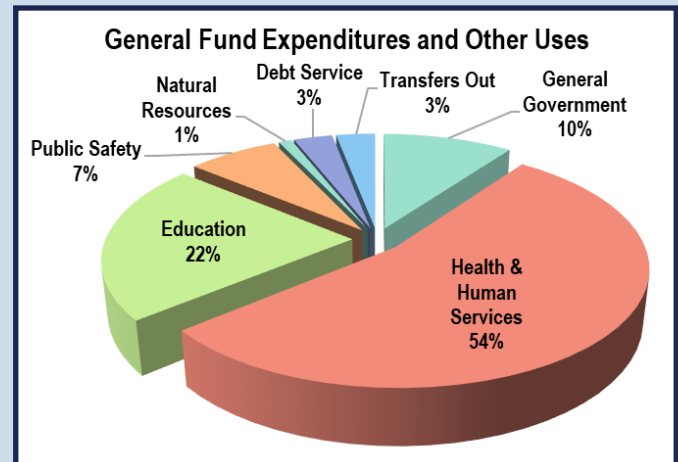


- Tax revenues totaled \$4.4 billion in fiscal 2024, an increase over the \$4.2 billion in fiscal 2023. Personal income tax revenues remained steady, noting a modest increase of 0.3% from 2023. The notable decrease in revenue from other taxes was due to several large inheritance payments in 2023, while fiscal 2024 revenue was more consistent with 2022 collections.
- General business taxes, totaling \$711.2 million in fiscal 2024, grew 18.5% over the prior year. This increase was largely driven by taxpayer utilization of the pass-through entity tax to make estimated payments, as well as significant growth in taxes on financial institutions and gross insurance premiums.
- Sales and use tax exceeded \$1.7 billion, seeing a continued increase of 3.1% over the prior year due to inflation in consumer goods and wages along with continued spending of savings accumulated during the pandemic.

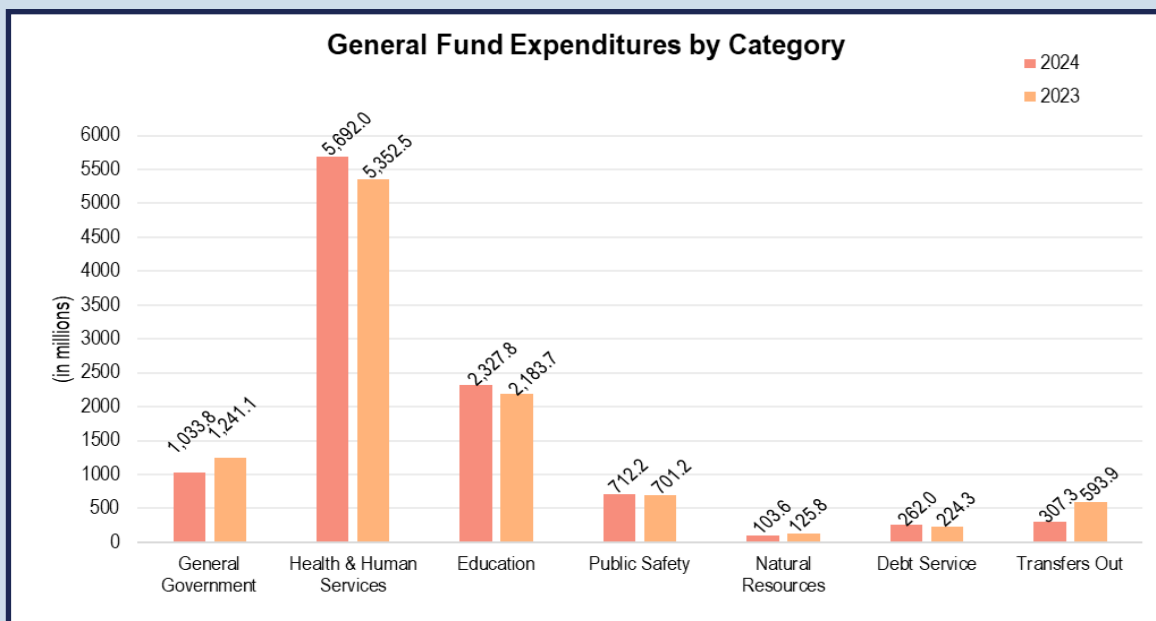


General Fund Expenditures

- Expenditures and transfers totaled \$10.4 billion in fiscal 2024, an increase of \$16.1 million or 0.2% over fiscal 2023.
- General government expenditures totaled \$1.0 billion in fiscal 2024, a decrease of \$207.3 million from fiscal 2023. This was due in large part to reductions in expenditures relating to State and Local Fiscal Recovery Funding awarded under the American Rescue Plan Act.
- Health & human services expenditures grew by \$339.5 million in fiscal 2024, largely attributable to increased spending on the Medical Assistance program through the Executive Office of Health and Human Services.
- Education expenditures increased \$144.1 million in fiscal 2024 over the prior year. State aid to education increased by \$62.9 million over fiscal 2023. Increased federal funding of \$44.4 million in the Education Stabilization Fund program was provided to local school districts, charter schools, and State schools. The State also provided increased support of \$29.2 million for the public higher education institutions.
- Public safety expenditures increased by \$11.0 million over fiscal 2023. Expenditure increases were noted in the Judicial, State Police, Attorney General, and National Guard departments, offset by a significant decrease in expenditures for the RI Emergency Management Agency.



- Natural resources expenditures for fiscal 2024 totaled \$103.6 million compared to \$125.8 million in fiscal 2023. Fiscal 2023 included a notable transfer of \$28.5 million to the RI Infrastructure Bank to finance the State match for federal clean water and drinking water programs.
- Debt service increased by \$37.7 million in fiscal 2024 over the prior year in part due to the appropriated use of \$12.2 million to redeem certain 2022 Series B general obligation bonds in January 2024.
- The General Fund also transferred \$154.4 million to the RI Capital Plan Fund, as required by RI General Law section 35-3-20, to fund future capital projects.



Intermodal Surface Transportation (IST) Fund Operations

- IST Fund expenditures were funded through a variety of revenue sources in fiscal 2024. These sources mostly included gasoline taxes, appropriations from the RI Capital Plan Fund, federal transportation programs, GARVEE bond proceeds, and motor vehicle registry fees and surcharges.
- RIDOT expended \$660.3 million on infrastructure projects and maintenance programs. Infrastructure expenditures accounted for \$450.7 million. The two largest infrastructure projects were the I-95 Viaduct North Bound Bridge and the reconstruction of the Route

Revenues and other sources:	(in millions)
Taxes	\$ 248.8
Federal grants	447.2
Transfers (primarily from RICAP)	111.8
Fees	24.9
Other	16.8
Total	\$ 849.5
Expenditures and transfers:	
Maintenance and infrastructure capital outlays	\$ 660.3
Debt service	73.1
Transfers to RIPTA (primarily gas tax revenues)	59.4
Transfers (primarily to General Fund for debt service)	61.5
Total	854.3
Increase in fund balance	\$ (4.8)

146 between Providence and North Smithfield, with expenditures totaling \$50.0 million and \$35.5 million, respectively. Additionally, emergency repairs on westbound side of the I-195 Washington Bridge totaled \$22.5 million. Transfers from the IST fund to the RI Public Transit Authority (RIPTA), primarily related to gas tax revenues, in fiscal 2024 totaled \$59.4 million, a moderate increase over the prior year.

- The notes to the financial statements reported (a) the legal decision on the State's RhodeWorks tolling program issued by the U.S. First Circuit Court of Appeals in December 2024 and (b) the closure of the I-195 Washington Bridge westbound span deemed no longer safe for public use. Demolition of the bridge is ongoing, while the contract award for the proposed reconstruction is tentatively planned for June 2025.

Rhode Island Capital Plan (RICAP) Fund Operations

- Fund balance in the RICAP fund totaled \$938.3 million at June 30, 2024, decreasing \$60.2 million from 2023.
- The RICAP Fund saw investment income, totaling \$48.8 million in fiscal 2024, more than double the \$20.1 million earned in 2023, a year-to-year increase of 143%.
- Transfers into the RICAP Fund decreased by \$272.1 million. As previously highlighted, fiscal years 2022 and 2023 RICAP funding included significant appropriations authorized for future capital needs in addition to the statutorily mandated annual funding.

Revenues and other sources:	(in millions)
Investment Income	\$ 48.8
Transfers (primarily from General Fund)	160.0
Total	\$ 208.8
Expenditures and transfers:	
Capital Outlays	\$ 138.7
Debt service	1.5
Transfers (primarily to IST Fund)	128.8
Total	269.0
Decrease in fund balance	\$ (60.2)

- Capital outlay expenditures of \$138.7 million grew significantly by \$58.7 million over the prior year, a 73.3% increase from 2023. Significant RICAP project expenditures in fiscal 2024 related to capital improvements at the Port of Galilee and Eleanor Slater Hospital Zambiarano Campus. RICAP funding was also provided to the University of Rhode Island, Rhode Island College, and Community College of Rhode Island totaling \$28.2 million, \$22.1 million, and \$7.8 million, respectively for capital improvements.
- Fiscal 2024 transfers from the RICAP Fund of \$128.8 million also noted a significant increase of 80.1% from the \$71.3 million transferred in 2023. Transfers from RICAP to the IST Fund totaled \$111.8 million in 2024, doubling the \$55.6 million transferred in 2023, to support infrastructure expenditures. Transfers also included \$16.5 million in funding for Convention Center Authority capital improvements.

COVID-19 Federal Assistance Expenditures

- Fiscal 2024 saw continued use of federal funding made available for authorized COVID-19 pandemic recovery initiatives. Federal expenditures funded by COVID-19 related assistance totaled \$727.4 million in fiscal 2024, down \$468.5 million from the near \$1.2 billion in 2023. The decrease in COVID-19 funded expenditures is largely attributable to significant drops in the Coronavirus State and Local Fiscal Recovery Fund (\$172.9 million) and the Medicaid and CHIP programs (\$130.0 million combined), as well as decreases in Epidemiology & Laboratory Capacity for Infectious Diseases (\$18.6 million) and FEMA Stafford Act Disaster Assistance (\$16.3 million).
- At June 30, 2024, \$459 million in Coronavirus State and Local Fiscal Recovery funding remained. The State had until December 31, 2024 to obligate the remaining funding with the requirement that it be expended by December 31, 2026.
- Additional information on expenditures of federal awards during fiscal 2024 will be included in the State's *Single Audit Report*, which is in progress and upon completion will be filed with federal funding agencies as a condition of continued federal assistance.

	(in millions)
Coronavirus State and Local Fiscal Recovery Fund -	\$ 275.4
Funding to states and municipalities for various projects related to economic recovery from the impact of the pandemic. No local-specific funding was awarded in fiscal 2024.	
Education Stabilization Fund - Funds provided to local education agencies to address the impact the pandemic has had on elementary and secondary schools.	\$ 249.3
Epidemiology & Laboratory Capacity for Infectious Diseases - Funds used to continue virus mitigation efforts, as well as support construction costs of the State's new health laboratory.	\$ 42.1
FEMA Stafford Act Disaster Assistance - Claims for certain pandemic-related costs associated with the public health emergency. Not included in this amount is \$23.8 million received from FEMA in 2024 for expenditures incurred in prior years.	\$ 37.3
Medicaid and CHIP Programs - Enhanced federal reimbursement to States during the public health emergency (PHE), which was incrementally phased out during fiscal 2024 as States began redetermining recipient eligibility during the PHE "unwinding" period.	\$ 30.5
Other Federal Programs Receiving COVID-19 Assistance	\$ 92.8
Total COVID-19 Assistance Expended in 2024	\$ 727.4

Changes in Long-Term Liabilities

	(expressed in millions)			
	Beginning	Additions	Reductions	Ending
Governmental				
Bonds payable	\$ 2,849.2	\$ 271.9	\$ (253.2)	\$ 2,867.9
Lease liability	70.4	10.2	(18.9)	61.7
SBITA liability	8.5	10.6	(9.7)	9.4
Net pension liability	3,143.1	6.2	(176.2)	2,973.1
Net OPEB liability	256.7	-	(67.7)	189.0
Other	286.7	77.3	(74.2)	289.8
Total	\$ 6,614.6	\$ 376.2	\$ (599.9)	\$ 6,390.9
Business-Type				
Bonds payable	\$ 160.8	\$ -	\$ (20.6)	\$ 140.2
Lease liability	1.1	-	(0.4)	0.7
Net pension liability	18.7	-	(0.9)	17.8
Net OPEB liability	2.5	-	(0.6)	1.9
Other	17.7	14.1	(0.5)	31.3
Total	\$ 200.8	\$ 14.1	\$ (23.0)	\$ 191.9
Total	\$ 6,815.4	\$ 390.3	\$ (622.9)	\$ 6,582.8

- In October 2023, the State issued general obligation bonds totaling \$146.7 million for various projects previously authorized by the voting public.
- Additionally, in August 2023, the State issued appropriation-backed revenue bonds totaling \$93.5 million, pursuant to RI General Law Chapter 35-18, to fund public school projects in the City of Central Falls, most notably a new high school facility.
- The fiscal 2024 State budget contained significant appropriations to reduce debt obligations. The State utilized \$12.2 million to partially redeem certain outstanding 2022 Series B general obligation bonds and \$22.7 million to redeem Economic Development Bonds outstanding with the I-195 Redevelopment District Commission.
- Further details surrounding the changes in Net Pension and Net OPEB Liabilities can be found on the following page.

Employer Pension Plans

- Net pension liabilities of the primary government totaled \$3.0 billion. This is the combined liability for six defined benefit plans covering State employees totaling \$2.0 billion and the State's proportionate share of the net pension liability for teachers totaling \$1.0 billion as of the June 30, 2023 measurement date. Plan net position as a percentage of the total pension liability for the plans at the June 30, 2023 measurement date is shown in the table.
- Net position restricted for State employee pension benefits increased by \$657.2 million in those respective Pension Trust Funds. These funds collectively recognized a \$861.7 million net investment gain across those plans in fiscal 2024.
- The State made employer contributions totaling \$162.9 million in fiscal 2024 to the defined benefit pension plans in addition to \$126.8 million as the State's share of pension contributions for teachers. Retirement benefits paid to retired State employees exceeded \$386.9 million in fiscal 2024.
- The State contributed an aggregate of \$6.8 million to the Defined Contribution Plan in fiscal 2024. The Defined Contribution Plan Pension Trust fund, which holds retirement assets for State employees, teachers, and municipal employees (plans administered by the Municipal Employees' Retirement Trust Fund) reported net position of \$2.1 billion at June 30, 2024.
- Effective in fiscal 2025, several legislatively enacted changes to public employee pension benefits administered by the Employees' Retirement System of Rhode Island will be enacted. Complete details of enacted benefit changes can be found in Note 23 to the financial statements.

<i>Plan fiduciary net position as a % of the total pension liability</i>	
ERS - State employees	61.3%
ERS - Teachers	65.8%
SPRBT - State Police	92.9%
SPRFT - State Police	17.5%
JRBT - Judges	107.3%
RIJRFT - Judges	7.8%

Retiree Healthcare Benefit (OPEB) Plans

- Six defined benefit OPEB plans provide retiree healthcare benefits for State employees including certain electing teachers and Board of Education employees.
- The net OPEB liability (asset) is the accounting measure of OPEB liabilities and assets. Net OPEB liabilities totaled \$190.9 million, which is net of amounts accumulated for future benefits at the measurement date. For four plans, a net OPEB asset results from plan assets exceeding the OPEB plans' liabilities by \$26.5 million collectively.
- Plan net position as a percentage of the total OPEB liability at the June 30, 2023 measurement date is shown in the table. The funded status of the OPEB plans increased moderately, with the largest plan covering most state employees growing from 55.1% to 65.1% at the June 30, 2023 measurement date.
- Employer contributions to the OPEB plans totaled \$47.3 million in fiscal 2024. The OPEB Trust Funds collectively recognized a \$70.1 million net investment gain across all funds for fiscal 2024. The investment rate of return assumption is 5% for the OPEB plans.
- OPEB Trust Funds paid \$32.9 million towards retiree healthcare benefits in fiscal 2024, an increase of \$1.7 million over the prior year.

<i>Plan fiduciary net position as a % of the total OPEB liability</i>	
State employees	65.1%
Teachers	220.0%
State Police	110.5%
Judicial	3699.7%
Legislators	533.4%
Board of Education	87.9%

The **State of Rhode Island's Fiscal 2024 Annual Comprehensive Financial Report (ACFR)** prepared by the Office of Accounts and Control – Department of Administration – includes the *Independent Auditor's Report* of the Auditor General resulting from the annual audit of the State's financial statements as required by RI General Law section 35-7-10. Management's Discussion and Analysis explains key highlights and changes between fiscal years 2024 and 2023.



The full fiscal 2024 ACFR is available on the Office of Accounts and Control and Auditor General websites:

[State of Rhode Island Annual Comprehensive Financial Report - Fiscal Year 2024](#)

The Rhode Island Commerce Corporation assisted in providing artwork for the State of Rhode Island's 2024 Annual Comprehensive Financial Report



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