Net pension liabilities included in the 2015 financial statements totaled $2.9 billion at the June 30, 2014 measurement date. 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 ($990 million).

Four plans are managed as trusts by the Employees’ Retirement System of RI (ERSRI) - the pension liability is net of amounts accumulated for future benefits (fair value at the June 30, 2014 measurement date). Two additional plans (covering certain judges and state police) are managed as pay-as-you-go plans – no amounts have been accumulated for future benefits - annual benefit payments are appropriated each year.

The net pension liability included in the financial statements is the accounting measure of pension liabilities which differs from measurements used to determine the actuarially determined annual contributions to each plan.

Plan fiduciary net position as a percentage of total pension liability for the four plans managed by ERSRI at the June 30, 2014 measurement date is shown in the table at right.

Fiscal 2015 State employer contributions to the defined benefit plans totaled $247 million including $84.9 million as the State’s share for teachers.

Assets of the defined contribution plan, part of the hybrid pension benefit structure, totaled $410.8 million at June 30, 2015.

Six defined benefit OPEB plans provide healthcare benefits to retired state employees including certain elected teachers and Board of Education employees. The funded status of the plans as of the June 30, 2013 actuarial valuation is shown in the table.

General Fund Operations

The Auditor General issued an unmodified opinion on the State’s fiscal 2015 financial statements, concluding that the financial statements are fairly presented in accordance with generally accepted accounting principles.

The budget reserve or “rainy day” fund is fully funded at $185.5 million as required by constitution and statute.

$132.6 million is available in the RI Capital Plan Fund (RICAP) for future capital projects.

The government-wide (full-accrual) financial statements were restated to recognize the net pension liability for defined benefit pension plans as required by the implementation of GASB Statements No. 68 and 73. Beginning net position (primary government) was decreased by $2.9 billion.

Net pension liabilities included in the financial statements totaled $2.9 billion for state employees and the State’s proportionate share of the net pension liability for teachers (the State funds 40% of the annual required contribution for teachers).

Government-wide net position (deficit) of the primary government increased by $473 million to ($524) million at June 30, 2015. $2.9 billion represents the State’s net investment in capital assets (net of related debt). $997.5 million is restricted for specific purposes leaving an unrestricted net deficit of $4.4 billion.

Capital assets of the primary government net of accumulated depreciation totaled $4.0 billion at June 30, 2015, of which $2.2 billion were infrastructure assets.

An estimated liability was recorded for financial reporting purposes for the State’s moral obligation under the Commerce Corporation’s Job Creation Guaranty Program - amounts required for future debt service (net of any litigation recoveries) are subject to annual appropriation.

A note to the financial statements details the settlement of various lawsuits challenging pension reform measures. The settlement benefit provisions, which largely maintained estimated savings, were enacted by the General Assembly and approved by the Court in July 2015.

General Fund Revenues and Other Sources

- Tax revenues totaled $2.9 billion in fiscal 2015, a 7.8% increase over fiscal 2014.
- Lottery transfers totaled $381.9 million, an increase of $5.6 million compared to fiscal 2014.
- Federal revenues totaled $2.6 billion, an increase of $273.5 million or 11.7% over fiscal 2014; largely due to Medicaid expansion under the Affordable Care Act and reimbursement of Healthsource RI expenditures.

General Fund Expenditures and Transfers

- Expenditures totaled $6.3 billion, an increase of $428.2 million or 7.2% over fiscal 2014. The largest increase, $336.4 million, or 10.1%, was in human services.
- General Fund revenues and other sources (including a special item totaling $31.3 million) exceeded expenditures and transfers by $106.5 million.

Transportation Operations

The Intermodal Surface Transportation (IST) Fund reported fund balance of $112.5 million; a decrease of $6.0 million from the prior year due to spending of prior year resources for highway construction projects.

Inflows:
- Taxes $158.7
- Federal grants 270.6
- Transfers from Bond Capital and RICAP funds 23.8
- Fees 20.9
- Other 7.8
Total $481.8

Outflows:
- Maintenance and Infrastructure capital outlay $338.6
- Debt service 55.6
- Transfers to RIPTA - Gas Tax 43.0
- Transfers to General Fund - Gas Tax 4.4
- Transfers to General Fund - Debt Service 46.2
Total $487.8
Decrease in fund balance $6.0

Long–Term Debt

Long-term liabilities of the primary government totaled $5.9 billion. With the implementation of GASB 68, the net pension liability for defined benefit pension plans is included in the financial statements.

Changes in Long-Term Liabilities (in millions)

<table>
<thead>
<tr>
<th></th>
<th>Beginning</th>
<th>Additions</th>
<th>Decreases</th>
<th>Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental</td>
<td>$2,399.9</td>
<td>$991.2</td>
<td>($1,003.2)</td>
<td>$2,387.9</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>3,215.4</td>
<td></td>
<td>($208.1)</td>
<td>2,907.3</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>423.9</td>
<td></td>
<td>($129.6)</td>
<td>423.2</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$6,039.2</td>
<td>$1,120.1</td>
<td>($1,440.9)</td>
<td>$5,718.4</td>
</tr>
</tbody>
</table>

Business-Type

<table>
<thead>
<tr>
<th></th>
<th>Beginning</th>
<th>Additions</th>
<th>Decreases</th>
<th>Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds payable</td>
<td>$230.8</td>
<td>$36.7</td>
<td>($45.8)</td>
<td>221.7</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>146</td>
<td></td>
<td>(1.3)</td>
<td>133</td>
</tr>
<tr>
<td>Other</td>
<td>62.1</td>
<td>21.2</td>
<td>($74.6)</td>
<td>87</td>
</tr>
<tr>
<td>Total</td>
<td>$307.5</td>
<td>$57.9</td>
<td>($121.7)</td>
<td>$243.7</td>
</tr>
<tr>
<td>Total</td>
<td>$6,346.7</td>
<td>$1,178.0</td>
<td>($1,562.6)</td>
<td>$5,962.1</td>
</tr>
</tbody>
</table>

CAFR Highlights - Fiscal 2015

- The Auditor General issued an unmodified opinion on the State’s fiscal 2015 financial statements, concluding that the financial statements are fairly presented in accordance with generally accepted accounting principles.
- The budget reserve or “rainy day” fund is fully funded at $185.5 million as required by constitution and statute.
- $132.6 million is available in the RI Capital Plan Fund (RICAP) for future capital projects.
- The government-wide (full-accrual) financial statements were restated to recognize the net pension liability for defined benefit pension plans as required by the implementation of GASB Statements No. 68 and 73. Beginning net position (primary government) was decreased by $2.9 billion.
- Net pension liabilities included in the financial statements totaled $2.9 billion for state employees and the State’s proportionate share of the net pension liability for teachers (the State funds 40% of the annual required contribution for teachers).
- Government-wide net position (deficit) of the primary government increased by $473 million to ($524) million at June 30, 2015. $2.9 billion represents the State’s net investment in capital assets (net of related debt). $997.5 million is restricted for specific purposes leaving an unrestricted net deficit of $4.4 billion.
- Capital assets of the primary government net of accumulated depreciation totaled $4.0 billion at June 30, 2015, of which $2.2 billion were infrastructure assets.
- An estimated liability was recorded for financial reporting purposes for the State’s moral obligation under the Commerce Corporation’s Job Creation Guaranty Program - amounts required for future debt service (net of any litigation recoveries) are subject to annual appropriation.
- A note to the financial statements details the settlement of various lawsuits challenging pension reform measures. The settlement benefit provisions, which largely maintained estimated savings, were enacted by the General Assembly and approved by the Court in July 2015.