

**State of Rhode Island
Public Finance Management Board
Debt Affordability Study**



December 4, 2025

Acknowledgements

The 2025 Debt Affordability Study is the fifth to be published since the General Assembly established the requirement in 2016 that the Public Finance Management Board produce a debt affordability study every two years. This report provides not only information on debt and pension liabilities, but also post-employment liabilities of the State, municipalities and Quasi-Public agencies in the State, and is viewed to be one of the most comprehensive debt affordability studies undertaken by any state government.

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James A. Diossa
Rhode Island General Treasurer

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

PART ONE: State Tax-Supported Debt and Long-Term Liabilities..... 10

PART TWO: State-Level Agencies, Public and Quasi-Public Corporations Debt and Long-Term Liabilities 29

PART THREE: Municipalities, Regional Authorities, Fire Districts and Other Special District Debt and Long-Term Liabilities 53

PART FOUR: Guidelines for Debt Management Best Practices for the State and Guidelines for Debt Management Best Practices for Rhode Island Quasi-Public Entities and Local Governments 70

APPENDIX A - PART ONE: Debt and Liability Ratios for States A-1

APPENDIX B - PART TWO: Quasi-Public Agencies Debt Information..... B-1

APPENDIX C - PART THREE: Municipality Debt, Demographic/Economic Statistics, Debt, Pension and OPEB Liability Ratios, and State Reimbursements.....C-1

APPENDIX D- GLOSSARY OF TERMS.....D-1

Executive Summary

Introduction

There are more than 100 entities in Rhode Island with the authority to issue public debt. These issuing entities range from the State itself, to municipalities and school districts, water districts and fire districts, and Quasi-Public entities that manage important public infrastructure like airports and bridges. Combined, these Rhode Island entities have accumulated approximately \$14.63 billion of debt outstanding in various forms.

Maintaining an ability to borrow, often called “debt capacity,” is critical for state and local governments. Without debt capacity the State may not be able to maintain aging infrastructure and invest in projects that support economic growth. Public capital investments attract private capital investments, which create jobs and improve the quality of life for residents of the State.

While it is often useful and necessary for public entities to take on debt to spread the cost of large capital projects across multiple budget cycles, the power to issue public debt must be exercised with care. When a public entity issues long-term debt, it binds its citizens to repay the debt for many years in the future, through taxes, fees, tolls or utility rate charges. Sometimes even when public debt is not explicitly backed by taxpayer funds, taxpayers can find themselves liable for the cost of debt when the original revenue stream becomes insufficient to cover the cost of debt service. Therefore, it is important for each issuer of public debt to have a clear sense of how much debt it can prudently issue at any given time.

Scope of the Debt Affordability Study

The Public Finance Management Board (PFMB) was created during the 1986 Session of the General Assembly for the purpose of providing advice and assistance to issuers of tax-exempt debt in the State of Rhode Island. In 2016, the General Assembly enacted a series of measures to strengthen debt management in Rhode Island, including the requirement that the PFMB produce a debt affordability study every two years to recommend limits of indebtedness for all issuers of public debt in the State. This is the fifth debt affordability analysis conducted since the 2016 law was enacted, and this 2025 study refreshes the analysis contained in the 2023 Rhode Island Debt Affordability Study.

This study examines the levels of indebtedness of the State, its Quasi-Public agencies, municipalities and various special districts, and recommends debt affordability limits for each issuer. The study is premised on the concept that resources, not only needs, should guide debt issuance.

For the purposes of this study, debt affordability is defined as the issuer’s ability to repay all its obligations based on the strength of its revenue streams and the capacity of the underlying population to afford the cost of borrowing. Maintaining an appropriate level of debt affordability is crucial for ensuring long-term fiscal sustainability and economic competitiveness while investing in projects necessary to deliver essential public services.

Because of the diverse nature of Rhode Island’s population and the diverse functions of the Quasi-Public agencies, the PFMB does not recommend a single overall limit for public debt across all issuers. The public debt burden that is affordable for the population of one community might be higher or lower than the affordable level for a community located elsewhere in the State, and the unique functions of Quasi-Public agencies result in yet a different basis of affordability. Accordingly, this report recommends separate affordability limits for the State, the Quasi-Public agencies and each municipality.

Debt is not the only type of long-term liability that states, municipalities and other public entities incur. Most notably, pension liabilities that have been contractually or statutorily promised to public employees represent long-term liabilities of the entities responsible for debt repayment. Further, other post-employment benefit (OPEB) obligations, which primarily include retiree health care benefits, are long-term liabilities that are generating increased attention from policy makers and bond market participants.

The PFMB believes that the level of debt that a public entity can afford to issue cannot be measured in isolation but must be viewed in the context of the amount of pension and OPEB liabilities that the issuing entity has taken on. Therefore, where possible, this study recommends holistic affordability limits for public entities in Rhode Island that include debt, pension and OPEB liabilities together. In recent years, the credit rating agencies have revised their methodologies to assess debt, pension and OPEB liabilities into the same affordability measurements, and it is expected that these comprehensive liability metrics will only become more common over time.

Part One: State Tax-Supported Debt.

The first part of the study considers all tax-supported debt of the State. As of June 30, 2025, the State had a total of \$2.1 billion of tax-supported debt outstanding. In addition, as of June 30, 2025, the State had approximately \$2.99 billion of unfunded actuarial accrued liability (UAAL) in connection with its four pension programs. The most recent actuarial study completed as of June 30, 2024 estimates the State’s OPEB unfunded liability in FY 2025 at approximately \$107.7 million.

Comparing pension and OPEB liabilities across states can be challenging, as the pension liabilities and annual costs that states report can vary considerably based on the assumptions and policies that states use to govern their pension systems. Moody’s and Fitch Ratings both now report adjusted net pension liability for all states, using a common set of assumptions to improve the comparability of the pension liabilities across all states. Based on Moody’s data, Rhode Island has the 13th highest level of Total Liabilities (Net Tax-Supported Debt + Adjusted Net Pension Liabilities + Adjusted Net OPEB Liabilities) relative to Personal Income and ranks 10th highest in the country in annual liability costs (Debt Service + Pension Contribution + OPEB Contribution) relative to Own Source Revenues.

Part 2: Quasi-Public Agencies.

The second part of the study evaluates the debt of the State’s Quasi-Public agencies. Quasi-Public agencies are governmental agencies with tax-exempt bonding authority that are managed with a degree of independence from the legislative and executive branches of state government.

Quasi-Public agency debt falls into two general categories: (i) debt secured by revenues of the agency (Direct Borrowers) and (ii) conduit debt which is borrowed on behalf of another underlying entity, be it another government agency, a private corporation or nonprofit organization, to help the underlying borrower achieve tax-exempt status or a lower cost of financing (Conduit Issuers).

The debt issued by the Quasi-Public agencies is usually in the form of revenue bonds, in which debt service is payable solely from the revenues derived (i) from a dedicated revenue source, (ii) from operating businesses or a facility, or (iii) under a loan or financing agreement with an underlying conduit borrower.

Quasi-Public Agency Issuers

Direct Borrower	Type/Purpose of Bonds
Narragansett Bay Commission	Wastewater System Revenue Bonds
Rhode Island Turnpike and Bridge Authority	Toll Revenue Bonds
Rhode Island Resource Recovery Corporation	Resource Recovery System Revenue Bonds
Tobacco Settlement Financing Corporation	Tobacco Master Settlement Agreement Bonds
Conduit Issuer	Type/Purpose of Bonds
Rhode Island Commerce Corporation	GARVEEs, Airport Revenue Bonds, Economic Development (including Rhode Island Industrial Facilities Corporation tax-exempt private activity bond debt)
Rhode Island Health and Educational Building Corporation	Public School, Higher Education, Other Education, Health Care Revenue Bonds (includes Pooled Bonds)
Rhode Island Housing and Mortgage Finance Corporation	Single-Family and Multi-Family Housing Revenue Bonds
Rhode Island Infrastructure Bank	Water Pollution Control, Safe Drinking Water, Sewer Revenue Bonds, Energy Efficiency Loans, Municipal Road and Bridge Loans
Rhode Island Student Loan Authority	Student Loan Revenue Bonds

As of June 30, 2025, Quasi-Public Agencies in the State had a total of almost \$7.26 billion of debt outstanding, excluding debt held by non-profit and private conduit borrowers. See the Aggregate Debt Outstanding table on the next page.

Part 3: Municipalities and Special Districts.

The third part of the study considers debt of the municipalities, fire districts, special districts and other local authorities of the State. Rhode Island has 39 municipalities, 38 fire districts, and 17 special districts and local authorities that can issue debt. Most of the Rhode Island municipalities and local districts issue general obligation bonds directly and enter capital leases supported by property tax revenue. Many also borrow through the Rhode Island Health and Educational Building Corporation (“RIHEBC”) Public Schools Revenue Bonds Financing Program, a conduit bond program. In some cases, municipal entities issue revenue bonds secured by the revenues of public utilities like water and sewer systems.

Most municipalities and districts also have pension liabilities, which are accounted for in this study. There are 155 pension plans for municipal employees across Rhode Island, 121 of which are managed centrally by the State through the Municipal Employees Retirement System (MERS), and 34 of which are managed independently by municipalities. Regardless of the management structure, the municipalities and districts are fully responsible for the cost of the liabilities of these plans. In addition, school districts participate in the statewide Employees Retirement System (ERS), in which the State is responsible for 40% of the liability and the school district is responsible for 60% of the liability. Further, most municipalities offer retired public employees OPEB benefits, either on a pay-as-you-go basis, or in a pre-funded trust.

Overall municipal and local district tax-supported debt¹, excluding the debt of overlapping state Quasi-Public agencies, in FY 2023-2024 was \$2.92 billion², a decrease of \$79.3 million or 2.6% decline from the 2023 Debt Affordability Study. Total net pension liabilities in FY 2023-2024 were \$4.31 billion, and total net OPEB liabilities were \$2.22 billion. See the Aggregate Debt Outstanding table on the next page.

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¹ Overall municipal debt is the sum of general obligation debt, loans payable, capital leases, and a portion of municipal enterprise debt (as described in the Note at the bottom of the table on the next page) and the debt of overlapping agencies.

² FY 23 data is used for Little Compton, East Providence and Woonsocket. FY 24 data used for all other municipalities.

Aggregate Debt Outstanding

Outstanding Debt	General Obligation	Other Tax-Supported Debt	Revenue (Public)	Revenue (Private/Non-Profit)	Pension Liability	OPEB Liability	Total Outstanding Liabilities
State of Rhode Island (FY 2025)*	\$ 1,587,760,000	\$ 516,257,178			\$ 2,995,140,139	\$ 107,720,000	\$ 5,206,877,317
Quasi Public Agencies (FY 2025)							
Narragansett Bay Commission (Excluding RIIB Debt)			\$ 1,254,049,548				\$ 1,254,049,548
Rhode Island Turnpike and Bridge Authority			\$ 38,965,000				\$ 38,965,000
Tobacco Settlement Financing Corporation			\$ 681,500,000				\$ 681,500,000
Rhode Island Commerce Corporation							
GARVEEs			\$ 493,535,000				\$ 493,535,000
Airport Revenue Bonds			\$ 186,475,302				\$ 186,475,302
Other (based on June 30, 2022)				\$ 82,082,325			\$ 82,082,325
Rhode Island Health and Educational Building Corp.							
Education			\$ 319,030,000	\$ 1,703,079,872			\$ 2,022,109,872
Healthcare				\$ 629,701,056			\$ 629,701,056
Rhode Island Housing and Mortgage Finance Corp.			\$ 2,908,067,642				\$ 2,908,067,642
Rhode Island Infrastructure Bank							
Water Pollution Control			\$ 430,650,000				\$ 430,650,000
Safe Drinking Water			\$ 135,490,000				\$ 135,490,000
Municipal Road and Bridge Revolving Loan Fund			\$ 29,915,000				\$ 29,915,000
Efficient Buildings Fund			\$ 22,325,000				\$ 22,325,000
Other			\$ 33,835,000				\$ 33,835,000
Rhode Island Student Loan Authority			\$ 730,822,023				\$ 730,822,023
Municipalities and Special Districts (FY 2023/2024)	\$ 1,733,628,543	\$ 365,308,018	\$ 743,619,572	\$ -	\$ 4,306,720,510	\$ 2,219,314,456	\$ 9,368,591,099
GRAND TOTAL	\$3,321,388,543	\$ 881,565,196	\$8,008,279,087	\$ 2,414,863,253	\$7,301,860,649	\$2,327,034,456	\$ 24,254,991,184

** State of Rhode Island debt includes \$54,800,000 RIHEBC Central Falls Public School Project Bonds issued in FY 2026

Note: RIHEBC Public School Revenue Bonds and RIHEBC Providence Public Building Authority included in municipality debt. RIIB Water Pollution Control and Safe Drinking Water debt shown as RIIB debt and not included in revenue (enterprise) debt of municipalities. Municipalities and Special Districts (FY 2023/2024) General Obligation debt includes loans payable and overlapping debt.

PFMB Recommendations and Rationale

The PFMB considered several factors in developing its debt affordability recommendations. For each issuer, the PFMB considered relevant peer comparisons, Rating Agency guidance, and legal requirements contained in bond indentures. These affordability limits are purely advisory and represent what the PFMB feels are prudent levels of indebtedness given the available information.

The PFMB recognizes that it may be appropriate for affordability limits to be temporarily exceeded if increased capital spending is needed to manage emergency situations or revenues are temporarily impaired by economic downturns. It is recommended that issuers endeavor to return to their recommended limits in a reasonable period of time.

The PFMB recommends that the State of Rhode Island seeks to limit its liabilities to acceptable levels as measured by the following criteria:

Part 1: State Recommendations.

Recommended State Liability Limits

Recommended Limit	Rationale for Measure	Rationale for Level	FY 2026 Levels
<i>The PFMB recommends that Debt Service to General Revenue not exceed 7.0%</i>	Metric most frequently used by states to assess debt affordability, comparing the annual cost of debt payments to the state's annual budget. Both components of this ratio (debt service and revenues) are largely within the control of the State.	Should be set to ensure that annual debt service payments do not consume so much of the State's annual operating budget as to hinder the State's ability to provide core government services and provide flexibility to respond to economic downturns.	4.6%
<i>The PFMB recommends that State Tax-Supported Debt to Personal Income not exceed 4.0%</i>	Represents a broader measure of a state's ability to pay its debts. State personal income is not directly dependent on tax policy choices and is the base from which state revenues can be generated. All three rating agencies review the debt to personal income ratio as part of the rating process, and the ratio is a good measure for long-term debt affordability.	To stay within S&P's recommended range for an AA rating score in its previous methodology, the State should maintain a ratio of less than 4%. Further, the PFMB believes that establishing a recommended limit of debt to personal income of 4% is realistic given that the State has only exceeded 4% twice since 2006.	2.5%
<i>The PFMB recommends that Net Tax Supported Debt Service + Pension ADC + OPEB ADC to General Revenues not exceed 18%</i>	Rating agencies and investors are assessing states' liabilities holistically, looking at debt, pension liabilities and OPEB liabilities in combination to determine the full picture of a state's liability burden. A state's ability to meet future annual liability payments with available revenues is a critical indicator of whether these liabilities are manageable.	Moody's, Fitch and S&P all now use a version of a ratio that compares the annual servicing cost of a state's total liabilities to the annual budget of the state. When an 18% level of Net Tax Supported Debt Service + Pension ADC + OPEB ADC to General Revenues is adjusted to the Fitch, Moody's and S&P ratios, the 18% limit is roughly equivalent to an AA level in the rating agency methodologies. RI has historically been below 18%.	12.4%
<i>The PFMB recommends that Debt + Pension UAAL+ OPEB UAAL to Personal Income not exceed 12%</i>	The measurement compares the total liabilities of the state to the ability of the underlying population to afford those liabilities, irrespective of tax policy decisions by the State.	Moody's and Fitch use a ratio comparing total liabilities to the ability of the underlying population to repay. When a 12% level of Debt and Pension Liability and OPEB Liability to Personal Income is adjusted to the Moody's and Fitch ratio, RI would fall into the AA range for both agencies. Rhode Island has been below the 12% limit for the past 11 years.	6.0%
<i>The PFMB recommends the State continue to fund 100% of its Pension ADC and OPEB ADC.</i>	When states fail to make their full actuarially required contributions to their pension and OPEB trusts, unfunded liabilities increase. Failure to make full annual required contributions has been one of the leading causes of the spike in unfunded liabilities across the United States. Rhode Island has not missed a pension ADC payment since 1995 and has made 100% of OPEB ADC payments consistently since FY 2011, when the OPEB trust began, and should continue these practices.		100% funded Pension ADC and OPEB ADC

The state is currently within all recommended affordability limits, and the PFMB estimates that the State has available capacity to authorize up to \$1.4 billion of new bonds in fiscal years 2026-2027 with total debt capacity of approximately \$4.2 billion through 2037.

Part 2: Quasi-Public Recommendations. Each of the State’s Quasi-Public agencies is unique, with different revenue streams and functions. After considering the unique considerations of each Quasi-Public agency, relevant ratings agency guidance and peer comparisons, the PFMB recommends individualized affordability ratios for each agency.

The table below shows the recommended affordability metrics for each Quasi-Public agency, with green shaded levels indicating the Quasi-Public agency is within the recommended limit and red shaded levels indicating current levels are slightly above recommended limits. In no case is a State Quasi-Public Agency significantly above its recommended affordability level at the current time, though the PFMB notes that several Quasi-Public agencies are currently considering investing in large capital projects in the coming years and will need to carefully evaluate the affordability of those projects should they move forward.

Quasi-Public Agency Affordability Metrics (PFMB Recommended Limits)

Borrowers	Recommended Affordability Limit	Current Level		
Narragansett Bay Commission	1.3x debt service coverage for both Commission debt and RIIB loans. Additionally recommend conducting a new ratepayer affordability study and instituting a discount program for low-income ratepayers	Debt Service Coverage: 1.4x		
Rhode Island Turnpike and Bridge Authority	1.7x debt service coverage	Debt Service Coverage: 7.4x		
Rhode Island Resource Recovery Corporation	Despite strong financials, it is recommended that RIRRC refrain from any new issuance of long-term debt until there is a clear plan for what the Corporation will do when the landfill reaches capacity	As of May 31, 2023, the RIRRC no longer has any bonds outstanding.		
Rhode Island Department of Transportation Grant Anticipation Revenue Bonds (GARVEEs)	3.5x debt service coverage. With the passage of the Infrastructure Investment and Jobs Act, funding levels increased, resulting in RIDOT being within the recommended limit. PFMB recommends monitoring the federal reimbursement level under the IJA and future federal reauthorizations and maintain a minimum coverage of 3.5x with any additional debt.	2022-2026 Average Reimbursements: 4.9x Coverage 2016-2026 Average Reimbursements: 4.0x Coverage		
Rhode Island Airport Corporation	1.5x debt service coverage when including the Coverage Account Ending Balance, and \$100 debt per enplaned passenger	Debt Service Coverage: 2.69x		
		Debt per Enplaned Passenger: \$55		
Rhode Island Health and Educational Building Corporation – University of Rhode Island	Total Debt to Cash Flow of less than 10.0x as a factor required for Additional Bonds.	4.1x Debt to Cash Flow		
Rhode Island Infrastructure Bank	Maintain a minimum of 1.25x debt service coverage and Maintain asset to liabilities ratios at a minimum of 1.3x for all programs		DS Coverage	Asset to Liabilities
		Clean Water	1.4x	1.8x
		Drinking Water	1.8x	2.6x
		EBF	1.6x	1.8x
MRBF	1.8x	2.4x		
Rhode Island Housing and Mortgage Finance Corporation	Minimum Program Asset to Debt Ratio (PADR) limit of 1.10x	PADR of 1.12x (Single Family) PADR of 1.31x (Multi-Family)		
Rhode Island Student Loan Authority	Minimum Parity Ratio limit of 110%	Parity Ratio of 113.78%		
Meets recommended limit	Requires additional monitoring	Exceeds recommended limit/Recommended no new debt		

Part 3: Municipal/Local Recommendations. Municipal governance in Rhode Island is comprised of a patchwork of overlapping authorities. In addition to the state’s 39 cities and towns, local government includes dozens of regional and local districts, some contained entirely within a municipality and others across multiple municipalities. Some of these governmental entities raise revenue through property taxes, and others through charges such as utility fees.

In determining how to set limits for this complex patchwork of municipal issuers, the PFMB ultimately determined that the most important consideration is the ability of the underlying population of a municipality to afford the aggregate levels of debt their governmental agencies have taken on. Therefore, three of the four recommended affordability limits for debt incorporate the debt of municipalities and overlapping districts into combined ratios.

Recommended Municipal Liability Limits

Recommended Limit	Definition	Rational for Level
<i>Net Direct Debt to Full Assessed Property Values: Less than 3%</i>	Debt of the municipality typically paid for through the municipal budget with taxpayer funds. (Does not include revenue bonds that are supported by ratepayers, such as water and sewer bonds).	In prior methodology, Moody’s provided suggested levels of net direct debt to full value for each rating category. A ratio of 3% is in Moody’s mid-point range for ‘A’ rated communities. S&P also used 3% net direct debt as a percent of market value as a benchmark in its methodology. If a community’s ratio is below 3%, S&P could have improved the community’s debt score by one point.
<i>Overall Net Debt to Full Value: Less than 4%</i>	Net direct debt plus the direct debt of any overlapping taxing authority, but still not revenue bonds that are supported by ratepayer funds.	Consistent with the rationale for the 3% measure above; however instead of using Moody’s mid-point range, the rationale was to reference the high-end of Moody’s ‘A’ range, to account for the additional overlapping debt.
<i>Overall Debt + Net Pension Liability + OPEB Liability to Full Value: Less than 9.2%</i>	Total debt of the municipality and all overlapping jurisdictions, including revenue bonds, as well as total unfunded pension and OPEB liabilities.	The PFMB believes it is important to consider the total liability burdens of municipalities, including all debt, pension and OPEB, relative to the underlying population’s ability to pay. Although each rating agency considered OPEB and pension liabilities differently, the PFMB estimates that a limit of Overall Debt + Net Pension Liability + OPEB Liability to Full Value of 9.2% would approximate the ratings agencies expectations for an ‘A’ rated community.
<i>Governmental Debt Service + Pension ADC + OPEB Required Payment to Governmental Expenditures: Less than 22.5%</i>	Total governmental debt service, pension ADC (actuarial determined contribution) and OPEB required contribution of the municipality to governmental expenditures	Compares the annual cost of liabilities to the annual municipal budget. Formula is based off Fitch’s “Carrying Cost” metric in its previous methodology. The metric isolates fixed obligation spending. As for states, Fitch considers a carrying cost metric of: <ul style="list-style-type: none"> • less than 10%: ‘aaa’ • less than 20%: ‘aa’ • less than 25%: ‘a’ • less than 30%: ‘bbb’ PFMB recommends 22.5% consistent with the mid-point of an ‘a’ rating.

The following table shows the current liability levels for each municipality according to these four ratios with green shaded levels indicating the municipality is within the recommended limits, yellow shaded levels indicating current levels are within 75% of the recommended limits and red shaded levels indicating the current levels exceed the recommended limits. Further, the PFMB recognizes certain municipalities have authorized debt but have not yet issued this debt. As municipalities issue the authorized debt, their debt ratios may be significantly impacted.

Municipality Liability Ratios⁽¹⁾

Municipality	Net Direct Debt to Assessed Value Recommended Limit < 3.00%	Overall Net Debt to Assessed Value Recommended Limit < 4.00%	Overall Debt + Net Pension Liability + OPEB Liability to Assessed Value Recommended Limit < 9.2%	Governmental Debt Service + Pension ADC + OPEB Required Payment to Governmental Expenditures Recommended Limit < 22.5%
Barrington	2.0%	2.0%	3.7%	13.7%
Bristol	1.3%	1.4%	2.9%	20.2%
Burrillville	0.6%	0.6%	2.3%	7.6%
Central Falls	0.4%	0.4%	9.9%	11.1%
Charlestown	0.0%	0.1%	0.2%	5.1%
Coventry	0.6%	0.6%	4.1%	14.0%
Cranston	1.0%	1.0%	5.5%	14.9%
Cumberland	2.4%	2.4%	6.2%	16.5%
East Greenwich	1.3%	1.3%	3.9%	15.5%
East Providence	3.6%	3.6%	10.4%	17.7%
Exeter	0.0%	0.7%	0.7%	0.0%
Foster	0.5%	1.0%	1.6%	10.3%
Glocester	0.1%	0.5%	1.0%	4.9%
Hopkinton	0.2%	0.7%	0.8%	3.1%
Jamestown	0.5%	0.5%	0.9%	14.7%
Johnston	2.5%	2.5%	12.9%	19.8%
Lincoln	2.0%	2.0%	6.7%	12.3%
Little Compton	0.4%	0.4%	0.7%	13.3%
Middletown	0.5%	0.5%	1.1%	9.7%
Narragansett	0.5%	0.5%	2.0%	21.5%
New Shoreham	1.1%	1.1%	1.6%	20.7%
Newport	1.1%	1.1%	3.6%	16.9%
North Kingstown	0.6%	0.6%	2.1%	12.7%
North Providence	1.6%	1.6%	8.0%	13.2%
North Smithfield	0.7%	0.7%	2.1%	14.4%
Pawtucket	2.6%	2.6%	20.0%	18.3%
Portsmouth	0.7%	0.7%	2.5%	12.2%
Providence	2.8%	2.8%	24.6%	17.1%
Richmond	0.3%	0.7%	0.9%	2.5%
Scituate	0.6%	0.6%	2.5%	10.8%
Smithfield	1.3%	1.3%	3.8%	15.5%
South Kingstown	0.2%	0.2%	0.9%	9.8%
Tiverton	1.0%	1.0%	2.9%	13.4%
Warren	1.4%	1.5%	2.5%	9.5%
Warwick	0.7%	0.7%	6.6%	18.4%
West Greenwich	0.2%	1.1%	1.3%	4.8%
West Warwick	1.1%	1.1%	9.4%	15.9%
Westerly	0.7%	0.7%	1.5%	15.6%
Woonsocket	3.6%	3.6%	16.5%	15.3%
	Less than 75% of recommended limit		Exceeds recommended limit	
	Between 75% and 100% of limit			

⁽¹⁾ For the purposes of these calculations, all borrowing for school building projects is included, regardless of expected State reimbursement. For totals with expected State reimbursement netted out, please reference Appendix C pages C-7 and C-8.

The liability levels of most of Rhode Island's municipalities remain within acceptable levels, although there are seven municipalities that are above at least one of the recommended limits. For 24 of the 39 municipalities, unfunded pension liabilities is the largest component of liabilities with traditional debt within acceptable limits for most municipalities. OPEB liabilities are also significant for some municipalities (Johnston, Pawtucket, Providence, Warwick and Woonsocket).

Since the 2023 Debt Affordability Study, a few municipalities have increased their debt burden and all remain below the recommended limits, but two municipalities should monitor their capacity to issue additional debt. Cumberland issued \$74,125,000 in 2023 through RIHEBC, and Cumberland's Net Direct Debt to Assessed Value ratio increased to 2.4% from 0.9%. Johnston issued \$85,000,000 in 2022 through RIHEBC, and the Net Direct Debt to Assessed Value ratio increased to 2.5% from 0.7%.

It is also worth noting that some of the state's most highly indebted municipalities have seen their debt burdens become more affordable since the original study in 2017. For example, Woonsocket's Overall Net Debt has fallen from 10% of Assessed Property Value in FY 2015, to 7.3% of Assessed Property Value in FY 2018 to 6.4% in FY 2020 to 5.7% in FY 2022 and declined even further to 3.6% in FY 2023. Providence's Net Debt to Assessed Value has fallen from 4.4% to 3.7% to 3.6% across the 2017 to 2021 prior debt affordability studies, but despite a decline in the net direct debt, the Net Debt to Assessed Value increased to a 4.2% level in the 2023 study as assessed value declined almost 15% between FY 2020 and FY 2022. However, with a sharp increase in assessed value of 25% between FY 2022 and FY 2024, the ratio has declined to 2.8%.

Analysis and Conclusions

This study represents the continuation of the comprehensive analysis of public liabilities. It reveals a complicated and nuanced picture, in which some arms of government in Rhode Island borrow well within their means and others struggle with significant liabilities that place great stress on government entities and the citizens they serve.

At the state level, the debt of Rhode Island and its Quasi-Public agencies is generally affordable and within acceptable levels. The debt and pension liabilities of the State of Rhode Island are somewhat higher than national medians but have trended downward in recent decades and are currently manageable. The state-level OPEB liability is lower than that of most other states. Future decisions could alter the State's debt affordability considerably, for better or for worse, and debt affordability must remain a key consideration for State policymakers going forward.

At the municipal level, degrees of indebtedness vary greatly. Even when pension, OPEB and overlapping liabilities from local districts are included, some municipalities enjoy very low liability burdens. The liabilities in some other municipalities are very high.

The purpose of this study is not to single out any particular public entity, and this report should not be read as a criticism of an entity that has a level of debt in excess of its recommended limit. In most cases where an agency or municipality exceeds its limit, it took on significant liabilities long before its current leadership was in place and grappling with inherited legacy costs can be a tremendous challenge even for the most skilled management teams.

The PFMB hopes to provide a useful guide that policymakers in Rhode Island can refer to when making decisions in the future. Assuming new debt can be prudent and necessary to provide essential public services to citizens, but the decision to borrow with the public's dollars must always be made with care.

Debt Affordability Study
Part One: State Tax-Supported Debt and Long-Term Liabilities

Part One – State Tax-Supported Debt and Long-Term Liabilities

Part One of the debt affordability study focuses on the debt and long-term liabilities of the State and the obligations supported by the State’s general operating budget. References to debt in this section refer to all tax-supported debt of the State. The study reviews various debt affordability measures to determine which would be appropriate measures to assess the State’s debt affordability, and under these metrics, what the State’s debt capacity is for future capital budget planning.

Outstanding Tax-Supported Debt

The State has several categories of outstanding tax-supported debt: (i) direct debt or general obligation bonds, (ii) appropriation debt, and (iii) certain moral obligation debt.

General Obligation Bonds

Under the State Constitution, the General Assembly cannot incur State debt in excess of \$50,000 without the consent of the people, except in the case of war, insurrection or invasion. By judicial interpretation, this limitation has been judged to include all debts of the State for which the full faith and credit are pledged, including general obligation bonds and notes guaranteed by the State and debt or loans insured by agencies of the State. As of June 30, 2025, the State had a total of \$1.59 billion of outstanding general obligation bonds outstanding.

Appropriation Debt and Moral Obligation Debt

The State has entered into certain contractual agreements which, while not considered general obligations of the State, are still debt subject to annual appropriation by the General Assembly payable with tax and general revenues of the State. Certain of these obligations are contractual agreements with State agencies or authorities, including the Rhode Island Commerce Corporation, the Rhode Island Convention Center Authority and the Rhode Island Turnpike and Bridge Authority. The Rhode Island Commerce Corporation also has entered into performance-based obligations for which the State has made partial payments for debt service.

As of June 30, 2025, the state had a total of \$465.78 million of appropriation debt outstanding. Subsequently, in July 2025, the Rhode Island Health and Educational Building Corporation (“RIHEBC”) issued \$50.48 million State Appropriation-Backed Revenue Bonds (Central Falls Public School Projects) Series 2025. This is the second and final tranche of the \$144.0 million authorization to finance the construction, renovation, improvement, alteration, repair, furnishing, and equipping of schools and school facilities in the City of Central Falls, and debt service payments are supported by annual appropriations to RIHEBC.

The appropriation debt includes \$54.285 million of Pawtucket Redevelopment Agency Designated Baseline Taxes Appropriation Revenue Bonds (Tidewater Landing Phase 1A Project) Series 2024A (the “Pawtucket-Tidewater Bonds”). A portion of the proceeds of the Pawtucket-Tidewater Bonds were used to help finance the development, construction and equipping of a soccer stadium and an adjacent public events plaza and related riverwalk, parking and walking path improvements, and related infrastructure improvements. In October 2025, after completion of the project, S&P assigned a rating of ‘AA-’ to the Pawtucket-Tidewater Bonds, citing pledged revenues appropriated for debt service are expected to consist of baseline taxes, other monies can be appropriated from any legally available source of the state of Rhode Island.

The following table provides a summary of the different types of tax supported debt and amounts outstanding as of June 30, 2025 plus the \$50,480,000 RIHEBC Central Falls Public School Project Bonds issued in FY 2026.

Tax-Supported Debt	Outstanding as of June 30, 2025
General Obligation Bonds	\$1,587,760,000
Lease Participation Certificates	40,845,000
Convention Center Authority (Includes Garrahy Garage)	118,975,000
Rhode Island Turnpike & Bridge Authority (Motor Fuel)	129,260,000
Commerce Corporation - Transportation (Motor Fuel)	6,110,000
Loan Agreement - Historic Structures Tax Credit Fund	27,865,000
Performance Based Agreement - Commerce Corporation- Fidelity Building II	1,747,178
Rhode Island Health and Educational Building Corporation - Central Falls School Project*	137,170,000
Pawtucket Redevelopment Agency (Tidewater Landing Phase 1A Project), Series 2024A	54,285,000
Total GO + Lease Participation Certificates + Other Tax-Supported Debt	\$2,104,017,178

* Includes \$50.48 million issued in July 2025.

The State has also issued moral obligation debt. Moral obligation debt differs from other debt obligations in that there is no legal requirement to make debt service payments. A moral obligation pledge represents a promise by a government obligor to seek future appropriations for debt service payments, typically to make up deficits in a capital reserve fund should it fall below its required level. While there is no legal requirement to appropriate funds sufficient to make the payment, rating agencies will view failure to do so unfavorably and likely take negative action on the State's rating. Certain agencies of the State have the ability to issue bonds which are also secured by a capital reserve fund. In accordance with enabling legislation, if at any time the capital reserve falls below its funding requirement, the agency is authorized to request the General Assembly to appropriate the amount to the agency. Previously issued moral obligation bonds issued by (i) the Rhode Island Commerce Corporation under the Job Creation Guaranty Program and under certain performance agreements and (ii) the Rhode Island Housing and Mortgage Finance Corporation under the Rental Housing Program are no longer outstanding. The following table summarizes the State's outstanding moral obligation debt as of June 30, 2025.

Issuer	Description	Outstanding as of June 30, 2025
Commerce Corporation	Fidelity Building II Performance Agreement	\$1,747,178
Commerce Corporation	Fleet National Bank Performance Agreement	\$1,720,000
Commerce Corporation	Corporate Marketplace	\$2,250,000

Of the moral obligation bonds outstanding, the State has been paying its obligations on a Fidelity Management Resources project, and therefore, these bonds are counted as tax-supported debt of the State for the purposes of this study. The moral obligation bonds for the Fleet National Bank are not included as tax-supported debt for the purposes of this study because the State has never been required to appropriate funds for debt service on these bonds. The balance outstanding for Corporate Marketplace is expected to be paid by the company and, therefore, is not included as tax-supported debt for the purposes of this study.

Other Long-Term Liabilities

Pension liabilities

The Employees Retirement System of Rhode Island is a pooled defined benefit pension system that provides retirement security to approximately 60,000 active and retired public employees. The State is required by law to make budget appropriations to help fund the pension benefits of state employees, state police, and judges, while also splitting the cost of the pension system for teachers with the State's school districts (the state is responsible for 40% of required contribution to the teachers plan, and the districts are responsible for 60%).

The table below summarizes the projections of the unfunded actuarial accrued liability (UAAL) for State employees, the State share for teachers, State police and judges.

Projections for Pension UAAL (State Employees, State Share for Teachers, State Police, Judges) *^					
Actuarial Valuation Date	State Employees	Teachers (State Share)	State Police	Judges	Total
6/30/2025	\$1,947.4	\$1,029.8	\$23.6	(\$5.7)	\$2,995.1
6/30/2026	\$1,804.1	\$953.8	\$19.4	(\$7.1)	\$2,770.2
6/30/2027	\$1,659.8	\$876.1	\$15.9	\$0.0	\$2,551.8
6/30/2028	\$1,508.8	\$802.1	\$12.9	\$0.0	\$2,323.8
6/30/2029	\$1,364.4	\$735.9	\$11.3	\$0.0	\$2,111.6
6/30/2030	\$1,205.7	\$664.7	\$9.7	\$0.0	\$1,880.1

*Amounts in millions. ^Projections assume all assumptions exactly met, including an annual 7.00% return on the current actuarial value of assets. Source: Employees Retirement System of Rhode Island, Actuarial Valuation Reports as of June 30, 2024

The State has made its full Pension Actuarially Determined Contribution (Pension ADC) every year since 1995. Based on the June 30, 2025 valuation date, the State’s Pension ADC totaled \$424.3 million.

The table below summarizes the actuarial projections for the Pension ADC for State employees, the State share for teachers, State police and judges.

Projections for Pension Actuarially Determined Contribution (ADC) (State Employees, State Share for Teachers, State Police, Judges) *^					
Actuarial Valuation Date	State Employees	Teachers (State Share)	State Police	Judges	Total
6/30/2025	\$275.7	\$138.9	\$7.2	\$2.5	\$424.3
6/30/2026	\$268.6	\$137.0	\$6.6	\$2.5	\$414.7
6/30/2027	\$270.6	\$135.9	\$6.3	\$2.4	\$415.2
6/30/2028	\$274.0	\$135.8	\$6.1	\$2.4	\$418.3
6/30/2029	\$278.3	\$136.1	\$6.0	\$2.4	\$422.8
6/30/2030	\$283.2	\$137.2	\$6.0	\$2.4	\$428.8

*Amounts in millions. ^Projections assume all actuarial assumptions are met. Source: Employees Retirement System of Rhode Island, Actuarial Valuation Reports as of June 30, 2024

Other Post-Employment Benefit Liabilities (OPEB)

In addition to pension benefits, which provide cash payments of retirement income to retirees, the State also offers plans to eligible retirees for retiree medical benefits, a liability to the state known as Other Post-Employment Benefits or OPEB. Rhode Island prefunds its OPEB obligations through a trust, established in fiscal year 2011, and unlike most states, Rhode Island has consistently met its annual Actuarially Determined Contribution (ADC) for the OPEB trust.

According to the June 30, 2024 Actuarial Valuation, there were 13,103 active members covered by the OPEB trust and 9,145 retirees receiving healthcare benefits under the OPEB system. The most recent actuarial study, completed as of June 30, 2024, estimates the State’s OPEB unfunded liability on June 30, 2025 at approximately \$107.7 million for State employees, teachers, state police, judges, legislators and the board of education. The total OPEB ADC for FY 2025 was \$41.48 million.

The following tables summarize the projections of the Unfunded Actuarial Accrued Liability (UAAL) and the ADC for the State's OPEB plans.

Projections for Unfunded Actuarial Accrued Liability (UAAL)							
State Employees' and Electing Teachers OPEB							
Based on the June 30, 2024 Actuarial Valuation*^							
Actuarial Valuation Date	State Employees	Teachers	State Police	Judges	Board of Ed	Legislators	Total
6/30/2025	\$144.62	(\$6.15)	(\$22.48)	(\$6.21)	\$0.25	(\$2.31)	\$107.72
6/30/2026	\$124.28	(\$6.92)	(\$25.47)	(\$6.66)	(\$2.79)	(\$2.48)	\$79.96
6/30/2027	\$109.94	(\$7.53)	(\$27.44)	(\$7.04)	(\$4.42)	(\$2.60)	\$60.91
6/30/2028	\$102.22	(\$7.91)	(\$27.56)	(\$7.32)	(\$4.86)	(\$2.66)	\$51.91
6/30/2029	\$94.11	(\$8.30)	(\$27.68)	(\$7.63)	(\$4.88)	(\$2.72)	\$42.90
6/30/2030	\$85.99	(\$8.72)	(\$27.80)	(\$7.94)	(\$4.90)	(\$2.77)	\$33.86

*Amounts in millions for the year ending on the actuarial valuation date.
 ^Projections assume all assumptions exactly met, including an annual 5.00% return on the current actuarial value of assets.
 Source: Employees Retirement System of Rhode Island, Actuarial Valuation Reports as of June 30, 2024

Projections for Actuarially Determined Contribution*							
State Employees' and Electing Teachers OPEB							
Projections based on the June 30, 2024 Actuarial Valuation^							
Actuarial Valuation Date	State Employees	Teachers	State Police	Judges	Board of Ed	Legislators	Total
6/30/2025	\$34.88	\$0.00	\$4.07	\$0.00	\$2.53	\$0.00	\$41.48
6/30/2026	\$29.66	\$0.00	\$3.29	\$0.00	\$2.12	\$0.00	\$35.07
6/30/2027	\$28.87	\$0.00	\$3.60	\$0.00	\$1.61	\$0.00	\$34.08
6/30/2028	\$29.35	\$0.00	\$3.53	\$0.00	\$1.66	\$0.00	\$34.54
6/30/2029	\$29.85	\$0.00	\$3.66	\$0.00	\$1.27	\$0.00	\$34.78
6/30/2030	\$30.36	\$0.00	\$3.80	\$0.00	\$1.31	\$0.00	\$35.47

*Amounts in millions for the year ending on the actuarial valuation date.
 ^Projections assume all assumptions exactly met, including an annual 5.00% return on the current actuarial value of assets.
 Source: Employees Retirement System of Rhode Island, Actuarial Valuation Reports as of June 30, 2024

Common Debt Affordability Measures

Debt Ratios Used By Other States

There are many ways to measure the liability burden of a state, and no one ratio or metric can paint a comprehensive picture. Some of the most common ratios used by states, ratings agencies, and other bond market participants to measure debt affordability include:

Debt Service as Percent of State Revenues =

$\frac{\text{Annual Debt Service Requirement}}{\text{General Revenues of the State}}$

Debt per Capita =

$\frac{\text{Net Tax-Supported Debt}}{\text{State's Population}}$

Debt as Percent of Personal Income =

$\frac{\text{Net Tax Supported Debt}}{\text{Total Personal Income of State's Population}}$

Debt as Percent of State Revenues =	$\frac{\text{Net Tax Supported Debt}}{\text{General Revenues of the State}}$
Debt as % of Full Valuation of Taxable Property =	$\frac{\text{Net Tax Supported Debt}}{\text{Full Valuation of All Taxable Property}}$
Debt as % of Gross State Product =	$\frac{\text{Net Tax Supported Debt}}{\text{Gross State Product}}$
Rapidity of Repayment =	$\frac{\text{Total Net-Tax Supported Debt Retired in 10 Years}}{\text{Total Net-Tax Supported Debt}}$

The table below summarizes debt ratios used by peer states to Rhode Island based on size and region. For additional comparisons, Appendix A provides debt capacity measures used by other states. While analyzing which ratios other states use is informative, Rhode Island must consider its own set of circumstances to determine which debt affordability measures are most relevant.

Debt Affordability Ratios Used by Peer States

State (Ratings: M/S/F)	Debt Service to Revenues	Debt to Personal Income	Debt to Revenues	Debt per Capita	Other
Rhode Island (Aa2/AA/AA+)	7.0% of General Revenues	4.0%			Rapidity of Debt Repayment \geq 50% in 10 Years
Delaware (Aaa/AAA/AAA)	MADS <15% of General + Transportation Trust Fund Revenues		New debt \leq 5% of Net Budgetary General Fund Revenue for FY		G.O. MADS < Estimated Cash Balance for following FY
Connecticut (Aa3/AA-/AA-)			Outstanding and Authorized but Unissued Debt \leq 160% of General Fund Tax Receipts		
Maine (Aa2/AA/AA)	5.0% of General Revenues				
Massachusetts (Aa1/AA+/AA+)	8.0% of Annual Budgeted Revenues Recommendation to use 7% for ten years, starting with FY2026				
New Hampshire (Aa1/AA/AA+)	10% of Unrestricted General Fund Revenues in Prior FY				
Vermont (Aa1/AA+/AA+)	4.0% of Annual General + Transportation Trust Fund Revenues (Reduced from 6% in 2024)	\leq 5-Year Adjusted Average of the mean and median of a peer group of triple-A rated states		\leq 5-Year Average of the mean and median of a peer group of triple-A rated states	

(MADS = maximum annual debt service)

Metrics for Pension and OPEB Liabilities

Policymakers and credit rating agencies have increasingly focused on pension and OPEB liabilities, as in most states, including Rhode Island, combined pension and OPEB liabilities far exceed traditional debt.

Pension ADC and OPEB ADC are long-term fixed costs, similar to debt service, which can impact expenditures and create structural imbalance if not managed prudently, and therefore should be taken into consideration in assessing a government's long-term liability burden. Credit rating agencies have revised their methodologies for state ratings to incorporate quantification of pension liabilities.

Rating agencies have not historically viewed OPEB liabilities similar to debt or net pensions since states generally have more legal flexibility to adjust OPEB liabilities, and the scale of OPEB liabilities can be difficult to estimate accurately. However, severely underfunded OPEB liabilities can influence the rating agencies' assessments of state liability burdens, and rating agencies do review OPEB liabilities when assigning ratings to states and municipalities. Additionally, governmental accounting standards have implemented reporting and standardization of OPEB liabilities.

The following ratios have been used by rating agencies, policy makers and other bond market participants to measure the burden of pension and OPEB liabilities:

- Unfunded Liability per Capita
- Unfunded Liability as Percent of Personal Income
- Unfunded Liability as Percent of State Revenues
- Unfunded Liability as Percent of Gross State Product
- Debt Service, Pension/OPEB ADC as Percent of State Revenues or State Expenditures

Liability Ratios Used by Rating Agencies

Debt and other long-term liabilities are one factor that the rating agencies consider in the assessment of a state's overall financial health. The rating agencies evaluate debt burden and debt affordability and also consider the state's capacity to meet its other long-term obligations, such as unfunded pension liabilities. The approaches of the three major rating agencies in judging debt and long-term liabilities are described below.

Fitch Ratings: In Fitch's "U.S. Public Finance State Governments and Territories Rating Criteria" dated February 4, 2025, one of the key rating drivers is long-term liability burden. Fitch uses the following metric to measure long-term liability burden:

$$\frac{\text{Direct Debt} + \text{Fitch's Adjusted Net Pension Liability}}{\text{Personal Income}}$$

Fitch's Adjusted Net Pension Liability standardizes pension liabilities across states by adjusting the discount rate to 6%. No liability adjustment is made if the pension's assumed return is already at or below 6.0%. In addition, using the adjusted net pension liability as a starting point, Fitch also calculates an annual benchmark contribution that would eliminate the liability over time assuming level dollar payments over a fixed, 20-year period. As reported by Fitch in its "2025 State Liability Report," dated November 15, 2025, Rhode Island's long-term liability burden was 8.4%, which is above the state median of 3.8% (as reported in Fitch's 2025 State Liability Report). The following table summarizes how Fitch views the long-term liability burden:

Liability Burden	Low	Moderate	Elevated but Still in Moderate Range	High	Very High
Rating Assessment	Aaa	aa	a	bbb	bb
Ratio Level	Liabilities Less than 10% of Personal Income (RI FY 2024 = 8.4%)*	Liabilities Less than 20% of Personal Income	Liabilities Less than 40% of Personal Income	Liabilities Less than 60% of Personal Income	Liabilities 60% or More of Personal Income

*Rhode Island ratio as calculated by Fitch includes tobacco settlement bonds and GARVEE bonds.

While Fitch does not include OPEB as part of the calculation of long-term liability burden, Fitch states that the liability assessment burden could be negatively affected by "exceptionally large" OPEB liability without the ability or willingness to make changes to the benefits. This is not the case for Rhode Island.

Fitch also considers the annual “Carrying Cost” of total Debt, Pension and OPEB liabilities:

$$\frac{\text{Debt Service} + \text{Pension ADC} + \text{OPEB Actual Payment}}{\text{Governmental Expenditures}}$$

The following table summarizes how Fitch views the Carrying Cost:

Carrying Cost Assessment	aaa	aa	a	bbb
Ratio Level	Carrying Cost Less than 10% (RI FY 2024= 7.0%)*	Carrying Cost Less than 20%	Carrying Cost Less than 25%	Carrying Cost Less than 30%

*Rhode Island ratio as calculated by Fitch.

Moody’s Investors Service: Under Moody’s rating methodology for U.S. States, Moody’s analyzes two ratios for the leverage factor, which carries a 30% weight in the overall rating score. Below is a description of how the ratios for the leverage factor are calculated and how Moody’s assesses the ratios for the scorecard:

- *Long-Term Liabilities Ratio:*

$$\frac{(\text{Net Tax-Supported Debt} + \text{Adjusted Net Pension} + \text{Adjusted Net OPEB Liabilities} + \text{Other Long-term Liabilities})}{\text{Own Source Revenues}}$$

Measurement	Aaa	Aa	A	Baa	Ba
Long-Term Liability Ratio (20% Weight)	≤ 100%	100% - 200% (RI = 130.8%)*	200% - 350%	350% - 500%	500% - 700%

*Rhode Island ratio as calculated by Moody’s.

Total Net Tax-Supported Debt (NTSD) is debt secured by statewide taxes and other general resources, net of obligations that are self-supporting from pledged sources other than state taxes or resources such as utility or local government revenue.

Adjusted Net Pension Liabilities (ANPL) and Adjusted Net OPEB Liabilities, as in the previous U.S. States rating methodology, Moody’s adjusts the reported pension liability and applies a similar methodology to adjust the reported OPEB liability. The ANPL and Adjusted Net OPEB Liabilities is the difference between the fair market value of a plan’s assets and its adjusted liabilities. Moody’s adjusts the reported pension and OPEB liabilities of U.S states to improve comparability and transparency based on a market-determined discount rate (the FTSE Pension Liability Index, which was 5.35% as of June 30, 2024) and the market value of assets.

Other long-term liabilities are the total amount of liabilities reported under the governmental activities in a state’s financial statements for obligations such as claims and judgments, compensated absences and environmental remediation. Moody’s may also include long-term liabilities that are reported in other activities in other sections of the financial statement where they reflect similar obligations, such as claims and judgments and environmental remediation, in order to improve comparability across states.

- *Fixed Costs Ratio:*

$$\frac{(\text{Implied Debt Service} + \text{Moody’s Tread Water Annual Pension Cost} + \text{OPEB Contribution})}{\text{Own Source Revenues}}$$

Measurement	Aaa	Aa	A	Baa	Ba
Fixed Costs / Own-Source Revenue (10% Weight)	≤ 10% (RI = 5.2%)*	10% - 15%	15% - 20%	20% - 25%	25% - 35%

*Rhode Island ratio as calculated by Moody's.

Implied Debt Service will be calculated by Moody's using a common implied interest rate based on a 10-year rolling average of a high grade municipal bond index, such as the Bond Buyer 20-bond GO index or a comparable index, as of the end of the prior calendar year and 20-year amortization period. This calculation includes assumed debt service cost and assumed carrying cost of other long-term liabilities.

Tread Water Annual Pension Cost represents Moody's estimate of the pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met. The pension tread water indicator is the sum of two components: the employer portion of the service cost and the implied interest on the net pension liability at the beginning of the plan's fiscal year.

OPEB Contribution is the actual contribution for a given period, typically the fiscal year.

S&P Global Ratings. S&P published its current rating methodology for states, "Methodology for Rating U.S. Governments," on September 9, 2024. S&P assesses the institutional framework and establishes the individual credit profile based on the equally weighted average of five factors: economy, financial performance, reserves and liquidity, management, and debt and liabilities. Under the debt and liabilities profile, S&P evaluates three key metrics, which are scored individually and carry specified weights: (1) Current Cost for Debt Service and Liabilities (50% weight), (2) Net Direct Debt per Capita (25%), and (3) Net Pension Liability per Capita (25%). These indicators are provided in the table below along with how S&P scores these factors. S&P continues to calculate debt to personal income, debt to GSP, rapidity of repayment and tax-supported debt service as a percentage of operating expenditures but does not include these metrics in the scoring. S&P assigned a 3.25 score to Rhode Island's debt and liability profile in its last full analysis, dated May 28, 2025.

Metric	1	2	3	4	5	6
Current cost for debt service and liabilities % of revenues (50% Weight)	< 3%	3% – 6%	6% – 9% (RI = 7.3%)	9% – 12%	12% – 15%	> 15%
Net direct debt per capita (25% Weight)	< \$500	\$500 – \$1,500	\$1,500 – \$2,500 (RI = \$1,755)*	\$2,500 – \$3,500	\$3,500 – \$4,500	>\$4,500
Net pension liabilities per capita (25% Weight)	< \$500	\$500 – \$1,500	\$1,500 – \$2,500	\$2,500 – \$3,500 (RI = \$2,539)*	\$3,500 – \$4,500	>\$4,500

* Rhode Island ratios and assessment as derived by Standard & Poor's.

Current cost is measured by a government's annual debt service, pension, and OPEB expenditures divided by total governmental revenue.

Net Direct Debt is determined by calculating gross direct debt and then subtracting offsetting debt.

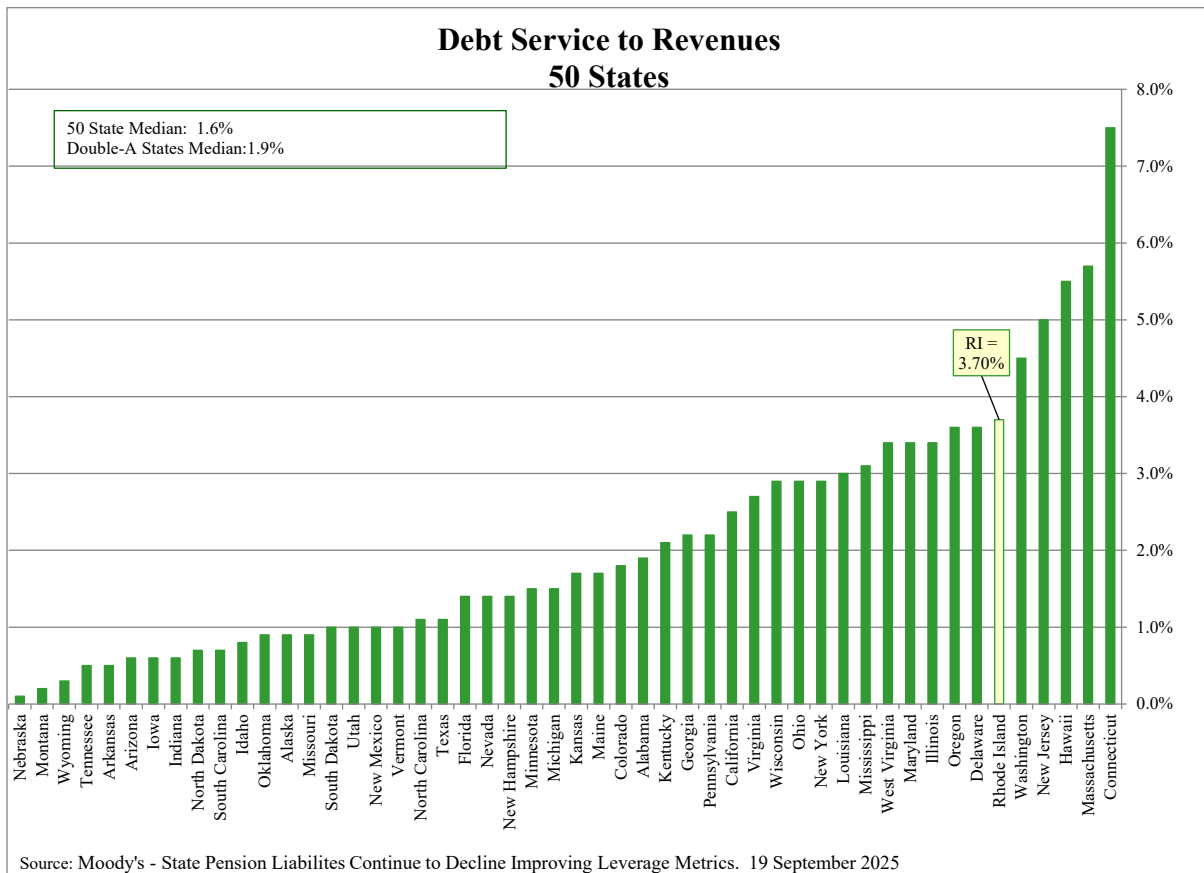
Net Pension Liability (NPL) is calculated by subtracting the fund's plan fiduciary net position from the total pension liability as reported in the government's financial statements prepared under Governmental Accounting Standards Board standards.

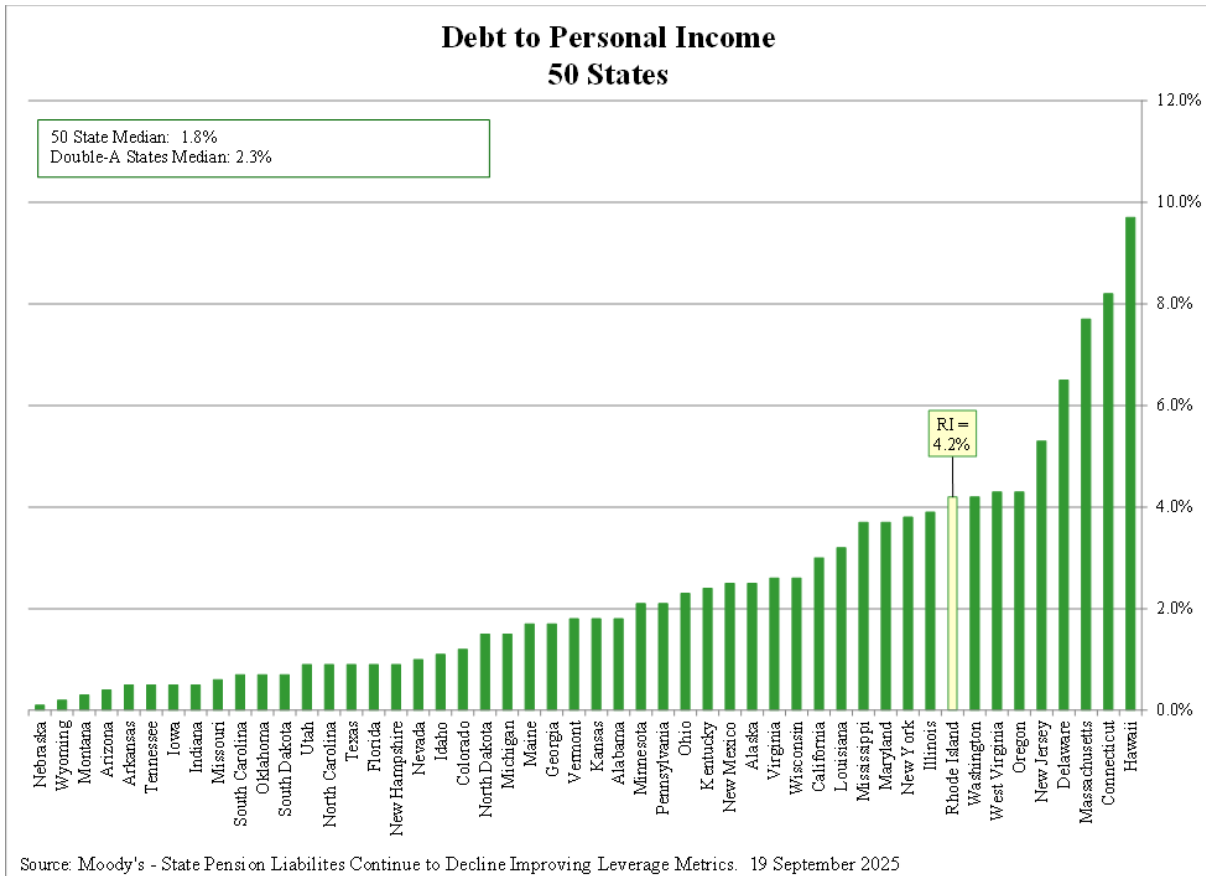
Summary of Rating Agency Ratios. The table below summarizes the debt and pension ratios used by the three major rating agencies, including those used in the respective scoring and those that the rating agencies also take into consideration but not used in scoring. A full list of Rating Agency Debt and Liability Ratios and Medians, including a summary of each state's liability burden under the various Rating Agency criteria, can be found in Appendix A.

Debt Ratio	Fitch	Moody's	S&P
Debt to Personal Income	✓	✓	✓
Debt to Revenues		✓	
Debt Service to Revenues		✓	✓
Debt Service to Expenditures			✓
Debt Per Capita		✓	✓
Debt to Gross State Product		✓	✓
Rapidity of Repayment	✓		✓
Pension Ratio			
Pension Funding Levels	✓		✓
Pension Liability Per Capita		✓	✓
Pension Liability to Personal Income	✓	✓	✓
Pension Liability to Revenues		✓	
Pension Liability to Gross State Product		✓	
Debt + Pension + OPEB Ratios			
Debt + Pension Liability + OPEB Liability to Revenue		✓	
Debt + Pension Liability + OPEB Liability Per Capita		✓	✓
Debt + Pension Liability + OPEB Liability to Personal Income	✓	✓	
Debt + Pension Liability + OPEB Liability to Gross State Product		✓	
Debt Service + Pension & OPEB Annual Cost to Revenues or Expenditures	✓	✓	✓
OPEB Risk Assessment			✓

50 State Comparisons

In addition to Rating Agency guidance, the PFMB found it useful to consider how Rhode Island's debt and pension and OPEB liability burdens compare to other states, as it can be helpful to understand the national context and the decision that other state-level policy makers have made. The following graphs show how the states compared on two commonly used debt affordability ratios, Debt Service to Revenues, and Debt to Personal Income.

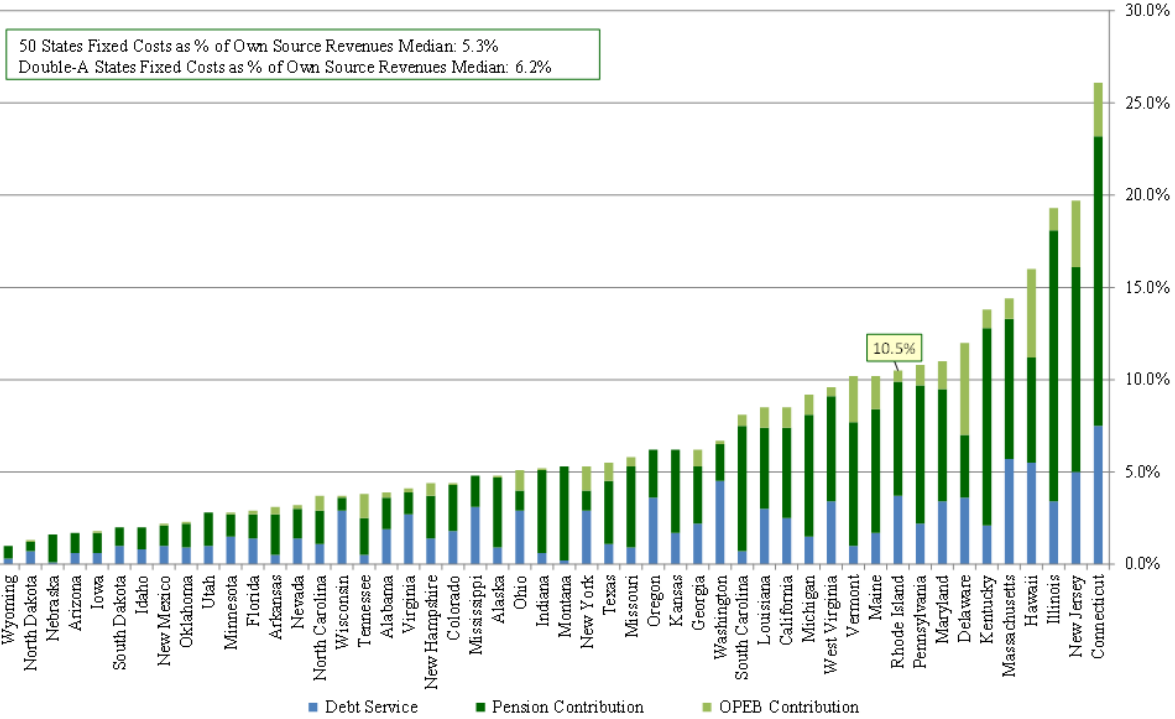




Comparing pension and OPEB liabilities across states can be challenging, as the liabilities and annual costs that states report can vary considerably based on the assumptions and policies that states use to govern their pension and OPEB systems. For example, all else equal, a pension system that assumes an 8% assumed investment rate of return in calculating its liability will report a lower liability than a state assuming a 7% rate of return. A state that amortizes its pension payments over 25 years will have lower up-front costs than a state that amortizes over 20 years. In recent years, the rating agencies have enhanced their comparison of liability ratios across the 50 states to include not only debt but also pension and OPEB liabilities. As discussed earlier, under its updated criteria adopted in 2022, Moody's adjusts an entity's reported net pension liabilities and net OPEB liabilities based on the same set of assumptions for rate of return and amortization period, and Fitch also adjusts the reported net pension liability based on an assumed rate of return of 6%. With this normalization, a true comparison of liabilities across states can be made. In contrast, S&P does not adjust the reported pension and OPEB liabilities.

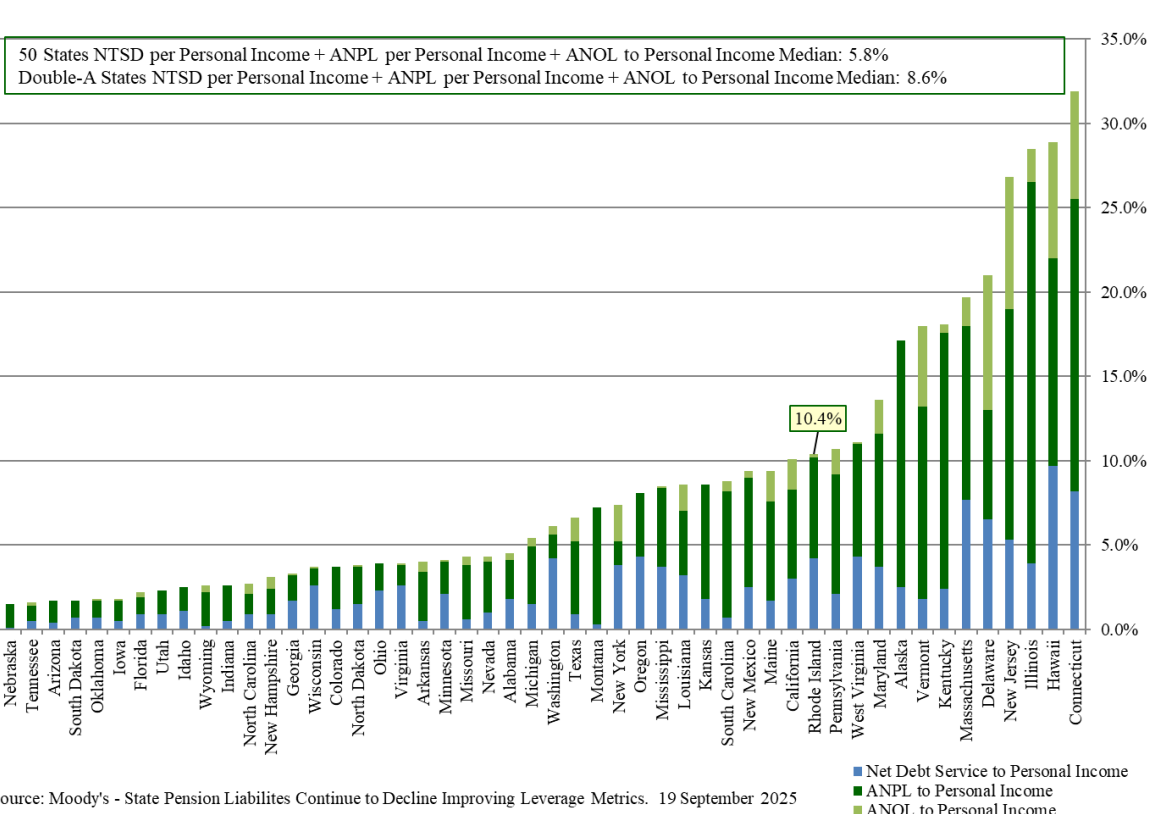
The following graphs show the combined total liabilities of each state based on each rating agency's reported ratios. As the graphs show Rhode Island's total liability burden is in the middle of the pack relative to other states but toward the higher end. Rhode Island ranks 10th in the country in Debt Service + Pension ADC + OPEB ADC relative to Own Source Revenues and ranks 13th in the level of Total Liabilities relative to Personal Income.

Fixed Costs As Percent of Own Source Revenues 50 States



Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Net-Tax Supported Debt + ANPL + ANOL to Personal Income



Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Recommended Long-Term Liability Affordability Measures

Rhode Island can measure and limit state liability with a variety of ratios. No single gauge of debt affordability is perfect, so the use of multiple debt and liability ratios helps ensure both near-term affordability and long-term capacity to maintain financial health and flexibility.

The PFMB recommends that Rhode Island seeks to limit its liabilities to acceptable levels as measured by the following criteria:

- Debt Service on Net Tax-Supported Debt as a percentage of General Revenues;
- Net Tax-Supported Debt as percentage of Personal Income;
- Net Tax-Supported Debt Service + Pension ADC + OPEB ADC as a percentage of General Revenues;
- Net Tax-Supported Debt + Pension UAAL + OPEB UAAL as a percentage of Personal Income;
- Rapidity of Repayment or the amount of debt to be retired over the next ten years; and
- Pension ADC and OPEB ADC funding.

For this 2025 Debt Affordability Study, the PFMB recommends applying the same level of analysis and liability limits used since the 2019 Debt Affordability Study. These liability limits for the State incorporate debt, pension and OPEB liabilities and thus provide a comprehensive measure of affordability, and the recommended limits have provided reasonable guidelines.

Criteria	Debt Affordability Study Recommended Limit	FY 2026 Levels
Debt Service on Tax-Supported Debt to General Revenues	7.00%	4.6%
Net Tax-Supported Debt as Percentage of Personal Income	4.00%	2.5%
Rapidity of Repayment over 10 Years	At least 50% in 10 years	65.0%
Net Tax-Supported Debt Service + Pension ADC + OPEB ADC as a Percentage of General Revenues	18.00%	12.4%
Net Tax-Supported Debt + Pension Liability (UAAL) + OPEB Liability as a Percentage of Personal Income	12.00%	6.0%
Pension ADC and OPEB ADC Funding	Fund 100% of Pension ADC, OPEB ADC	100%

Debt Ratios

The PFMB recommends that Debt Service on Tax-Supported Debt to General Revenue not exceed 7.0%.

Rationale for this metric: This is the metric most frequently used by states to assess debt affordability, comparing the annual cost of debt payments to the state’s annual budget. Both of the components of this ratio (debt service and revenues) are largely within the control of the State. Debt service is on tax-supported debt of the State and revenues are General Revenues of the State. General Revenues include revenues derived from the personal income tax, general business taxes, sales and use taxes, inheritance and gift tax, realty transfer tax, racing and athletics taxes, departmental receipts, lottery, unclaimed property, and other miscellaneous taxes and does not include any motor fuel tax revenues, a portion of which secures the motor fuel tax revenue bonds issued by the Rhode Island Commerce Corporation and the Rhode Island Turnpike & Bridge Authority and treated as tax-supported debt of the State.

Rationale for this recommended limit (7%): The recommended limit for the debt service to revenues ratio should be set to ensure that annual debt service payments do not consume so much of the State’s annual operating budget as to hinder the State’s ability to provide core government services and provide flexibility to respond to economic downturns.

- Other states that use this ratio to assess debt affordability have recommended limits generally in the range from 5% to 10%.
- S&P examines a variety of ratios to measure debt burden, and debt service as a percent of general government spending, which is closely aligned with general revenues, is one of the ratios. S&P considers the range of 2% to 6% as “moderate” and the range of 6% to 10% as “moderately high”.
- Rhode Island has been below 7% since 2011 and is currently at 4.6%.

The PFMB recommends that State Tax-Supported Debt to Personal Income not exceed 4.0%.

Rationale for this metric: Debt to personal income represents a broader measure of a state’s ability to pay its debts. State personal income is not directly dependent on tax policy choices and is the base from which state revenues can be generated. All three rating agencies review the debt to personal income ratio as part of the rating process, and the ratio is a good measure for long-term debt affordability.

Rationale for this recommended limit (4%):

- S&P provide high-level guidance on this recommended limit and to stay within S&P’s recommended range for a AA rating score, the State should maintain a ratio of less than 4%.
- The PFMB believes that establishing a recommended limit of debt to personal income of 4% is realistic given that the State has only exceeded 4% twice since 2006.
- Rhode Island’s ratio is currently at 2.5%.

Debt, Pension & OPEB Liability Ratios

Net Tax Supported Debt Service + Pension ADC + OPEB ADC to General Revenues not exceed 18%.

Rationale for the metrics: Rating agencies and investors are increasingly assessing states’ liabilities holistically, looking at debt, pension liabilities and OPEB liabilities in combination to determine the full picture of a state’s liability burden. A state’s ability to meet future annual liability payments with available revenues is a critical indicator of whether these liabilities are manageable.

Rationale for this limit:

- In their rating methodologies, Moody’s, Fitch and S&P use a version of a ratio that compares the annual servicing cost of a state’s total liabilities to the annual budget of the state.
- The rating agencies’ calculation of this ratio varies from each other in a few ways. Moody’s and Fitch use a slightly different method of calculating and normalizing pension costs and also differ in the denominator they compare annual costs to, with Fitch using total governmental expenditures and Moody’s using own-source revenues. S&P uses debt service and pension and OPEB costs, as reported, and compares these costs to total governmental revenues.
- The PFMB believes that the most appropriate ratio of this type to use for Rhode Island’s capital planning is Net Tax Supported Debt Service + Pension ADC + OPEB ADC to General Revenues, as in Rhode Island only General Revenues are available to pay for general obligation debt service.
- When an 18% level of Net Tax Supported Debt Service + Pension ADC + OPEB ADC to General Revenues is adjusted to the Fitch, Moody’s and S&P ratios, the 18% limit is equivalent to a AA level in the rating agency methodologies. Specifically, staff estimates that an 18% level of Debt Service + Pension ADC + OPEB ADC to General Revenues would be equivalent to about a 15% level of the Moody’s Fixed Cost Ratio, the high end of Moody’s ‘Aa’ range. Staff estimates that an 18% level of Debt Service + Pension ADC + OPEB ADC to General Revenues would be equivalent to about a 9% level of the Fitch Carrying Cost ratio, which is slightly lower than their ‘AA’ range. Maintaining the state’s AA rating is a key objective of the PFMB.
- Rhode Island has historically been below the 18% limit and is currently at 12.4%.

Debt + Pension Unfunded Liability (UAAL)+ OPEB UAAL to Personal Income

The PFMB recommends that Debt + Pension UAAL+ OPEB UAAL to Personal Income not exceed 12%.

Rationale for this limit: The measurement compares the total liabilities of the state to the ability of the underlying population to afford those liabilities, irrespective of tax policy decisions by the State.

Rationale for this recommended limit (12%):

- In their methodologies, Moody's and Fitch both use versions of a ratio that compares total liabilities to the ability of the underlying population to repay. Moody's uses Debt and Adjusted Net Pension Liability relative to Gross Domestic Product, and Fitch uses Debt and Adjusted Net Pension Liability to Personal Income.
- When a 12% level of Debt and Pension Liability and OPEB Liability to Personal Income, is adjusted to the Moody's and Fitch ratio, Rhode Island would fall into the AA range for both agencies even though the Rhode Island ratio includes OPEB and the Fitch and Moody's ratios do not. Specifically, the recommended 12% limit for Liabilities to Personal Income would equate to about 15% under Fitch's, Direct Debt + Fitch's Adjusted Net Pension Liability to Personal Income, well within the Fitch 'AA' range. Moody's uses a measure of Liabilities to GDP instead of Liabilities to Personal Income. The recommended 12% limit for Liabilities to Personal Income would equate to about 16.6% under Moody's Liabilities to GDP, well within the Moody's 'Aa' range. Maintaining the state's AA rating is a key objective of the PFMB.
- Rhode Island has been below the 12% limit for the past 5 years and is currently at 6.0%.

Fund 100% of its Pension ADC and OPEB ADC

The PFMB recommends the state continue to fund 100% of its Pension ADC and OPEB ADC.

Rationale: When states fail to make their full actuarially required contributions to their pension and OPEB trusts, unfunded liabilities increase. Failure to make full annual required contributions has been one of the leading causes of the spike in unfunded liabilities across the United States. Rhode Island has not missed a pension ADC payment since 1995 and has made 100% of OPEB ADC payments consistently since FY 2011, when the OPEB trust began. The state should continue these practices.

Rapidity of Debt Repayment

The PFMB recommends that expected Rapidity of Debt Repayment equal at least 50% in 10 years.

Rationale for this metric: Rapidity of repayment measures how much debt is retired over a defined period. This is a good metric to monitor, to ensure there is a level of equity across years in the way costs of servicing debt are allocated. Credit analysts view rapid repayment more favorably than slower.

Rationale for this recommended limit (at least 50% in 10 years): The benchmark of 50% of principal repaid in 10 years is considered best practice among states and municipalities.

The State typically structures its general obligation bonds with 20-year amortization to achieve level debt service, which permits the State to retire 50% or more of its debt within 10 years. Rapidity of repayment is currently 65.0%

Note on Recommendations

The PFMB makes these recommendations with the aim of encouraging responsible budgeting and capital planning practices, but also notes that these recommendations, and particularly the recommended liability limits, may be exceeded from time to time due to unforeseen events such as recession, natural disaster or other emergency. In these events, policymakers should seek to return to recommended liability limits in a reasonable amount of time.

Projections of Debt, Pension and OPEB Liability Ratios and Debt Capacity

The following two charts show existing levels of outstanding tax-supported debt (page 27) and the impact on debt capacity over the next ten years if future debt issuance levels are constrained by the recommended limits (page 28). Over the next decade, the State is estimated to have approximately \$4.2 billion in available bonding capacity (through 2037).

Assumptions for Determining Debt Capacity

The following assumptions were applied to the issuance of the authorized but unissued debt and applied in determining the additional debt capacity that the State has for new State tax-supported debt over the next ten-year period.

1. All debt will be issued as 20-year debt.
2. Interest (coupon) rate is assumed to be 5.00%.
3. There are no refunding savings during the period.
4. Previously authorized but unissued debt, including \$591.18 million General Obligation debt is issued in equal amounts in FY 2026 through FY 2029 and the \$23.0 million of appropriation debt is issued in FY 2026.
5. General revenue projections through 2031 are based on the May 2025 Revenue Estimating Conference and growth after 2031 is assumed to be 1.50%.
6. Personal income projections through 2031 are from the May 2025 Revenue Estimating Conference and growth after 2031 is assumed to be 3.00%.

General Revenue and Personal Income Projections (May 2025 Revenue Estimating Conference)				
Fiscal Year	General Revenue	Annual Growth	Personal Income	Annual Growth
2025 Preliminary	\$5,610,013,636	3.53%	\$79,300,000,000	4.21%
2026	5,795,800,000	3.31%	82,881,000,000	4.52%
2027	5,914,470,076	2.05%	86,426,000,000	4.28%
2028	6,063,919,948	2.53%	89,471,000,000	3.52%
2029	6,215,408,954	2.50%	92,441,000,000	3.32%
2030	6,412,336,192	3.17%	95,870,000,000	3.71%
2031	6,612,040,336	3.11%	98,746,100,000	3.00%

Future Debt Capacity

The State has total debt capacity of almost \$4.2 billion through FY 2037. The State’s debt capacity is constrained by the recommended limit of 4.00% for the State Tax-Supported Debt to Personal Income in the years 2028 through 2035 and then constrained thereafter by the recommended limit of 7.0% for the Debt Service to General Revenues ratio.

Debt, Pension and OPEB Ratios
With Additional Debt Capacity Constrained to Recommended Limits

Ratio	Maximum Level (Year of Occurrence)
Debt Service on Tax-Supported Debt to General Revenues	7.00% Maximum (FY 2036 – FY 2038)
Net Tax-Supported Debt as Percentage of Personal Income	4.00% Maximum (FY 2028 – FY 2035)
Rapidity of Repayment over 10 Years	Minimum 53% (FY 2029)
Net Tax-Supported Debt Service + Pension ADC + OPEB ADC as a Percentage of General Revenues	14.0% Maximum (FY 2034)
Net Tax-Supported Debt + Pension Liability (UAAL) + OPEB Liability as a Percentage of Personal Income	6.6% (FY 2028)

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**Outstanding Tax- Supported Debt
Including Authorized but Unissued Debt**

Fiscal Year	Outstanding Tax-Supported Debt Service (as of June 30, 2025 with Series 2025 Central Falls)			Estimated Authorized but Unissued @ Interest Rate of 5.00%, 20 Year Term				Outstanding + Authorized but Unissued		Outstanding+Authorized but Unissued + Debt + Pension+OPEB Ratios	
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Total Outstanding + Projected Debt Service	Tax- Supported DS to Revenues Limit: 7.0%	Tax-Supported Debt to Personal Income Limit: 4.0%	Tax-Supported DS + Pension ARC +OPEB ADC to Revenues Limit: 18%	Tax-Supported Debt + Pension + OPEB UAAL to Personal Income Limit: 12%
2026	185,462,537	82,435,415	267,897,952	0	0	0	267,897,952	4.62%	2.54%	12.38%	5.98%
2027	170,464,641	79,814,153	250,278,794	6,655,184	11,003,000	17,658,184	267,936,978	4.53%	2.47%	12.13%	5.50%
2028	141,635,000	73,938,050	215,573,050	12,947,547	20,523,241	33,470,788	249,043,838	4.11%	2.41%	11.57%	5.07%
2029	121,115,000	68,107,534	189,222,534	19,554,529	29,728,863	49,283,392	238,505,927	3.84%	2.38%	11.20%	4.71%
2030	124,100,000	62,642,262	186,742,262	20,532,255	28,751,137	49,283,392	236,025,654	3.68%	2.15%	10.92%	4.15%
2031	116,145,000	57,199,316	173,344,316	21,558,868	27,724,524	49,283,392	222,627,709	3.37%	1.94%	10.53%	3.61%
2032	116,520,000	52,192,912	168,712,912	22,636,811	26,646,581	49,283,392	217,996,304	3.25%	1.75%	10.46%	3.08%
2033	106,375,000	47,483,534	153,858,534	23,768,652	25,514,740	49,283,392	203,141,926	2.98%	1.56%	10.24%	2.56%
2034	112,260,000	43,226,946	155,486,946	24,957,085	24,326,308	49,283,392	204,770,338	2.96%	1.40%	10.27%	2.04%
2035	109,915,000	38,701,354	148,616,354	26,204,939	23,078,453	49,283,392	197,899,746	2.82%	1.23%	6.07%	1.52%
2036	104,065,000	34,170,671	138,235,671	27,515,186	21,768,207	49,283,392	187,519,063	2.63%	1.08%	5.74%	1.26%
2037	103,295,000	30,039,976	133,334,976	28,890,945	20,392,447	49,283,392	182,618,368	2.53%	0.94%	5.74%	1.02%
2038	100,800,000	25,826,759	126,626,759	30,335,492	18,947,900	49,283,392	175,910,151	2.40%	0.80%	4.38%	0.81%
2039	94,150,000	21,746,999	115,896,999	31,852,267	17,431,125	49,283,392	165,180,391	2.22%	0.67%	3.44%	0.67%
2040	87,240,000	17,937,326	105,177,326	33,444,880	15,838,512	49,283,392	154,460,718	2.04%	0.55%	3.23%	0.55%
2041	79,985,000	14,259,784	94,244,784	35,117,124	14,166,268	49,283,392	143,528,176	1.87%	0.45%	3.02%	0.45%
2042	66,090,000	11,058,335	77,148,335	36,872,980	12,410,412	49,283,392	126,431,727	1.62%	0.35%	2.78%	0.35%
2043	57,210,000	8,261,741	65,471,741	38,716,629	10,566,763	49,283,392	114,755,133	1.45%	0.27%	2.61%	0.27%
2044	35,060,000	5,924,163	40,984,163	40,652,461	8,630,931	49,283,392	90,267,555	1.12%	0.19%	2.30%	0.19%
2045	25,010,000	4,418,713	29,428,713	42,685,084	6,598,308	49,283,392	78,712,105	0.97%	0.14%	2.16%	0.14%
2046	5,655,000	3,185,813	8,840,813	44,819,338	4,464,054	49,283,392	58,124,205	0.70%	0.09%	1.91%	0.09%
2047	6,070,000	2,824,350	8,894,350	29,402,121	2,223,087	31,625,208	40,519,558	0.48%	0.05%	0.48%	0.05%
2048	6,505,000	2,435,138	8,940,138	15,059,623	752,981	15,812,604	24,752,742	0.29%	0.03%	0.29%	0.03%
2049	6,980,000	2,016,675	8,996,675	-	-	-	8,996,675	0.10%	0.02%	0.10%	0.02%
2050	7,480,000	1,566,300	9,046,300	-	-	-	9,046,300	0.10%	0.01%	0.10%	0.01%
2051	4,415,000	1,082,250	5,497,250	-	-	-	5,497,250	0.06%	0.01%	0.06%	0.01%
2052	4,800,000	751,125	5,551,125	-	-	-	5,551,125	0.06%	0.01%	0.06%	0.01%
2053	5,215,000	391,125	5,606,125	-	-	-	5,606,125	0.06%	0.003%	0.06%	0.003%
	2,104,017,178	793,638,714	2,897,655,892	614,180,000	371,487,844	985,667,844	3,866,669,237				

Note: Assumes the full \$614.18 million of authorized but unissued debt is issued in fiscal years 2026-2028. The UAAL and the Pension ADC are based on projections provided by the Employee Retirement System of Rhode Island. The General Revenues are based on the projected revenues for FY 2026 through FY 2031 and 1.50% annual growth thereafter. The projected personal income for FY 2026 through FY 2030 is based on the forecast in the May 2025 Revenue Estimating Conference report and 3.00% annual growth thereafter.

Net Tax-Supported Debt Capacity Through FY 2037

Maximum Annual Additional Debt Capacity Through 2037 @ 5.00% Interest, 20 Year Term Debt, Pension and OPEB Ratios								
Fiscal Year	Ballot Year	Maximum Additional Debt Capacity Through 2037**	Debt Service on Additional Debt Capacity***	Total Debt Service to Revenues	Total Debt to Personal Income	10-Year Payout	Tax-Supported DS + Pension ARC + OPEB ADC to Revenues	Tax-Supported Debt + Pension + OPEB UAAL to Personal Income
				Recommended Limit: 7.0%	Recommended Limit: 4%	Recommended Minimum: 50%	Recommended Limit: 18%	Recommended Limit: 12%
2026		0	0	4.62%	2.54%	65%	12.38%	5.98%
2027	Nov-26	1,420,255,000	0	4.53%	2.47%	64%	12.13%	5.50%
2028	Nov-28	118,975,000	113,964,936	5.99%	4.00%	54%	13.45%	6.66%
2029	Nov-28	326,700,000	123,511,797	5.82%	4.00%	53%	13.19%	6.33%
2030	Nov-30	320,680,000	149,727,051	6.02%	4.00%	55%	13.26%	6.00%
2031	Nov-30	329,240,000	175,459,244	6.02%	4.00%	57%	13.19%	5.67%
2032	Nov-32	349,145,000	201,878,313	6.26%	4.00%	59%	13.47%	5.34%
2033	Nov-32	358,135,000	229,894,611	6.36%	4.00%	61%	13.62%	4.99%
2034	Nov-34	385,395,000	258,632,290	6.70%	4.00%	63%	14.01%	4.65%
2035	Nov-34	268,395,000	289,557,382	6.95%	4.00%	65%	10.20%	4.29%
2036	Nov-36	154,280,000	311,094,091	7.00%	3.88%	67%	10.11%	4.07%
2037	Nov-36	178,205,000	323,473,917	7.00%	3.66%	70%	10.21%	3.74%
2038		0	337,773,548	7.00%	3.46%	72%	8.98%	3.46%
2039		0	337,773,548	6.75%	3.11%	74%	7.97%	3.11%
2040			337,773,548	6.51%	2.78%	77%	7.70%	2.78%
2041			337,773,548	6.27%	2.46%	80%	7.42%	2.46%
2042			337,773,548	5.96%	2.15%	82%	7.11%	2.15%
		4,209,405,000	2,514,967,180					

** Maximum annual capacity to remain within liability limits. Assumes full amount issued in year shown with debt service starting in following year. *** Debt service on Additional Debt Capacity is shown through 2037, but debt service is over 20 years for each issuance.

Nov 2026 Ballot	1,420,255,000	Nov 2032 Ballot	707,280,000
Nov 2028 Ballot	445,675,000	Nov 2034 Ballot	653,790,000
Nov 2030 Ballot	649,920,000	Nov 2036 Ballot	332,485,000
		Total	4,209,405,000

Note: Assumes the full \$614.18 million of authorized but unissued debt is issued in fiscal years 2026-2028. The UAAL and the Pension ADC are based on projections provided by the Employee Retirement System of Rhode Island. The General Revenues are based on the projected revenues for FY 2026 through FY 2031 and 1.50% annual growth thereafter. The projected personal income for FY 2026 through FY 2030 is based on the forecast in the May 2025 Revenue Estimating Conference report and 3.00% annual growth thereafter.

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Debt Affordability Study
Part Two:
State-Level Agencies, Public and Quasi-Public Corporations
Debt and Long-Term Liabilities

Part Two – State of Rhode Island Quasi-Public Agencies

The second part of the debt affordability study focuses on the long-term liabilities of the Quasi-Public corporations and agencies in the State. These liabilities do not include any Quasi-Public agency debt that is also tax-supported debt of the State, as this is accounted for in Part One of the study. There is a wide variety of issuers in this category with different bonding programs, as listed below. Appendix B also provides a list of Quasi-Public agencies with debt outstanding and the bonding programs under each.

Most of the debt issued by the Quasi-Public agencies is not an obligation of the State, and the State does not provide any backstop or guarantee for the repayment of the debt, except for moral obligation debt previously issued by the Rhode Island Commerce Corporation and the Rhode Island Housing and Mortgage Finance Corporation, which currently does not have any such moral obligation debt outstanding. The Quasi-Public agencies that issue bonds perform important functions for the State, and thus, the State maintains a strong interest in the viability and sustainability of the Quasi-Public agencies' finances.

Overview of Quasi-Public Agencies

The Quasi-Public agencies in this part of the debt affordability study fall into two general categories: (i) those that issue debt secured by their own revenues and (ii) those that act as a conduit for debt secured by the revenues of separate underlying borrower(s) through loan or financing agreements. The table below summarizes the Quasi-Public agencies in these two categories.

Direct Borrower	Type/Purpose of Bonds
Narragansett Bay Commission	Wastewater System Revenue Bonds
Rhode Island Turnpike and Bridge Authority	Toll Revenue Bonds
Rhode Island Resource Recovery Corporation	Resource Recovery System Revenue Bonds
Tobacco Settlement Financing Corporation	Tobacco Master Settlement Agreement Bonds
Conduit Issuer	Type/Purpose of Bonds
Rhode Island Commerce Corporation	GARVEEs Airport Revenue Bonds Economic Development
Rhode Island Health and Educational Building Corporation	Public School, Higher Education, Other Education, Health Care Revenue Bonds (Includes Pooled Bonds)
Rhode Island Housing and Mortgage Finance Corporation	Single-Family and Multi-Family Housing Revenue Bonds
Rhode Island Infrastructure Bank	Water Pollution Control, Safe Drinking Water, Sewer Revenue Bonds, Energy Efficiency Loans, Municipal Road and Bridge Loans
Rhode Island Student Loan Authority	Student Loan Revenue Bonds

In addition to the Quasi-Public agencies above, the State also has other Quasi-Public agencies that do not have any bonds currently outstanding, including the Rhode Island Public Transit Authority.

The Rhode Island Convention Center Authority bonds and the Rhode Island Turnpike and Bridge Authority's Motor Fuel Tax Revenue Bonds are included in Part One of this study as tax-supported debt of the State. The Rhode Island Commerce Corporation also has a portion of its debt that is treated as the tax-supported debt of the State, including the Transportation Motor Fuel Tax Bonds, Historic Structures Tax Credit and various Performance Based Agreements. The Rhode Island Health and Educational Building Corporation has issued two series of State Appropriation-Backed Revenue Bonds (Central Falls Public School Projects) in 2023 and 2025, totaling \$144,000,000, which is treated as tax-supported debt of the State. This debt is included in the debt analysis of Part One of the study and will not be included in this section of the study, to avoid double-counting.

Framework for Considering Debt Affordability Guidelines for Quasi-Public Agencies of the State

The debt issued by the Quasi-Public agencies usually consists of revenue bonds, on which debt service is payable solely from the revenues derived (i) from a dedicated revenue source, (ii) from operating businesses or the facilities acquired or constructed with proceeds of the bonds or (iii) under a loan or financing agreement.

Among the Quasi-Public agencies in Rhode Island, there are a variety of revenue bonds, including those backed by utilities, toll revenue, GARVEEs, airport, housing, student loan, healthcare, higher education, secondary education and other not-for-profits. The appropriate debt affordability measure for each must be considered separately. Since revenues are the source of repayment for the debt, the PFMB believes the focus of debt affordability should generally be based on some type of debt service coverage ratio, which may come in the form of an additional bonds test and/or an annual rate covenant requiring a minimum debt service coverage level.

Revenue bonds are issued pursuant to a trust indenture or a bond resolution, which are legal documents describing in specific detail the terms and conditions of a bond offering, the rights of the bondholder to receive revenue repayment, and the obligations of the issuer to the bondholder. These documents describe the revenues that are pledged for the repayment of debt and may incorporate a rate covenant, as described further below.

A rate covenant is a legal commitment by a revenue bond borrower to maintain rates, fees, charges, etc. at levels necessary to generate sufficient revenues to provide specified debt service coverage. With revenue bonds, the most frequently used measure of financial health is debt service coverage or the margin of safety for payment of debt service on a revenue bond which reflects the amount by which the net revenues (generally total revenues less operation and maintenance expenses) exceed the debt service that is payable for a 12-month period of time. The trust indentures may also include an additional bonds test (ABT), which specifies a certain debt service coverage level must be met, including the proposed new debt, before new (additional) bonds can be issued. The legal requirements established in the trust indenture or bond resolution are reviewed by the rating agencies and are key factors in determining the rating. In addition, while the rate covenant provides the minimum acceptable debt service coverage, credit analysts will generally want to see higher levels of debt service coverage than what is legally required for highly rated entities.

Because an issuer's ability to meet the rate covenant and/or ABT specified in a trust indenture is a legal commitment, any debt affordability target cannot be weaker than the ABT in the covenant.

There are different considerations in the application of debt affordability guidelines to the two categories – direct borrowers and conduit issuers of Quasi-Public agencies in Rhode Island. The discussion below describes the debt programs for each of the Quasi-Public agencies and a recommended debt affordability limit for each Quasi-Public agency.

Direct Borrowers

This category includes the Narragansett Bay Commission, the Rhode Island Turnpike and Bridge Authority, the Tobacco Settlement Financing Corporation and the Rhode Island Resource Recovery Corporation. With these borrowers, debt is secured by the entity's own revenues and the State does not provide any backstop or guarantee for the repayment of the debt. For the Tobacco Settlement Financing Corporation, only refunding bonds can be issued; no new debt can be issued.

The debt service coverage ratio provides a measure by which we can assess the Quasi-Public agencies' ability to repay their debt and is a key statistic used by rating agencies in their review of the credit of revenue bonds. In cases where the Quasi-Public agencies' debt is secured by loans, an asset-liability ratio provides a useful measure to assess the Quasi-Public agencies' ability to repay their debt and is a key statistic used by rating agencies in their review of certain types of revenue bonds.

Narragansett Bay Commission

The Narragansett Bay Commission (the “NBC”) issues debt on its own through bonding and utilization of low cost lending facilities administered by the federal government, and also borrows through the Rhode Island Infrastructure Bank (“RIIB”). As of June 30, 2025, NBC had approximately \$236.8 million of NBC issued bonded debt outstanding, \$485.4 million in subsidized loans from the Rhode Island Infrastructure Bank’s clean water state revolving loan fund and \$531.9 million in three series of federal WIFIA Loans, for a total of \$1.25 billion of total debt outstanding. Debt service on WIFIA Loans is payable from the net revenues of the NBC, which are on parity with revenue bonds outstanding and the RIIB loans.

As reported in its Annual Comprehensive Financial Report for FY 2025, NBC’s capital improvement program for FY 2026 through FY 2031 is an estimated \$511.9 million, of which 49.97% is for Phase III of the Combined Sewer Overflow (CSO) Abatement Facilities program (CSO Phase III), an ambitious initiative to improve water quality in the Narragansett Bay and surrounding waterways through the construction of infrastructure designed to significantly reduce the discharge of untreated sewage. Other major capital projects include Field’s Point Resiliency Improvements, estimated to cost \$104.9 million, and the Wastewater Treatment Facility Improvements at an estimated \$84.5 million.

The table below shows the latest project schedule and cost estimates for the CSO Phase III program. The costs for Phase III C and Phase III D projects are derived from original cost estimates received in 2018. The costs for these phases have been escalated to 2023 costs by 18% based on the National Construction Cost Index increase for this period. Beyond 2023, these projects are forecasted to increase by 3% annually to account for inflation through midpoint of design and construction.

CSO Phase III Timeline and Costs			
Phase	Timeline		Cost (in millions)
	<i>Start</i>	<i>Complete</i>	
A	Apr-2013	Apr-2028	\$877.4
B	Jan-2029	Jun-2031	\$45.5
C	Jun-2032	Dec-2038	\$290.4
D	Jan-2036	Dec-2041	\$160.7
Total			\$1,374.0

Source: NBC, FY 2026 Capital Budget

Amount of Debt and Liabilities Outstanding

While the PFMB does not set pension and OPEB limits for the Quasi-Public agencies, the following chart provides background on Narragansett Bay Commission’s overall liability burden as of June 30, 2025:

Quasi-Public Agency	Debt Outstanding	Net Pension Liability	Net OPEB Liability	Total Liabilities
Narragansett Bay Commission	NBC Revenue Bonds: \$236,750,000 RIIB Loans: \$485,409,256 WIFIA Loans: \$531,890,292	\$14,169,177 (ERSRI), also counted in Part One of this report \$8,626,800 Net Pension Asset for Non-Union Defined Benefit Pension Plan	\$1,006,399 also counted in Part One of this report	\$1,260,598,324

Rating Agency Guidance and Peer Comparison

In its criteria for utilities, “U.S. Municipal Water, Sewer and Solid Waste Utilities: Methodology and Assumptions,” republished on August 15, 2025 and originally published April 14, 2022, Standard & Poor’s assesses coverage in the 1.25x to 1.40x range as “strong.” The following table summarizes S&P rating considerations for debt service coverage for water and sewer utility systems and a comparison of the ABT and rate covenant and debt service coverage levels of peer utility systems.

Rating Agency Criteria for Utilities					
Standard & Poor’s	As part of the Financial Risk Profile, S&P reviews and scores the following factors:				
		Debt Service			Debt to
	Score	Coverage	Days’ Cash	Actual Cash	Capitalization ¹
	1	1.60x or Above	> than 150	> than \$75 MM	Up to 20%
	2	1.40x to 1.60x	90 to 150	\$20 MM to \$75 MM	20% to 35%
	3	1.20x to 1.40x	60 to 90	\$5 MM to \$20 MM	35% to 50%
	4	1.10x to 1.20x	30 to 60	\$1 MM to \$5 MM	50% to 65%
5	1.00x to 1.10x	15 to 30	\$500,000 to \$1 MM	65% to 80%	
6	Below 1.00x	< than 15	< than \$500,000	Greater than 80%	
Issuer	Ratings (Senior) (M/S/F)	ABT/Rate Covenant	Debt Service Coverage	Days’ Cash on Hand	Debt to Capitalization
Narragansett Bay Commission	--/AA/-- (AA from Kroll for WIFIA)	NBC: 1.25x RIIB: 1.35x ²	1.4x (FY 2024) (S&P)	135 days (FY 2024) (S&P)	65.7% (FY 2024) (S&P)
Massachusetts Water Resources Authority	Aa1/AA+/AA+	Senior: 1.20x Sub.: 1.10x	Senior: 2.1x Sub.: 1.2x (FY 2024) (Moody’s)	96 days (FY 2024) (Moody’s)	68.0% (FY 2024)
Boston Water and Sewer Commission	Aa1/AAA/AA+	1.25x	1.5x (FY 2024) (S&P)	201 days (FY 2024) (S&P)	61.0% (FY 2024)
City of Philadelphia Water and Wastewater	A1/A+/A+	1.20x	2.0x (FY 2024) (Moody’s)	199 days (FY 2024) (S&P)	76.4% (FY 2024)
St. Louis Metropolitan Sewer District	Aa1/AAA/AA+	Senior: 1.25x Sub.: 1.15x	Senior: 3.4x Sub: 2.3x (FY 2024)	520 days (FY 2021) (Moody’s)	41.9% (FY 2023)
City of Baltimore Water and Wastewater Bonds	Senior: Aa3/AA/-- Sub: A1/A+/--	Senior: 1.15x Sub.: 1.10x	1.3x (FY 2024) (Moody’s)	141 days (FY 2024) (Moody’s)	51.1% (FY 2024)

Source: Rating reports and annual reports for each issuer and NBC’s Annual Comprehensive Financial Report, FY 2025

(1) Standard and Poor’s uses the Debt to Capitalization metric to measure the relative leverage of the utility by comparing the total of all long and short-term debt outstanding (numerator) to the total debt as calculated in the numerator plus the utility’s Net Position (denominator).

(2) Higher coverage on the Commission’s RIIB Loans relates to the subsidized nature of the obligation.

Recommendation for Debt Limit and Rationale

S&P Global’s rating guidance for wastewater programs stipulates that coverage between 1.25x and 1.40x is “strong.” Historic coverage for NBC has been at least 1.25x since 2009 (S&P’s calculated adjusted all-in debt service coverage for FY 2025 is 1.4x) and peer wastewater programs have overall coverages ranging from 1.2x (Massachusetts) to 2.3x (St. Louis). NBC’s Trust Indenture dated April 2004, and as supplemented, requires NBC to maintain debt service coverage of 1.25x for debt directly issued by NBC and 1.35x for debt issued through RIIB. **The PFMB recommends at least 1.30x coverage, because this is the mid-point of a “strong” S&P rating and it is within the range of peer comparisons (1.2x-2.3x).**

Quasi-Public Agency	Indenture Required Additional Bonds Test	Recommendations for Debt Affordability Measure	Current Debt Level
Narragansett Bay Commission (--/AA/--) WIFIA Loans rated “AA” by Kroll	Requires estimated net revenues (gross revenues less operating and maintenance expenses) for the three years following the issuance of bonds to be at least 1.25x the debt service requirement for revenue bonds and 1.35x ¹ the debt service requirement for RIIB loans	1.3x debt service coverage for Commission debt Provide notice to PFMB of any rating action Establish an affordability program for low-income ratepayers	1.4x (2024)

(1) Higher coverage on the Commission’s RIIB Loans relate to the subsidized nature of the obligation.

While NBC’s current level of indebtedness is within the recommended limit as measured by debt service coverage, the PFMB continues to remain concerned about the ability of a large portion of NBC’s customer base to afford the increasing utility rates necessary to pay down NBC’s debt. Debt affordability must be considered not only by the ability of NBC to pay its debts, but also by the ability of NBC customers to afford the rates necessary for NBC to do so.

In 2017, prior to the launch of the CSO Phase III program, NBC completed a ratepayer affordability study in which it was projected that the average customer rate would increase 35% over eight years in constant (inflation adjusted) dollars, in order to pay for the CSO III program. While a majority of NBC’s ratepayers are middle and upper income, and could likely afford the increase, the roughly 40,000 lower income ratepayers (representing one-third of NBC’s customers) would see rates grow to unaffordable levels. In three communities, Providence, Pawtucket and Central Falls, rates would exceed 2% of median income, meaning a majority of the families living in those communities would spend more than 2% of their total income on their sewer bills.¹ In FY 2025, the annual residential sewer user charges for the NBC service area is \$622.² This figure is roughly 1.35% of median household income (MHI) in Central Falls, 0.96% of MHI in Pawtucket, and 1.00% of MHI in Providence. NBC currently projects an average user fee increase of roughly 5.1% per year through 2031.

In 2019 the PFMB recommended that NBC explore instituting a discount program for low-income ratepayers. While NBC has not adopted such a program, it has attempted to lower ratepayer impact by pursuing lower cost financing than that available through the traditional bond market. NBC has secured three low-interest federal WIFIA loans totaling \$531.9 million outstanding, which will assist in keeping the level of indebtedness within the recommended limit and mitigate ratepayer impact.

NBC’s current anticipated debt issuance for FY 2026 through FY 2031 totals \$317.7 million. The Public Utilities Commission (the “PUC”) approved a 9.65% user fee increase for a single-family home effective July 1, 2025. In the pro forma Long-Term Financial Plan included in NBC’s FY 2026 Annual Budget, NBC shows the following projected user fee rate increases necessary to support the additional debt needed to finance the capital improvement plan, totaling a projected 28% increase in user fee revenue over the six-year period.

Projected Increase in Sewer User Charges and Annual Fee						
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Percentage Increase User Fees	10.35%	9.67%	4.75%	5.24%	3.81%	2.04%
Average Annual Single-Family Home	\$625.98	\$686.53	\$719.14	\$756.86	\$785.73	\$801.73

The successful completion of the CSO Phase III program will ensure compliance with federal law, improve the water quality of Narragansett Bay for all Rhode Islanders and is critical to preserving one of Rhode Island’s most important ecological habitats. However, with the projected increase in rates through FY 2031, the cost burden for many Rhode Island families could be significant.

¹ NBC Phase III CSO Amended Reevaluation – Revised CDRA Supplement Chapter 12 – Phase III Amended Recommended Plan

² <https://www.narrabay.com/wp-content/uploads/2025/07/2025-Annual-RI-Residential-Sewer-User-Charge-Survey-Results.pdf>

Should average rates in Central Falls, Pawtucket and Providence increase to a level closer to 2.0% of MHI, the PFMB recommends that NBC conduct a new, updated ratepayer affordability study to determine projected ratepayer impact and also that NBC work with State policymakers to develop a program to assist lower income ratepayers with the cost of their bills, while moving ahead with the CSO Phase III project.

Rhode Island Turnpike and Bridge Authority

The Rhode Island Turnpike and Bridge Authority (“RITBA”) was created in 1954 by the Rhode Island General Assembly to construct, acquire, maintain and operate bridge projects. RITBA operates and maintains four major bridges, including the Newport Pell Bridge (the only toll bridge in Rhode Island), Mount Hope Bridge, Jamestown Verrazzano and Sakonnet River Bridges along with the portion of State Route 138 in Jamestown, and ten smaller bridges associated with State Route 138 and the approaches to the four major bridges. RITBA has titles to the Newport Pell bridge, Mount Hope bridge and one of the ten smaller bridges.

RITBA issues toll revenue bonds with an ABT and rate covenant that require net revenues plus dedicated payments pledged to the bonds to be at least 1.20x annual debt service. As of June 30, 2025, RITBA had \$38,965,000 of toll revenue bonds outstanding.

In addition to toll revenue bonds, RITBA also issues motor fuel tax bonds, secured by state appropriations of the gas tax allocated by law to the RITBA. These bonds are considered tax supported debt of the State and are covered in Part One of this report. As of June 30, 2025, RITBA had \$129,260,000 of motor fuel tax bonds outstanding.

Amount of Debt and Liabilities Outstanding

Quasi-Public Agency	Debt Outstanding as of 6/30/2025	Pension	OPEB	Other Long-Term Liabilities	Total
Rhode Island Turnpike and Bridge Authority	Toll Revenue Bonds: \$38,965,000	N/A	N/A	N/A	\$38,965,000

Rating Agency Guidance and Peer Comparison

RITBA’s 1.20x rate covenant / additional bonds test coverage requirement is on the low side compared to its toll road peer organizations; however, actual debt service coverage has been higher. Annual debt service coverage fell to a low of 1.6x in FY 2018, improved in FY 2019 but fell to 2.9x in FY 2020 and 2.3x in FY 2021. However, with traffic rebounding in FY 2022 after COVID-19 restrictions were lifted and RITBA transitioning to all electronic tolling in December 2021 with a separate toll rate for bill by mail customers, toll revenues increased by \$14.0 million, or 73.7%, over the FY 2021 to FY 2024 period, and debt service coverage increased to 3.5x in FY 2022, 6.1x in FY 2023 and 7.4x in FY 2024, as shown in RITBA’s Continuing Disclosure Report for FY 2024. Standard & Poor’s views RITBA’s current debt service coverage as “extremely strong”. S&P raised RITBA’s rating from A to A+ in April 2024 while Fitch raised RITBA’s rating from A to A+ in July 2024, and the outlooks for RITBA remain Stable.

The table below summarizes Fitch and S&P rating considerations for debt service coverage for toll revenue bonds and a comparison of the ABT and rate covenant and debt service coverage levels of peer toll facilities (small expressway or stand-alone toll facilities). As specified in Standard & Poor’s toll road criteria, the most common ratio used in a toll covenant is 1.25x.

Rating Agency Criteria for Toll Revenue Bonds							
Fitch Ratings	For small networks and stand-alone toll road: “A” Rating Category: Average debt service coverage of 1.7x and above “BBB” Rating Category: Average debt service coverage of 1.4x and above <i>AA rating category is unlikely based on asset size/geographical concentration.</i>						
Standard & Poor’s	Financial Risk Profile – Debt Factors	Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable
	Debt Service Coverage	> 4.75x	4.75x-3x	3x-1.25x	1.25x-1.1x	1.1x-1x	<1x
	Debt to Net Revenues	<5%	5%-10%	10%-15%	15%-20%	20%-30%	>30%
Issuer	Ratings (M/S/F)	ABT/ Rate Covenant		Debt Service Coverage of Maximum Annual Debt Service	10-Year Average Debt Service Coverage (Senior Debt)		
RITBA	--/A+/A+	1.20x		6.2x (FY 2024)	4.6x (Fitch)		
Richmond Metropolitan Authority (VA)	A1/A+/A+	1.25x (1.0x on all obligations)		3.6x (FY 2024) (Fitch)	2.8x (Fitch)		
Buffalo & Fort Erie Public Bridge Authority (NY)	--/A+/A	1.25x (1.0 on all obligations)		4.2x (FY 2024) (Fitch)	3.3x (Fitch)		
Lee County (FL) Toll Bridges	A2/A+/--	1.20x (1.0 on all obligations)		3.5x (FY 2024)	2.7x		
Greater New Orleans Expressway Commission	--/A/--	Senior: 1.2x (Gross revenues) Sub: 1.2x (1.0x on all obligations)		2.4x (Senior + Subordinate) (FY 2024)	N.A.		
Niagara Falls Bridge Commission (NY)	--/A+/--	1.30x		4.0x (FY 2024)	N.A.		

Source: Ratings reports, annual reports and official statements for issuer. Coverage levels from Fitch Ratings, “U.S. Public Finance Toll Road Sector Monitor,” October 2025

Recommendation for Debt Limit and Rationale

RITBA’s minimum debt service coverage covenant is 1.20x, with recent debt service coverage levels ranging from 3.5x to 7.4 during the period 2022 through 2024. Fitch Ratings criteria generally cites coverage of 1.7x for a single A rating, RITBA’s rating tier. S&P does not provide indicative rating levels for different debt service coverage levels but provides guidance that typical coverage is in the 1.5x-2.0x range. RITBA’s peer coverage ranges from 2.4x to 4.2x. **The PFMB recommends that RITBA seek to maintain minimum coverage of 1.7x, because this is at the low-end of Fitch criteria for an “A” rating and toward the low-end of S&P’s “strong” assessment.**

Quasi-Public Agency	Indenture Required Additional Bonds Test	Recommendation for Debt Affordability Measure	Current Debt Level
Rhode Island Turnpike and Bridge Authority (--/A+/A+)	Net Revenues (gross revenues less operating and maintenance expenses) plus Dedicated Payments in most recent fiscal year or projected for each of the next 5 fiscal years must be at least 1.20x ¹ Maximum Annual Debt Service.	1.7x Debt Service Coverage Notify the PFMB of any rating change.	7.4x Debt Service Coverage (2024)

⁽¹⁾ On April 1, 2010, the Authority amended and restated its Master Trust Indenture which included a revised ABT (from 1.25x to 1.20x, effective December 1, 2017).

In RITBA’s Continuing Disclosure Report for FY 2024, debt service coverage is projected to remain above 4.0x through 2040. RITBA has no plans to issue motor fuel or toll or combined revenue bonds in calendar year 2026. The remaining amount of authorized but unissued bonds of RITBA under existing General Assembly authorizations is \$15,500,000. RITBA reviews its 10 year capital plan biennially and seeks General Assembly approval for any new debt.

Rhode Island Resource Recovery Corporation

The Rhode Island Resource Recovery Corporation (“RIRRC”) is responsible for managing Rhode Island's solid waste and recyclables. RIRRC provides several distinct onsite processing and disposal services to its customers: sanitary landfilling, commercial composting, recyclables sorting and processing and small vehicle waste sorting. RIRRC has implemented initiatives, including using its pricing strategy to minimize landfill volumes, which have resulted in pushing the initial anticipated closure date of the central landfill, located in Johnston, out over two decades to calendar year 2046. The RIRRC issued \$40 million Resource Recovery System Revenue Bonds, Leachate Pretreatment Facility Project in 2013 and the final maturity on the bonds was May 31, 2023. The RIRRC no longer has any bonds outstanding.

At this time, the RIRRC does not have any planned debt issuances. The RIRRC is closely monitoring its cash position, fee structure and future cash flow needs to be able to fund approximately \$162.3 million in projected capital needs over the next six years. Funding of the \$162.3 million includes design and construction of a new Material Recycling Facility (MRF), landfill construction, closure and capping, machinery, equipment, information technologies infrastructure, and building improvements. RIRRC recognizes the current projected landfill service life limits its options to raise capital outside operations and continues to work toward extending the life of the central landfill and advancing the decision-making process as to what the State will do with its waste once the landfill has reached capacity. **The PFMB recommends that the RIRRC refrain from any issuance of long-term debt, until there is a clear plan for what will be done when the landfill reaches capacity.**

Tobacco Settlement Financing Corporation

The Tobacco Settlement Financing Corporation (the “TSFC”) was created to securitize payments from tobacco companies for the benefit of the State. In the mid-1990s, 46 states, five U.S. territories, and the District of Columbia sued a number of United States tobacco companies to recover the financial burden that smoking was placing on their respective public health systems. In 1998, a Master Settlement Agreement was entered into among the states and the tobacco manufacturers. As part of the agreement, the tobacco companies agreed to make annual payments to the states in perpetuity, paving the way for the issuance of bonds secured by those payments.

In 2002 the Rhode Island legislature authorized the State to issue bonds backed by the tobacco settlement payments, primarily to pay for certain indebtedness of the State and to fund expenses. The TSFC issued a total of \$1.5 billion of bonds in three series, with \$681.5 million outstanding as of June 30, 2024. No additional bonds except for refunding bonds may be issued.

The credit risk of these bonds is born solely by bondholders. In light of the non-recourse nature of these bonds, and the fact that the TSFC is not able to issue any new bonds, the PFMB does not recommend any affordability targets for the TSFC.

Conduit Issuers

Many state quasi-public agencies issue conduit debt on behalf of other underlying borrowers. With these issues the key to affordability is the credit worthiness of the underlying borrower(s). Underlying borrowers can be single entities or multiple entities under a pooled bond program.

1. Conduit Issuers -- Single Entity Borrowers

With the single-entity underlying borrower, the PFMB considered debt affordability targets for each underlying entity. For example, the Rhode Island Health and Educational Building Corporation, based on

its FY2023 annual report, had over 50 different single-entities as underlying borrowers; the Rhode Island Commerce Corporation has thirteen single-entity underlying borrowers as of June 30, 2023; and the Rhode Island Industrial Facilities Corporation has nine single-entity underlying borrowers as of June 30, 2022.

The underlying borrowers can be categorized into different groups:

- (i) State agency¹ (e.g., Rhode Island Department of Transportation, University of Rhode Island);
- (ii) Political subdivision of the State (e.g., City of Pawtucket, City of Providence);
- (iii) Non-profit entity (e.g., Lifespan Obligated Group (now known as Brown University Health), Brown University, Providence College); or
- (iv) Private for-profit entity (e.g., CAPCO Steel, Bullard Abrasives).

The PFMB does not set recommended debt limits for non-profit and private entities that secure debt with their own revenue sources and are not subject to a moral obligation. Responsibility for repayment of these debts lies solely with the non-profit and private entities, the taxpayers bear no liability, and it is unlikely that the State or a local government would ever assume these liabilities should the underlying borrower be unable to make debt service payments.

Rhode Island Commerce Corporation

In addition to issuing bonds backed by state tax revenues, which are covered in Part One of this report, Rhode Island Commerce Corporation also issues conduit bonds for the Rhode Island Department of Transportation and Rhode Island Airport Corporation, which are addressed below.

Additionally, the Commerce Corporation issues tax exempt private activity bonds for the Rhode Island Industrial Facilities Corporation (“RIIFC”). RIIFC bonds fund the construction of manufacturing and industrial space for private projects deemed by the Commerce Corporation to be of significant importance to economic development in the state. The companies benefitting from the facilities are solely responsible for the bonds and there is no state obligation under any circumstance. As of June 30, 2024, there are \$35,612,023 of RIIFC bonds outstanding, and as there is no taxpayer exposure to this debt the PFMB does not recommend any specific limitation on the amount of borrowing under this program

Rhode Island Department of Transportation

The Rhode Island Department of Transportation (“RIDOT”) issues Grant Anticipation Revenue Vehicles (“GARVEEs”) through the Rhode Island Commerce Corporation. GARVEEs are bonds secured by future Federal highway reimbursements received by the State and provide a mechanism for accelerating construction projects that would otherwise be funded on a pay-go basis. With the outstanding GARVEEs, Rhode Island chose to pledge Motor Fuel Tax revenue bonds as the federally required state match to GARVEE bonds, and such Motor Fuel Tax revenue bonds are included in the State’s tax-supported debt covered in Part One of this Debt Affordability Study. GARVEEs enable the State to fund essential transportation projects without impacting the State’s General Obligation borrowing capacity, reducing the need for tax supported debt. GARVEEs do not include any federal guarantee of repayment and are subject to federal reauthorization risk, and to mitigate the risk GARVEEs are generally structured with short maturities, high ABTs and high debt service coverage. As of June 30, 2025, a total of \$493,535,000 of GARVEE bonds was outstanding.

The following chart details historical federal reimbursement amounts available to pay for GARVEE bond payments:

¹ State agencies include State Boards and State Chartered Institutions, such as the University of Rhode Island.

Federal Fiscal Year	Federal Reimbursement Available for Bond Payments	Year Over Year % Change
2016	\$214,685,748	-15%
2017	\$217,764,218	1%
2018	\$231,988,087	6%
2019	\$224,627,862	-3%
2020	\$238,763,991	6%
2021	\$219,281,616	3%
2022	\$297,148,680	36%
2023	\$324,000,000	9%
2024	\$314,000,000	-3%
2025 (Est.)	\$384,000,000	22%
2026 (Est.)	\$389,000,000	1%

The Infrastructure Investments and Jobs Act (“IIJA”), enacted in 2021 reauthorized the federal surface transportation program for the period covering federal fiscal years 2022 through 2026, provided a \$110 billion increase in federal aid for roads, highways and bridges for state departments of transportation across the country. Under the IIJA, based on formula funding alone, Rhode Island is expected to receive approximately \$1.7 billion over five years in federal highway formula funding for highways and bridges. This is almost 27% more than the State’s total federal reimbursements of approximately \$1.35 billion under the prior authorization (FAST Act), which covered federal fiscal years 2016 through 2021. While the funding level has increased under IIJA, the realization and timing of additional funding is dependent on RIDOT’s expenditures on eligible projects. Further, with the inherent reauthorization risk associated with GARVEEs (notably, the IIJA is set to expire on September 30, 2026) and uncertainty of whether federal reimbursement levels are sustainable at the IIJA levels, the PFMB will use two measures for Rhode Island’s GARVEE bond debt service coverage levels: (i) the average annual federal reimbursements over the FAST Act period through the four years experienced under IIJA (2016 – 2025) and (ii) the average annual federal reimbursements under the IIJA to date (2022 – 2025).

Rating agencies assess the affordability of GARVEE bonds by comparing debt service coverage levels to the additional bonds test, which in Rhode Island is 3.0x. The chart below demonstrates projected debt service coverage levels of outstanding GARVEEs, assuming FAST Act/IIJA average federal reimbursement levels and assuming IIJA average federal reimbursement levels.

FY	Outstanding Debt Service	Debt Service Coverage with FAST Act/IIJA Average Federal Reimbursement \$266,626,020	Debt Service Coverage with IIJA Average Federal Reimbursement \$329,787,170
2025	\$66,650,552	4.0x	4.9x
2026	\$68,626,750	3.9x	4.8x
2027	\$68,629,250	3.9x	4.8x
2028	\$68,626,750	3.9x	4.8x
2029	\$68,629,000	3.9x	4.8x
2030	\$68,630,000	3.9x	4.8x
2031	\$68,623,750	3.9x	4.8x
2032	\$39,099,250	6.8x	8.4x
2033	\$39,100,750	6.8x	18.4x
2034	\$39,103,750	6.8x	18.4x
2035	\$39,104,500	6.8x	18.4x
2036	\$19,174,250	13.9x	17.2x
2037	\$19,170,500	13.9x	17.2x
2038	\$19,172,500	13.9x	17.2x
2039	\$19,173,000	13.9x	17.2x

Rating Agency Guidance and Peer Comparison

Based on the average federal highway reimbursements in the period 2016 through 2025 and the average reimbursements in the period 2022 through 2024, Rhode Island’s minimum level of coverage under both measures is the lowest of any state GARVEE program secured solely by federal highway reimbursements, as shown in peer comparison table below. While the GARVEE program does not require any on-going legal rate covenant or minimum debt service coverage, a low level of coverage can be cause for concern, as federal reimbursement levels vary from year to year and face risks at the federal level that are beyond the control of Rhode Island.

The table below summarizes Moody’s and Standard & Poor’s rating considerations for the additional bonds test and debt service coverage for GARVEEs and a comparison of the ABT and debt service coverage levels of GARVEE programs of other states, which, like Rhode Island GARVEEs, are secured solely by Federal highway reimbursements.

Rating Agency Criteria for GARVEEs			
Moody’s	Rating methodology for GARVEEs is based on Moody’s Special Tax Methodology. ABT of 3.00x and higher are scored ‘Aaa’. Moody’s assessment of the revenue outlook and trend limit the rating from reaching the ‘Aaa’ or ‘Aa’ levels. Furthermore, a below the line adjustment attributable to Federal reauthorization risk results in primarily ‘A’ rating level.		
Standard & Poor’s	AA Rating Category: Additional bonds test of at least 2.0x, coverage levels of at least 3.0x A Rating Category: Additional bonds test of at least 1.5x, coverage levels of at least 1.5x		
Issuer	Ratings (M/S/F)	Additional Bonds Test	Debt Service Coverage* 2025
Rhode Island	A2/AA/--	3.0x	4.0x (FAST Act/IIJA) / 4.9x (IIJA)
Delaware	A1/AA/--	3.0x	10.8x
District of Columbia	A2/AA/--	3.0x	6.9x
Georgia	A2/AA/A+	3.0x	25.9x
Idaho	A2/--/A+	3.33x	4.2x
Kentucky	A2/AA/A+	3.0x	12.0x
Maine	A2/AA/A+	1.5x (current authorization) 3.0x (future authorizations)	7.6x
Michigan	A2/AA/--	3.0x	8.8x
North Carolina	A2/AA/A+	3.0x	10.7x
Ohio	Aa2/AA/--	5.0x	10.9x
Oregon	--/AA/--	3.0x	26.7x
West Virginia	A2/AA/--	3.0x	15.4x

Source: Report Card: U.S. Transportation GARVEEs Remain Stable Amid an Evolving Federal Policy Environment, May 29, 2025. Official Statements and Continuing Disclosure filings on EMMA.

* Coverage levels based on Federal-Aid Highway Program Obligation Limitation for FFY2025. Pro Forma Coverage calculated by dividing Obligation Limitation by 2025 debt service, as displayed in latest official statement for each issuer; note that mismatch may occur between FFY and individual state FY. Source for FFY 2025 Obligation Limitation: <https://highways.dot.gov/laws-regulations/directives/notices/n-4520289>

Recommendation for Debt Limit and Rationale

Underlying Borrower	Indenture Required Additional Bonds Test	Recommendations for Debt Affordability Measure	Current Debt Level
Rhode Island Department of Transportation Grant Anticipation Revenue Bonds (GARVEEs) (A2/AA/--)	Federal Transportation Funds must be 3.00x maximum bond payments in any federal fiscal year	3.5x Debt Service Coverage PFMB recommends that RIDOT monitor reimbursements under IIJA and future federal reauthorizations and maintain a minimum of 3.5x debt service coverage with any additional debt.	<u>2016-2025 Average:</u> 4.0x Coverage <u>2022-2025 Average:</u> 4.9x Coverage

The PFMB recommends a minimum debt service coverage level of 3.5x as a limit, because this level will allow the State flexibility to make infrastructure investments while providing a more stringent requirement than the required ABT (of 3.0x) and staying within recommended rating agency levels of 3.0x coverage. For ‘AA’ rating level, S&P expects coverage levels of 3.0x. Moody’s generally does not rate any stand-alone GARVEEs higher than the ‘A’ rating level and has indicated 3.0x as a threshold baseline level of coverage with above 2.0x coverage as a threshold under a stress-test scenario to achieve an A rating. With the increase in federal reimbursements under IJA, RIDOT was able to issue an additional \$123.9 million of GARVEEs in September 2024 for the Washington Bridge Project, and maintain debt service coverage above 4.58x based on federal fiscal year 2024 reimbursements, and above the recommended limit of 3.5x. **With expiration of IJA in September 2026 and uncertainty on when the reauthorization will be enacted and at what levels, The PFMB recommends that RIDOT monitor its federal reimbursement level under the new authorization and maintain a minimum debt service coverage level of 3.5x with any additional debt.**

Rhode Island Airport Corporation

The Rhode Island Airport Corporation (“RIAC”) is a semi-autonomous subsidiary of the Rhode Island Commerce Corporation. RIAC is responsible for the operation of six state-owned airports, the largest of which is the Rhode Island T. F. Green International Airport (PVD). PVD is located 8 miles south of Providence in Warwick and is the third largest airport in New England. As of June 30, 2025, PVD was served by eight mainline carriers, nine domestic affiliate carriers and three all cargo carriers.

Amount of Debt and Liabilities Outstanding

As of June 30, 2025, RIAC had \$66.6 million in privately placed general airport revenue tax-exempt bonds in addition to \$50.85 million general airport revenue bonds, \$31.1 million First Lien Special Facility Interlink Bonds, and \$37.9 million in a federal TIFIA loan for the Interlink Facility.

Quasi-Public Agency	Debt Outstanding as of 6/30/2025	Pension	OPEB	Total Non-current Liabilities
Rhode Island Airport Corporation - Airport Revenue - Special Facility Revenue Bonds - Subordinate TIFIA Loan - Private Placements	Airport Revenue: \$117,455,712 Private Placement: \$66,605,712 (included in Airport Revenue Bonds above) Special Facility + TIFIA: \$69,019,590	\$900,063, also counted in Part 1 of this report	\$66,406, also counted in Part 1 of this report	\$183,061,754 (net of current portion)

Rating Agency Guidance and Peer Comparison

The following description and table summarize Fitch, Moody’s and S&P rating considerations for debt ratios for airport revenue bonds and a comparison of the ABT and rate covenant and debt ratios of peer airport facilities (regional origination and destination airports).

- In February 2025, Fitch upgraded RIAC’s general airport revenue bonds to ‘A’ from ‘A-’, highlighting reduced leverage, strong coverage levels and strong cash balances as well as increasing passenger levels.
- Since 2023, S&P has assigned a rating of ‘A’ to both RIAC’s general airport revenue bonds and to the special facility revenue bonds reflecting S&P’s view of a strong rebound in national air travel demand as well as a recovery in RIAC’s passenger traffic since the impact of COVID-19. S&P’s rating reflects its expectation that RIAC will maintain strong financial metrics, supported by

positive revenue trends, substantial liquidity, and recovery in air traffic demand with recently announced route expansions by several airlines. Further, RIAC has no additional debt plans and does not expect to materially draw down reserves, resulting in sufficient debt capacity and liquidity to maintain strong financial metrics, supported by its recovered demand and positive revenue trends.

Rating Agency Criteria for Airports							
Fitch Ratings	Fitch assesses the financial profile (liquidity, debt service coverage and leverage) in the context of the overall risk profile (volume risk, price risk, infrastructure development/renewal and debt structure) of the airport. Fitch's assessment of passenger volume is mid-range and the price risk score is stronger, reflecting the independence and flexibility of the rate-making methodology. Given this risk profile (mid-range volume risk and stronger price risk), Fitch's rating guidance has RIAC ratings capped at the A rating category with the ultimate rating factoring in liquidity, coverage and leverage: A Rating Category: Debt Service Coverage: $\geq 1.7x$ A Rating Category: Net Debt to Cash Flow Available for Debt Service (CFADS): $\leq 5x$						
Moody's Investors Service	Moody's employs a scoring methodology with two factors, market position and service offering, having a combined weight of 85%. The remaining 15% of the scoring is based on leverage and coverage using the following subfactors:						
	Rating Category	Aaa	Aa	A	Baa		
	Debt Service Coverage	$\geq 2.5x$	1.75x – 2.5x	1.3x – 1.75x	1.1x – 1.3x		
	Debt per O&D Enplaned Passenger	$< \$25$	\$25 - \$50	\$50 - \$75	\$75 - \$100		
S&P	As part of the financial risk profile the following factors associated with debt are scored.						
		Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable
	Debt Service Coverage	$> 4.75x$	4.75x-3x	3x-1.25x	1.25x-1.1x	1.1x-1x	$< 1x$
	Debt to Net Revenues	$< 5\%$	5%-10%	10%-15%	15%-20%	20%-30%	$> 30\%$
Issuer	Ratings (M/S/F)	ABT/ Rate Covenant	Debt Service Coverage	Cash on Hand	Net Debt to Cash Flow Available for D/S	Debt per Enplaned Passenger	
Rhode Island Airport Corporation	<u>Airport Revenue</u> Baa1/A/A	1.25x	2.4x (with rolling coverage account) 1.9x (without coverage account) (2024) (Fitch)	1035 days (2024) (Fitch)	0.7x (2024) (Fitch)	\$55 (2025)	
Hartford-Springfield (Bradley Airport)	--/A+/A	1.25x	6.2x	686 days (2024) (S&P)	N.A.	\$57 (2025 ACFR)	
Manchester, NH	Baa2/BBB/--	1.25x	1.15x (2024) (Moody's)	547 days (2024) Moody's)	N.A.	\$153 (2024) Moody's)	
Birmingham, AL	A2/--/A	1.25x	2.9x (2024) (Fitch)	994 (2024) (Fitch)	0.3x (2024) (Fitch)	\$61 (2024 ACFR)	
Dayton, OH	-/BBB+/BBB	1.25x Sub: 1.1x	2.7x (2024) (Fitch)	397 days (2024) (Fitch)	1.8x (2024) (Fitch)	\$109	
El Paso, TX	-/A+/A	1.25x	3.9x (2024) (Fitch)	634 days (2024) (Fitch)	-1.3x (2024) (Fitch)	\$18	
Long Beach, CA	A3/--/A-	1.25x	2.2x (2024) (Fitch)	364 days (2024) (Fitch)	3.3x (2024) (Fitch)	\$61 (2024) (Moody's)	

Source: Rating reports and annual reports for each issuer.

Recommendation for Debt Limit and Rationale

Underlying Borrower	Indenture Required Additional Bonds Test	Recommendations for Debt Affordability Measure	Current Debt Levels (Airport Revenue Bonds)
Rhode Island Airport Corporation	<p><u>Airport Revenue Bonds</u>: RIAC’s net revenues (include rentals, fees, and other charges) and certain Passenger Facility Charge revenues must be 1.25x debt service (Baa1/A/A)</p> <p><u>Special Facility Revenue Bonds</u>: Revenues generated by the operation of the Intermodal Facility, including Customer Facility Charges, Rental Car Companies fees and Parking Revenues must be 1.25x first lien debt service (Baa1/A/--)</p>	1.5x coverage and Debt per Enplaned Passenger to \$100.	<p><u>Debt Service Coverage</u>: FY 2025: 2.69x</p> <p><u>Debt per Enplaned Passenger</u>: FY 2025: \$55</p>

The PFMB recommends RIAC maintain a minimum debt service coverage of 1.5x for its general airport revenue bonds, as this is the middle range for an A rating category based on Moody’s methodology and in the middle of the range of debt service coverage levels of peer airports.

The PFMB also recommended RIAC maintain its target debt per enplaned passenger of \$100, because this target is at the bottom of the ‘Baa’ rating category based on Moody’s methodology.

RIAC’s FY 2025 coverage level was 2.69x, placing it above the PFMB’s recommended limit, and RIAC has an all-time low debt per enplaned passenger at \$55 in FY 2025. This has improved from \$138 debt per enplanement in 2017. Liquidity has increased from \$29 million in 2016 to \$112 million. At this time, the PFMB is not changing the recommended debt affordability measure from the 2023 Debt Affordability Study.

2. Conduit Issuers – Pooled Bond Programs

The Rhode Island Health and Educational Building Corporation (“RIHEBC”), the Rhode Island Infrastructure Bank (“RIIB”), the Rhode Island Housing and Mortgage Finance Corporation (“RI Housing”) and the Rhode Island Student Loan Authority (“RISLA”) are conduit issuers that issue pooled bonds for various purposes.

Pooled bonds are assessed differently by rating agencies. There are some conduit bonds for which rating agencies base their ratings solely on the credit of the underlying borrowers (i.e., municipalities’ general obligation pledge). An example of this type of pooled bond is RIHEBC’s school construction program. This type of conduit debt is included in Part Three of this study.

Other pooled bonds, including the Water Pollution Control and Safe Drinking Water programs at the Rhode Island Infrastructure Bank, are assessed by rating agencies at the program level, meaning that the rating for each program is based on the combined credit of all participants. This type of conduit debt is included in this section.

To assist Quasi-Public agencies in determining appropriate debt affordability measures, this report includes relevant rating agency criteria, and reviews of peer agencies in other states.

Rhode Island Health and Educational Building Corporation

The Rhode Island Health and Educational Building Corporation manages financing programs that provide educational and health care institutions with access to tax-exempt capital. RIHEBC is the designated issuer of tax-exempt bonds for school projects for cities and towns eligible for state school construction aid. It also issues taxable and tax-exempt bonds to provide conduit financing for public, non-profit, and private hospitals, universities, and other community education and health facilities.

Only RIHEBC conduit debt issued on behalf of public higher education institutions is evaluated for affordability in this section of the report. Conduit debt issues on behalf of municipalities is counted in Part Three of this report as debt of the municipalities. Conduit debt RIHEBC issues on behalf of non-profit or private institutions is not considered in this study, as there is no governmental or taxpayer liability for that debt.

RIHEBC Issuance for Public School Debt

RIHEBC's Public Schools Revenue Bond Financing Program issues bonds for the benefit of the state's 36 local education authorities (LEAs) for the purpose of constructing, renovating, and improving public schools. Debt issued by RIHEBC for municipalities through this program is counted in Part Three of this report as debt of the municipalities.

RIHEBC Issuance for Public Higher Education Debt

RIHEBC issues bonds for the benefit of University of Rhode Island ("URI"), Rhode Island College ("RIC") and the Community College of Rhode Island ("CCRI", and collectively the "State Colleges"). RIHEBC's Higher Education Facility Revenue Bond programs consist of (i) the Educational and General Revenue Bond credit and the Auxiliary Enterprise Revenue Bond credit of the collective State Colleges and (ii) the Educational and General Revenue Bond credit and the Auxiliary Enterprise Revenue Bond credit solely of URI. As of June 30, 2024, URI has a total of \$237,165,000 of debt outstanding, comprised of \$65.3 million of Educational and General Revenue Bonds outstanding and \$171.8 million Auxiliary Enterprise Revenue Bonds outstanding.

The bonding for all of these programs is generally serviced by either Educational and General revenues generated by unrestricted general revenues including tuition and State appropriations or by Auxiliary Enterprise revenues including fees from housing, dining and other auxiliary services.

Rating Agency Guidance and Peer Comparison

Both Moody's and Standard & Poor's use scorecards for rating higher education pool programs and specific institutions. Both agencies focus on fundamentals that drive financial performance including Market Position, Management, Operating Performance and Debt Affordability. Rating agencies use debt service coverage and total debt as measurement tools. RIHEBC's Educational and General Revenue Bonds ABT of 1.00x and Auxiliary Enterprise Revenue Bond ABT of 1.20x are on the low side compared to peer programs in other states.

The following table summarizes Moody's and S&P's key statistics for Higher Education bonds, and a comparison of the current debt service coverage ratio, operating margin, MADS burden (Ratio of Maximum Annual Debt Service to Operating Expenses) and Total Debt to Cash Flow of peer large State Flagship Universities in the New England states.

Rating Agency Criteria for Higher Education Issuers						
Moody's Investors Service	Revised criteria in August 2021 with scorecard including broad factors: Scale, Market Profile, Operating Performance, Financial Resources and Liquidity, Leverage and Coverage and Financial Policy. EBIDA Margin, Total Cash and Investments to Total Adjusted Debt and Debt Service Coverage serve as the primary statistics for measuring annual performance and debt affordability.					
Rating Category	Aaa	Aa	A	Baa		
EBIDA to Adjusted Operating Revenue	≥ 22.5%	15 – 22.5%	8 – 15%	3 – 8%		
Total Cash and Investments to Total Adjusted Debt	≥ 3x	1 – 3x	0.2 – 1x	0.1 – 0.2x		
Debt Service Coverage	≥ 4x	2 – 4x	1.5 – 2x	1 – 1.15x		
Standard & Poor's	Considers the Enterprise (Market Position and Governance) Profile and Financial Profile of the institution equally.					
Score	1	2	3	4	5	6
MADS Burden	< 2%	2% - 4%	4% - 6%	6% - 8%	8% - 10%	> 10%
Cash and Investments to Debt	> 360%	360% - 175%	175% - 145%	145% - 85%	85% - 20%	< 20%
	Ratings (M/S/F)	ABT/Rate Covenant	Debt Service Coverage	Operating Cashflow Margin	MADS Burden	Total Debt to Cash Flow
University of Rhode Island – Educational and General Revenue Bonds	Aa3/A+/-	1.00x	2.7x (FY 2024) (Moody's)	9.7% (FY 2024) (Moody's)	4.1% (FY 2024) (S&P)	4.1x (FY 2024) (Moody's)
University of Rhode Island – Auxiliary Enterprise Revenue Bonds	A1/A+/-	1.2x				
University of Connecticut	Aa3/AA-/-	1.25x	1.4x (FY24) Moody's	17.7% (FY24) Moody's	14.6% (FY24) S&P	7.6x (FY22) Moody's
University System of New Hampshire	Aa3/A+/-	N/A	3.3x (FY24) Moody's	9.9% (FY24) Moody's	3.5% (FY24) S&P	3.9x (FY24) Moody's
University of Massachusetts	Aa2/AA- /AA	N/A	2.4x (FY24) Moody's	14.4% (FY24) Moody's	6.1% (FY24) S&P	5.8x (FY24) Moody's
University of Vermont & State Agricultural College	Aa3/A+/-	N/A	2.7x (FY24) Moody's	11.4% (FY24) Moody's	3.9% (FY24) S&P	5.3x (FY24) Moody's

* Statistics provided from recent rating reports published and S&P CreditStatsDirect and Moody's Analytics.

Recommendation for Debt Limit and Rationale

Quasi-Public Agency	Recommendations for Debt Affordability Measure	Current Level of Debt
University of Rhode Island	Total Debt to Cash Flow of less than 10.0x as a factor required for Additional Bonds. Provide notice to PFMB of any rating action	4.1x Total Debt to Cash Flow

The PFMB recommends debt to cash flow of less than 10x, because this is at the high-end of “Aa” issuers and toward the lower-end of “A” ratings categories. Peers range between 3.9x (UNH) to 7.6x (UCONN). URI is currently within the recommended limit and does not have any planned debt issuances in the coming year.

Rhode Island Infrastructure Bank

Rhode Island Infrastructure Bank (the “Bank”) issues pooled revenue bonds secured by revenues of its borrowers in four core lending programs. The programs include: (i) Clean Water State Revolving Loan Fund (Water Pollution Control Revenue Bonds), (ii) Drinking Water State Revolving Loan Fund (Safe Drinking Water Revenue Bonds), (iii) Municipal Road and Bridge Revolving loan fund and (iv) the Efficient Buildings Fund. In addition, the Bank also serves as a conduit issuer for several entities. The debt outstanding as of June 30, 2025 for the above were:

Loan Programs	Debt Outstanding (June 30, 2025)
Clean Water (Water Pollution Control Revenue Bonds)	\$430,650,000
Drinking Water (Safe Drinking Water Revenue Bonds)	\$135,490,000
Municipal Road and Bridge Revolving Loan Fund	\$29,915,000
Efficient Buildings Fund	\$22,325,000
Other Water Pollution Control and Drinking Water (non-SRF conduit bonds)	\$33,835,000

The Water Pollution Control Revenue Bonds and Safe Drinking Water Revenue Bond programs provide below-market financing to eligible government-owned water suppliers and other entities throughout the State for eligible wastewater and drinking water projects, respectively. Bond proceeds are combined with other sources of funding to provide below-market rate loans to underlying borrowers, primarily municipalities, sewer and water utilities. Ratepayer charges are typically used to pay for debt service on these bonds.

The Municipal Road and Bridge Revolving Fund provides below-market financing to municipalities for eligible road, bridge and related infrastructure projects. Bond proceeds are combined with funds appropriated and allocated by the State to make loans. Municipal general obligation pledges secure most of the program’s underlying loans.

The Efficient Buildings Fund provides below-market financing to municipalities and quasi-public agencies to complete energy efficiency and renewable energy upgrades to public buildings. Bond proceeds are combined with other state and utility revenues to make loans.

Although the debt issued through these programs is included as debt of the municipalities in Part Three of this report, the PFMB believes it is appropriate to provide high-level guidance regarding the Bank’s management of these programs.

Amount of Debt and Liabilities Outstanding

Quasi-Public Agency	Debt Outstanding as of 6/30/2025	Pension	OPEB	Total Liabilities
Rhode Island Infrastructure Bank	\$618,380,000	N/A	N/A	\$618,380,000

Rating Agency Guidance and Peer Comparison

When assessing traditional pooled loan programs like the Water Pollution Control Revenue Bonds and Safe Drinking Water Revenue Bond programs, Fitch and Standard & Poor’s calculate the program’s asset strength ratio or asset liability ratio, which includes the sum of the total scheduled pledged loan repayments, account interest earnings and reserves divided by total scheduled debt service. Rating agency criteria also recommend limits on the number of borrowers at certain rating levels that can be included in the overall weighted pool rating. Both Fitch and S&P conduct cash flow modeling analyses to demonstrate that the programs can continue to pay debt service even with loan defaults in excess of the agencies’ “AAA” rating stress default levels.

The following table summarizes Fitch and S&P rating key considerations for State Revolving Loan Fund bonds and other leveraged municipal pools revenue bonds, and a comparison of the asset/liability ratio, projected debt service coverage levels, largest borrower percentage and the rating of the largest borrower of peer State revolving loan fund borrowers.

Rating Agency Criteria for State Revolving Loan Bonds and Similar Municipal Loan Pools	
Fitch Ratings	Fitch's key rating drivers include: Portfolio Credit Risk, Strength of Financial Structure, Legal Risk, Adequacy of Program Management and Counterparty Risk.
Standard & Poor's	Indicative rating is determined from a combination of the Financial Risk Score and Enterprise Risk Scores. Financial Risk Score includes a Primary Loss Coverage Score (calculated by S&P), with an adjustment for a Least Favorable Largest Obligor Test result, and an Adjusted Loss Coverage Score with an adjustment for Financial Polices and Operating Performance Scores. Enterprise Score is calculated based on a Market Position Score and an Industry Risk Score. S&P considers the Market Position Score and an Industry Risk Score for municipal utility borrower to be in the low-risk category.

Issuer	Ratings (M/S/F)	Program Asset Strength Ratio	Projected Minimum Debt Service Coverage	Largest Borrower (%)	Rating of Largest Borrower
Infrastructure Bank	--/AAA/AAA	1.5x(CW)/ 1.7x(DW)	1.4x(CW)/ 1.6x(DW)	42.7%(CW)/ 31.8%(DW)	AA-
Connecticut SRF	Aaa/-/AAA/	1.6x	1.3x	40.6%	AA-
Massachusetts Clean Water Trust	Aaa/AAA/AAA	1.8x	1.2x	18.3%	AA+
Michigan Finance Authority	Aaa/-/AAA	1.6x	1.4x	48.3%	A
Arizona Water Infrastructure Finance Authority	Aaa/AAA/AAA	3.3x	1.1x	12.4%	AAA

Source: Fitch Ratings, Peer Review of State Revolving Fund and Municipal Finance Pool Programs, November 12, 2024

Rating Agency Commentary for Rhode Island Infrastructure Bank Efficient Buildings Fund Revenue Bonds					
Standard & Poor's	The AA rating reflects the EBF's very strong enterprise risk profile given that the pool was established by statute and has received funding from multiple sources. The financial risk profile of the program is extremely strong reflecting high default tolerance, excellent operating performance and financial policies. There is potential for the rating to improve over time as the program matures, but it would also need to demonstrate a capacity to absorb additional loan losses through the maintenance of strong annual debt service coverage, the introduction of pledged common reserves, or a combination of the two. EBF was Green Bond designated and received a formal Green Bond rating by S&P.				
Issuer	Ratings (M/S/F)	Projected Minimum Debt Service Coverage	Additional Bonds Test	Largest Borrower (%)	Rating of Largest Borrower
RIIB-EBF	-/AA/-	1.5x	1.2x	East Providence (54%) West Warwick (20%)	East Providence: --/AA/-- West Warwick: A3/-/-

Source: Rhode Island Infrastructure Bank

Rating Agency Commentary for Rhode Island Infrastructure Bank Municipal Road and Bridges Fund Revenue Bonds					
Standard & Poor's	Rating reflects a very strong enterprise risk profile, given that the pool has ongoing support from the state and was established by statute and an extremely strong financial risk score, reflecting a high default tolerance, solid operating performance, and financial policies consistent with extremely strong financial profile. There are three series of bonds outstanding under the MRBF. The fund has been making loans since 2014 and receipts on \$35 million of the \$40 million in outstanding loans are pledged to bondholders. There is potential for the rating to improve over time as the program matures, but it would also need to demonstrate a capacity to absorb additional loan losses through the maintenance of strong annual debt service coverage, the introduction of pledged common reserves, or a combination of the two.				
Issuer	Ratings (M/S/F)	Projected Minimum Debt Service Coverage	Additional Bonds Test	Largest Borrowers (%)	Rating of Largest Borrower
RIIB-MRBF	-/AA/-	1.8x	1.2x	Providence Pub. Bldg. Auth. (33%)	Providence Pub. Bldg. Auth ⁽¹⁾ : Baa1/BBB/-

Source: Rhode Island Infrastructure Bank

(1) Providence Public Building Authority security includes a guarantee under a municipal bond insurance policy which is rated AA.

Recommendation for Debt Limit and Rationale

Quasi-Public Agency	Recommendations for Debt Affordability Measure	Current Debt Levels
Clean Water Program	Maintain a minimum of 1.25x debt service coverage Maintain RIIB's asset to liabilities ratios at a minimum of 1.3x Provide notice to PFMB of any rating action	Debt service coverage of 1.4x Asset to liabilities ratio of 1.8x
Drinking Water Program	Maintain a minimum of 1.25x debt service coverage Maintain RIIB's asset to liabilities ratios at a minimum of 1.3x Provide notice to PFMB of any rating action	Debt service coverage of 1.8x Asset to liabilities ratio of 2.6x
Efficient Buildings Fund Program	Maintain a minimum of 1.25x debt service coverage Maintain RIIB's asset to liabilities ratios at a minimum of 1.3x Provide notice to PFMB of any rating action	Debt service coverage of 1.6x Asset to liabilities ratio of 1.8x
Municipal Road and Bridge Fund Program	Maintain a minimum of 1.25x debt service coverage Maintain RIIB's asset to liabilities ratios at a minimum of 1.3x Provide notice to PFMB of any rating action	Debt Service coverage of 1.8x Asset to liabilities ratio of 2.4x

At this time, the PFMB recommends the Bank's lending programs target debt service coverage of at least 1.25x and a minimum asset to liability ratio of 1.3x for all bond programs, because these levels are on the low end of the levels required to maintain triple-A ratings for its Water Pollution and Safe Drinking Water programs, and because none of its referenced peers have coverage levels below 1.25x. As noted above, the Municipal Road Bridge and Efficient Buildings Fund programs are newer programs, and as such, both are rated AA by S&P—two notches below the rating of the Water Pollution Control Revenue Bonds and Safe Drinking Water Revenue Bond programs. As both the Municipal Road and Bridge and Efficient Buildings Fund programs mature, increased portfolio diversity and repayment history would support that these programs be candidates for a ratings upgrade. The Bank anticipates issuing several, regular series of bonds for its various financing programs during 2026.

Rhode Island Housing and Mortgage Finance Corporation

Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) provides loans, grants, education, advocacy, and counseling to customers to rent, buy and retain homes. The agency also provides builders and developers loans, tax credits, and other forms of assistance to attract development.

This study focuses on debt issued by the agency to fund its single, multi-family, and rental assistance lending—namely its Homeownership Opportunity Bonds and Multi-Family Development Bonds. Like many Housing Finance Agencies (HFAs), Rhode Island Housing uses these tax-exempt bonds to fund low-interest mortgages for low- and moderate-income home buyers, and in the case of multi-family homebuyers, the properties financed with these proceeds are then rented to low-income renters. The underlying mortgage loans and revenues in Rhode Island Housing’s portfolio serve as the security for these bonds, which are often securitized and purchased by Freddie Mac or Ginnie Mae.

Amount of Debt and Liabilities Outstanding

Rhode Island Housing’s Financing Programs	Debt Outstanding (as of June 30, 2025)
Single-Family Homeownership Opportunity Bonds	\$2,130,105,000
Multi-Family Funding Bonds	\$18,330,000
Multi-Family Development Bonds	\$372,130,000

Source: Audited Financial Statements for year ended June 30, 2025.

There are several pooled loan programs under the Rhode Island Housing and Mortgage Finance Corporation for single-family and multi-family housing. Another program is the multi-family mortgage revenue bonds for which Rhode Island Housing acts as a conduit issuer for developers to provide financing for the acquisition, construction and rehabilitation for multi-family housing for low-income renters. The properties financed are pledged as collateral, and the bonds are payable solely from payments received by the developers on the underlying mortgage or promissory notes. As of June 30, 2025, these bonds have an aggregate outstanding principal amount of \$188,800,526.

Quasi-Public Agency	Debt Outstanding as of 6/30/2025	Pension	OPEB	Other Long-Term Liabilities	Total Liabilities
Rhode Island Housing	Bonds and notes payable: \$2,908,067,642 ⁽¹⁾	N/A	N/A	Escrow Deposits \$637.3 million ⁽²⁾	\$3,576.2 million of long-term liabilities

⁽¹⁾ Includes \$387.5 million of Operating Funds Bonds and Notes.

⁽²⁾ The escrow deposits are funds that RI Housing holds for mortgage customers to pay their tax and insurance bills and include replacement and operating reserves for the multifamily developments. They are considered liabilities because the funds belong to the RI Housing customers not RI Housing.

Rating Agency Guidance and Peer Comparison

A key ratio that is assessed by rating agencies is the program asset-to-debt ratio (PADR) with a ratio of 1.00 required for investment grade ratings. Moody’s rates most of the State’s housing bonds at the Aa2 level and based on its criteria, requires a 1.04 to 1.02 level to be maintained for both single and multi-family housing.

The following table summarizes the key rating considerations for assessing the financial position of housing revenue bonds by Moody’s, which rates the RI Housing’s currently active housing bonds, and a comparison of the key financial ratios of peer state housing agencies.

Rating Agency Criteria for Single Family and Multi-Family Housing Bonds	
Moody's Investor Service	<u>Program Asset to Debt Ratio (Program Assets to Total Bonds Outstanding Plus Accrued Interest):</u> Aaa: 1.10x Aa1: 1.04x Aa2: 1.02x Aa3: 1.00x
	<u>Cash Flow Projections:</u> Aaa: Meets cash flow stress tests under all scenarios. Robust ability to absorb future financial stress. Aa: Meets cash flow stress tests under all scenarios. Strong ability to absorb future financial stress. A: Meets cash flow stress tests under all scenarios except for most stressful scenarios. Moderate ability to absorb future financial stress.
	<u>Historical Financial Performance:</u> Aaa: Fund balance % of bonds outstanding on average over 3 years above 15%; profitability (net operating revenue as % of total operating revenue) above 15% on average. Aa: Fund balance % of bonds outstanding on average 8% - 15%; profitability above 10% - 15% on average. A: Fund balance % of bonds outstanding on average 3% - 8%; profitability above 3% - 8% on average.

Issuer	Single-Family			Multi-Family		
	Program Ratings (M/S/F)	PADR 2024	Profitability 2024	Ratings (M/S/F)	PADR 2024	Profitability 2024
Rhode Island Housing	Aa1/AA+/- (Homeownership Opportunity Bonds)	1.12x	13%	Aa2/--/-- (Multi-Family Development Bonds)	1.31x	51%
Connecticut	Aaa/AAA/-- (Housing Mortgage Finance Program)	1.33x	10%	Aaa/AAA/--	1.33x	10%
Maine	Aa1/AA+/-	1.14x	17%	Aa1/AA+/-	1.14x	19%
Massachusetts	Aa1/AA+/- (Single Family Housing)	1.14x	24%	Aa2/AA/-- (Housing Bonds)	1.16x	26%
New Hampshire	Aa1/--/-- (Single Family Mtg Acq)	1.82x	56%	Aa1/--/--	1.06x	27%
Vermont	Aa1/--/AA+ (Multi-Purpose Bonds)	1.26x	23%	Aa2/A+/- (Multi-Family Mortgage)	1.31x	56%

*Source: Moody's State Housing Finance Agencies, Median Report, September 2025

Recommendation for Debt Limit and Rationale

Quasi-Public Agency	Recommendations for Debt Affordability Measure	Current Debt Level
Rhode Island Housing	Target minimum PADR of 1.10x Provide notice to PFMB of any rating action	PADR of 1.12x (Single-Family) and PADR of 1.31x (Multi-Family)

The PFMB recommends no change in RI Housing target a PADR of not less than 1.10x, which is the level that Moody's recommends for triple-A programs and is in line with the agency's closest peers. PFMB notes that the agency's current PADR level of 1.12x for Single-Family and 1.31x for Multi-Family exceeds Moody's recommended level (1.10x) for triple-A rated entities (RI Housing is currently rated Aa1 for Single-Family and Aa2 for Multi-Family properties). While Moody's recognizes that RI Housing's PADR for the Single-Family program has declined over the last five years, Moody's states it remains sound. Further, Moody's believes the continued issuance over the coming years will result in a marginal reduction in PADR, but the program has significant cushion to absorb new issuance and maintain strong financial performance. For the Multi-Family program, the PADR has improved for over the last five years from 1.29x in 2020 to 1.31x in 2024. In the first quarter of calendar year 2026, RI Housing expects to issue \$100 million in Homeownership Bonds and \$35 million in Multi-family Rental Housing Bonds.

Rhode Island Student Loan Authority

The Rhode Island Student Loan Authority (“RISLA”) uses its bonding authority to offer low cost student loans to underlying borrowers. There are two distinct pooled loan programs administered by RISLA: (i) a Federal Family Educational Loan Program (“FFELP”), and (ii) a state-based Supplemental Loan Program. Since July of 2010, FFELP can no longer be originated, and therefore, since no new bonds except refunding bonds can be issued, the PFMB guidance debt affordability for RISLA debt will focus on the Supplemental Loan Program.

Amount of Debt and Liabilities Outstanding

Quasi-Public Agency	Debt Outstanding as of 6/30/2025	Pension	OPEB	Total Liabilities
Rhode Island Student Loan Authority	Student Loan Program Revenue Bonds: \$703,442,000, includes Notes Payable: \$27,380,023	N/A	N/A	\$730.8 million

Rating Agency Guidance and Peer Comparison

The Parity Ratio is the percentage of total assets, including loans and funds in the loan acquisition account and the reserve account, relative to the total outstanding bonds. RISLA’s Parity Ratio was 113.78% after the issuance of its 2025 Senior Series A (AMT) and Senior Series 2025-1 in May 2025.

Rating Agency Criteria for Student Loan Bonds	
Fitch Ratings	Fitch does not have a scoring methodology for defined metrics. Reviews collateral to determine expected loss frequency and loss severity, reviews historical performance and runs stress tests on expected cash flows. Performs quarterly monitoring. <ul style="list-style-type: none"> Reviews Parity Ratio: Percentage of total assets, including loans and funds in the loan acquisition account and the reserve account, to the total outstanding bonds. Reviews Overcollateralization: Difference between asset balance and outstanding bonds. Reviews Credit Enhancement: Includes Overcollateralization and excess spread (difference between interest collections on the assets and the sum of debt interest costs, servicing fees and other trust expenses).
Standard & Poor’s	S&P reviews loan attributes, performs stress cases with various default and recovery scenarios, taking into account historical performance. Does not have specific financial metrics in its rating criteria but cites the parity ratio and credit enhancement.

Issuer	Ratings (M/S/F)	ABT	Parity Ratio	Credit Enhancement (% to Total Assets)
Rhode Island Student Loan Authority	--/AA(sf)/AAsf	Rating Affirmation	113.78% (S&P)	11.9% - 12.3% (S&P)
Massachusetts Educational Financing Authority (MEFA)	--/AA(sf)*/--	Rating Affirmation	119.25% (S&P)	15.9% (S&P)
Connecticut (CHESLA)	Aa3/--/--	Credit based on State Special Capital Reserve Fund Make-Up		
Vermont (VSAC)	--/A(sf)/Asf	None	Senior: 131.3% Sub: 119.5% (S&P)	23.7% - 23.9% (S&P)
New Jersey Higher Education Student Assistance Authority (HESAA)	Senior: Aa1/AA(sf)/-- Sub: A2/BBB(sf)/	Min. Parity %: 107 (Moody’s) 112% (S&P)	Senior: 110% Sub: 103% (S&P)	Senior: 22.5%–26.6% Sub: 25.8% - 27.0% (S&P)
Iowa Student Loan Liquidity Corporation	--/AA(sf)/Asf	Rating Affirmation	Senior: 127.5% Sub: 118.8% (S&P)	20.4% - 21.7% (S&P)

*Source: Most recent S&P rating reports for each issuer.

Recommendation for Debt Limit and Rationale

Quasi-Public Agency	Recommendations for Debt Affordability Measure	Current Debt Levels
Rhode Island Student Loan Authority	Target minimum Parity Ratio of 110% Provide notice to PFMB of any rating action	Parity ratio of 113.78%

Since ratings agencies do not provide specific guidance on target parity ratios, the PFMB recommends that RISLA should maintain a minimum target Parity Ratio of 110%, because this provides sufficient equity to insulate the agency from historical rates of borrower defaults, delinquencies and forbearance, during times of economic stress, and because all RISLA’s peers maintain parity ratios above 110%. From 1993 through 2025, the cumulative net default rate for RISLA has been 1.05% with a maximum annual default rate of 4.69% during this period. Additionally, PFMB requests notice of any rating agency action, including confirmation of ratings, outlook changes, or any upgrade/downgrade of the rating.

Debt Affordability Study

Part Three: Municipalities, Regional Authorities, Fire Districts and Other Special Districts Debt and Long-Term Liabilities

Part Three – Municipalities, Fire Districts, Special Districts and Local Authorities

The third part of the debt affordability study focuses on the debt of the municipalities, municipal fire districts, special districts and other local authorities of the State. While the primary focus of this section is debt issued by these municipalities and local authorities, the PFMB recognizes that pensions and OPEB are additional long-term liabilities that should be considered in determining appropriate levels of debt for these entities to hold. Therefore, similar to Part One of this study, this section recommends limits on indebtedness and also on total liabilities for municipalities.

The PFMB notes that from time to time municipalities approved bonds for schools and other purposes in their elections, including West Warwick's \$71 million bond referendum for schools in October 2025. As municipalities issue the authorized debt, their debt ratios may be significantly impacted.

Since the 2023 Debt Affordability Study, the long-term liability profiles of the State's municipalities have mostly improved with over three-quarters of the liability ratios across the 39 municipalities less than the levels from two years ago. Additionally, most of the municipalities that exceeded the recommended liability limits two years ago are generally showing improved ratios. Certain other municipalities have taken on more debt and while they remain below the recommended limits, they should assess the impact of any additional debt.

When comparing the data in this year's study to the data from the prior study published two years ago, the following trends and findings emerge:

- The liability levels of most of Rhode Island's municipalities remain within acceptable levels in FY 2023-2024¹. This study measures municipal liabilities according to four separate ratios, each with recommended limits. The liabilities of 32 of Rhode Island's 39 municipalities are below all four recommended limits.
- The liabilities of seven communities exceeded at least one of the four recommended affordability limits, with only two communities exceeding multiple recommended limits (East Providence and Woonsocket).
- For 24 of the 39 municipalities, unfunded pension liabilities is the largest component of liabilities. OPEB liabilities are also significant for several municipalities (Johnston, Pawtucket, Providence, Warwick and Woonsocket).
- Overall municipal debt² decreased by \$79.3 million, from \$3.0 billion to \$2.92 billion or 2.6% between the 2023 Debt Affordability Study and this current study.
- Since the 2023 Debt Affordability Study, a few municipalities have increased their debt burden and all remain below the recommended limits, but two municipalities should monitor their capacity to issue additional debt.
 - Cumberland issued \$74,125,000 in 2023 through RIHEBC, and Cumberland's Net Direct Debt to Assessed Value ratio increased to 2.4% from 0.9%.
 - Johnston issued \$85,000,000 in 2022 through RIHEBC, and the Net Direct Debt to Assessed Value ratio increased to 2.5% from 0.7%.
- Some of the state's most highly indebted municipalities have seen their debt burdens decline since the PFMB began the debt affordability studies in 2017.
 - For example, Woonsocket's Overall Net Debt has fallen from 10% of Assessed Property Value in FY 2015, to 7.3% of Assessed Property Value in FY 2018 to 6.4% in FY 2020 to 5.7% in FY 2022 and declined even further to 3.6% in FY 2023.
 - Providence's Net Debt to Assessed Value has fallen from 4.4% to 3.7% to 3.6% across the 2017 to 2021 prior debt affordability studies, but despite a decline in the net direct debt, the Net Debt to Assessed Value increased to a 4.2% level in the 2023 study as assessed value declined almost 15% between FY 2020 and FY 2022. However, with a sharp increase in assessed value of 25% between FY 2022 and FY 2024, the ratio has declined to 2.8%.

¹ Data from the FY 2024 audit is used for all municipalities, except East Providence, Little Compton and Woonsocket, which are based on FY 2023, the latest available audit for both.

² Overall municipal debt is the sum of general obligation debt, loans payable, capital leases, enterprise debt and the debt of overlapping agencies but excluding debt of overlapping Quasi-Public agencies.

- Net pension liability decreased by \$57.4 million, or 1.4% between FY 2021-2022 and FY 2023-2024 with 18 of the 39 municipalities reporting a decrease in the net pension liability.
- Most municipalities are meeting their full annual pension required payments; however, a few (Central Falls, Charleston, Cumberland, North Providence, Smithfield, Tiverton and Warwick) fell shy of annual required payments in their most recently reported fiscal year.
- 30 of Rhode Island’s municipalities have OPEB liabilities, and of these communities, 18 made their full OPEB required contributions in their most recently reported fiscal years. Of the \$146.5 million in annual required municipal OPEB contributions across all communities, \$126.8 million, or 86.3% of payments were made in FY2023-2024.

Rhode Island Municipalities

Rhode Island has 39 municipalities. The table below summarizes the current general obligation ratings of the municipalities as of November 15, 2025.

Obligor Name	Moody's	S&P	Fitch	Obligor Name	Moody's	S&P	Fitch
Barrington	Aa1	AAA	NR	New Shoreham	NR	AA	NR
Bristol	Aa2	AA+	NR	Newport	NR	A+	NR
Burrillville	NR	AA	NR	North Kingstown	Aa2	AA+	NR
Central Falls	A3*	NR	NR	North Providence	A1	AA-	NR
Charlestown	Aa2	NR	NR	North Smithfield	Aa2	NR	NR
Coventry	A1	NR	NR	Pawtucket	A3	A+	A+
Cranston	A1	A+	AA+	Portsmouth	Aa2	AAA	NR
Cumberland	Aa3	AA+	NR	Providence	A3	BBB+	A-
East Greenwich	Aa1	AA+	NR	Richmond	NR	NR	NR
East Providence	NR	AA-	NR	Scituate	NR	AA	NR
Exeter	NR	NR	NR	Smithfield	Aa2	AA	NR
Foster	Aa2	NR	NR	South Kingstown	Aa1	NR	NR
Glocester	NR	AA+	NR	Tiverton	A1	AA	NR
Hopkinton	Aa3	NR	NR	Warren	Aa3	NR	NR
Jamestown	Aa1	NR	NR	Warwick	NR	AA	NR
Johnston	A1	AA	NR	West Greenwich	NR	AA+	NR
Lincoln	Aa2	NR	AAA	West Warwick	A3	NR	NR
Little Compton	NR	AAA	NR	Westerly	Aa3	AA	NR
Middletown	Aa1	NR	NR	Woonsocket **	NR	NR	NR
Narragansett	Aa2	AA+	NR				

* Central Falls rating reflects Moody’s assigned rating of A3 to RIHEBC Public School Revenue Bonds Financing Program Revenue Bonds, Series 2007B (Pooled Issue), which reflects the credit quality of Central Falls, the remaining pool participant.

** Ratings for Woonsocket were withdrawn with rating agencies citing there was insufficient information to support the maintenance of the rating.

The following charts provide a summary (in dollars) of the outstanding debt, net pension liability and net OPEB liability for each municipality in the most recent fiscal years for which the municipalities have published financial statements. At the time of this report’s publication, all municipalities, except East Providence, Little Compton and Woonsocket had published their FY 2024 audited financial statements, and for these municipalities, the latest audited financial statements are for FY 2023. This report includes the most recently reported data for each community.

Municipality Outstanding Debt¹
(Fiscal Year 2024 Audits)

Municipality	Governmental Activities - Tax-Supported				Business Activities	Gross Direct Debt	Overlapping Debt	Overall Debt
	Obligation/ Tax-Supported Bonds	Loans Payable	Capital Leases/ Leases Payable	Net Direct Debt	Enterprise Debt			
Barrington	7,370,000	60,036,092	370,951	67,777,043	15,288,847	83,065,890	0	83,065,890
Bristol	43,486,504	2,533,871	0	46,020,375	45,677,543	91,697,918	3,077,910	94,775,828
Burrillville	12,966,600	0	0	12,966,600	13,334,997	26,301,597	469,503	26,771,100
Central Falls	2,780,000	315,000	0	3,095,000	54,324,852	57,419,852	0	57,419,852
Charlestown	1,820,000	0	0	1,820,000	0	1,820,000	3,834,214	5,654,214
Coventry	28,410,000	457,000	0	28,867,000	18,154,504	47,021,504	249,691	47,271,195
Cranston	58,720,000	21,763,000	5,822,149	86,305,149	15,693,822	101,998,971	0	101,998,971
Cumberland	88,390,000	10,890,000	7,155,390	106,435,390	81,256,635	187,692,025	171,665	187,863,690
East Greenwich	31,221,170	3,623,000	1,033,107	35,877,277	17,141,635	53,018,912	0	53,018,912
East Providence	184,801,104	0	1,071,815	185,872,919	92,319,794	278,192,713	0	278,192,713
Exeter	0	0	0	0	0	0	7,610,559	7,610,559
Foster	3,000,000	0	0	3,000,000	0	3,000,000	3,683,495	6,683,495
Glocester	575,000	389,534	0	964,534	0	964,534	7,865,388	8,829,922
Hopkinton	1,970,000	1,094,000	153,190	3,217,190	0	3,217,190	5,881,912	9,099,102
Jamestown	11,870,000	3,820,000	0	15,690,000	4,133,000	19,823,000	0	19,823,000
Johnston	97,628,713	0	755,000	98,383,713	78,696,257	177,079,970	0	177,079,970
Lincoln	59,810,000	0	600,006	60,410,006	76,571,414	136,981,420	18,477	136,999,897
Little Compton	9,225,000	0	201,276	9,426,276	0	9,426,276	0	9,426,276
Middletown	24,998,000	314,820	120,000	25,432,820	4,437,000	29,869,820	0	29,869,820
Narragansett	29,475,000	506,000	11,681	29,992,681	672,307	30,664,988	0	30,664,988
New Shoreham	23,186,000	0	0	23,186,000	4,876,182	28,062,182	0	28,062,182
Newport	114,527,000	0	0	114,527,000	107,727,363	222,254,363	0	222,254,363
North Kingstown	32,742,000	0	689,223	33,431,223	11,744,248	45,175,471	0	45,175,471
North Providence	55,300,000	0	363,699	55,663,699	102,372,666	158,036,365	0	158,036,365
North Smithfield	13,974,898	780,000	0	14,754,898	2,277,915	17,032,813	0	17,032,813
Pawtucket	20,315,000	98,238,400	9,219,968	127,773,368	298,869,149	426,642,517	0	426,642,517
Portsmouth	32,399,067	0	770,170	33,169,237	132,551	33,301,788	242,000	33,543,788
Providence	127,195,000	0	274,120,000	401,315,000	836,251,801	1,237,566,801	0	1,237,566,801
Richmond	3,500,000	252,300	0	3,752,300	1,791,742	5,544,042	5,793,162	11,337,204
Scituate	11,851,000	0	0	11,851,000	299,650	12,150,650	0	12,150,650
Smithfield	44,850,000	6,618,000	0	51,468,000	8,088,929	59,556,929	0	59,556,929
South Kingstown	14,225,000	0	324,124	14,549,124	114,000	14,663,124	176,119	14,839,243
Tiverton	24,847,289	0	859,662	25,706,951	0	25,706,951	166,411	25,873,362
Warren	7,770,000	19,562,089	152,505	27,484,594	8,097,374	35,581,968	1,872,090	37,454,058
Warwick	90,339,047	0	0	90,339,047	65,858,720	156,197,767	228,186	156,425,953
West Greenwich	1,835,765	110,765	0	1,946,530	256,648	2,203,178	7,994,442	10,197,619
West Warwick	30,735,515	0	2,361,808	33,097,323	15,447,920	48,545,243	0	48,545,243
Westerly	45,129,000	9,351,000	4,191,829	58,671,829	5,263,705	63,935,534	130,201	64,065,735
Woonsocket	99,735,000	0	5,495,041	105,230,041	91,226,695	196,456,736	0	196,456,736

¹ East Providence, Little Compton and Woonsocket debt are based on FY 2023.

Net Direct Debt: All debt of an issuer less self-supporting enterprise debt. Enterprise Debt: Debt for essential service utilities that is self-supporting from user fees. Overlapping Debt: Issuer's proportionate share of the debt of other local governmental units that either overlap or underlie it. Overall Debt: Net debt + Enterprise Debt + Overlapping Debt.

Municipality Overall Debt + Pension Liability + OPEB Liability (FY 2024)

Municipality	Overall Debt	Net Pension Liability	Net OPEB Liability	Total Liabilities: Overall Debt + Pension + OPEB
Barrington	83,065,890	42,980,418	0	126,046,308
Bristol	94,775,828	11,713,312	0	106,489,140
Burrillville	26,771,100	21,782,505	3,011,029	51,564,634
Central Falls	57,419,852	26,019,854	1,644,758	85,084,464
Charlestown	5,654,214	2,464,088	0	8,118,302
Coventry	47,271,195	143,504,219	18,398,609	209,174,023
Cranston	101,998,971	336,596,654	58,672,096	497,267,721
Cumberland	187,863,690	62,669,929	19,018,237	269,551,856
East Greenwich	53,018,912	36,171,663	15,890,800	105,081,375
East Providence	278,192,713	240,008,103	22,322,311	540,523,127
Exeter	7,610,559	0	0	7,610,559
Foster	6,683,495	3,596,504	0	10,279,999
Glocester	8,829,922	7,053,526	792,923	16,676,371
Hopkinton	9,099,102	2,033,814	0	11,132,916
Jamestown	19,823,000	7,070,009	4,984,385	31,877,394
Johnston	177,079,970	173,809,076	146,756,066	497,645,112
Lincoln	136,999,897	49,069,547	12,650,514	198,719,958
Little Compton	9,426,276	6,823,861	1,652,880	17,903,017
Middletown	29,869,820	27,101,808	1,096,623	58,068,251
Narragansett	30,664,988	66,941,106	26,518,481	124,124,575
New Shoreham	28,062,182	4,129,666	278,229	32,470,077
Newport	222,254,363	107,478,117	50,264,599	379,997,079
North Kingstown	45,175,471	66,899,197	14,788,603	126,863,271
North Providence	158,036,365	91,099,878	32,845,131	281,981,374
North Smithfield	17,032,813	18,199,612	8,804,933	44,037,358
Pawtucket	426,642,517	249,391,156	318,098,109	994,131,782
Portsmouth	33,543,788	68,674,002	19,802,094	122,019,884
Providence	1,237,566,801	1,465,667,000	861,967,000	3,565,200,801
Richmond	11,337,204	402,215	0	11,739,419
Scituate	12,150,650	29,670,661	5,876,694	47,698,005
Smithfield	59,556,929	53,725,299	32,675,638	145,957,866
South Kingstown	14,839,243	47,578,055	0	62,417,298
Tiverton	25,873,362	23,065,563	28,582,191	77,521,116
Warren	37,454,058	4,851,232	6,097,511	48,402,801
Warwick	156,425,953	437,649,203	295,392,038	889,467,194
West Greenwich	10,197,619	1,716,958	0	11,914,577
West Warwick	48,545,243	184,552,493	54,214,444	287,312,180
Westerly	64,065,735	41,393,372	10,319,374	115,778,481
Woonsocket	196,456,736	143,166,835	145,898,156	485,521,727
Total	4,177,336,425	4,306,720,510	2,219,314,456	10,703,371,391

Source: Data compiled from FY 2024 Financial Statements (FY 2023 Financial Statements for Little Compton, East Providence and Woonsocket). * Note: Barrington, Bristol, Coventry, Foster, Providence and Warwick used Actual OPEB contribution, OPEB ADC not reported..

Fire Districts

Based on FY 2025 information from the Division of Municipal Finance, there are 38 fire districts in Rhode Island as summarized in the table below with the corresponding town or towns that each serves.

Fire District	Town	Fire District	Town
East Burrillville	Burrillville	Manville	Lincoln
Pascoag	Burrillville	Quinnville	Lincoln
Harrisville	Burrillville	Bonnet Shores	Narragansett
Charlestown	Charlestown	Pojac Point	North Kingstown
Quonochontaug Central	Charlestown	Portsmouth Water and Fire	Portsmouth
Shady Harbor	Charlestown	Richmond Carolina	Richmond
Central Coventry	Coventry	Indian Lake	South Kingstown
Coventry	Coventry	Kingston	South Kingstown
Hopkins Hill	Coventry	Union	South Kingstown
Western Coventry	Coventry	North Tiverton	Tiverton
Cumberland	Cumberland	Stone Bridge	Tiverton
Exeter	Exeter	Buttonwoods	Warwick
Chepachet	Glocester	Bradford	Westerly
Harmony	Glocester	Misquamicut	Westerly
West Glocester	Glocester	Shelter Harbor	Westerly
Ashaway	Hopkinton	Watch Hill	Westerly
Hope Valley-Wyoming	Hopkinton-Richmond	Weekapaug	Westerly
Lime Rock	Lincoln	Westerly	Westerly
Lincoln Fire District	Lincoln	Dunn's Corners	Westerly-Charlestown

All fire districts have the authority to borrow money, and most fire district charters include a debt limit, which varies from district to district. Appendix C summarizes the debt outstanding for FY 2025, as compiled by the Division of Municipal Finance (the "Division") from the data self-reported by the fire districts in the Division's FY 2025 Fire District Adopted Budget Survey (based on self-reported data). Note: Fire districts with June 20, 2025 fiscal year ends and later are not due for submission until December 31, 2025 or later.

Fire districts in Rhode Island have the authority to tax real property, automobiles and tangible property located within the district. The taxes assessed and collected are an additional tax to the district population, separate from annual property taxes billed by the municipality. The tax revenues generated within the districts are used for operation, capital needs and debt service (if debt has been issued) of the individual fire district. For most of the districts, property tax revenue is the primary source of revenue. However, other fees from other services such as rescue, fire hydrant rentals, inspections, fire prevention/plan review, hazardous material and hall rentals provide additional revenues to the districts.

Other Special Districts and Local Authorities

There are 17 special districts and local authorities in Rhode Island that have been rated by at least one of the three national rating agencies, as summarized with the ratings in the following table (however, some of these entities are no longer rated). Appendix C provides a summary of the debt outstanding and debt service based on the latest annual reports available, which is generally FY 2023 or FY 2024, but in some cases annual reports have been delayed and financial information is only available for prior fiscal years.

Special Districts/Local Authorities	Moody's	S&P	Fitch
Bristol-Warren Regional School District ¹	A2	NR	NR
Bristol County Water Authority ¹	NR	NR	NR
Burrillville Housing Authority ¹	NR	NR	NR
Chariho Regional School District ²	Aa3	NR	NR
Coventry Housing Authority	NR	NR	NR
Cumberland Housing Authority	NR	NR	NR
Exeter-West Greenwich Regional School District ¹	A1	NR	NR
Foster-Glocester Regional School District	Aa3	NR	NR
Kent County Water Authority ³	NR	NR	NR
North Providence Housing Authority	NR	NR	NR
Pascoag Utility District ⁴	NR	NR	NR
Pawtucket Housing Authority	NR	AA-	NR
Providence Housing Development Corp. ¹	NR	NR	NR
Providence Public Building Authority ⁵	Baa1	BBB	NR
Providence Redevelopment Agency ⁵	Baa1	BBB	NR
Providence Water Supply Board	NR	AA-	NR
Woonsocket Housing Authority	NR	AA-	NR

1. Previously rated by Moody's and/or Standard & Poor's. Ratings no longer outstanding.

2. Regional school district for the towns of Charlestown, Hopkinton and Richmond.

3. Provides water supply services in the communities of Coventry, Warwick, West Warwick, East Greenwich, West Greenwich, and in smaller sections of Cranston, Scituate and North Kingstown. Ratings were withdrawn by Moody's.

4. Provides electric services to the Villages of Pascoag and Harrisville, both in the Town of Burrillville, and provides water services to the Village of Pascoag. On January 1, 2025 Pascoag Utility District merged with Harrisville Fire District's Water Department creating Clear River Electric & Water District (CREW) and was incorporated by a special act of the Rhode Island General Assembly.

5. Providence Public Building Authority and Providence Redevelopment Agency ratings reflect City of Providence appropriation backed revenue bonds.

Municipal Debt Classifications

In assessing the debt burden of a municipality, various types of debt should be considered, including Gross Direct Debt, Net Direct Debt, Overlapping Debt, Overall Debt and Overall Net Debt.

- *Gross Direct Debt.*
 - Definition: The sum of the total debt of the municipality and its agencies. This debt includes: (i) general obligation bonds; (ii) other obligations such as loan agreements secured by taxes; (iii) capital lease obligations that are secured by lease rental or contract payments subject to appropriation; (iv) special assessment obligations; and (v) any enterprise debt.
 - Examples: City of Providence General Obligation Debt, and Providence Water Supply debt.
- *Net Direct Debt.*
 - Definition: Gross direct debt minus all self-supporting debt. In effect, Net Direct Debt is debt paid for by general municipal funds, and does not include enterprise bonds (water, sewer, solid waste and electric revenue bonds) that are paid for by separate revenue streams like utility ratepayer charges.
 - Examples: City of Providence General Obligation Debt, but not Providence Water Supply Debt.
- *Overlapping Debt.*
 - *Definition:* The municipality's proportionate share of the debt of other local governmental units that overlap it (either wholly or partly). For measurement purposes in this Study, Overlapping Debt is apportioned across communities based upon some measure such as relative assessed values or student enrollment in the case of school districts.
 - *Examples:* Harrisville Fire District, Narragansett Bay Commission, Kent County Water Authority.

- *Overall Debt.*
 - *Definition:* Gross direct debt plus the issuer’s applicable share of the total debt of all overlapping jurisdictions.
 - *Examples:* Includes all examples listed for the above categories.
- *Overall Net Debt.*
 - *Definition:* Net direct debt plus the issuer’s applicable share of the net direct debt of all overlapping jurisdictions. Excludes enterprise bonds (water, sewer, solid waste and electric revenue bonds), where enterprise fund revenues cover debt service by at least 1.0x for at least the last three fiscal years. In short, Overall Net Debt includes all debt paid for by taxes, whether it be municipal debt or debt of an overlapping agency but does not include debt that is self-supporting through enterprise revenue.
 - *Examples:* Includes City of Providence General Obligation debt, Harrisville Fire District, but not Providence Water Supply or Narragansett Bay Commission.

Debt Affordability Measures

Statutory Debt Limitation for Municipalities

Under Rhode Island state law, municipalities are limited to a level of direct indebtedness at or below 3% of the full assessed value of the city or town. There are, however, avenues for municipalities to receive permission to take on levels of debt outside of the 3% cap, including through special legislation of the General Assembly, authorizing a voter referendum, or ministerial approval by the state Auditor General or Director of Revenue if the community satisfies certain requirements.

Rating Agency Debt Ratios for Local Governments

Rating agencies have developed criteria for rating debt of local governments. Below is a summary of the debt and liability measures used by Fitch, Moody’s and Standard & Poor’s, how they score these ratios and other considerations they take into account with respect to debt and other liabilities.

Fitch Ratings. In April 2024, Fitch updated its local government rating criteria, “U.S Public Finance Local Government Criteria.” The criteria focus on three key rating drivers: financial profile, demographic and economic strength and long-term liability burden. Fitch believes the new criteria will allow users to conduct peer analysis more easily and differentiate the positioning within a certain score level (e.g., a user will be able to assess the difference between a ‘AA’ rating on the lower end of the range versus one more solidly positioned at the same ‘AA’ rating). Long-term liability burden carries an aggregate weight of 20% of the rating score, and under the methodology the following subfactors will be used:

- Direct Debt + Fitch Adjusted Net Pension Liability as a Percentage of Personal Income
- Direct Debt + Fitch Adjusted Net Pension Liability as a Percentage of Governmental Revenue
- Carrying Costs of Long-Term Liabilities to Governmental Expenditures

- Liabilities to Personal Income

Under the methodology, Fitch uses the following metric to measure long-term liability burden for local governments:

$$\frac{\text{Overall Local Government Debt + Fitch's Adjusted Direct Net Pension Liability}}{\text{Personal Income}}$$

To improve comparability among plans, Fitch creates a standardized investment return scenario, estimating the net pension liability with a 6% investment return assumption adjustment for pension liabilities calculated with a discount rate at a higher level. The degree to which Fitch adjusts the reported total pension

liability for this metric is based on the reported investment return sensitivity provided in accounting statements, which Fitch believes captures the maturity profile of the system. In cases where the net pension liability is sizable, actions or plans to reduce it over time can be a mitigating consideration. Fitch does not adjust the liability if it is already calculated based on an investment return assumption lower than 6%.

To calculate personal income for local governments, Fitch takes the U.S. Bureau of Economic Analysis (BEA) per capita personal income number that is available for counties but no other levels of local government and uses that county-level data to develop a proxy for lower levels of government.

The new methodology does not provide scoring thresholds for this ratio. The table below summarizes how Fitch scored the long-term liability burden under its prior methodology and its scoring of this ratio under its U.S. State methodology:

Liability Burden	Low	Moderate	Elevated but Still in Moderate Range	High	Very High
Rating Assessment	aaa	aa	a	bbb	bb
Ratio Level	Liabilities Less than 10% of Personal Income	Liabilities Less than 20% of Personal Income	Liabilities Less than 40% of Personal Income	Liabilities Less than 60% of Personal Income	Liabilities 60% or More of Personal Income

- Carrying Cost

Fitch was the first rating agency to include an OPEB inclusive metric in its rating methodology. For local governments, Fitch’s “Carrying Cost” is calculated as follows:

$$\frac{\text{Governmental Debt Service} + \text{Pension ADC} + \text{OPEB Actual Payment}}{\text{Governmental Expenditures}}$$

The carrying cost metric isolates spending that is more of a fixed obligation. The new methodology does not provide scoring thresholds for this ratio. The table below summarizes how Fitch scored Carrying Cost under its prior methodology and its scoring of this ratio under its U.S. State methodology:

Carrying Cost Assessment	aaa	aa	a	bbb
Ratio Level	Carrying Cost Less than 10%	Carrying Cost Less than 20%	Carrying Cost Less than 25%	Carrying Cost Less than 30%

- Liabilities to Revenue

In its updated methodology, Fitch notes that a local government’s revenue base may be narrower or broader than its economic base, and adds an additional subfactor in measuring the long-term liability burden but does not provide how they score this subfactor:

$$\frac{\text{Direct Local Government Debt} + \text{Fitch’s Adjusted Direct Net Pension Liability}}{\text{Governmental Revenue}}$$

Moody's Investors Service. In November 2022, Moody's revised their rating methodology for U.S. cities and counties to align with the rating methodology for U.S. states and incorporates the Long-Term Liabilities Ratio and Fixed Costs Ratio. For Moody's, liabilities comprise 30% of a municipality's overall rating score.

- *Long-Term Liabilities Ratio:*

$$\frac{(\text{Debt} + \text{Adjusted Net Pension Liability} + \text{Adjusted Net OPEB} + \text{Other Long-term Liabilities})}{\text{Revenue}}$$

Measurement	Aaa	Aa	A	Baa	Ba
Long-Term Liability Ratio (20% Weight)	≤ 100%	100% - 200%	200% - 350%	350% - 500%	500% - 700%

Debt includes the long-term bonds and other obligations and includes all forms of debt on a municipality's governmental activities and business type activities balance sheets, and for Adjusted Net Pension Liability (ANPL) and Adjusted Net OPEB, as in the U.S. States rating methodology, Moody's adjusts the reported pension liability and applies a similar methodology to adjust the reported OPEB liability. Other long-term liabilities typically comprise the miscellaneous liabilities reported under the governmental and business-type activities entries in a municipality's financial statements that are not included in debt, ANPL or adjusted net OPEB liabilities. These liabilities typically include compensated absences, claims and judgments, or liabilities related to environmental remediation

- *Fixed Costs Ratio:*

$$\frac{(\text{Implied Debt Service} + \text{Moody's Tread Water Annual Pension Cost} + \text{OPEB Contribution} + \text{Other Liabilities Cost})}{\text{Own Source Revenues}}$$

Measurement	Aaa	Aa	A	Baa	Ba
Fixed Costs / Own-Source Revenue (10% Weight)	≤ 10%	10% - 15%	15% - 20%	20% - 25%	25% - 35%

Implied debt service represents the annual cost to amortize debt over 20 years with level payments using a common implied interest rate based on a 10-year rolling average of a high grade municipal bond index, such as the Bond Buyer 20-bond GO index or a comparable index. The Tread Water Annual Pension Cost indicator represents Moody's estimate of the pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met. The pension tread water indicator is the sum of two components: the employer portion of the service cost and the implied interest on the reported net pension liability at the beginning of the plan's fiscal year. The OPEB Contribution is the municipality's actual contribution in a given period, typically a fiscal year. Moody's also adds to the numerator an implied cost of other long-term liabilities.

S&P Global Ratings. S&P published its "Methodology for Rating U.S. Governments" on September 9, 2024, covering U.S. states, counties, municipalities, school districts and other special government districts. S&P assesses the institutional framework and establishes the individual credit profile based on the equally weighted average of five factors: economy, financial performance, reserves and liquidity, management, and debt and liabilities. Under the debt and liabilities profile, S&P evaluates three key metrics, which are scored individually and carry specified weights: (1) Current Cost for Debt Service and Liabilities (50% weight), (2) Net Direct Debt per Capita (25%), and (3) Net Pension Liability per Capita (25%). These indicators are provided in the table below along with how S&P scores these factors for local governments. S&P continues to calculate debt to personal income, debt to GSP, rapidity of repayment and tax-supported debt service as a percentage of operating expenditures but does not include these metrics in the scoring.

Metric	1	2	3	4	5	6
Current cost for debt service and liabilities % of revenues (50% Weight)	< 8%	8% – 14%	14% – 20%	20% – 25%	25% – 30%	> 30%
Net direct debt per capita (25% Weight)	< \$500	\$500 – \$1,500	\$1,500 – \$2,500	\$2,500 – \$3,500	\$3,500 – \$4,500	>\$4,500
Net pension liabilities per capita (25% Weight)	< \$500	\$500 – \$1,500	\$1,500 – \$2,500	\$2,500 – \$3,500	\$3,500 – \$4,500	>\$4,500

Current cost is measured by a government’s annual debt service, pension, and OPEB expenditures divided by total governmental revenue.

Net Direct Debt is determined by calculating gross direct debt and then subtracting offsetting debt.

Net Pension Liability (NPL) is calculated by subtracting the fund’s plan fiduciary net position from the total pension liability as reported in the government’s financial statements prepared under Governmental Accounting Standards Board standards.

PFMB Recommended Debt and Liability Affordability Limits

Considering the patchwork nature of municipal governance in Rhode Island, with dozens of overlapping districts and authorities issuing different types of debt, the PFMB ultimately determined that the most important factor in judging municipal debt affordability is the ability of each municipality’s underlying population to afford the liabilities of the various governmental agencies that serve them. For the purposes of this study, affordability is measured by the assessed property value in a municipality, because property tax revenues are the primary source of income for most municipal governmental units.

The PFMB recognizes that despite applying a unified set of affordability limits to all overlapping local governmental entities in a municipality, these entities do not always act in a coordinated fashion when making financing decisions, and municipal governments often have limited ability to influence the actions of special districts in their communities. Nevertheless, the purpose of this report is to provide a greater level of transparency on public debt, and to recommend some guidelines for how much total public debt municipal residents can afford.

As with state-level debt, the PFMB believes that municipal debt must be looked at in the context of other long-term liabilities, specifically pension and OPEB liabilities.

Pension and OPEB liabilities are calculated through a series of assumptions, and thus can be difficult to estimate with precision. For the purposes of this study, municipal pension liabilities are derived from the financial statements of the municipalities, under rule 68 of the Governmental Accounting Standards Board (GASB) framework.

In setting these recommended limits, the PFMB relied heavily on current and prior rating agency guidance, selecting ratios similar to those used by ratings agencies, and generally recommending a level equivalent to an A rating for each ratio.

Recommended Debt and Liability Limits

- ***Net Direct Debt to Full Assessed Property Value: Less than 3%***
 - This ratio compares debt of the municipality, typically paid for through the municipal budget with taxpayer funds, to assessed property values. (This ratio does not include revenue bonds that are supported by ratepayers, such as water and sewer bonds).
 - **Rationale:** In its previous rating methodology, Moody’s provided suggested levels of net direct debt to full value for each rating category. A ratio of 3% was in Moody’s mid-point range for ‘A’ rated communities. S&P also used 3% net direct debt as a percent of market value as a benchmark in prior methodology. If a community’s ratio is below 3%, S&P could have improved the community’s debt score by one point.

- ***Overall Net Debt to Full Assessed Property Value: Less than 4%***
 - This ratio compares net direct debt plus the direct debt of any overlapping taxing authority to assessed property values.
 - **Rationale:** Consistent with the rationale for the 3% measure above; however instead of using Moody’s mid-point range, the rationale was to reference the high-end of Moody’s ‘A’ range, to account for the additional overlapping debt.

- ***Overall Debt + Net Pension Liability + OPEB Liability to Full Assessed Property Value: Less than 9.2%***
 - This ratio compares total debt of the municipality and all overlapping jurisdictions, including revenue bonds, as well as total unfunded pension and OPEB liabilities, to assessed property value.
 - **Rationale:** The PFMB believes it is important to consider the total liability burdens of municipalities, including all debt, pension and OPEB, relative to the underlying population’s ability to pay. Although each ratings agency considered OPEB and pension liabilities differently, the PFMB estimates that a limit of Overall Debt + Net Pension Liability + OPEB Liability to Full Value of 9.2% would approximate the ratings agencies expectations for an ‘A’ rated community.

- ***Governmental Debt Service + Pension ADC + OPEB Actual Payment to Governmental Expenditures: Less than 22.5%***
 - This ratio compares total governmental debt service, pension ADC (actuarial determined contribution) and OPEB actual contribution of the municipality to governmental expenditures
 - **Rationale:** This ratio compares the annual cost of total liabilities to the total annual municipal budget. The formula is based off Fitch’s current “Carrying Cost” metric. The carrying cost metric isolates spending that is a more fixed obligation. PFMB recommends 22.5% for Governmental Debt Service + Pension ADC + OPEB Required Payment to Governmental Expenditures, consistent with the mid-point of an ‘a’ and “aa” rating under Fitch’s consideration of the carrying cost metric. The PFMB notes that under the Moody’s methodology implemented in 2022, Moody’s assesses a Fixed Costs Ratio of 15% to 20% as an ‘A’ rating and 20% to 25% as a ‘Baa’ rating. Further, under S&P’s new methodology implemented in 2024, S&P assesses a Current Cost ratio of 14% to 20% as a ‘3’ and 20% to 25% as a ‘4’, which is approximately in the ‘A’ rating range.

The full value measurement is the gross assessed value less exemptions, which is consistent with the rating agency methodologies. Communities that choose to have large homestead exemptions might be artificially inflating their debt ratios with a lower taxable base. The PFMB considered using the gross assessed value because communities could potentially end exemptions if needed, but since all three rating agencies use assessed value net of exemptions, the PFMB decided to be consistent with the rating agency approach. The PFMB also adjusted Fitch’s Carrying Cost for the last ratio measure by including OPEB *required* payments in lieu of actual payments, to avoid providing an advantage to municipalities that fail to make their full required contributions. The following table compares the actual pension and OPEB contributions to the required contributions and includes the percent of actual contributions met for each municipality.

Summary of Municipality OPEB and Pension Contributions (FY 2024)

Municipality	Total Pension - Actual Payment	Total Pension - Required Payment	Percent of Required Pension Contributions Met	OPEB Contributions (Actual)	OPEB- Actuarially Determined Contribution (Required)	Percent of Required OPEB Contributions Met
Barrington	6,956,290	6,613,806	105.18%	1,091,810	1,091,810	100.00%
Bristol	7,163,267	7,163,267	100.00%	1,326,085	1,326,085	100.00%
Burrillville	2,294,749	2,294,749	100.00%	188,544	188,544	100.00%
Central Falls	3,171,373	3,546,330	89.43%	176,867	176,867	100.00%
Charlestown	818,472	1,036,052	79.00%	138,195	130,232	106.11%
Coventry*	14,923,854	13,783,090	108.28%	949,129	949,129	100.00%
Cranston	41,467,896	41,467,896	100.00%	5,143,497	5,143,497	100.00%
Cumberland	9,670,980	9,895,373	97.73%	1,500,000	1,537,410	97.57%
East Greenwich	6,892,294	6,892,294	100.00%	1,162,429	1,823,210	63.76%
East Providence	23,466,308	23,466,308	100.00%	3,879,328	4,150,105	93.48%
Exeter	-	-	-	-	-	-
Foster*	695,029	695,029	100.00%	42,663	42,663	100.00%
Glocester	1,435,696	1,435,696	100.00%	87,005	87,005	100.00%
Hopkinton	483,982	483,982	100.00%	-	-	-
Jamestown	1,457,968	1,457,968	100.00%	404,200	572,847	70.56%
Johnston	11,564,727	11,564,727	100.00%	8,345,321	13,266,326	62.91%
Lincoln	5,392,915	5,392,915	100.00%	2,576,795	1,405,060	183.39%
Little Compton	965,330	965,330	100.00%	205,700	205,700	100.00%
Middletown	3,866,930	3,866,930	100.00%	2,146,005	763,644	281.02%
Narragansett	11,143,592	10,311,142	108.07%	4,637,882	3,607,210	128.57%
New Shoreham	664,724	664,724	100.00%	77,328	73,515	105.19%
Newport	18,635,283	18,635,283	100.00%	6,868,415	6,488,059	105.86%
North Kingstown	10,287,095	10,287,095	100.00%	1,210,532	1,636,770	73.96%
North Providence	11,434,233	11,772,093	97.13%	3,947,797	3,095,787	127.52%
North Smithfield	2,923,573	2,923,573	100.00%	892,521	1,324,741	67.37%
Pawtucket	27,298,735	27,298,735	100.00%	14,667,350	27,641,860	53.06%
Portsmouth	7,466,771	7,454,159	100.17%	1,733,964	923,649	187.73%
Providence*	104,943,000	104,943,000	100.00%	38,585,000	38,585,000	100.00%
Richmond	218,952	218,952	100.00%	-	-	-
Scituate	4,080,620	3,977,834	102.58%	235,895	733,954	32.14%
Smithfield	6,665,637	7,709,181	86.46%	1,624,243	3,754,443	43.26%
South Kingstown	6,990,606	6,990,606	100.00%	2,056,300	1,674,610	122.79%
Tiverton	3,554,311	3,669,071	96.87%	1,183,368	1,846,223	64.10%
Warren	849,153	849,153	100.00%	237,121	687,695	34.48%
Warwick	52,276,148	53,802,749	97.16%	13,601,596	13,601,596	100.00%
West Greenwich	503,801	503,801	100.00%	-	-	-
West Warwick	13,317,799	13,266,700	100.39%	3,998,051	5,382,406	74.28%
Westerly	6,361,426	6,361,426	100.00%	1,257,000	1,290,437	97.41%
Woonsocket	16,208,872	16,208,873	100.00%	634,611	1,665,524	38.10%

Source: Data compiled from FY 2024 Financial Statements (FY 2023 Financial Statements for Little Compton, East Providence and Woonsocket)

* Note: Barrington, Bristol, Coventry, Foster, Providence and Warwick used Actual OPEB contribution, OPEB ADC not reported.

Under Rhode Island law the State provides aid to municipalities for the cost of school building construction or renovation. The most typical type of aid the State provides to municipalities is a reimbursement for a portion of the debt service of these projects, with the amount of reimbursement determined by a formula tied to the economic conditions of the municipality. For this study, all debt for school building projects is counted as debt of the municipality regardless of whether the municipality expects to receive state aid. Rating agencies and other market participants tend to view this debt as a municipal liability regardless of any expected state reimbursement, with the rationale being that if the state were to fail to make an appropriation for the full amount of expected housing aid, the responsibility for those debt service payments would rest with the municipality. Appendix C provides a summary of the principal reimbursements the State is expected to provide to each school district from FY2025 through FY2036.

The table on the following page shows the current levels of the recommended affordability ratios for each municipality with green shaded levels indicating the municipality is within the recommended limits, yellow shaded levels indicating current levels are approaching the respective limit (75% of limit) and red shaded levels indicating the current levels exceeds the recommended limits. The current levels of affordability ratios are based on outstanding debt and do not reflect any authorized debt that a municipality may have but has not yet issued. The recommended affordability limits should be used as a tool to assist municipalities in planning for future debt issuances.

With respect to the debt only ratios, East Providence and Woonsocket exceed the recommended limits of 3.0% for the *Net Direct Debt to Assessed Value* ratio and 4.0% for the *Overall Net Debt to Assessed Value* ratio.

- The PFMB notes that with East Providence's issuance of \$124.5 million of Public Schools Revenue Bonds through RIHEBC in 2021, its debt ratios increased from 0.9% in the 2021 Debt Affordability Study and remains above the recommended limit at 3.6% for the *Net Direct Debt to Assessed Value* and just under the recommended limit for the *Overall Net Debt to Assessed Value* ratio in this 2025 Debt Affordability Study.
- The PFMB notes that Cumberland's bond issuance of \$74,125,000 in 2023 and Johnston's bond issuance of \$85,000,000 in 2022 through RIHEBC have increased the *Net Direct Debt to Assessed Value* ratio to above 75% of the recommended limit. Cumberland's ratio increased to 2.4% from 0.9% Cumberland and Johnston's ratio increased to 2.5% from 0.7%.
- The PFMB notes that Providence's ratios have fluctuated from the 3.6% levels in the 2021 Debt Affordability Study to 4.2% in the 2023 Debt Affordability Study to 2.8% in this current study while *Net Direct Debt to Assessed Value* has declined over this period. The fluctuation is the result of a decrease of almost 15% in assessed value between 2020 and 2022 and now a 25% increase for this current study.
- The PFMB also notes that Woonsocket's ratios have steadily improved from the 6.4% levels in the 2021 Debt Affordability Study to 5.7% in the 2023 Debt Affordability Study to 3.6% in this 2025 Debt Affordability Study, but still exceed the recommended limit for *Net Direct Debt to Assessed Value*.

For the ratios that include pension and OPEB liabilities, as in the 2023 Debt Affordability Study, Central Falls, East Providence, Johnston, Pawtucket, Providence, West Warwick and Woonsocket all exceed the 9.2% recommended limit for the ratio of *Overall Debt + Net Pension Liability + OPEB Liability to Assessed Value*, while North Providence's ratio has decreased from 10.8% in the 2023 Debt Affordability to 8.1% in this current study and Warwick's level decreased from 10.2% in the 2023 Debt Affordability Study to 6.6% in this current study as assessed value increased over 26% in this time period. East Providence is also now exceeding the recommended limit.

For the ratio of *Governmental Debt Service + Pension ADC + OPEB Actual Payment to Governmental Expenditures* all municipalities are within the recommended limit. However, Bristol, East Providence, Johnston, Narragansett, New Shoreham, Pawtucket, Providence, and Warwick are above 75% of the recommended limit.

These affordability ratios do not net out the State reimbursement for school debt, even though municipalities are partially reimbursed by the state for the debt service payments made on this debt. Although the state ultimately is responsible for a portion of the cost of this debt under state law, ratings agencies still judge the full amount of the debt as debt of the municipality, and therefore so does the PFMB. However, it can still be useful to view municipal liability levels with the state share of school debt netted out of the totals. This is shown on pages C-7 and C-8 of Appendix C. When the State share of school debt is netted out, all the municipalities are within the recommended limit, but East Providence, Johnston and Woonsocket are above 75% of the recommended limit, and several communities still exceed recommended limits when pension and OPEB liabilities are included.

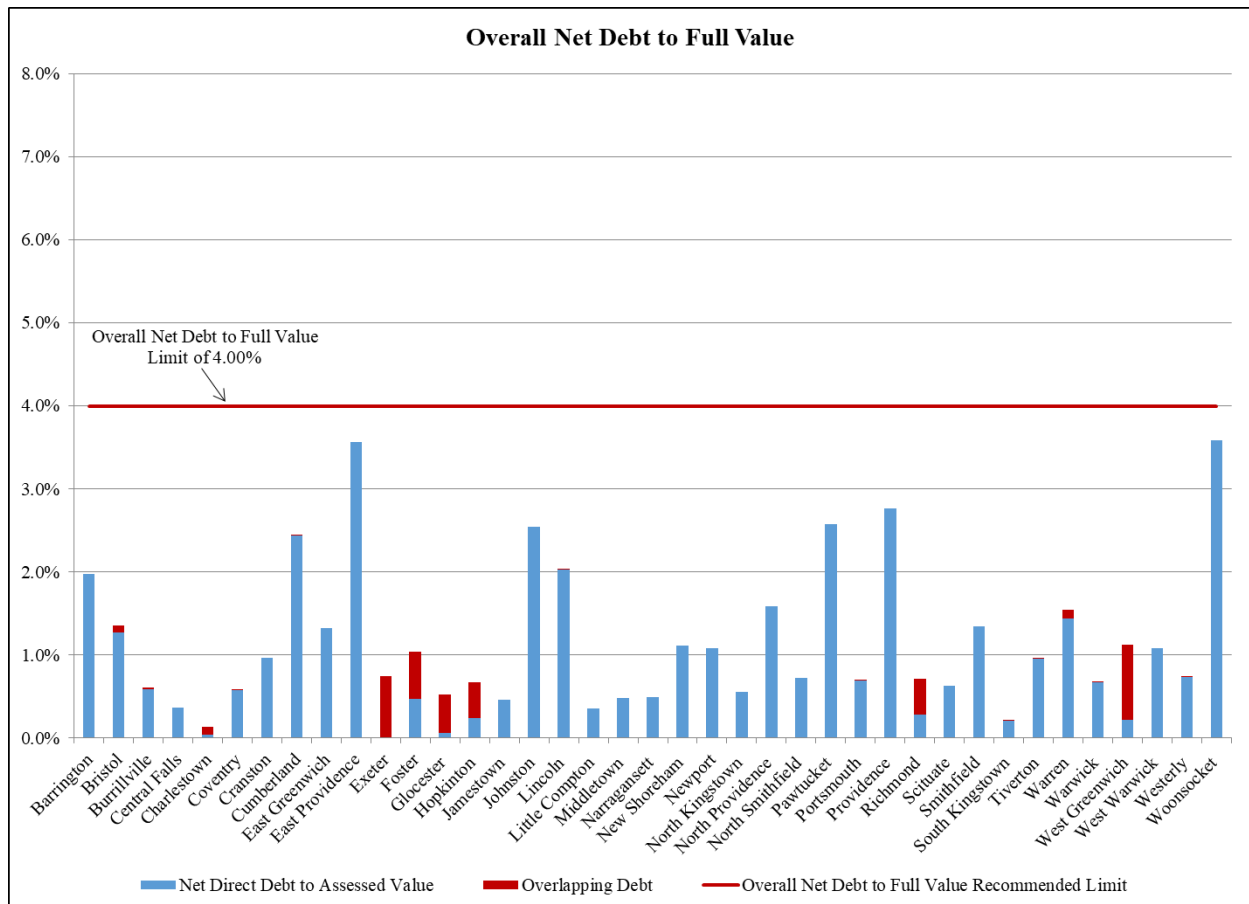
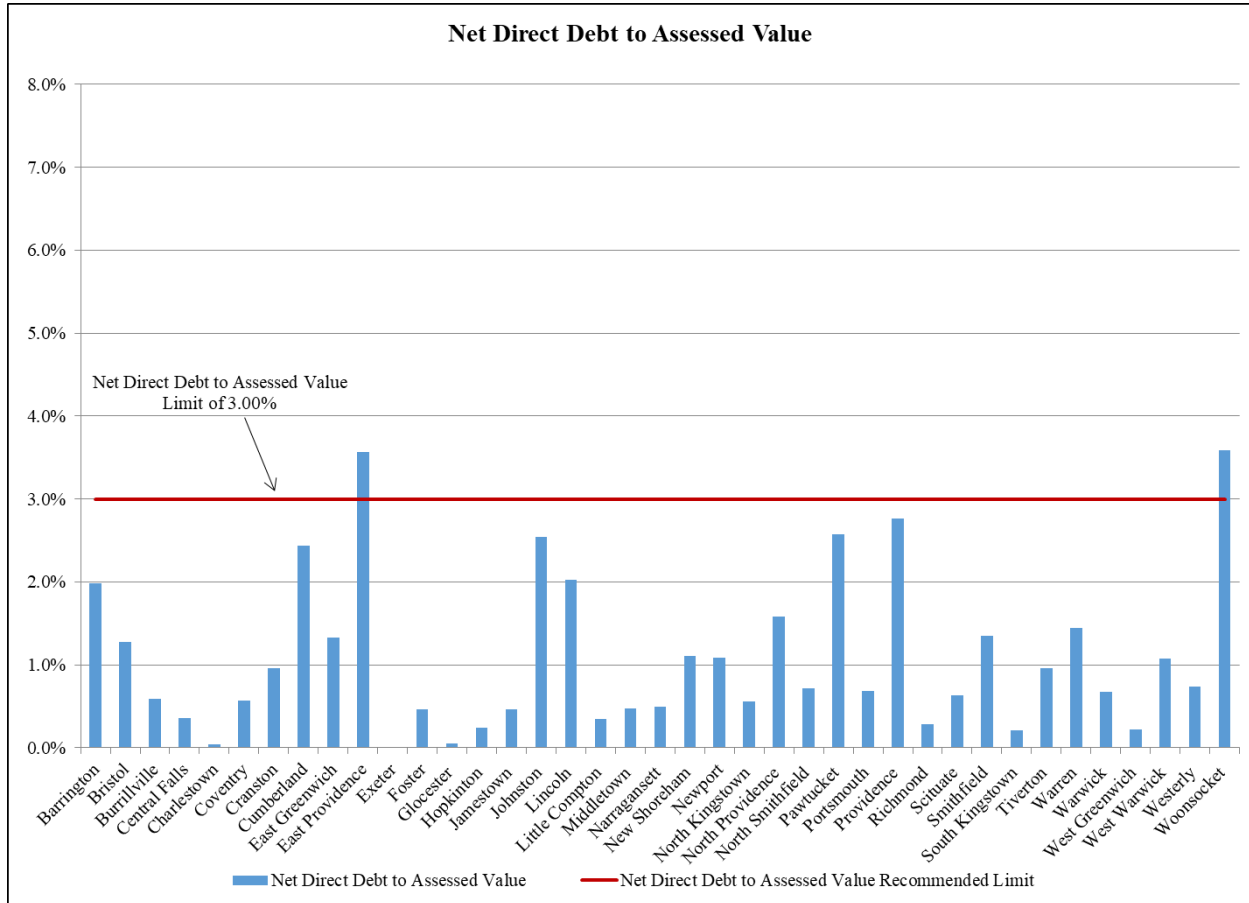
Municipality Liability Ratios⁽¹⁾

Municipality	Net Direct Debt to Assessed Value Recommended Limit < 3.00%	Overall Net Debt to Assessed Value Recommended Limit < 4.00%	Overall Debt + Net Pension Liability + OPEB Liability to Assessed Value Recommended Limit < 9.2%	Governmental Debt Service + Pension ADC + OPEB Required Payment to Governmental Expenditures Recommended Limit < 22.5%
Barrington	2.0%	2.0%	3.7%	13.7%
Bristol	1.3%	1.4%	2.9%	20.2%
Burrillville	0.6%	0.6%	2.3%	7.6%
Central Falls	0.4%	0.4%	9.9%	11.1%
Charlestown	0.0%	0.1%	0.2%	5.1%
Coventry	0.6%	0.6%	4.1%	14.0%
Cranston	1.0%	1.0%	5.5%	14.9%
Cumberland	2.4%	2.4%	6.2%	16.5%
East Greenwich	1.3%	1.3%	3.9%	15.5%
East Providence	3.6%	3.6%	10.4%	17.7%
Exeter	0.0%	0.7%	0.7%	0.0%
Foster	0.5%	1.0%	1.6%	10.3%
Glocester	0.1%	0.5%	1.0%	4.9%
Hopkinton	0.2%	0.7%	0.8%	3.1%
Jamestown	0.5%	0.5%	0.9%	14.7%
Johnston	2.5%	2.5%	12.9%	19.8%
Lincoln	2.0%	2.0%	6.7%	12.3%
Little Compton	0.4%	0.4%	0.7%	13.3%
Middletown	0.5%	0.5%	1.1%	9.7%
Narragansett	0.5%	0.5%	2.0%	21.5%
New Shoreham	1.1%	1.1%	1.6%	20.7%
Newport	1.1%	1.1%	3.6%	16.9%
North Kingstown	0.6%	0.6%	2.1%	12.7%
North Providence	1.6%	1.6%	8.0%	13.2%
North Smithfield	0.7%	0.7%	2.1%	14.4%
Pawtucket	2.6%	2.6%	20.0%	18.3%
Portsmouth	0.7%	0.7%	2.5%	12.2%
Providence	2.8%	2.8%	24.6%	17.1%
Richmond	0.3%	0.7%	0.9%	2.5%
Scituate	0.6%	0.6%	2.5%	10.8%
Smithfield	1.3%	1.3%	3.8%	15.5%
South Kingstown	0.2%	0.2%	0.9%	9.8%
Tiverton	1.0%	1.0%	2.9%	13.4%
Warren	1.4%	1.5%	2.5%	9.5%
Warwick	0.7%	0.7%	6.6%	18.4%
West Greenwich	0.2%	1.1%	1.3%	4.8%
West Warwick	1.1%	1.1%	9.4%	15.9%
Westerly	0.7%	0.7%	1.5%	15.6%
Woonsocket	3.6%	3.6%	16.5%	15.3%
	Less than 75% of recommended limit		Exceeds recommended limit	
	Between 75% and 100% of limit			

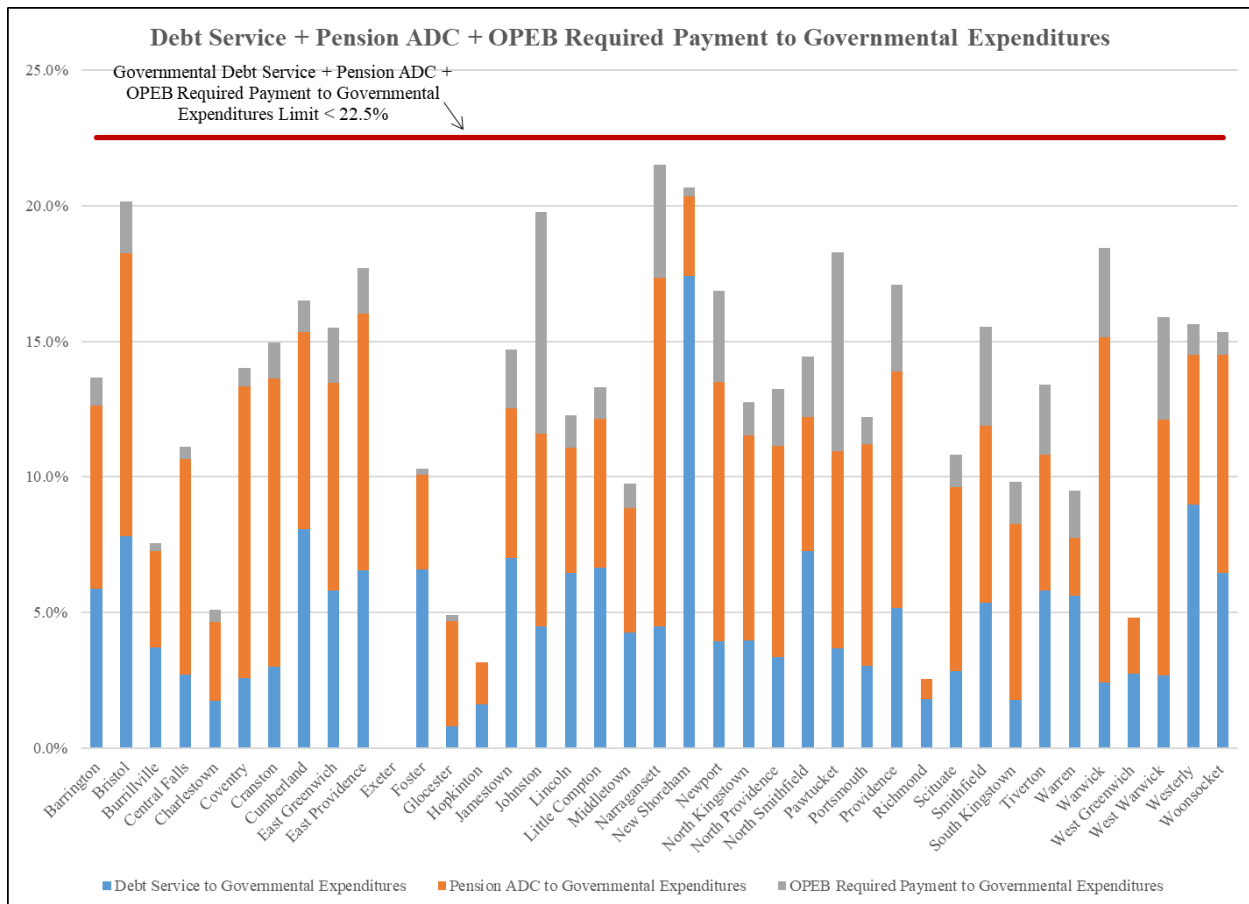
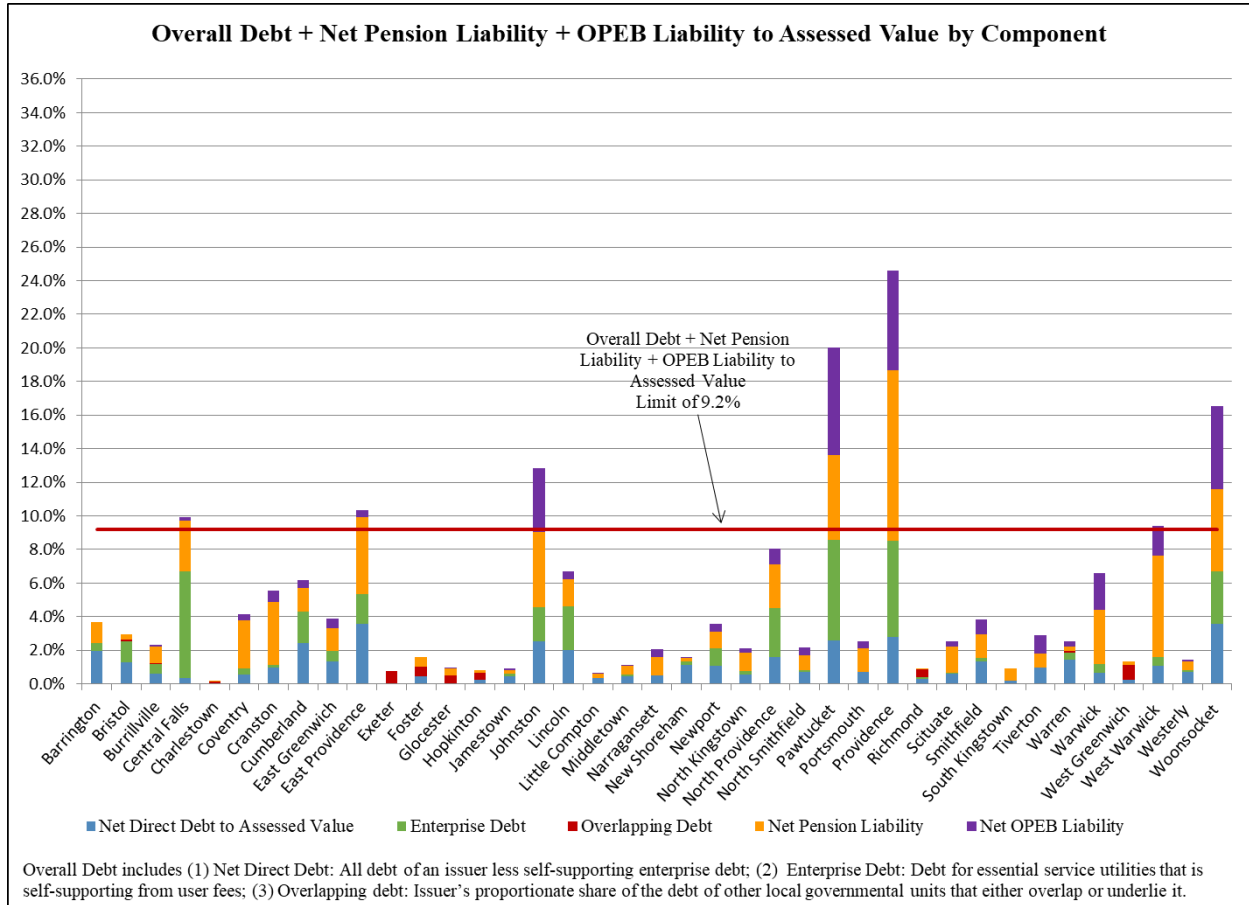
⁽¹⁾ For the purposes of these calculations, all borrowing for school building projects is included, regardless of expected State reimbursement. For totals with expected State reimbursement netted out, please reference Appendix C pages C-7 and C-8.

Net Direct Debt: All debt of an issuer less self-supporting enterprise debt. Enterprise Debt: Debt for essential service utilities that is self-supporting from user fees. Overlapping Debt: Issuer's proportionate share of the debt of other local governmental units that either overlap or underlie it. Overall Debt: Net debt + Enterprise Debt + Overlapping Debt. Overall debt includes allocation of Narragansett Bay Commission debt to Enterprise Debt of municipalities in its service area.

The charts below show the debt-only ratios for the municipalities.



The charts below show the combined debt, pension and OPEB ratios for the municipalities.



Debt Affordability Study
Part Four - Guidelines for Debt Management Best Practices
for
State Level Debt
and
Quasi-Public Entities and Local Governments

Part Four- Guidelines for Debt Management Best Practices

Guidelines for State-Level Debt Management

In maximizing debt affordability, the State should maintain certain guidelines on how best to issue and structure its tax-supported debt in order to minimize borrowing costs and to maintain flexibility, and if possible, eventually improve, its credit rating. The following provides debt structuring, issuance and post issuance compliance guidelines for State tax-supported debt.

Purpose

These guidelines are intended to aid the Department of Administration, Office of the General Treasurer, State agencies, commissions, boards and authorities in structuring their financing arrangements in a manner consistent with the best interests of the State. These are guidelines only, and consideration of a structure outside of these guidelines may be warranted under certain circumstances.

Applicability

These guidelines apply to all State agencies, corporations, boards and authorities where the debt service payments are expected to be made, in whole or in part, directly or indirectly, from tax revenues, including appropriations of the State and moral obligation debt.

Types of Debt

Debt financing may include State general obligation bonds, revenue bonds, certificates of participation, and lease/purchase debt. The primary debt type used has been State general obligation bonds. However, other outstanding tax supported debt has been issued by the Convention Center Authority, the Commerce Corporation, and in 2023 and 2025, RIHEBC issued a total of \$144,000,000 State Appropriation-Backed Revenue Bonds (Central Falls Public School Projects). In addition, the State has issued Certificates of Participation and performance-based obligations. The State has identified different categories of net tax-supported debt:

- Direct debt
- Guaranteed debt
- Contingent debt
- Other obligations subject to appropriation

Debt Structuring Practices

The following guidelines, which may be modified by an issuer to meet the particulars of the financial markets at the time of the issuance of a debt obligation, describe the basic debt issuance and debt structuring components and the terms and parameters are intended to provide general guidance to the issuer.

Method of Sale: Municipal bonds are typically sold by negotiated sale or competitive sale. With a negotiated sale, the issuer selects an underwriter, or more likely a group of underwriters, called a syndicate, to sell the bonds in a public offering. The book-running senior manager acts as the lead representative of the syndicate. The issuer, with advice from its financial advisor, will negotiate with the senior manager to determine the optimal structure, price, underwriter's discount and institutional and retail placement of the bonds. Negotiation may provide more flexibility as to timing, structure and pricing of the transaction. With a competitive sale, the issuer prepares a Notice of Sale, which is published with the preliminary offering document and describes all the parameters for bids on the bonds. On the day and time set for the sale, as established in the Notice of Sale, bidders submit bids and the bid with the lowest true interest cost wins. The winning bidder sells the bonds to investors at the prices that were bid. A third method of sale that is used much less frequently is a private placement, where bonds are not publicly offered, rather they are sold directly to qualified investors. Private placements, including bank loans, bank funding agreements, and master lease

programs can be cost effective for certain types of financings, including: variable rate, short-term and smaller size issuances due to lower costs of issuance compared to publicly marketed securities.

Issuers should sell their debt using the method of sale that is most likely to achieve the lowest cost of borrowing. Under certain circumstances, a competitive sale will generally result in the lowest cost of borrowing and should be the preferred method of sale if certain factors are present. In determining the method of sale, the issuer should consider the following factors:

Factor	Competitive Sale	Negotiated Sale
Credit	General obligation credits High ratings No negative outlook on the ratings	New credit Complex credit with a “story” Low credit ratings (Baa/BBB)
Size of the Issue	Bond issue under \$500 million for Rhode Island	Large debt issue that raises concerns about market saturation. Threshold level varies from issuer to issuer.
Financing Structure	Fixed rate, current interest bonds with serial maturities or term bonds	Structure is complex and it is difficult to sell through a competitive sale. Complex refunding structure.
Market Volatility	Capital markets are functioning normally with no extreme volatility in interest rates and/or investor demand	Capital markets are experiencing wide shifts in interest rates and investor demand (e.g., financial crisis in late 2008/early 2009 and COVID-19-related volatility)
Retail Investor Demand	Retail investors are not the target buyers	Structure of the bonds is conducive to retail investor demand, with the expectation that many of the bonds would be placed with retail investors

The State’s general obligation bonds are good candidates for a competitive sale. With ratings of Aa2/AA/AA+ and a stable outlook from Fitch Rating, Inc., Moody’s Investors Service, Inc. and S&P Global Ratings and typical fixed rate, amortizing structure and manageable size, the State can sell its general obligation bonds on a competitive basis and achieve the lowest cost of borrowing. Since 2016, the State has successfully sold its General Obligation Bonds competitively, except the Series 2019C, 2019E, 2023A, 2023B and 2025A, 2025B and 2025C bonds. On the competitive sales, the State has seen strong demand for its bonds, as reflected in the number of bidders and the pricing levels bid. The Series 2019C and 2019E bonds were sold on a negotiated basis to target retail investors for the first bond issue sold for the newly authorized school construction bond program. The Series 2023A and 2023B bonds also were sold on a negotiated basis to target retail investors and to leverage the State’s first Investor Conference. The sale included a one day retail order period, which resulted in \$196.3 million of retail orders, including \$17.3 million from Rhode Island retail investors. The Series 2025A, 2025B and 2025C bonds were sold on a negotiated basis to also leverage the State’s second Investor Conference.

In certain circumstances, the State may want to consider issuing a private placement, a direct sale/purchase of securities or enter into a bank loan transaction as an alternative to issuing publicly offered municipal bonds. Private placements, direct sales and bank loans are often competitive with a public sale of securities in cases when the transaction size is small, when the term of debt is short and when the interest rate mode is variable. With a private placement, the State would typically issue a solicitation, based on the advice of its financial advisor, for offers from qualified lending institutions. The solicitation responses are then reviewed and compared with careful consideration being given to any non-standard or onerous covenants and a winning offer is selected and the terms are locked in. In evaluating the use of these alternatives, the State and its financial advisor should compare the costs of the private debt vs. a public sale of securities, taking into account the interest cost and upfront financing costs.

Term of the Debt: The term (final maturity) of a financing must not exceed a conservative estimate of the useful life of the assets to be financed (or the remaining useful life of assets associated with refunding bonds). A term of twenty-years (20) years has been used for State general obligation bonds. Longer terms are appropriate for project finance issues and financings where debt service is paid from a specific revenue stream. Shorter terms are appropriate for financings which rely on non-State or limited revenue sources to pay debt service such as GARVEE financings and other special obligation financings.

Amortization Structure of Debt: An amortization that produces level-annual debt service should be used unless otherwise dictated by considerations provided below. However, in all circumstances, the weighted average maturity must not be greater than useful life of the assets to be financed. Amortization structures that produce an increasing level of debt service (ascending debt service) are generally only appropriate for non-contingent debt. Level principal amortization or an amortization schedule producing descending debt service could be used to reduce interest cost and shorten the weighted average maturity of the bonds being issued. Principal repayment should begin within eighteen months of the issuance unless debt repayment is solely dependent on revenues derived from the project being financed or there is an overwhelming business rationale. Structures utilizing term bonds or other “balloon” payments should require annual sinking fund payments that achieve the required amortizations discussed above. Issuers may combine two or more series of bonds issued under a common plan of finance to achieve the required amortization structures. If one of the series includes a taxable component, it is generally advisable to amortize the taxable series with a shorter weighted average maturity. Issues with a fully funded debt service reserve fund should use any balance remaining at maturity to make the final payment.

Sizing the Issue: For bonds other than State General Obligation bonds approved by the voters, the project draw (spending) schedule should be used as the basis for sizing the issue. If possible, net funding, which takes into account the projected earnings on the bond proceeds as a source of funds for project costs using anticipated spending schedules and an assumed rate of investment earnings, should be used to size the issue, as this results in a smaller overall issue size.

Capitalized Interest: When interest is capitalized, a portion of the proceeds of an issue is set aside to pay interest on the bonds for a specified period of time. Capitalized interest should only be used when necessary (typically for revenue-producing projects) and should be limited to six months beyond the projected completion date of the project.

Call Provisions: Bonds issued without call provisions generally carry lower interest costs. However, issuing non-callable debt may inhibit a government’s ability to effectively restructure future debt payments, if needed, and take advantage of current refunding opportunities, thus reducing the debt service interest payments. It is standard for most tax-exempt bonds to be issued with a ten-year call at a redemption price of 100% of the principal amount of the bonds to be redeemed, plus accrued interest to the redemption date. For taxable bonds, a make-whole call is more standard, but a ten-year par call with a make-whole call prior to the ten-year par call has become increasingly common in the municipal market, providing issuers with more flexibility. Issuers and their financial advisors should evaluate non-standard call provisions using an option analysis to estimate the value or cost of call option alternatives to determine the most beneficial structure. For competitive sales, the issuer’s financial advisor should determine the option value and the necessary spreads to the municipal benchmark index needed to achieve the estimated benefit from a non-standard call provision.

Premium or Discount: Unless otherwise prohibited, the issuer should use the net original issuance premium (original issuance premium, less original issuance discount less underwriters’ discount) for project costs for a new money financing and escrow costs for refunding bonds. Using net original issuance premium for the next interest or principal payment to bondholders is considered capitalized interest, which may be appropriate in the case of project financings or for tax-law considerations.

Credit Enhancement: The use of credit enhancement through the purchase of a municipal bond insurance policy to improve the credit ratings on a financing may be considered on transactions where the improved bond rating and corresponding reduction in interest rates paid by the issuer more than offsets the

cost of the enhancement due at issuance. A cost-benefit analysis should be performed to determine if insurance or another type of enhancement is warranted. It is encouraged that the cost-benefit analysis be done to both the maturity of the bonds and to the bond's first call-date.

Election to Issue Variable Rate: Issuing Variable Rate Debt gives an issuer access to rates on the very short end of the yield curve. With Variable Rate Debt, the issuer is subject to interest rate risk. *Generally, no more than 20% of an issuer's aggregate outstanding debt should be in a variable rate mode,* and before using variable rate debt, the issuer should understand the risks and compare the cost to a long-term fixed rate borrowing to determine if the benefit outweighs the risks. The difference between short versus long-term rates varies with the shape of the yield curve and historically has ranged from 100-300 basis points (or 1.0% to 3.0%), but in the current interest rate environment with an inverted yield curve, short-term rates are higher than long-term rates. Issuers may want to refrain from issuing Variable Rate Debt until the yield curve normalizes.

Interest Rate Swaps and Other Synthetic Products: To the extent permitted by State law, the use of contracts on interest rates, currency, cash flows, etc., including (but not limited to) interest rate swaps, interest rate caps and floors and guaranteed investment contracts (GICs) should not be used unless the issuer has adopted a separate policy regarding the use of such products and compared the risks and potential benefits against non-synthetic alternatives. Prior to entering into any Interest Rate Swaps and Other Synthetic Products associated with any Net Tax Supported Debt, the issuer should review the proposed product and transaction with the Office of the General Treasurer.

Refunding of Outstanding Debt

A refunding should only be done if there is a resulting economic benefit regardless of whether there is an accounting gain or loss, or a subsequent reduction or increase in cash flows. The issuer and its financial advisor will monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. Refunding Bonds should be issued only when the issuance is of benefit to the issuer and/or the State. Prior to 2018, tax-exempt bonds issued after 1986 could only be Advance Refunded one time with tax-exempt proceeds. The Tax Cuts and Jobs Act, enacted in December 2017, eliminated the tax exemption for interest on advance refunding bonds; therefore, all Advanced Refunding Bonds issued on or after December 31, 2017, must be issued on a taxable basis.

Refundings are generally undertaken for three reasons: (i) to provide present value debt service savings to the issuer; (ii) to escape burdensome or restrictive covenants imposed by the terms of the bonds being refinanced; (iii) to restructure debt for an appropriate purpose. Refunding issues should be amortized to achieve level annual debt service savings or proportional savings based on the principal amount of the bonds being refunded. "Up-front" or "deferred" debt service savings structures should be employed only as necessary to meet specific objectives and dissavings in any year should be avoided, if possible. In addition, the final maturity on the Refunding Bonds should be no longer than the final maturity on the Refunded Bonds unless a debt restructuring is undertaken for an appropriate purpose for the State.

Current Refundings. Current refundings are a diminishing asset. Current refundings should be completed as long as the net present value savings is meaningful and the market for tax-exempt bonds is not extraordinarily volatile.

Taxable Advanced Refundings: For refundings for savings, the following analyses are suggested to ensure that a taxable advanced refunding is warranted:

- On a bond series basis, the breakeven increase in interest rates should be calculated. The breakeven increase in interest rates is a calculation of how much rates have to increase between a taxable Advance Refunding of the bonds today and a tax-exempt current refunding at the time the bonds are callable to result in the same amount of present value savings. The breakeven increase in tax-exempt interest rates should not exceed the forward interest rate forecast or a pre-established target based on past market volatility. Generally, the length of time to the call date, market conditions, shape of the yield curve and interest rate expectations are factors to be considered. Additionally, if the taxable

Advance Refunding Bonds are expected to have different call features than a tax-exempt current refunding, the issuer should take into account the estimated value of the issuer's call option on both the taxable Advance Refunding Bonds and the tax-exempt current refunding.

- Taxable Advanced Refunding initiated to escape burdensome or restrictive covenants or to restructure debt for an appropriate purpose for the issuer may be considered in certain cases even when the taxable Advance Refunding generates dissavings or may warrant a lower savings target, depending on the benefits expected to be achieved.

Forward Refunding. A refunding in which bonds are sold with the intent to close or deliver at some future point in time, generally within 90 days prior to the call date on the refunded bonds, thereby qualifying the issue as a current (tax-exempt) refunding. In general, the issuer should evaluate the breakeven savings rate (described above) to consider the likelihood of achieving higher savings than a current refunding, while minimizing other risks associated with a Forward Refunding.

Debt Issuance Practices

Sale Process: A competitive bond offering involves bid solicitation from potential purchasers, principally underwriters. It is a public bid where the bonds are sold to the underwriter or other purchaser that offers the lowest "true interest cost" or TIC. TIC is defined as the rate necessary, when compounded semi-annually, to discount the amounts payable on the respective principal and interest payment dates back to the delivery date where the total equals the purchase price received for the new issue securities.

A negotiated offering differs from a competitive offering in the method used for selecting the underwriter, the role of the underwriter in the bond marketing process, and the procedures used for determining interest rates and underwriter compensation. In a negotiated offering, the underwriter is selected first, generally through the solicitation of competitive requests for proposals. The underwriter or senior underwriter will engage in pre-sale marketing and will negotiate interest rates. The State should conduct financings on a competitive basis; however, negotiated financings may be used due to market volatility or the use of an unusual or complex financing or security structure. Retail only issues or sales are sold through a negotiated process. Also, complex bond refundings are often conducted through a negotiated process. In either case, there should still be a competitive process, in the first case, by virtue of the bid of the bonds and in the latter case by an RFP process to select an underwriting firm or firms. The negotiated offering is structured to require the solicitation of multiple underwriting proposals and permits the issuers to solicit the advice of several underwriters about how to structure and price a proposed bond issue. To provide the broadest distribution of bonds, the use of co-managers and selling groups are encouraged in negotiated transactions. The size of the transaction, anticipated retail/institutional demand, experience, etc., will determine the number of participants.

Competitive Sale: After disclosure documents are completed and structuring issues have been decided, the competitive sale process may begin. The State posts and electronically distributes its Preliminary Official Statement that contains a detailed Notice of Sale containing the relevant aspects of the sale including precise bidding rules and the date and times bidders must submit their bids. The State currently uses BondLink for investors relations and the Preliminary Official Statement can also be accessed through BondLink. The most common on-line bidding platform used by the municipal market is Parity IPREO. Bids are promptly "opened" and disclosed. As a condition of submitting a bid, bidders may have to provide a good faith pledge, typically 1% of the value of the bonds being offered. On a date specified, after all legal documentation has been completed, the sale closes. The final purchase price of the bonds is wired to the State and the bonds are released.

Negotiated Sale: A sale date is chosen by the issuer with input from the underwriter and the financial advisor. Prior to any pre-marketing of the bonds, the book-running senior underwriter should submit proposed pricing to the financial advisor and the issuer which will include proposed coupons, yields and take downs for each maturity to be sold. The scale should reflect input from the other members of the underwriting groups (co-managers and so-senior managers if any), known as price views, and a consensus scale. The proposal should also include all fees and costs associated with the underwriting. The issuer and

the financial advisor should consider the proposal and negotiate any recommended changes. Following the pre-marketing, this process should be repeated with information gained from the pre-marketing activity and investor interest. Prior to the official pricing date, a retail order period may be held to solicit orders from retail investors. On the day of the institutional pricing an interest rate scale is released to potential investors through a pricing wire. The issuer and the financial advisor should review the pricing wire and confirm that it is consistent with agreed upon terms. An order period is conducted lasting several hours. During the order period, orders are placed by investors through the senior manager, the co-managers and selling group. The issuer and the financial advisor may view the orders as they are placed and entered into the senior manager's order management system, using the IPREO system. After the order period closes, the senior manager, issuer and financial advisor review the "book of orders." Based on the amount and distribution of orders, the senior manager and the issuer determine whether any adjustments to the pricing of the bonds are necessary. After the bonds are repriced, the management group checks to see whether additional orders can be obtained and/or whether initial orders are withdrawn. Several iterations of this process may take place. When the senior manager (on behalf of the entire underwriting group), the issuer and financial advisor agree on a price, a verbal award is made. Subsequent to pricing, an official Bond Purchase Agreement is signed between the underwriting group and the issuer. A good faith deposit is obtained, similar to the competitive process. On a date specified, after all legal documentation has been completed, the sale closes. The final purchase price of the bonds is wired to the State and the bonds are released, as with the competitive process.

Professional Services: The State or the issuer will employ financial specialists to assist it in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. The key Financing Team members include the issuer's municipal advisor, bond counsel, underwriter (in a negotiated sale) and in some instances, a disclosure counsel. The use of an independent municipal advisor is encouraged. Bond counsel and underwriters' counsel should not be the same firm. Other outside firms, such as those providing paying agent, trustee, and/or printing services, are retained as required. For refunding bonds, the issuer will likely need to retain a verification agent (that verifies the refunding cash flows) and an escrow agent (hold the refunding moneys in trust until the bonds are redeemed). Depending on the statutory authority, the costs for these services and fees can be paid through the proceeds of the bonds or through budgeted appropriations.

Credit Ratings and Rating Agencies. Obtaining a minimum of two ratings is encouraged as the use of two or more ratings broaden the pool of investors. Obtaining one rating can be appropriate for smaller or unique transactions. The cost of ratings can be the highest single cost other than the underwriters' discount, especially for larger transactions. Other states have had success reducing their transactional State and State agency rating costs by annually negotiating with each of the agencies and receiving a price for all state and state-agency expected transactions.

Underwriters' Discount: The underwriters' discount or spread is the difference between the price the underwriter pays the issuer for the bonds and the price the underwriter receives from the resale of those bonds to investors. Underwriter's compensation consists of takedown, management fee, underwriting risk, and expenses, although currently spreads reflect the amounts of only takedown and expenses. The expense component is made up of costs incurred by the underwriter on behalf of the issuer, including underwriters' counsel. The costs for these services need to be managed, through the competitive bid process used to select underwriters and subsequent negotiation and monitoring of fees.

Pricing/Sale Date: The Sale date should be driven by the need for proceeds and an appropriate time that the State is able to generate a thorough disclosure document, either due to the availability of financials or the ability to dedicate necessary State resources. The issuer should not attempt to "time the market"; however, issuers should avoid market competition with other state issues and/or comparable credits.

Closing Date: Sufficient time should be allowed between the sale (or pricing) date and the closing date to permit adequate review and execution of all closing documents. Issues requiring the execution of any document by the Governor (e.g., Consent of the Governor, Governor's Certificate, etc.) may require additional time to allow for review and execution by the Governor. Closing documents requiring the approval of and/or execution by the General Treasurer must be provided as soon as possible after pricing

in order to allow adequate time for review and approval. Where appropriate, draft documents may be provided prior to pricing in order to speed the process.

Rating Agency Relations: Full disclosure of operations and open lines of communication shall be made to the rating agencies. Large and frequent issuers, such as the State, should meet with the rating agencies no less than annually to provide relevant updates on financial, economic and operational performance.

Disclosure: The State of Rhode Island is committed to continuing disclosure of financial and pertinent credit information relevant to the State's outstanding securities and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure. See below *Disclosure and Post Issuance Debt Management*.

Investment of Bond Proceeds: All general obligation and revenue bond proceeds shall be invested in separate bond accounts by issuance to aid in calculating arbitrage. Investments will be consistent with those authorized by existing statute and by the State's investment policies. If invested in a portfolio of securities, the portfolio should be structured to meet expected spending requirements. Accordingly, draw schedules should be reviewed and updated periodically and provided to the investment manager. The investment of a refunding escrow portfolio should include an analysis of the use of State and Local Government Securities (SLGs) and open market securities. The State's or the issuer's municipal advisor should estimate any potential benefit of the use of an open market escrow and the State or the issuer should determine if the potential savings will be worth the time and the risk of the bid.

Pre-Issuance Review of Projects: Prior to the issuance of the bonds, the State should conduct a review of the projects to be financed, in coordination with bond counsel in order to confirm that the projects are eligible to be financed on a tax-exempt basis.

Disclosure and Post Issuance Debt Management

Municipal securities are exempt from the disclosure regulations generally applied to corporations in both the Securities Act of 1933 and the Securities Exchange Act of 1934. Municipal securities, however, are subject to the anti-fraud provisions of the acts and related rules, specifically, section 17(a) of the 1933 Act, Section 10(b) of 1934 Act, and SEC Rule 10b-5 states that it is unlawful "to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." As the issuer of the bonds, the State has the responsibility to assure the accuracy and completeness of information provided to the potential investors. Issuers such as the State must also comply with SEC Rule 15c2-12. It is an SEC rule under the 1934 Act setting forth certain obligations of underwriters to receive, review and disseminate official statements prepared by issuers of most primary offerings of municipal securities.

The State issues a preliminary and final Official Statement (OS) in connection with its bonds. The Official Statement is one of the most critical documents produced by the bond financing team. The OS document discloses material information on a new issue including the purposes of the issue, how the securities will be repaid, and the financial, economic and demographic characteristics of the State. Investors, analysts and rating agencies may use this information to evaluate the credit quality of the securities. Federal securities laws generally require that if an official statement is used to market an issue, it must fully disclose all facts that would be of interest to potential investors evaluating the bonds. The OS also includes a statement that there have been no material misstatements or omissions by the issuer with respect to the issue, and that no facts have become known which would render false or misleading any statement which was made. While the State employs consultants and bond counsel to assist in this task, the ultimate responsibility for the document rests with the State.

In addition to paying principal and interest on the bonds, after the bonds are issued the State has continuing obligations to bondholders including:

- Compliance with IRS code relative to arbitrage earnings, private use, useful life and the tax-exempt status of the bonds; and
- Secondary Market Disclosure requirements for the issuer or the State to provide:
 - (i) ongoing information on State's or the issuer's financial condition and
 - (ii) disclosure to bondholders about material events that affect the status of the bonds including arbitrage and tax compliance, and
 - (iii) for the benefit of individuals purchasing and/or holding the securities subsequent to their initial issuance.

Issuers must commit in the bond documents to provide secondary market disclosure.

Compliance with IRS Code: The primary IRS code applicable to tax-exempt bonds are the Federal Tax Reform Act of 1986 as incorporated in the U.S. Treasury Internal Revenue Code (IRC) sections 103 and 141 through 150. While there are many criteria, the most common issues relate to private use, arbitrage, and useful life. Section 103 of the Code indicates that an "arbitrage bond" under Section 148 will not be tax-exempt. "The basic arbitrage rule is that a municipality may not invest the proceeds of a tax-exempt note or bond in such a manner so that the yield on the invested funds exceeds the interest rate being paid on its borrowing by more than .125%. This should be distinguished from an unintentional generation of arbitrage earnings. Intent factors into the determination of "arbitrage." If projects fall behind schedule, there may be an arbitrage "rebate" to the IRS but not necessarily a determination that an arbitrage bond exists. In these cases, there are safe harbors such as spend down exemptions and there are certain requirements for tracking the arbitrage rebate. Intentional arbitrage would, however, affect the tax status of the bonds. In addition to arbitrage, another requirement is that tax-exempt bonds issued must be for a public, not private use, which generally includes bridges, schools and infrastructure used by the general public. There are, however, private uses that have a public benefit; pollution related clean-up, affordable housing, etc. Private use and private debt service of the bond cannot exceed 10% of the issue (5% on certain loans). Another issue is continued private use. For instance, a building constructed using bond funds for a public use may not generally be resold for private use, although the "change in use" provisions do provide for certain remedies. In addition, bonds may not exceed certain useful life criteria for the underlying capital assets. For any matters relating to the use of proceeds or investments, the State should always consult with bond counsel to ensure compliance with IRS Code and other governing provisions.

Continuing/Secondary Market Disclosure: At the time of issuance, disclosure of material facts is made. Issuers such as the State have a continuing obligation for disclosure. This is required by SEC Rule 15c2-12 as stated by the MSRB:

"Under Rule 15c2-12(b)(5), an underwriter for a primary offering of municipal securities subject to the rule currently is prohibited from underwriting the offering unless the underwriter has determined that the issuer or an obligated person for whom financial information or operating data is presented in the final official statement has undertaken in writing to provide certain items of information to the marketplace. Rule 15c2-12(b)(5) provides that such items include: (A) annual financial information concerning obligated persons; (B) audited financial statements for obligated persons if available and if not included in the annual financial information; (C) notices of certain events, if material; and (D) notices of failures to provide annual financial information on or before the date specified in the written undertaking."

The SEC further defines "obligated person" as:

"... any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities sold in a primary offering (other than providers of bond insurance, letters of credit, or other liquidity facilities)."

The SEC further requires that broker-dealers can only buy securities for which the issuer has agreed to provide written assurance of their continuing disclosure. As noted above, the SEC does not have authority over disclosure requirements in the municipal bond market. Through these rules, however, the SEC has placed restrictions on underwriters, broker-dealers and other business partners, creating effective compliance.

SEC Rule 15c2-12 mandates continuing disclosure unless the bonds qualify for an exemption, which is generally not the case given the size of State issues. The State is responsible for providing ongoing disclosure information to established national information repositories and for maintaining compliance with disclosure standards. The State works with Bond Counsel or Disclosure Counsel to assure that this is completed annually and in the event of the occurrence of a disclosure event.

On August 20, 2018, SEC approved amendments to SEC Rule 15c2-12. These amendments, which became effective on February 27, 2019, added new events to the prior list of events and are related to an issuer or and obligated party's incurrence of a "financial obligation" as described below.

Notice would be required for the following events:

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on the debt service reserves reflecting financial difficulties
- Unscheduled draws on the credit enhancements reflecting financial difficulties
- Substitution of the credit or liquidity providers or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the bonds
- Modifications to rights of bondholders
- Optional, contingent or unscheduled calls of bonds
- Defeasances
- Release, substitution or sale of property securing repayment of the bonds
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the obligated person
- Consummation of a merger, consolidation, or acquisition involving an obligated person
- Appointment of a successor or additional trustee
- Incurrence of a financial obligation, as defined in the Rule, which generally means (i) a debt obligation and (ii) a derivative instrument entered into and associated with a current or planned debt obligation;
- A guarantee of financial obligation
- An agreement to covenants, events of default, remedies, priority rights of a financial obligation of the issuer or obligated person, which affect the bondholders, if material
- A default, event of acceleration, termination event, modification of terms, or other events under the terms of a financial obligation of the issuer or obligated person, which reflect financial difficulties

Annual filings are to be sent to and posted on the MSRB's Electronic Municipal Market Access database ("EMMA"). In addition, if the State determines that the occurrence of an above listed event is material under applicable federal securities laws, the State has a duty to promptly file a notice of such occurrence and have it posted on EMMA. <http://www.emma.msrb.org/>

Appendix A – Part One
Comparison of
Debt and Liability Ratios for States

APPENDIX A
TABLE OF CONTENTS

Moody's State Debt and Liability Ratios.....	A-1
Fitch State Debt and Liability Ratios.....	A-19
Standard & Poor's State Debt and Liability Ratios.....	A-24

Moody's State Debt Medians				
State	Debt Service to Revenues	Debt to Personal Income	Debt Per Capita	Debt to Gross State Product
50 State Median	1.6%	1.8%	\$1,214	1.7%
Double-A States Median	1.9%	2.3%	\$1,401	2.0%
Rhode Island (Aa2/AA/AA+)	3.7%	4.2%	\$2,953	4.0%
Alabama (Aa1/AA/AA+)	1.9%	1.8%	\$1,024	1.6%
Alaska (Aa2/AA/AA-)	0.9%	2.5%	\$1,884	2.0%
Arizona (Aa1/AA/--)	0.6%	0.4%	\$237	0.3%
Arkansas (Aa1/AA+/--)	0.5%	0.5%	\$281	0.5%
California (Aa2/AA-/AA)	2.5%	3.0%	\$2,563	2.5%
Colorado (Aa1/AA/--)	1.8%	1.2%	\$991	1.1%
Connecticut (Aa2/AA-/AA)	7.5%	8.2%	\$7,636	7.7%
Delaware (Aaa/AAA/AAA)	3.6%	6.5%	\$4,472	4.6%
Florida (Aaa/AAA/AAA)	1.4%	0.9%	\$608	0.8%
Georgia (Aaa/AAA/AAA)	2.2%	1.7%	\$1,045	1.3%
Hawaii (Aa2/AA+/AA)	5.5%	9.7%	\$6,730	8.4%
Idaho (Aaa/AA+/AAA)	0.8%	1.1%	\$669	1.0%
Illinois (A2/A-/A-)	3.4%	3.9%	\$2,873	3.2%
Indiana (Aaa/AAA/AAA)	0.6%	0.5%	\$334	0.4%
Iowa (Aaa/AAA/AAA)	0.6%	0.5%	\$349	0.4%
Kansas (Aa2/AA-/AA)	1.7%	1.8%	\$1,252	1.6%
Kentucky (Aa2/A+/AA)	2.1%	2.4%	\$1,357	2.1%
Louisiana (Aa2/AA/AA-)	3.0%	3.2%	\$1,934	2.7%
Maine (Aa1/AA/AA+)	1.7%	1.7%	\$1,188	1.7%
Maryland (Aa1/AAA/AAA)	3.4%	3.7%	\$2,927	3.4%
Massachusetts (Aa1/AA+/AA+)	5.7%	7.7%	\$7,188	6.6%
Michigan (Aa1/AA/AA+)	1.5%	1.5%	\$970	1.4%
Minnesota (Aaa/AAA/AAA)	1.5%	2.1%	\$1,571	1.8%
Mississippi (Aa2/AA/AA)	3.1%	3.7%	\$1,904	3.6%
Missouri (Aaa/AAA/AAA)	0.9%	0.6%	\$382	0.5%
Montana (Aa1/--/AA+)	0.2%	0.3%	\$171	0.3%

Moody's State Debt Medians				
State	Debt Service to Revenues	Debt to Personal Income	Debt Per Capita	Debt to Gross State Product
Nebraska (Aaa/AAA/--)	0.1%	0.1%	\$43	0.0%
Nevada (Aa1/AA+/AA+)	1.4%	1.0%	\$715	0.9%
New Hampshire (Aa1/AA+/AA+)	1.4%	0.9%	\$726	0.8%
New Jersey (Aa3/A+/A+)	5.0%	5.3%	\$4,463	5.0%
New Mexico (Aa2/AA/--)	1.0%	2.5%	\$1,444	2.2%
New York (Aa1/AA+/AA+)	2.9%	3.8%	\$3,287	2.8%
North Carolina (Aaa/AAA/AAA)	1.1%	0.9%	\$551	0.7%
North Dakota (Aa1/AA+/--)	0.7%	1.5%	\$1,084	1.1%
Ohio (Aaa/AAA/AAA)	2.9%	2.3%	\$1,445	1.9%
Oklahoma (Aa1/AA+/AA)	0.9%	0.7%	\$465	0.7%
Oregon (Aa1/AA+/AA+)	3.6%	4.3%	\$3,045	3.9%
Pennsylvania (Aa2/A+/AA)	2.2%	2.1%	\$1,515	1.9%
South Carolina (Aaa/AA+/AAA)	0.7%	0.7%	\$392	0.6%
South Dakota (Aaa/AAA/AAA)	1.0%	0.7%	\$525	0.6%
Tennessee (Aaa/AAA/AAA)	0.5%	0.5%	\$312	0.4%
Texas (Aaa/AAA/AAA)	1.1%	0.9%	\$608	0.7%
Utah (Aaa/AAA/AAA)	1.0%	0.9%	\$572	0.7%
Vermont (Aa1/AA+/AA+)	1.0%	1.8%	\$1,239	1.8%
Virginia (Aaa/AAA/AAA)	2.7%	2.6%	\$2,034	2.3%
Washington (Aaa/AA+/AA+)	4.5%	4.2%	\$3,510	3.3%
West Virginia (Aa2/AA-/AA)	3.4%	4.3%	\$2,374	3.9%
Wisconsin (Aa1/AA+/AA+)	2.9%	2.6%	\$1,746	2.3%
Wyoming (--/AA+/--)	0.3%	0.2%	\$207	0.2%

Source: Moody's - Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's State Pension Medians				
State	2022 ANPL as % of Own-Source Revenues	ANPL as % of Personal Income	ANPL as % of Gross State Product	ANPL Per Capita
50 State Median	45%	3.1%	2.9%	\$2,092
Double-A States Median	57%	5.0%	4.5%	\$3,186
Rhode Island (Aa2/AA/AA+)	72%	6.0%	5.6%	\$4,162
Alabama (Aa1/AA/AA+)	33%	2.3%	2.1%	\$1,306
Alaska (Aa2/AA/AA-)	78%	14.6%	11.6%	\$10,966
Arizona (Aa1/AA/--)	25%	1.3%	1.2%	\$857
Arkansas (Aa1/AA+/--)	42%	2.9%	2.9%	\$1,750
California (Aa2/AA-/AA)	64%	5.3%	4.4%	\$4,566
Colorado (Aa1/AA/--)	55%	2.5%	2.3%	\$2,104
Connecticut (Aa2/AA-/AA)	224%	17.3%	16.2%	\$16,142
Delaware (Aaa/AAA/AAA)	53%	6.5%	4.6%	\$4,511
Florida (Aaa/AAA/AAA)	22%	1.0%	1.0%	\$731
Georgia (Aaa/AAA/AAA)	28%	1.5%	1.2%	\$961
Hawaii (Aa2/AA+/AA)	100%	12.3%	10.7%	\$8,552
Idaho (Aaa/AA+/AAA)	19%	1.4%	1.4%	\$885
Illinois (A2/A-/A-)	287%	22.6%	18.7%	\$16,760
Indiana (Aaa/AAA/AAA)	33%	2.1%	1.8%	\$1,355
Iowa (Aaa/AAA/AAA)	18%	1.2%	1.0%	\$793
Kansas (Aa2/AA-/AA)	87%	6.8%	5.9%	\$4,626
Kentucky (Aa2/A+/AA)	185%	15.2%	13.7%	\$8,742
Louisiana (Aa2/AA/AA-)	52%	3.8%	3.3%	\$2,325
Maine (Aa1/AA/AA+)	79%	5.9%	5.7%	\$4,007
Maryland (Aa1/AAA/AAA)	104%	7.9%	7.2%	\$6,199
Massachusetts (Aa1/AA+/AA+)	117%	10.3%	8.9%	\$9,672
Michigan (Aa1/AA/AA+)	45%	3.4%	3.1%	\$2,156
Minnesota (Aaa/AAA/AAA)	21%	1.9%	1.7%	\$1,442
Mississippi (Aa2/AA/AA)	54%	4.7%	4.6%	\$2,442
Missouri (Aaa/AAA/AAA)	66%	3.2%	2.8%	\$2,045
Montana (Aa1/--/AA+)	96%	6.9%	6.9%	\$4,635

Moody's State Pension Medians				
State	2022 ANPL as % of Own-Source Revenues	ANPL as % of Personal Income	ANPL as % of Gross State Product	ANPL Per Capita
Nebraska (Aa1/AAA/--)	41%	2.5%	2.0%	\$1,610
Nebraska (Aaa/AAA/--)	22%	1.4%	1.1%	\$1,010
Nevada (Aa1/AA+/AA+)	59%	3.0%	2.6%	\$2,080
New Hampshire (Aa1/AA+/AA+)	34%	1.5%	1.4%	\$1,243
New Jersey (Aa3/A+/A+)	178%	13.7%	12.9%	\$11,488
New Mexico (Aa2/AA/--)	33%	6.5%	5.7%	\$3,726
New York (Aa1/AA+/AA+)	15%	1.4%	1.0%	\$1,211
North Carolina (Aaa/AAA/AAA)	20%	1.2%	1.0%	\$778
North Dakota (Aa1/AA+/-)	14%	2.2%	1.6%	\$1,530
Ohio (Aaa/AAA/AAA)	28%	1.6%	1.3%	\$1,029
Oklahoma (Aa1/AA+/AA)	16%	1.0%	1.0%	\$647
Oregon (Aa1/AA+/AA+)	45%	3.8%	3.5%	\$2,679
Pennsylvania (Aa2/A+/AA)	107%	7.1%	6.4%	\$5,029
South Carolina (Aaa/AA+/AAA)	105%	7.5%	7.0%	\$4,460
South Dakota (Aaa/AAA/AAA)	19%	1.0%	0.9%	\$724
Tennessee (Aaa/AAA/AAA)	15%	0.9%	0.8%	\$599
Texas (Aaa/AAA/AAA)	75%	4.3%	3.4%	\$2,941
Utah (Aaa/AAA/AAA)	20%	1.4%	1.1%	\$928
Vermont (Aa1/AA+/AA+)	101%	11.4%	11.4%	\$8,005
Virginia (Aaa/AAA/AAA)	18%	1.2%	1.1%	\$959
Washington (Aaa/AA+/AA+)	21%	1.4%	1.1%	\$1,134
West Virginia (Aa2/AA-/AA)	71%	6.7%	6.1%	\$3,692
Wisconsin (Aa1/AA+/AA+)	15%	1.0%	0.9%	\$651

Source: Moody's - Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025
ANPL is adjusted net pension liability.

Moody's State Adjusted Net OPEB Liability (ANOL)						
State	Reported Net OPEB Liability (\$ Thousands)	Adjusted Net OPEB Liability (\$ Thousands)	ANOL as a % Of Ownsource	ANOL Per Capita	ANOL as a % of Personal Income	ANOL as a % of State GDP
50 State Median	\$882,042	\$894,260	4.6%	\$222	0.4%	0.3%
Double-A States Median	\$952,158	\$980,330	6.3%	\$302	0.5%	0.4%
Rhode Island (Aa2/AA/AA+)	\$162,489	\$168,361	2.6%	\$151	0.2%	0.2%
Alabama (Aa1/AA/AA+)	\$870,517	\$1,100,281	5.3%	\$213	0.4%	0.3%
Alaska (Aa2/AA/AA-)	-\$2,062,457	-\$385,929	-3.7%	-\$521	-0.7%	-0.6%
Arizona (Aa1/AA/--)	\$193,131	\$216,971	0.8%	\$29	0.0%	0.0%
Arkansas (Aa1/AA+/-)	\$1,352,678	\$1,118,602	8.7%	\$362	0.6%	0.6%
California (Aa2/AA-/AA)	\$67,359,807	\$61,052,917	21.7%	\$1,549	1.8%	1.5%
Colorado (Aa1/AA/--)	\$153,521	\$224,585	1.0%	\$38	0.0%	0.0%
Connecticut (Aa2/AA-/AA)	\$16,972,678	\$21,946,807	82.6%	\$5,965	6.4%	6.0%
Delaware (Aaa/AAA/AAA)	\$7,103,721	\$5,820,137	64.3%	\$5,525	8.0%	5.6%
Florida (Aaa/AAA/AAA)	\$5,666,535	\$4,897,916	6.2%	\$209	0.3%	0.3%
Georgia (Aaa/AAA/AAA)	-\$144,994	\$492,271	1.3%	\$44	0.1%	0.1%
Hawaii (Aa2/AA+/AA)	\$4,465,436	\$6,986,265	56.1%	\$4,827	6.9%	6.0%
Idaho (Aaa/AA+/AAA)	-\$60,814	-\$64,512	-0.7%	-\$32	-0.1%	-0.1%
Illinois (A2/A-/A-)	\$20,326,714	\$18,781,575	25.3%	\$1,477	2.0%	1.7%
Indiana (Aaa/AAA/AAA)	\$84,978	\$106,728	0.4%	\$15	0.0%	0.0%
Iowa (Aaa/AAA/AAA)	\$179,143	\$162,681	1.1%	\$50	0.1%	0.1%
Kansas (Aa2/AA-/AA)	\$39,570	\$37,730	0.2%	\$13	0.0%	0.0%
Kentucky (Aa2/A+/AA)	\$1,414,194	\$1,279,056	5.9%	\$279	0.5%	0.4%
Louisiana (Aa2/AA/AA-)	\$5,069,044	\$4,494,358	21.8%	\$978	1.6%	1.4%
Maine (Aa1/AA/AA+)	\$1,296,526	\$1,713,139	23.9%	\$1,219	1.8%	1.7%
Maryland (Aa1/AAA/AAA)	\$12,126,829	\$9,687,033	26.0%	\$1,545	2.0%	1.8%
Massachusetts (Aa1/AA+/AA+)	\$12,841,388	\$11,692,672	19.8%	\$1,637	1.7%	1.5%
Michigan (Aa1/AA/AA+)	\$2,943,838	\$3,289,260	6.8%	\$324	0.5%	0.5%
Minnesota (Aaa/AAA/AAA)	\$672,276	\$615,018	1.5%	\$106	0.1%	0.1%
Mississippi (Aa2/AA/AA)	\$105,056	\$94,289	0.7%	\$32	0.1%	0.1%
Missouri (Aaa/AAA/AAA)	\$2,138,661	\$2,160,519	11.2%	\$346	0.5%	0.5%

Moody's State Adjusted Net OPEB Liability (ANOL)						
State	Reported Net OPEB Liability (\$ Thousands)	Adjusted Net OPEB Liability (\$ Thousands)	ANOL as a % Of Ownsource	ANOL Per Capita	ANOL as a % of Personal Income	ANOL as a % of State GDP
Montana (Aa1/--/AA+)	\$30,349	\$22,185	0.4%	\$19	0.0%	0.0%
Nebraska (Aaa/AAA/--)	\$26,350	\$24,148	0.3%	\$12	0.0%	0.0%
Nevada (Aa1/AA+/AA+)	\$893,567	\$754,287	6.6%	\$231	0.3%	0.3%
New Hampshire (Aa1/AA+/AA+)	\$1,010,749	\$860,378	16.8%	\$611	0.7%	0.7%
New Jersey (Aa3/A+/A+)	\$76,866,328	\$62,512,091	101.9%	\$6,574	7.8%	7.4%
New Mexico (Aa2/AA/--)	\$399,639	\$540,377	2.2%	\$253	0.4%	0.4%
New York (Aa1/AA+/AA+)	\$47,612,000	\$37,624,552	23.1%	\$1,893	2.2%	1.6%
North Carolina (Aaa/AAA/AAA)	\$5,222,206	\$4,184,457	9.6%	\$378	0.6%	0.5%
North Dakota (Aa1/AA+/--)	\$38,278	\$47,887	0.5%	\$60	0.1%	0.1%
Ohio (Aaa/AAA/AAA)	\$40,695	\$240,831	0.5%	\$20	0.0%	0.0%
Oklahoma (Aa1/AA+/AA)	\$72,388	\$141,169	0.9%	\$34	0.1%	0.1%
Oregon (Aa1/AA+/AA+)	-\$60,324	-\$44,228	-0.2%	-\$10	0.0%	0.0%
Pennsylvania (Aa2/A+/AA)	\$14,680,768	\$13,856,881	22.6%	\$1,059	1.5%	1.4%
South Carolina (Aaa/AA+/AAA)	\$2,559,695	\$2,127,439	9.1%	\$387	0.6%	0.6%
South Dakota (Aaa/AAA/AAA)	\$0	\$0	0.0%	\$0	0.0%	0.0%
Tennessee (Aaa/AAA/AAA)	\$976,799	\$928,142	3.1%	\$128	0.2%	0.2%
Texas (Aaa/AAA/AAA)	\$36,454,721	\$29,841,388	24.4%	\$952	1.4%	1.1%
Utah (Aaa/AAA/AAA)	-\$33,439	-\$52,429	-0.3%	-\$15	0.0%	0.0%
Vermont (Aa1/AA+/AA+)	\$1,653,723	\$2,186,457	42.4%	\$3,368	4.8%	4.8%
Virginia (Aaa/AAA/AAA)	\$770,271	\$997,492	2.2%	\$113	0.1%	0.1%
Washington (Aaa/AA+/AA+)	\$3,733,493	\$3,035,848	7.2%	\$381	0.5%	0.4%
West Virginia (Aa2/AA-/AA)	-\$104,416	\$118,659	1.3%	\$67	0.1%	0.1%
Wisconsin (Aa1/AA+/AA+)	\$601,638	\$555,947	2.1%	\$93	0.1%	0.1%
Wyoming (--/AA+/--)	\$263,118	\$204,843	3.8%	\$348	0.4%	0.4%

Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025
ANOL stands for adjusted net OPEB liability.

Moody's Fixed Costs as Percent of Own Source Revenues					
State	Debt Service	Pension Contribution	Debt Service + Pension Contribution	OPEB Contribution	Total Fixed Costs
50 State Median	1.6%	2.6%	4.8%	0.5%	5.3%
Double-A States Median	1.9%	4.1%	6.2%	0.5%	6.2%
Rhode Island (Aa2/AA/AA+)	3.7%	6.2%	9.9%	0.6%	10.5%
Alabama (Aa1/AA/AA+)	1.9%	1.7%	3.6%	0.3%	3.9%
Alaska (Aa2/AA/AA-)	0.9%	3.8%	4.7%	0.1%	4.8%
Arizona (Aa1/AA/--)	0.6%	1.1%	1.7%	0.0%	1.7%
Arkansas (Aa1/AA+/--)	0.5%	2.2%	2.7%	0.4%	3.1%
California (Aa2/AA-/AA)	2.5%	4.9%	7.4%	1.1%	8.5%
Colorado (Aa1/AA/--)	1.8%	2.5%	4.3%	0.1%	4.4%
Connecticut (Aa2/AA-/AA)	7.5%	15.7%	23.2%	2.9%	26.1%
Delaware (Aaa/AAA/AAA)	3.6%	3.4%	7.0%	5.0%	12.0%
Florida (Aaa/AAA/AAA)	1.4%	1.3%	2.7%	0.2%	2.9%
Georgia (Aaa/AAA/AAA)	2.2%	3.1%	5.3%	0.9%	6.2%
Hawaii (Aa2/AA+/AA)	5.5%	5.7%	11.2%	4.8%	16.0%
Idaho (Aaa/AA+/AAA)	0.8%	1.2%	2.0%	0.0%	2.0%
Illinois (A2/A-/A-)	3.4%	14.7%	18.1%	1.2%	19.3%
Indiana (Aaa/AAA/AAA)	0.6%	4.5%	5.1%	0.1%	5.2%
Iowa (Aaa/AAA/AAA)	0.6%	1.1%	1.7%	0.1%	1.8%
Kansas (Aa2/AA-/AA)	1.7%	4.5%	6.2%	0.0%	6.2%
Kentucky (Aa2/A+/AA)	2.1%	10.7%	12.8%	1.0%	13.8%
Louisiana (Aa2/AA/AA-)	3.0%	4.4%	7.4%	1.1%	8.5%
Maine (Aa1/AA/AA+)	1.7%	6.7%	8.4%	1.8%	10.2%
Maryland (Aa1/AAA/AAA)	3.4%	6.1%	9.5%	1.5%	11.0%
Massachusetts (Aa1/AA+/AA+)	5.7%	7.6%	13.3%	1.1%	14.4%
Michigan (Aa1/AA/AA+)	1.5%	6.6%	8.1%	1.1%	9.2%
Minnesota (Aaa/AAA/AAA)	1.5%	1.2%	2.7%	0.1%	2.8%
Mississippi (Aa2/AA/AA)	3.1%	1.7%	4.8%	0.0%	4.8%
Missouri (Aaa/AAA/AAA)	0.9%	4.4%	5.3%	0.5%	5.8%
Montana (Aa1/--/AA+)	0.2%	5.1%	5.3%	0.0%	5.3%

Moody's Fixed Costs as Percent of Own Source Revenues					
State	Debt Service	Pension Contribution	Debt Service + Pension Contribution	OPEB Contribution	Total Fixed Costs
Nebraska (Aaa/AAA/--)	0.1%	1.5%	1.6%	0.0%	1.6%
Nevada (Aa1/AA+/AA+)	1.4%	1.6%	3.0%	0.2%	3.2%
New Hampshire (Aa1/AA+/AA+)	1.4%	2.3%	3.7%	0.7%	4.4%
New Jersey (Aa3/A+/A+)	5.0%	11.1%	16.1%	3.6%	19.7%
New Mexico (Aa2/AA/--)	1.0%	1.1%	2.1%	0.1%	2.2%
New York (Aa1/AA+/AA+)	2.9%	1.1%	4.0%	1.3%	5.3%
North Carolina (Aaa/AAA/AAA)	1.1%	1.8%	2.9%	0.8%	3.7%
North Dakota (Aa1/AA+/--)	0.7%	0.5%	1.2%	0.1%	1.3%
Ohio (Aaa/AAA/AAA)	2.9%	1.1%	4.0%	1.1%	5.1%
Oklahoma (Aa1/AA+/AA)	0.9%	1.3%	2.2%	0.1%	2.3%
Oregon (Aa1/AA+/AA+)	3.6%	2.6%	6.2%	0.0%	6.2%
Pennsylvania (Aa2/A+/AA)	2.2%	7.5%	9.7%	1.1%	10.8%
South Carolina (Aaa/AA+/AAA)	0.7%	6.8%	7.5%	0.6%	8.1%
South Dakota (Aaa/AAA/AAA)	1.0%	1.0%	2.0%	0.0%	2.0%
Tennessee (Aaa/AAA/AAA)	0.5%	2.0%	2.5%	1.3%	3.8%
Texas (Aaa/AAA/AAA)	1.1%	3.4%	4.5%	1.0%	5.5%
Utah (Aaa/AAA/AAA)	1.0%	1.8%	2.8%	0.0%	2.8%
Vermont (Aa1/AA+/AA+)	1.0%	6.7%	7.7%	2.5%	10.2%
Virginia (Aaa/AAA/AAA)	2.7%	1.2%	3.9%	0.2%	4.1%
Washington (Aaa/AA+/AA+)	4.5%	2.0%	6.5%	0.2%	6.7%
West Virginia (Aa2/AA-/AA)	3.4%	5.7%	9.1%	0.5%	9.6%
Wisconsin (Aa1/AA+/AA+)	2.9%	0.7%	3.6%	0.1%	3.7%
Wyoming (--/AA+/--)	0.3%	0.7%	1.0%	0.0%	1.0%

Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's Net Debt Service per Capita + ANPL per Capita + ANOL per Capita

State	Debt Service	ANPL per Capita	ANOL per Capita	Net Debt Service per Capita + ANPL per Capita + ANOL per Capita
50 State Median	\$1,214	\$2,092	\$222	\$3,914
Double-A States Median	\$1,401	\$3,186	\$302	\$5,331
Rhode Island (Aa2/AA/AA+)	\$2,953	\$4,162	\$151	\$7,266
Alabama (Aa1/AA/AA+)	\$1,024	\$1,306	\$213	\$2,543
Alaska (Aa2/AA/AA-)	\$1,884	\$10,966	-\$521	\$12,329
Arizona (Aa1/AA/--)	\$237	\$857	\$29	\$1,123
Arkansas (Aa1/AA+/-)	\$281	\$1,750	\$362	\$2,393
California (Aa2/AA-/AA)	\$2,563	\$4,566	\$1,549	\$8,678
Colorado (Aa1/AA/--)	\$991	\$2,104	\$38	\$3,133
Connecticut (Aa2/AA-/AA)	\$7,636	\$16,142	\$5,965	\$29,743
Delaware (Aaa/AAA/AAA)	\$4,472	\$4,511	\$5,525	\$14,508
Florida (Aaa/AAA/AAA)	\$608	\$731	\$209	\$1,548
Georgia (Aaa/AAA/AAA)	\$1,045	\$961	\$44	\$2,050
Hawaii (Aa2/AA+/AA)	\$6,730	\$8,552	\$4,827	\$20,109
Idaho (Aaa/AA+/AAA)	\$669	\$885	-\$32	\$1,522
Illinois (A2/A-/A-)	\$2,873	\$16,760	\$1,477	\$21,110
Indiana (Aaa/AAA/AAA)	\$334	\$1,355	\$15	\$1,704
Iowa (Aaa/AAA/AAA)	\$349	\$793	\$50	\$1,192
Kansas (Aa2/AA-/AA)	\$1,252	\$4,626	\$13	\$5,891
Kentucky (Aa2/A+/AA)	\$1,357	\$8,742	\$279	\$10,378
Louisiana (Aa2/AA/AA-)	\$1,934	\$2,325	\$978	\$5,237
Maine (Aa1/AA/AA+)	\$1,188	\$4,007	\$1,219	\$6,414
Maryland (Aa1/AAA/AAA)	\$2,927	\$6,199	\$1,545	\$10,671
Massachusetts (Aa1/AA+/AA+)	\$7,188	\$9,672	\$1,637	\$18,497
Michigan (Aa1/AA/AA+)	\$970	\$2,156	\$324	\$3,450
Minnesota (Aaa/AAA/AAA)	\$1,571	\$1,442	\$106	\$3,119
Mississippi (Aa2/AA/AA)	\$1,904	\$2,442	\$32	\$4,378
Missouri (Aaa/AAA/AAA)	\$382	\$2,045	\$346	\$2,773

Moody's Net Debt Service per Capita + ANPL per Capita + ANOL per Capita				
State	Debt Service	ANPL per Capita	ANOL per Capita	Net Debt Service per Capita + ANPL per Capita + ANOL per Capita
Montana (Aa1/--/AA+)	\$171	\$4,635	\$19	\$4,825
Nebraska (Aaa/AAA/--)	\$43	\$1,010	\$12	\$1,065
Nevada (Aa1/AA+/AA+)	\$715	\$2,080	\$231	\$3,026
New Hampshire (Aa1/AA+/AA+)	\$726	\$1,243	\$611	\$2,580
New Jersey (Aa3/A+/A+)	\$4,463	\$11,488	\$6,574	\$22,525
New Mexico (Aa2/AA/--)	\$1,444	\$3,726	\$253	\$5,423
New York (Aa1/AA+/AA+)	\$3,287	\$1,211	\$1,893	\$6,391
North Carolina (Aaa/AAA/AAA)	\$551	\$778	\$378	\$1,707
North Dakota (Aa1/AA+/--)	\$1,084	\$1,530	\$60	\$2,674
Ohio (Aaa/AAA/AAA)	\$1,445	\$1,029	\$20	\$2,494
Oklahoma (Aa1/AA+/AA)	\$465	\$647	\$34	\$1,146
Oregon (Aa1/AA+/AA+)	\$3,045	\$2,679	-\$10	\$5,714
Pennsylvania (Aa2/A+/AA)	\$1,515	\$5,029	\$1,059	\$7,603
South Carolina (Aaa/AA+/AAA)	\$392	\$4,460	\$387	\$5,239
South Dakota (Aaa/AAA/AAA)	\$525	\$724	\$0	\$1,249
Tennessee (Aaa/AAA/AAA)	\$312	\$599	\$128	\$1,039
Texas (Aaa/AAA/AAA)	\$608	\$2,941	\$952	\$4,501
Utah (Aaa/AAA/AAA)	\$572	\$928	-\$15	\$1,485
Vermont (Aa1/AA+/AA+)	\$1,239	\$8,005	\$3,368	\$12,612
Virginia (Aaa/AAA/AAA)	\$2,034	\$959	\$113	\$3,106
Washington (Aaa/AA+/AA+)	\$3,510	\$1,134	\$381	\$5,025
West Virginia (Aa2/AA-/AA)	\$2,374	\$3,692	\$67	\$6,133
Wisconsin (Aa1/AA+/AA+)	\$1,746	\$651	\$93	\$2,490
Wyoming (--/AA+/--)	\$207	\$1,759	\$348	\$2,314

Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's Net Tax Supported Debt as % of State GDP + ANPL as a % of State GDP + ANOL as a % of State GDP				
State	Debt Service	ANPL as a % of State GDP	ANOL as a % of State GDP	Net Tax Supported Debt as % of State GDP + ANPL as a % of State GDP + ANOL as a % of State GDP
50 State Median	1.7%	2.9%	0.3%	4.9%
Double-A States Median	2.0%	4.5%	0.4%	7.5%
Rhode Island (Aa2/AA/AA+)	4.0%	5.6%	0.2%	9.8%
Alabama (Aa1/AA/AA+)	1.6%	2.1%	0.3%	4.0%
Alaska (Aa2/AA/AA-)	2.0%	11.6%	-0.6%	13.0%
Arizona (Aa1/AA/--)	0.3%	1.2%	0.0%	1.5%
Arkansas (Aa1/AA+/-)	0.5%	2.9%	0.6%	4.0%
California (Aa2/AA-/AA)	2.5%	4.4%	1.5%	8.4%
Colorado (Aa1/AA/-)	1.1%	2.3%	0.0%	3.4%
Connecticut (Aa2/AA-/AA)	7.7%	16.2%	6.0%	29.9%
Delaware (Aaa/AAA/AAA)	4.6%	4.6%	5.6%	14.8%
Florida (Aaa/AAA/AAA)	0.8%	1.0%	0.3%	2.1%
Georgia (Aaa/AAA/AAA)	1.3%	1.2%	0.1%	2.6%
Hawaii (Aa2/AA+/AA)	8.4%	10.7%	6.0%	25.1%
Idaho (Aaa/AA+/AAA)	1.0%	1.4%	-0.1%	2.3%
Illinois (A2/A-/A-)	3.2%	18.7%	1.7%	23.6%
Indiana (Aaa/AAA/AAA)	0.4%	1.8%	0.0%	2.2%
Iowa (Aaa/AAA/AAA)	0.4%	1.0%	0.1%	1.5%
Kansas (Aa2/AA-/AA)	1.6%	5.9%	0.0%	7.5%
Kentucky (Aa2/A+/AA)	2.1%	13.7%	0.4%	16.2%
Louisiana (Aa2/AA/AA-)	2.7%	3.3%	1.4%	7.4%
Maine (Aa1/AA/AA+)	1.7%	5.7%	1.7%	9.1%
Maryland (Aa1/AAA/AAA)	3.4%	7.2%	1.8%	12.4%
Massachusetts (Aa1/AA+/AA+)	6.6%	8.9%	1.5%	17.0%
Michigan (Aa1/AA/AA+)	1.4%	3.1%	0.5%	5.0%
Minnesota (Aaa/AAA/AAA)	1.8%	1.7%	0.1%	3.6%
Mississippi (Aa2/AA/AA)	3.6%	4.6%	0.1%	8.3%
Missouri (Aaa/AAA/AAA)	0.5%	2.8%	0.5%	3.8%

Moody's Net Tax Supported Debt as % of State GDP + ANPL as a % of State GDP + ANOL as a % of State GDP				
State	Debt Service	ANPL as a % of State GDP	ANOL as a % of State GDP	Net Tax Supported Debt as % of State GDP + ANPL as a % of State GDP + ANOL as a % of State GDP
Montana (Aa1/--/AA+)	0.3%	6.9%	0.0%	7.2%
Nebraska (Aaa/AAA/--)	0.0%	1.1%	0.0%	1.1%
Nevada (Aa1/AA+/AA+)	0.9%	2.6%	0.3%	3.8%
New Hampshire (Aa1/AA+/AA+)	0.8%	1.4%	0.7%	2.9%
New Jersey (Aa3/A+/A+)	5.0%	12.9%	7.4%	25.3%
New Mexico (Aa2/AA/--)	2.2%	5.7%	0.4%	8.3%
New York (Aa1/AA+/AA+)	2.8%	1.0%	1.6%	5.4%
North Carolina (Aaa/AAA/AAA)	0.7%	1.0%	0.5%	2.2%
North Dakota (Aa1/AA+/--)	1.1%	1.6%	0.1%	2.8%
Ohio (Aaa/AAA/AAA)	1.9%	1.3%	0.0%	3.2%
Oklahoma (Aa1/AA+/AA)	0.7%	1.0%	0.1%	1.8%
Oregon (Aa1/AA+/AA+)	3.9%	3.5%	0.0%	7.4%
Pennsylvania (Aa2/A+/AA)	1.9%	6.4%	1.4%	9.7%
South Carolina (Aaa/AA+/AAA)	0.6%	7.0%	0.6%	8.2%
South Dakota (Aaa/AAA/AAA)	0.6%	0.9%	0.0%	1.5%
Tennessee (Aaa/AAA/AAA)	0.4%	0.8%	0.2%	1.4%
Texas (Aaa/AAA/AAA)	0.7%	3.4%	1.1%	5.2%
Utah (Aaa/AAA/AAA)	0.7%	1.1%	0.0%	1.8%
Vermont (Aa1/AA+/AA+)	1.8%	11.4%	4.8%	18.0%
Virginia (Aaa/AAA/AAA)	2.3%	1.1%	0.1%	3.5%
Washington (Aaa/AA+/AA+)	3.3%	1.1%	0.4%	4.8%
West Virginia (Aa2/AA-/AA)	3.9%	6.1%	0.1%	10.1%
Wisconsin (Aa1/AA+/AA+)	2.3%	0.9%	0.1%	3.3%
Wyoming (--/AA+/--)	0.2%	2.0%	0.4%	2.6%

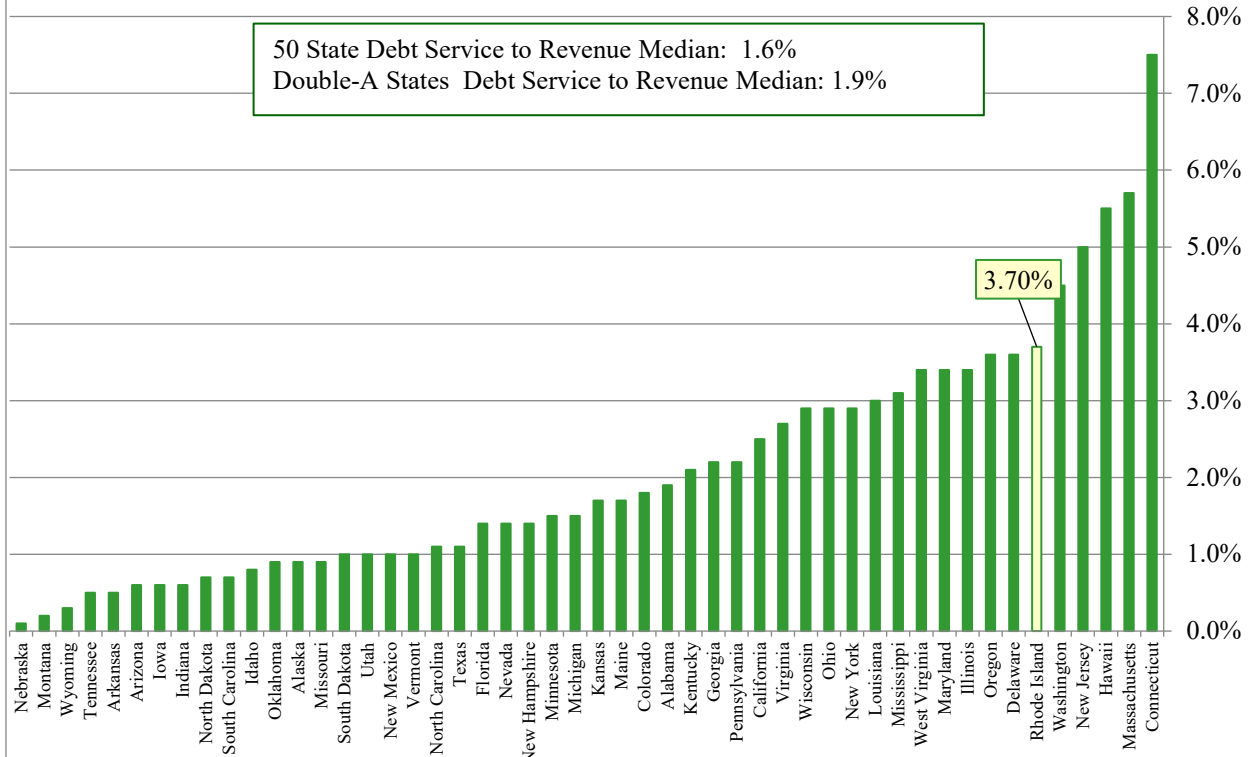
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's Net Debt Service to Personal Income + ANPL to Personal Income + ANOL to Personal Income				
State	Debt Service	ANPL to Personal Income	ANOL to Personal Income	Net DS to Personal Income + ANPL to Personal Income + ANOL to Personal Income
50 State Median	1.8%	3.1%	0.4%	5.8%
Double-A States Median	2.3%	5.0%	0.5%	8.6%
Rhode Island (Aa2/AA/AA+)	4.2%	6.0%	0.2%	10.4%
Alabama (Aa1/AA/AA+)	1.8%	2.3%	0.4%	4.5%
Alaska (Aa2/AA/AA-)	2.5%	14.6%	-0.7%	16.4%
Arizona (Aa1/AA/--)	0.4%	1.3%	0.0%	1.7%
Arkansas (Aa1/AA+/-)	0.5%	2.9%	0.6%	4.0%
California (Aa2/AA-/AA)	3.0%	5.3%	1.8%	10.1%
Colorado (Aa1/AA/--)	1.2%	2.5%	0.0%	3.7%
Connecticut (Aa2/AA-/AA)	8.2%	17.3%	6.4%	31.9%
Delaware (Aaa/AAA/AAA)	6.5%	6.5%	8.0%	21.0%
Florida (Aaa/AAA/AAA)	0.9%	1.0%	0.3%	2.2%
Georgia (Aaa/AAA/AAA)	1.7%	1.5%	0.1%	3.3%
Hawaii (Aa2/AA+/AA)	9.7%	12.3%	6.9%	28.9%
Idaho (Aaa/AA+/AAA)	1.1%	1.4%	-0.1%	2.4%
Illinois (A2/A-/A-)	3.9%	22.6%	2.0%	28.5%
Indiana (Aaa/AAA/AAA)	0.5%	2.1%	0.0%	2.6%
Iowa (Aaa/AAA/AAA)	0.5%	1.2%	0.1%	1.8%
Kansas (Aa2/AA-/AA)	1.8%	6.8%	0.0%	8.6%
Kentucky (Aa2/A+/AA)	2.4%	15.2%	0.5%	18.1%
Louisiana (Aa2/AA/AA-)	3.2%	3.8%	1.6%	8.6%
Maine (Aa1/AA/AA+)	1.7%	5.9%	1.8%	9.4%
Maryland (Aa1/AAA/AAA)	3.7%	7.9%	2.0%	13.6%
Massachusetts (Aa1/AA+/AA+)	7.7%	10.3%	1.7%	19.7%
Michigan (Aa1/AA/AA+)	1.5%	3.4%	0.5%	5.4%
Minnesota (Aaa/AAA/AAA)	2.1%	1.9%	0.1%	4.1%
Mississippi (Aa2/AA/AA)	3.7%	4.7%	0.1%	8.5%
Missouri (Aaa/AAA/AAA)	0.6%	3.2%	0.5%	4.3%

Moody's Net Debt Service to Personal Income + ANPL to Personal Income + ANOL to Personal Income				
State	Debt Service	ANPL to Personal Income	ANOL to Personal Income	Net DS to Personal Income + ANPL to Personal Income + ANOL to Personal Income
Montana (Aa1/--/AA+)	0.3%	6.9%	0.0%	7.2%
Nebraska (Aaa/AAA/--)	0.1%	1.4%	0.0%	1.5%
Nevada (Aa1/AA+/AA+)	1.0%	3.0%	0.3%	4.3%
New Hampshire (Aa1/AA+/AA+)	0.9%	1.5%	0.7%	3.1%
New Jersey (Aa3/A+/A+)	5.3%	13.7%	7.8%	26.8%
New Mexico (Aa2/AA/--)	2.5%	6.5%	0.4%	9.4%
New York (Aa1/AA+/AA+)	3.8%	1.4%	2.2%	7.4%
North Carolina (Aaa/AAA/AAA)	0.9%	1.2%	0.6%	2.7%
North Dakota (Aa1/AA+/-)	1.5%	2.2%	0.1%	3.8%
Ohio (Aaa/AAA/AAA)	2.3%	1.6%	0.0%	3.9%
Oklahoma (Aa1/AA+/AA)	0.7%	1.0%	0.1%	1.8%
Oregon (Aa1/AA+/AA+)	4.3%	3.8%	0.0%	8.1%
Pennsylvania (Aa2/A+/AA)	2.1%	7.1%	1.5%	10.7%
South Carolina (Aaa/AA+/AAA)	0.7%	7.5%	0.6%	8.8%
South Dakota (Aaa/AAA/AAA)	0.7%	1.0%	0.0%	1.7%
Tennessee (Aaa/AAA/AAA)	0.5%	0.9%	0.2%	1.6%
Texas (Aaa/AAA/AAA)	0.9%	4.3%	1.4%	6.6%
Utah (Aaa/AAA/AAA)	0.9%	1.4%	0.0%	2.3%
Vermont (Aa1/AA+/AA+)	1.8%	11.4%	4.8%	18.0%
Virginia (Aaa/AAA/AAA)	2.6%	1.2%	0.1%	3.9%
Washington (Aaa/AA+/AA+)	4.2%	1.4%	0.5%	6.1%
West Virginia (Aa2/AA-/AA)	4.3%	6.7%	0.1%	11.1%
Wisconsin (Aa1/AA+/AA+)	2.6%	1.0%	0.1%	3.7%
Wyoming (--/AA+/-)	0.2%	2.0%	0.4%	2.6%

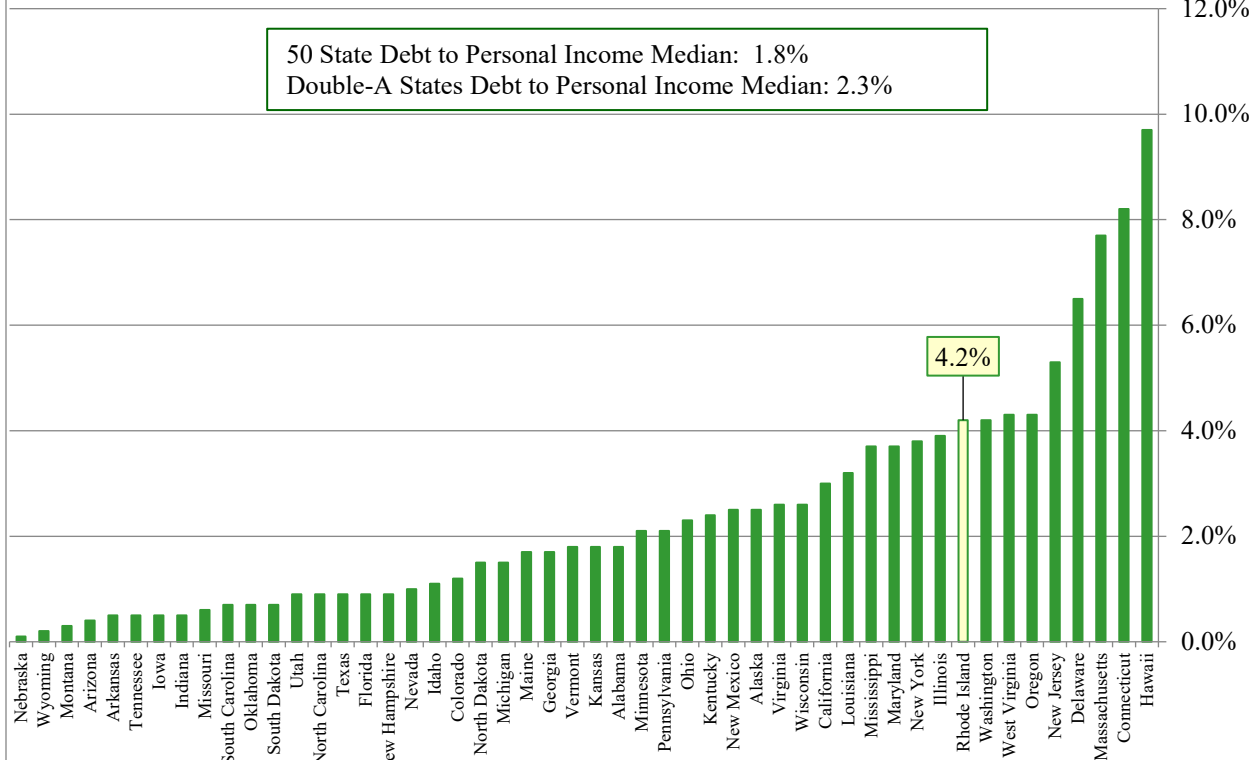
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's Debt Service to Revenues 50 States



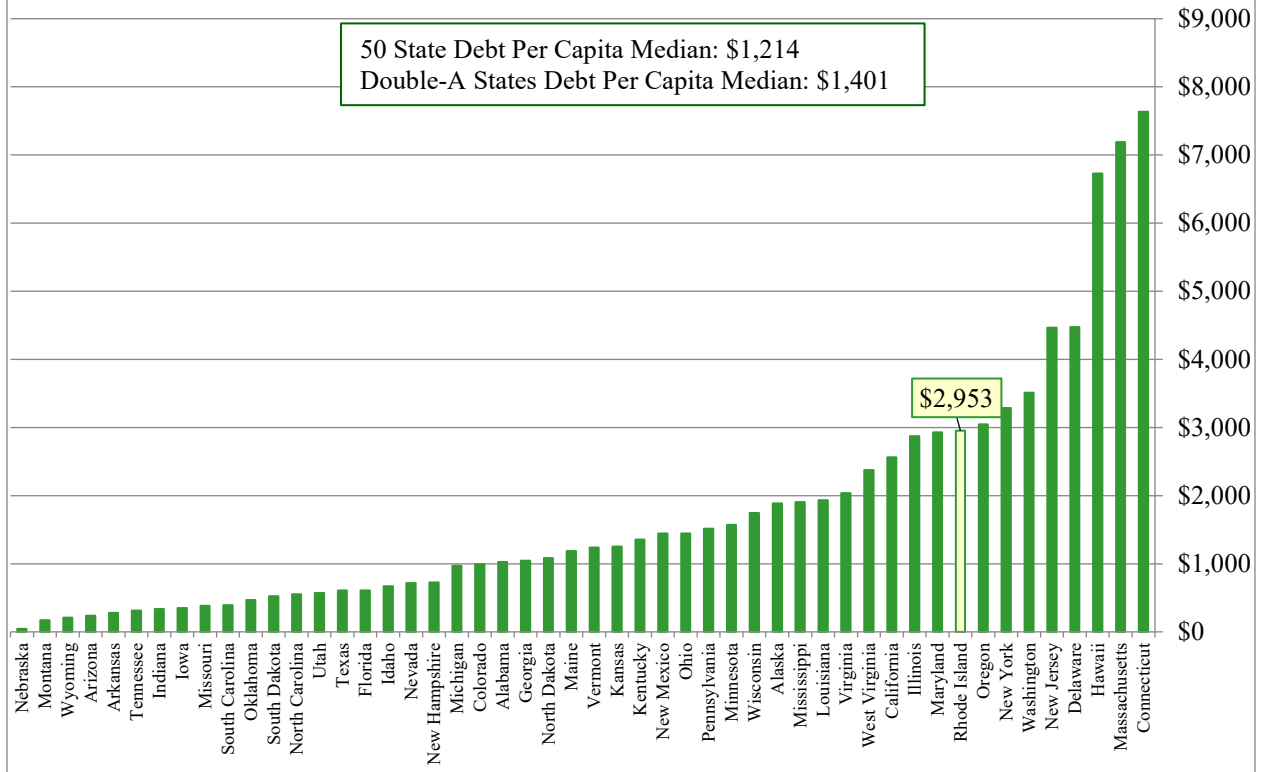
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's Debt to Personal Income 50 States



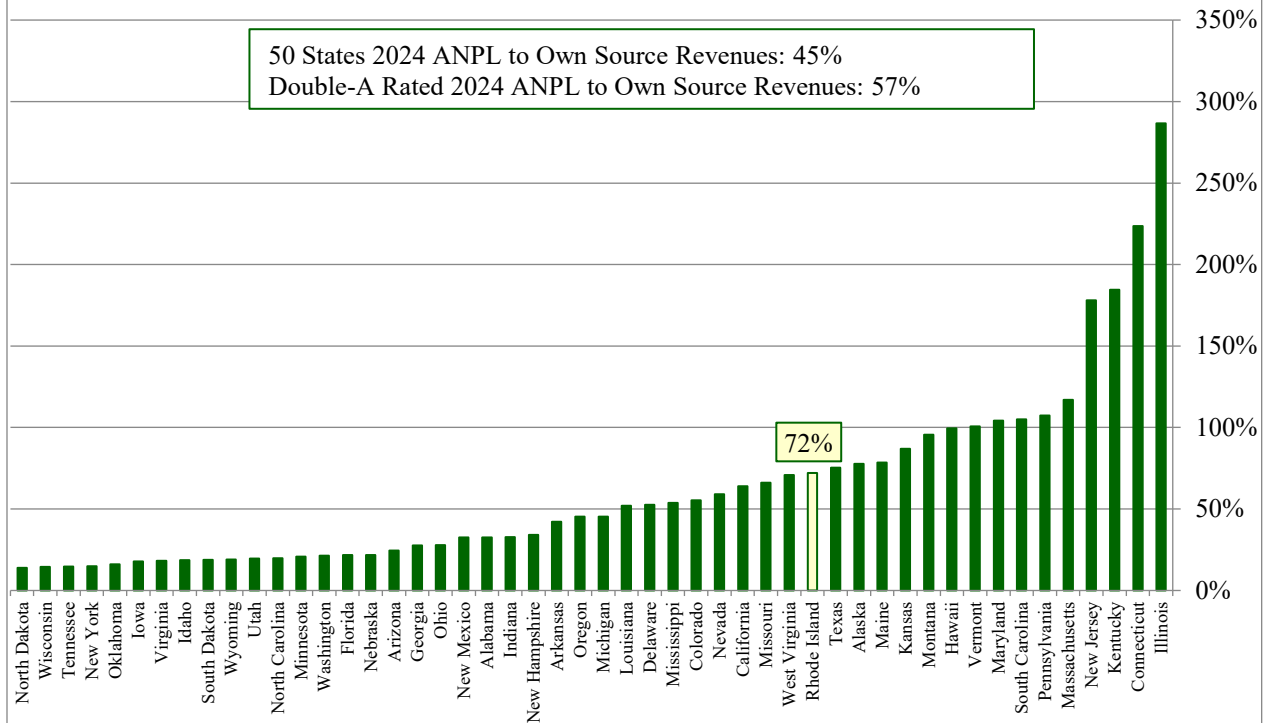
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's Debt Per Capita 50 States



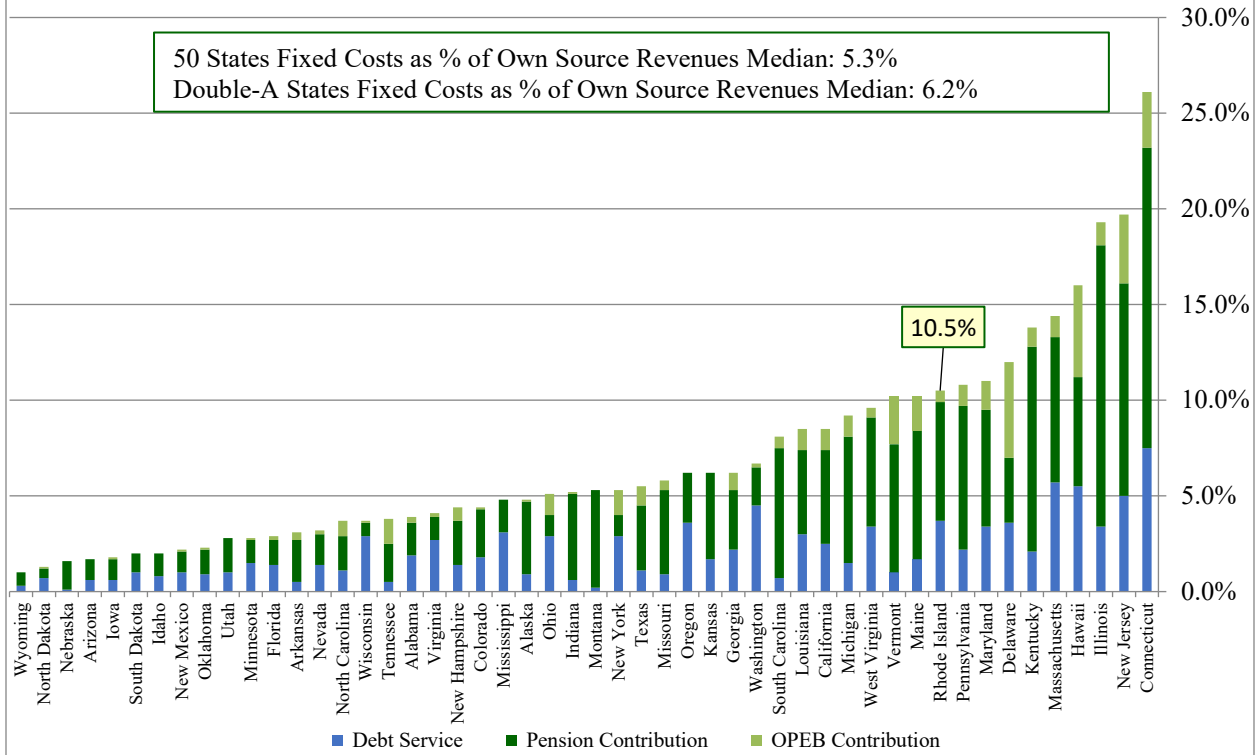
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's State 2024 Adjusted Net Pension Liability as % of Own Source Revenues 50 States



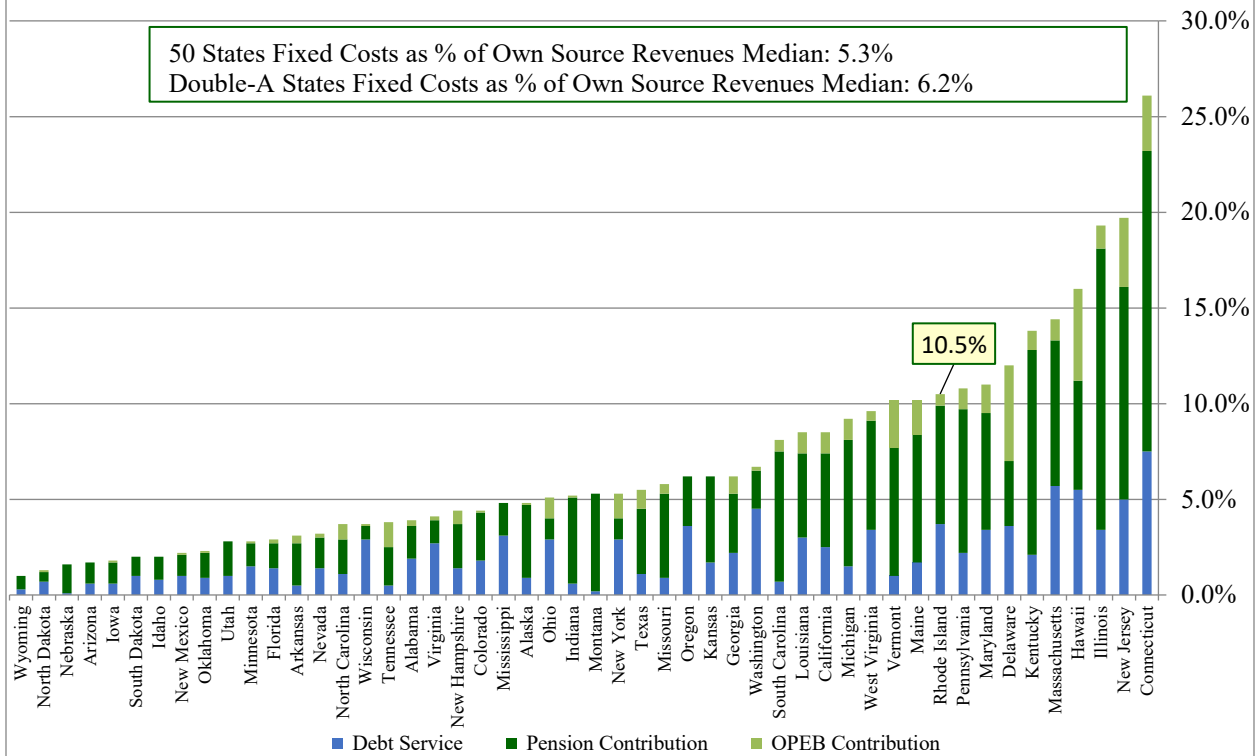
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Moody's Fixed Costs As Percent of Own Source Revenues 50 States



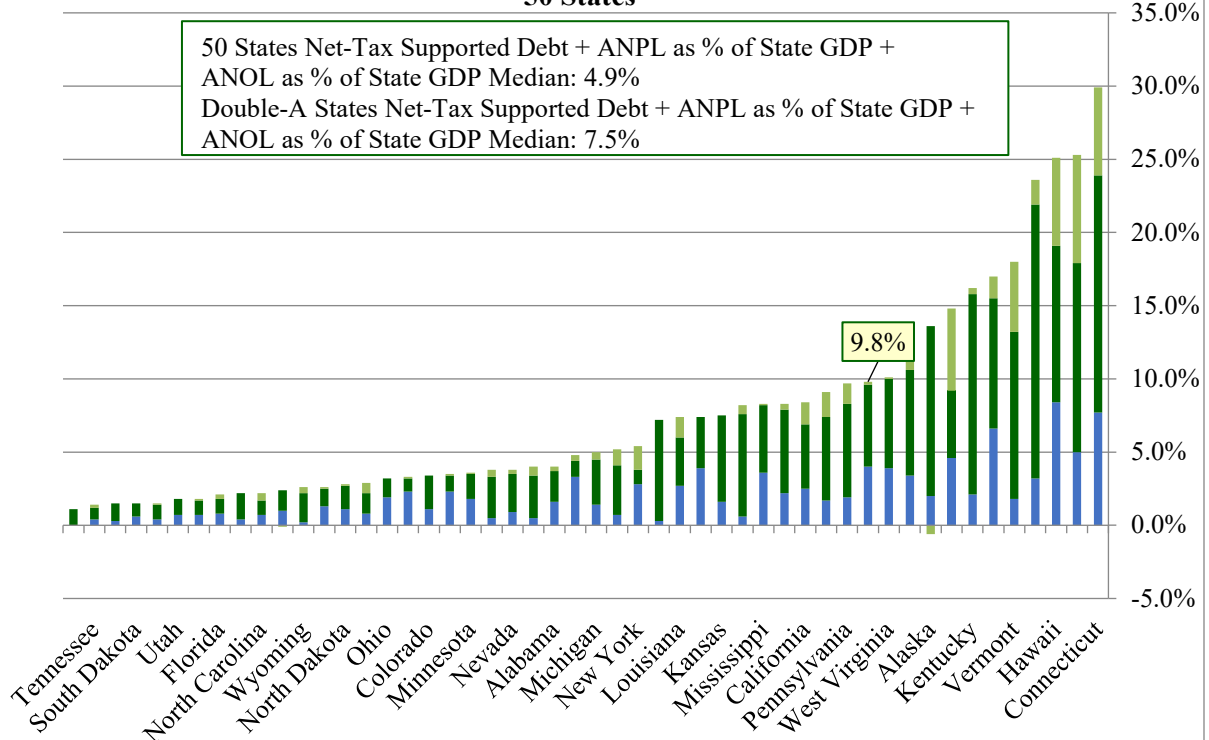
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

Fixed Costs As Percent of Own Source Revenues 50 States



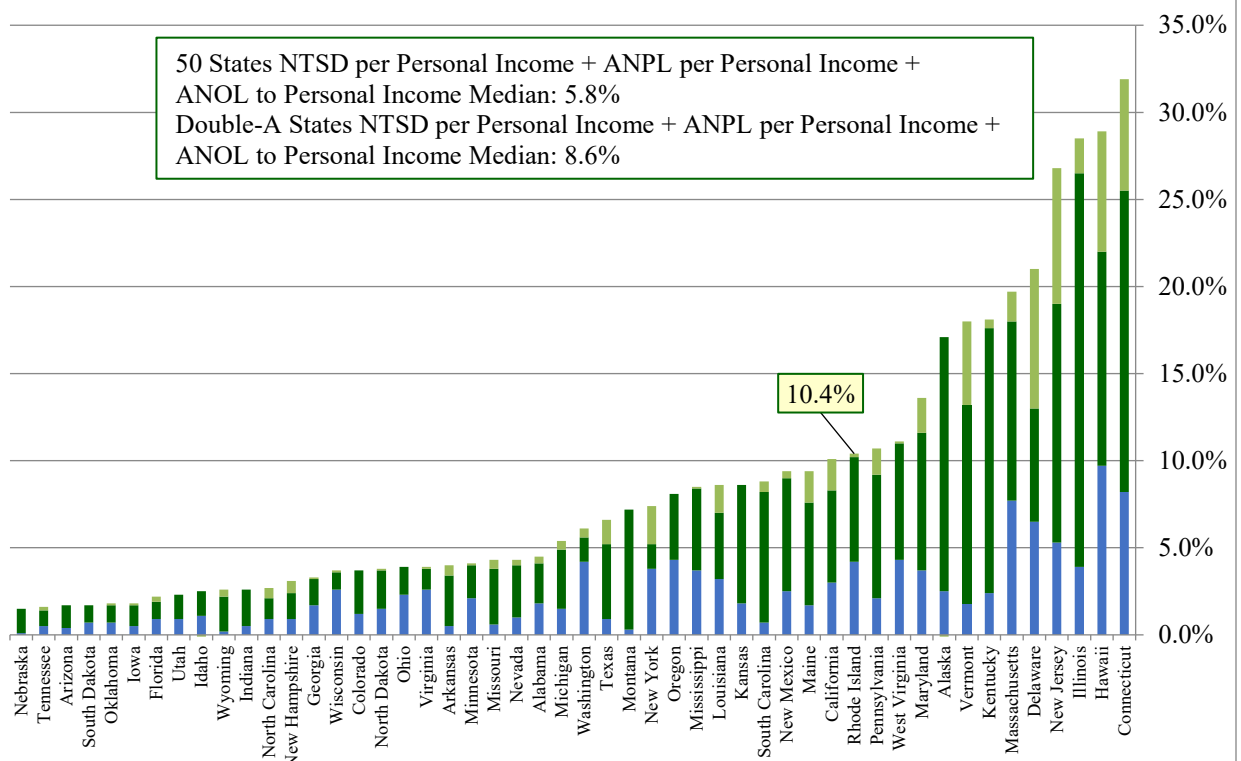
Source: Moody's - State Pension Liabilities Continue to Decline Improving Leverage Metrics. 19 September 2025

**Moody's Net-Tax Supported Debt + ANPL as % of State GDP + ANOL as % of State GDP
50 States**



Source: Moody's - State Pension Liabilities Continue to Decline Improving

Net-Tax Supported Debt + ANPL + ANOL to Personal Income



Source: Moody's - State Pension Liabilities Continue to Decline Improving

Fitch Estimated State Net Tax-Supported Debt and Unfunded Pension Obligations				
State	Debt as % of Personal Income	Adjusted Pension Allocation as % of Personal Income	OPEB NOL to Personal Income	Debt & Adjusted Pension Allocation & OPEB NOL as % of Personal Income
50 State Median	1.7%	2.2%	0.6%	5.7%
Double-A States Median	1.8%	3.0%	0.6%	6.5%
Rhode Island (Aa2/AA/AA+)	3.7%	4.8%	0.3%	8.7%
Alabama (Aa1/AA/AA+)	1.7%	5.2%	0.6%	7.5%
Alaska (Aa2/AA/AA-)	1.8%	12.1%	0.0%	13.9%
Arizona (Aa1/AA/--)	0.3%	1.3%	0.1%	1.7%
Arkansas (Aa1/AA+/-)	0.4%	2.2%	0.8%	3.5%
California (Aa2/AA-/AA)	2.6%	4.1%	2.8%	9.5%
Colorado (Aa1/AA/--)	0.7%	2.9%	0.4%	4.0%
Connecticut (Aa2/AA-/AA)	7.3%	13.5%	5.6%	26.4%
Delaware (Aaa/AAA/AAA)	5.9%	4.6%	11.3%	21.8%
Florida (Aaa/AAA/AAA)	0.7%	0.6%	0.7%	2.0%
Georgia (Aaa/AAA/AAA)	1.6%	2.1%	2.2%	6.0%
Hawaii (Aa2/AA+/AA)	9.0%	9.3%	7.4%	25.7%
Idaho (Aaa/AA+/AAA)	1.6%	1.0%	0.1%	2.6%
Illinois (A2/A-/A-)	3.7%	18.4%	2.4%	24.5%
Indiana (Aaa/AAA/AAA)	0.3%	1.6%	0.0%	1.9%
Iowa (Aaa/AAA/AAA)	1.0%	1.0%	0.2%	2.2%
Kansas (Aa2/AA-/AA)	1.8%	1.7%	0.0%	3.6%
Kentucky (Aa2/A+/AA)	2.1%	12.7%	1.3%	16.1%
Louisiana (Aa2/AA/AA-)	2.8%	3.1%	2.1%	8.0%
Maine (Aa1/AA/AA+)	1.5%	3.5%	1.5%	6.5%
Maryland (Aa1/AAA/AAA)	3.5%	6.1%	2.8%	12.4%
Massachusetts (Aa1/AA+/AA+)	6.9%	8.3%	2.7%	18.0%
Michigan (Aa1/AA/AA+)	1.7%	1.0%	0.5%	3.2%
Minnesota (Aaa/AAA/AAA)	2.1%	1.4%	0.2%	3.7%
Mississippi (Aa2/AA/AA)	2.7%	3.7%	0.1%	6.4%
Missouri (Aaa/AAA/AAA)	0.5%	3.3%	0.6%	4.5%

Fitch Estimated State Net Tax-Supported Debt and Unfunded Pension Obligations				
State	Debt as % of Personal Income	Adjusted Pension Allocation as % of Personal Income	OPEB NOL to Personal Income	Debt & Adjusted Pension Allocation & OPEB NOL as % of Personal Income
Montana (Aa1/--/AA+)	0.0%	5.4%	0.1%	5.6%
Nebraska (Aaa/AAA/--)	0.2%	0.7%	0.0%	0.9%
Nevada (Aa1/AA+/AA+)	1.1%	2.0%	0.4%	3.5%
New Hampshire (Aa1/AA+/AA+)	0.8%	1.2%	1.0%	3.0%
New Jersey (Aa3/A+/A+)	4.3%	11.6%	10.7%	26.6%
New Mexico (Aa2/AA/--)	1.7%	7.3%	0.7%	9.7%
New York (Aa1/AA+/AA+)	3.4%	0.7%	3.9%	8.0%
North Carolina (Aaa/AAA/AAA)	0.9%	1.4%	5.4%	7.7%
North Dakota (Aa1/AA+/-)	1.4%	2.1%	0.2%	3.7%
Ohio (Aaa/AAA/AAA)	1.9%	1.1%	0.0%	3.1%
Oklahoma (Aa1/AA+/AA)	0.6%	1.4%	0.1%	2.1%
Oregon (Aa1/AA+/AA+)	3.2%	2.8%	0.1%	6.1%
Pennsylvania (Aa2/A+/AA)	2.4%	2.7%	2.6%	7.8%
South Carolina (Aaa/AA+/AAA)	0.5%	1.6%	3.7%	5.8%
South Dakota (Aaa/AAA/AAA)	0.7%	0.5%	0.0%	1.1%
Tennessee (Aaa/AAA/AAA)	0.4%	0.6%	0.3%	1.2%
Texas (Aaa/AAA/AAA)	0.7%	3.9%	2.6%	7.2%
Utah (Aaa/AAA/AAA)	0.8%	0.8%	0.0%	1.6%
Vermont (Aa1/AA+/AA+)	1.5%	8.6%	4.6%	14.8%
Virginia (Aaa/AAA/AAA)	2.4%	1.4%	0.3%	4.1%
Washington (Aaa/AA+/AA+)	3.2%	0.7%	0.7%	4.6%
West Virginia (Aa2/AA-/AA)	3.5%	4.7%	0.0%	8.3%
Wisconsin (Aa1/AA+/AA+)	2.6%	0.8%	0.4%	3.8%
Wyoming (--/AA+/-)	0.1%	1.3%	0.6%	2.0%

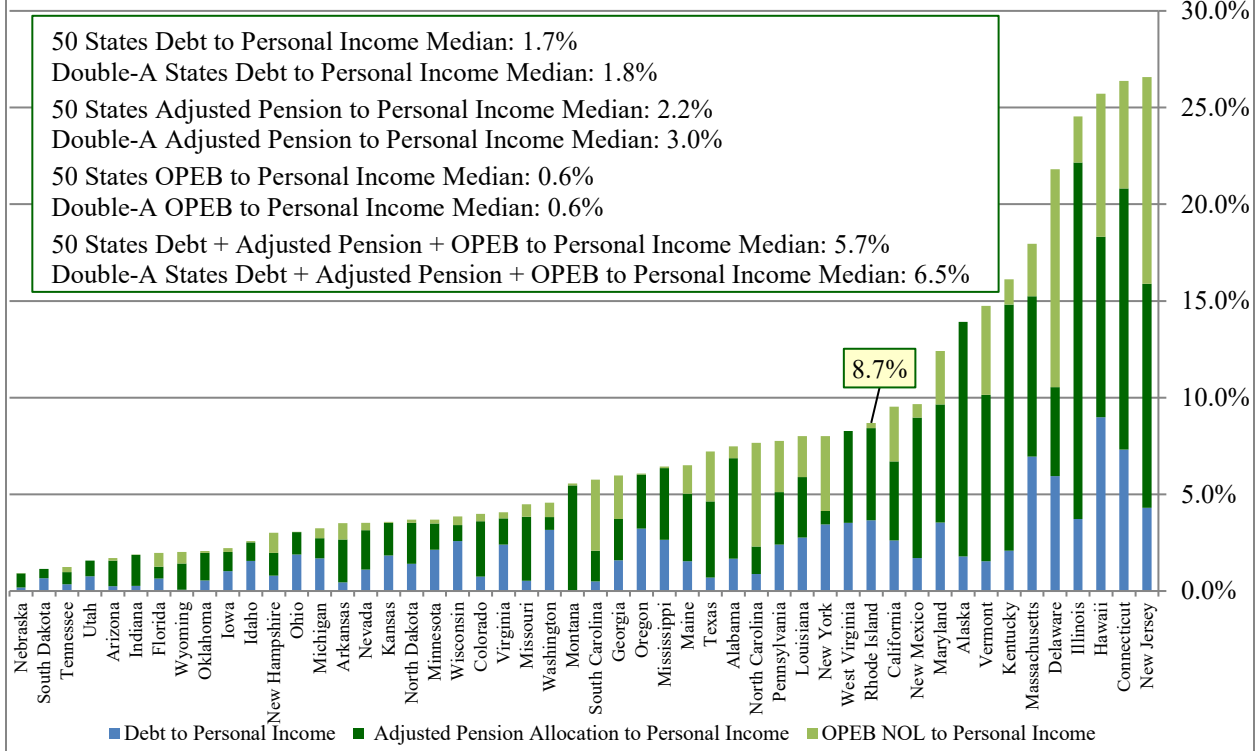
Source: FitchRatings - 2025 State Liability Report - Nov. 18, 2025

Fitch Total State Carrying Costs				
State	State Debt Service to Governmental Expenditures	State Pension ADC to Governmental Expenditures	State OPEB Actual Contributions to Governmental Expenditures	Debt & Adjusted Pension Allocation & OPEB NOL as % of Personal Income
50-State Median	1.8%	1.9%	0.3%	4.2%
Double-A Median	1.9%	2.1%	0.4%	4.6%
Rhode Island (Aa2/AA/AA+)	3.3%	3.4%	0.4%	7.0%
Alabama (Aa1/AA/AA+)	1.9%	1.9%	0.3%	4.1%
Alaska (Aa2/AA/AA-)	1.4%	3.4%	0.1%	5.0%
Arizona (Aa1/AA/--)	1.3%	0.8%	0.1%	2.2%
Arkansas (Aa1/AA+/-)	0.7%	1.3%	0.3%	2.3%
California (Aa2/AA-/AA)	3.0%	2.7%	0.8%	6.5%
Colorado (Aa1/AA/--)	1.4%	2.4%	0.2%	4.0%
Connecticut (Aa2/AA-/AA)	9.2%	9.5%	2.2%	20.9%
Delaware (Aaa/AAA/AAA)	3.0%	2.6%	3.9%	9.6%
Florida (Aaa/AAA/AAA)	1.5%	0.8%	0.3%	2.6%
Georgia (Aaa/AAA/AAA)	2.2%	2.1%	0.8%	5.2%
Hawaii (Aa2/AA+/AA)	6.4%	4.2%	4.6%	15.2%
Idaho (Aaa/AA+/AAA)	0.9%	0.8%	0.1%	1.8%
Illinois (A2/A-/A-)	3.5%	13.4%	1.2%	18.1%
Indiana (Aaa/AAA/AAA)	0.3%	2.4%	0.0%	2.8%
Iowa (Aaa/AAA/AAA)	1.0%	0.8%	0.1%	2.0%
Kansas (Aa2/AA-/AA)	1.8%	1.1%	0.0%	2.9%
Kentucky (Aa2/A+/AA)	2.5%	5.2%	0.6%	8.2%
Louisiana (Aa2/AA/AA-)	1.9%	1.9%	0.5%	4.3%
Maine (Aa1/AA/AA+)	1.8%	3.8%	1.0%	6.6%
Maryland (Aa1/AAA/AAA)	3.5%	4.3%	1.0%	8.7%
Massachusetts (Aa1/AA+/AA+)	6.1%	3.0%	0.8%	10.0%
Michigan (Aa1/AA/AA+)	0.9%	0.9%	0.7%	2.5%
Minnesota (Aaa/AAA/AAA)	1.9%	1.0%	0.1%	3.0%
Mississippi (Aa2/AA/AA)	2.8%	1.1%	0.0%	3.9%
Missouri (Aaa/AAA/AAA)	1.4%	2.6%	0.3%	4.3%
Montana (Aa1/--/AA+)	0.4%	2.7%	0.0%	3.2%

Fitch Total State Carrying Costs				
State	State Debt Service to Governmental Expenditures	State Pension ADC to Governmental Expenditures	State OPEB Actual Contributions to Governmental Expenditures	Debt & Adjusted Pension Allocation & OPEB NOL as % of Personal Income
Nebraska (Aaa/AAA/--)	0.1%	0.7%	0.0%	0.8%
Nevada (Aa1/AA+/AA+)	2.2%	1.0%	0.1%	3.3%
New Hampshire (Aa1/AA+/AA+)	1.4%	1.5%	0.5%	3.4%
New Jersey (Aa3/A+/A+)	3.0%	7.1%	2.5%	12.6%
New Mexico (Aa2/AA/--)	8.0%	2.3%	0.6%	10.9%
New York (Aa1/AA+/AA+)	2.6%	0.8%	1.2%	4.6%
North Carolina (Aaa/AAA/AAA)	1.3%	2.0%	2.0%	5.2%
North Dakota (Aa1/AA+/--)	1.1%	1.4%	0.2%	2.6%
Ohio (Aaa/AAA/AAA)	2.2%	0.6%	0.0%	2.8%
Oklahoma (Aa1/AA+/AA)	0.9%	2.4%	0.1%	3.4%
Oregon (Aa1/AA+/AA+)	3.1%	1.7%	0.0%	4.8%
Pennsylvania (Aa2/A+/AA)	1.4%	2.2%	1.1%	4.6%
South Carolina (Aaa/AA+/AAA)	0.7%	1.1%	0.4%	2.1%
South Dakota (Aaa/AAA/AAA)	0.6%	0.9%	0.0%	1.5%
Tennessee (Aaa/AAA/AAA)	0.7%	1.7%	1.8%	4.2%
Texas (Aaa/AAA/AAA)	1.2%	2.9%	0.9%	5.0%
Utah (Aaa/AAA/AAA)	1.9%	1.6%	0.0%	3.5%
Vermont (Aa1/AA+/AA+)	1.0%	3.7%	1.5%	6.2%
Virginia (Aaa/AAA/AAA)	1.4%	1.4%	0.3%	3.1%
Washington (Aaa/AA+/AA+)	3.4%	1.3%	0.1%	4.8%
West Virginia (Aa2/AA-/AA)	1.9%	2.8%	0.5%	5.2%
Wisconsin (Aa1/AA+/AA+)	3.9%	0.9%	0.2%	5.1%
Wyoming (--/AA+/--)	0.8%	1.1%	0.1%	2.0%

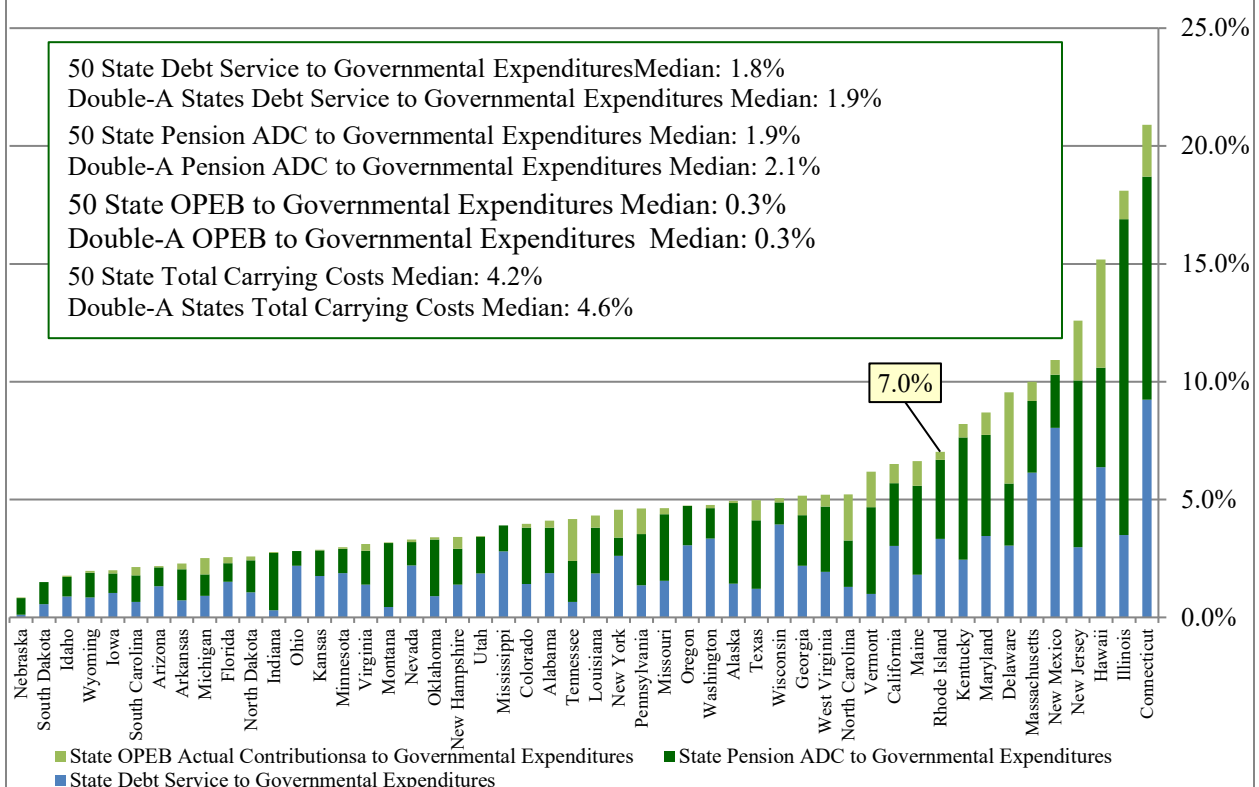
Source: FitchRatings - 2025 State Liability Report - Nov. 18, 2025

Fitch Debt + Adjusted Pension Allocation + OPEB NOL as Percent of Personal Income 50 States



Source: : FitchRatings - 2025 State Liability Report - Nov. 18, 2025

Fitch Total State Carrying Costs 50 States



Source: : FitchRatings - 2025 State Liability Report - Nov. 18, 2025

Standard & Poor's Debt Ratios			
State	Debt Per Capita	Debt as % Personal income	Debt as % GSP
50 State Median	\$1,056	1.55%	1.75%
Double-A States Median	\$1,271	2.05%	2.20%
Rhode Island (Aa2/AA/AA+)	\$1,755	2.50%	3.00%
Alabama (Aa1/AA/AA+)	\$1,047	1.90%	2.10%
Alaska (Aa2/AA/AA-)	\$1,255	1.70%	1.70%
Arizona (Aa1/AA/--)	\$202	0.30%	0.40%
Arkansas (Aa1/AA+/-)	\$248	0.40%	0.50%
California (Aa2/AA-/AA)	\$1,937	2.30%	2.30%
Colorado (Aa1/AA/--)	\$705	0.90%	0.90%
Connecticut (Aa2/AA-/AA)	\$6,829	7.30%	8.50%
Delaware (Aaa/AAA/AAA)	\$2,601	3.80%	3.40%
Florida (Aaa/AAA/AAA)	\$535	0.80%	0.90%
Georgia (Aaa/AAA/AAA)	\$917	1.50%	1.50%
Hawaii (Aa2/AA+/AA)	\$6,412	9.20%	10.30%
Idaho (Aaa/AA+/AAA)	\$136	0.20%	0.30%
Illinois (A2/A-/A-)	\$2,332	3.30%	3.30%
Indiana (Aaa/AAA/AAA)	\$169	0.30%	0.30%
Iowa (Aaa/AAA/AAA)	\$196	0.30%	0.30%
Kansas (Aa2/AA-/AA)	\$1,220	1.80%	2.00%
Kentucky (Aa2/A+/AA)	\$1,286	2.20%	2.60%
Louisiana (Aa2/AA/AA-)	\$1,485	2.40%	2.70%
Maine (Aa1/AA/AA+)	\$1,012	1.50%	1.80%
Maryland (Aa1/AAA/AAA)	\$2,248	2.90%	3.30%
Massachusetts (Aa1/AA+/AA+)	\$6,113	6.50%	6.90%
Michigan (Aa1/AA/AA+)	\$841	1.30%	1.50%
Minnesota (Aaa/AAA/AAA)	\$1,294	1.70%	1.90%
Mississippi (Aa2/AA/AA)	\$1,811	3.70%	4.50%
Missouri (Aaa/AAA/AAA)	\$356	0.50%	0.60%

Standard & Poor's Debt Ratios			
State	Debt Per Capita	Debt as % Personal income	Debt as % GSP
Montana (Aa1/--/AA+)	\$160	0.20%	0.30%
Nebraska (Aaa/AAA/--)	\$43	0.10%	0.10%
Nevada (Aa1/AA+/AA+)	\$724	1.10%	1.20%
New Hampshire (Aa1/AA+/AA+)	\$581	0.70%	0.80%
New Jersey (Aa3/A+/A+)	\$3,140	3.70%	4.40%
New Mexico (Aa2/AA/--)	\$1,347	2.30%	2.50%
New York (Aa1/AA+/AA+)	\$2,780	3.20%	3.00%
North Carolina (Aaa/AAA/AAA)	\$436	0.70%	0.70%
North Dakota (Aa1/AA+/--)	\$1,065	1.50%	1.40%
Ohio (Aaa/AAA/AAA)	\$727	1.10%	1.20%
Oklahoma (Aa1/AA+/AA)	\$498	0.80%	1.00%
Oregon (Aa1/AA+/AA+)	\$2,601	3.70%	4.20%
Pennsylvania (Aa2/A+/AA)	\$1,660	2.30%	2.70%
South Carolina (Aaa/AA+/AAA)	\$258	0.40%	0.50%
South Dakota (Aaa/AAA/AAA)	\$516	0.70%	0.80%
Tennessee (Aaa/AAA/AAA)	\$287	0.40%	0.50%
Texas (Aaa/AAA/AAA)	\$300	0.40%	0.40%
Utah (Aaa/AAA/AAA)	\$486	0.70%	0.70%
Vermont (Aa1/AA+/AA+)	\$1,108	1.60%	2.00%
Virginia (Aaa/AAA/AAA)	\$1,501	1.90%	2.10%
Washington (Aaa/AA+/AA+)	\$2,700	3.20%	3.10%
West Virginia (Aa2/AA-/AA)	\$1,538	2.80%	3.30%
Wisconsin (Aa1/AA+/AA+)	\$1,887	2.80%	3.20%
Wyoming (--/AA+/--)	\$207	0.20%	0.30%

Source: Source: Standard & Poor's - Debt Eases, Pension And OPEB Funding Up In 2024: U.S. States Gain Ground, Complex Challenges Remain 22 October 2025

Standard & Poor's Pension Ratio & Total State Debt + Liabilities Per Capita					
State	Funded Ratio	State NPL Per Capita	Debt Per Capita	OPEB Per Capita	Debt, Pension & OPEB Per Capita
50 State Median	77.0%	\$1,056	\$890	\$277	\$2,381
Double-A States Median	71.9%	\$1,271	\$1,378	\$316	\$2,799
Rhode Island (Aa2/AA/AA+)	66.5%	\$1,755	\$2,532	\$290	\$4,577
Alabama (Aa1/AA/AA+)	68.6%	\$1,047	\$919	\$812	\$2,778
Alaska (Aa2/AA/AA-)	71.2%	\$1,255	\$6,394	-\$2,032	\$5,617
Arizona (Aa1/AA/--)	77.4%	\$202	\$489	-\$70	\$621
Arkansas (Aa1/AA+/-)	83.2%	\$248	\$690	\$478	\$1,416
California (Aa2/AA-/AA)	72.0%	\$1,937	\$2,256	\$2,129	\$6,322
Colorado (Aa1/AA/--)	64.7%	\$705	\$1,694	\$38	\$2,437
Connecticut (Aa2/AA-/AA)	59.2%	\$6,829	\$9,511	\$4,405	\$20,745
Delaware (Aaa/AAA/AAA)	87.3%	\$2,601	\$1,667	\$6,884	\$11,152
Florida (Aaa/AAA/AAA)	78.8%	\$535	\$359	\$358	\$1,252
Georgia (Aaa/AAA/AAA)	80.6%	\$917	\$814	\$272	\$2,003
Hawaii (Aa2/AA+/AA)	61.9%	\$6,412	\$5,482	\$4,653	\$16,547
Idaho (Aaa/AA+/AAA)	86.6%	\$136	\$445	-\$73	\$508
Illinois (A2/A-/A-)	44.8%	\$2,332	\$11,814	\$2,031	\$16,177
Indiana (Aaa/AAA/AAA)	76.6%	\$169	\$860	\$6	\$1,035
Iowa (Aaa/AAA/AAA)	92.0%	\$196	\$263	\$80	\$459
Kansas (Aa2/AA-/AA)	72.7%	\$1,220	\$750	\$0	\$1,970
Kentucky (Aa2/A+/AA)	52.2%	\$1,286	\$5,875	\$277	\$7,438
Louisiana (Aa2/AA/AA-)	76.1%	\$1,485	\$1,144	\$1,542	\$2,629
Maine (Aa1/AA/AA+)	87.7%	\$1,012	\$1,502	\$838	\$3,352
Maryland (Aa1/AAA/AAA)	71.7%	\$2,248	\$4,027	\$1,935	\$8,210
Massachusetts (Aa1/AA+/AA+)	66.7%	\$6,113	\$5,763	\$1,920	\$13,796
Michigan (Aa1/AA/AA+)	75.4%	\$841	\$482	\$66	\$1,389
Minnesota (Aaa/AAA/AAA)	88.0%	\$1,294	\$230	\$137	\$1,661
Mississippi (Aa2/AA/AA)	56.4%	\$1,811	\$1,529	\$41	\$3,381
Missouri (Aaa/AAA/AAA)	56.2%	\$356	\$1,380	\$367	\$2,103

Standard & Poor's Pension Ratio & Total State Debt + Liabilities Per Capita					
State	Funded Ratio	State NPL Per Capita	Debt Per Capita	OPEB Per Capita	Debt, Pension & OPEB Per Capita
Montana (Aa1/--/AA+)	75.7%	\$160	\$2,170	\$62	\$2,392
Nebraska (Aaa/AAA/--)	97.0%	\$43	\$47	\$13	\$90
Nevada (Aa1/AA+/AA+)	78.2%	\$724	\$920	\$264	\$1,908
New Hampshire (Aa1/AA+/AA+)	70.3%	\$581	\$717	\$775	\$2,073
New Jersey (Aa3/A+/A+)	50.0%	\$3,140	\$7,871	\$8,082	\$19,093
New Mexico (Aa2/AA/--)	66.3%	\$1,347	\$3,247	\$199	\$4,793
New York (Aa1/AA+/AA+)	95.2%	\$2,780	\$385	\$3,010	\$6,175
North Carolina (Aaa/AAA/AAA)	85.1%	\$436	\$340	\$612	\$1,388
North Dakota (Aa1/AA+/--)	69.5%	\$1,065	\$1,270	\$54	\$2,389
Ohio (Aaa/AAA/AAA)	80.8%	\$727	\$484	\$2	\$1,211
Oklahoma (Aa1/AA+/AA)	85.1%	\$498	\$369	\$11	\$878
Oregon (Aa1/AA+/AA+)	79.3%	\$2,601	\$1,485	-\$9	\$4,077
Pennsylvania (Aa2/A+/AA)	64.8%	\$1,660	\$3,189	\$1,109	\$5,958
South Carolina (Aaa/AA+/AAA)	62.9%	\$258	\$717	\$578	\$1,553
South Dakota (Aaa/AAA/AAA)	100.0%	\$516	-\$1	-	\$515
Tennessee (Aaa/AAA/AAA)	94.7%	\$287	\$109	\$122	\$518
Texas (Aaa/AAA/AAA)	77.4%	\$300	\$1,618	\$1,654	\$3,572
Utah (Aaa/AAA/AAA)	94.4%	\$486	\$292	-\$10	\$768
Vermont (Aa1/AA+/AA+)	65.9%	\$1,108	\$4,357	\$2,916	\$8,381
Virginia (Aaa/AAA/AAA)	82.5%	\$1,501	\$690	\$108	\$2,299
Washington (Aaa/AA+/AA+)	103.6%	\$2,700	-\$429	\$549	\$2,820
West Virginia (Aa2/AA-/AA)	92.9%	\$1,538	\$854	-\$19	\$2,373
Wisconsin (Aa1/AA+/AA+)	98.8%	\$1,887	\$72	\$124	\$2,083
Wyoming (--/AA+/--)	80.9%	\$207	\$778	\$341	\$1,326

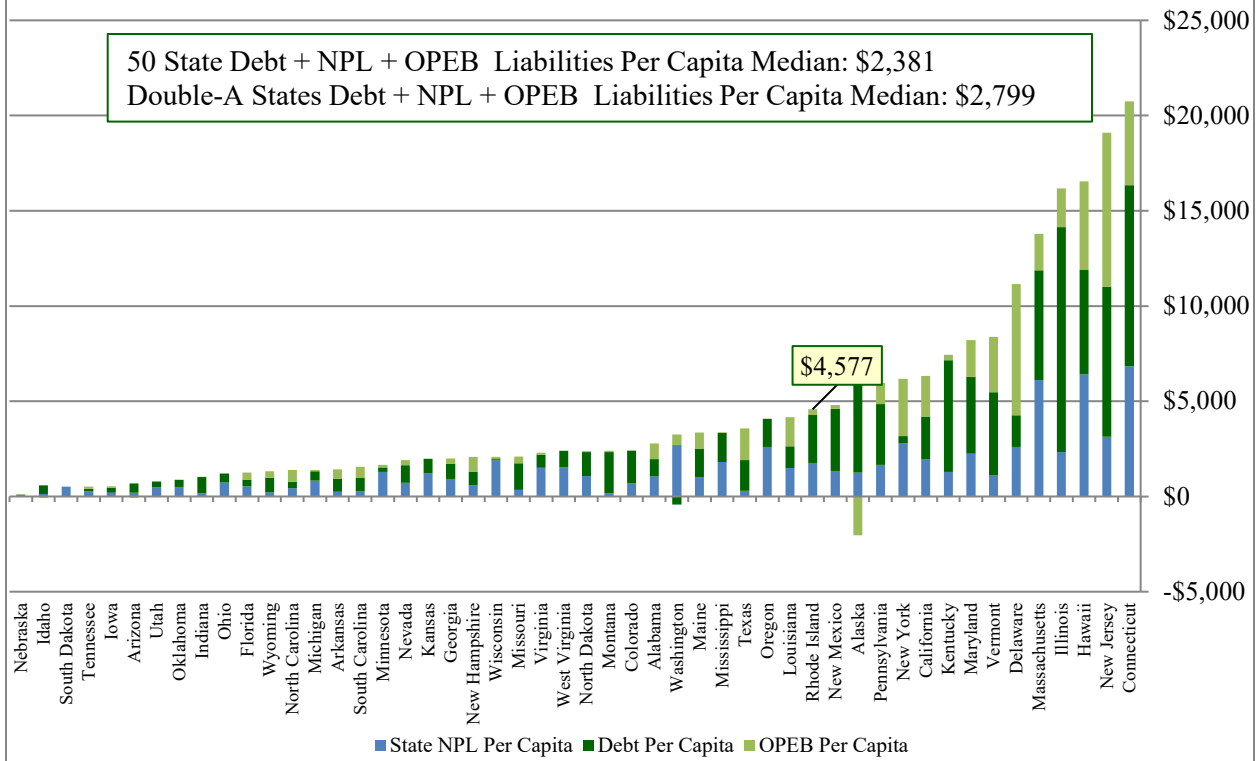
Source: Standard & Poor's - Debt Eases, Pension And OPEB Funding Up In 2024: U.S. States Gain Ground, Complex Challenges Remain 22 October 2025

Standard & Poor's Debt, Pension, and OPEB Ratios				
State	TGF Debt Service to TGF Revenue (%)	TGF Pension Contributions to TGF Revenue (%)	TGF OPEB Contributions to TGF Revenue (%)	Aggregate Debt, Pension, and OPEB Costs (%) to TGF Revenue
50 State Median	1.80%	1.85%	0.30%	4.00%
Double-A States Median	1.90%	1.95%	0.30%	4.20%
Rhode Island (Aa2/AA/AA+)	3.50%	3.40%	0.40%	7.20%
Alabama (Aa1/AA/AA+)	1.90%	0.90%	0.30%	3.00%
Alaska (Aa2/AA/AA-)	1.90%	4.80%	0.20%	6.90%
Arizona (Aa1/AA/--)	0.90%	1.00%	0.10%	2.00%
Arkansas (Aa1/AA+/-)	0.70%	1.20%	0.20%	2.10%
California (Aa2/AA-/AA)	3.10%	3.00%	0.80%	6.80%
Colorado (Aa1/AA/--)	1.30%	2.40%	0.10%	3.80%
Connecticut (Aa2/AA-/AA)	9.50%	12.00%	2.30%	23.80%
Delaware (Aaa/AAA/AAA)	3.10%	2.70%	3.90%	9.70%
Florida (Aaa/AAA/AAA)	1.50%	0.90%	0.10%	2.40%
Georgia (Aaa/AAA/AAA)	2.00%	6.80%	1.40%	10.30%
Hawaii (Aa2/AA+/AA)	6.60%	4.40%	4.80%	15.80%
Idaho (Aaa/AA+/AAA)	0.80%	1.80%	0.00%	2.70%
Illinois (A2/A-/A-)	3.40%	9.60%	1.10%	14.10%
Indiana (Aaa/AAA/AAA)	0.30%	2.60%	0.00%	3.00%
Iowa (Aaa/AAA/AAA)	1.00%	0.80%	--	1.80%
Kansas (Aa2/AA-/AA)	1.70%	1.10%	0.00%	2.80%
Kentucky (Aa2/A+/AA)	3.10%	5.00%	0.30%	8.50%
Louisiana (Aa2/AA/AA-)	1.80%	2.00%	--	3.70%
Maine (Aa1/AA/AA+)	1.90%	1.40%	1.00%	4.30%
Maryland (Aa1/AAA/AAA)	3.60%	4.80%	1.00%	9.40%
Massachusetts (Aa1/AA+/AA+)	6.20%	4.80%	0.70%	11.70%
Michigan (Aa1/AA/AA+)	1.20%	6.30%	0.60%	8.20%
Minnesota (Aaa/AAA/AAA)	1.90%	1.50%	0.10%	3.40%
Mississippi (Aa2/AA/AA)	2.60%	1.00%	0.00%	3.60%
Missouri (Aaa/AAA/AAA)	1.60%	2.20%	0.30%	4.00%
Montana (Aa1/--/AA+)	0.40%	2.40%	0.00%	2.90%

Standard & Poor's Debt, Pension, and OPEB Ratios				
State	TGF Debt Service to TGF Revenue (%)	TGF Pension Contributions to TGF Revenue (%)	TGF OPEB Contributions to TGF Revenue (%)	Aggregate Debt, Pension, and OPEB Costs (%) to TGF Revenue
Nebraska (Aaa/AAA/--)	0.10%	1.00%	0.00%	1.10%
Nevada (Aa1/AA+/AA+)	2.00%	0.90%	0.10%	2.90%
New Hampshire (Aa1/AA+/AA+)	1.50%	1.60%	0.70%	3.80%
New Jersey (Aa3/A+/A+)	3.00%	9.70%	2.60%	15.30%
New Mexico (Aa2/AA/--)	6.00%	1.40%	0.40%	7.70%
New York (Aa1/AA+/AA+)	2.40%	0.60%	1.10%	4.10%
North Carolina (Aaa/AAA/AAA)	1.30%	4.20%	1.90%	7.50%
North Dakota (Aa1/AA+/--)	0.70%	3.20%	0.10%	4.10%
Ohio (Aaa/AAA/AAA)	2.30%	0.70%	--	3.00%
Oklahoma (Aa1/AA+/AA)	0.80%	3.10%	0.10%	4.00%
Oregon (Aa1/AA+/AA+)	3.10%	1.70%	0.00%	4.80%
Pennsylvania (Aa2/A+/AA)	1.30%	1.90%	0.60%	3.90%
South Carolina (Aaa/AA+/AAA)	0.70%	1.20%	0.40%	2.30%
South Dakota (Aaa/AAA/AAA)	0.60%	0.60%	--	1.10%
Tennessee (Aaa/AAA/AAA)	0.60%	1.70%	1.50%	3.80%
Texas (Aaa/AAA/AAA)	1.10%	3.10%	0.80%	5.00%
Utah (Aaa/AAA/AAA)	1.80%	1.40%	0.00%	3.20%
Vermont (Aa1/AA+/AA+)	1.00%	4.40%	1.60%	7.00%
Virginia (Aaa/AAA/AAA)	1.40%	1.40%	0.20%	3.00%
Washington (Aaa/AA+/AA+)	3.40%	0.80%	0.10%	4.40%
West Virginia (Aa2/AA-/AA)	2.00%	3.40%	0.30%	5.70%
Wisconsin (Aa1/AA+/AA+)	3.90%	0.90%	0.00%	4.80%
Wyoming (--/AA+/--)	0.50%	0.60%	0.10%	1.20%

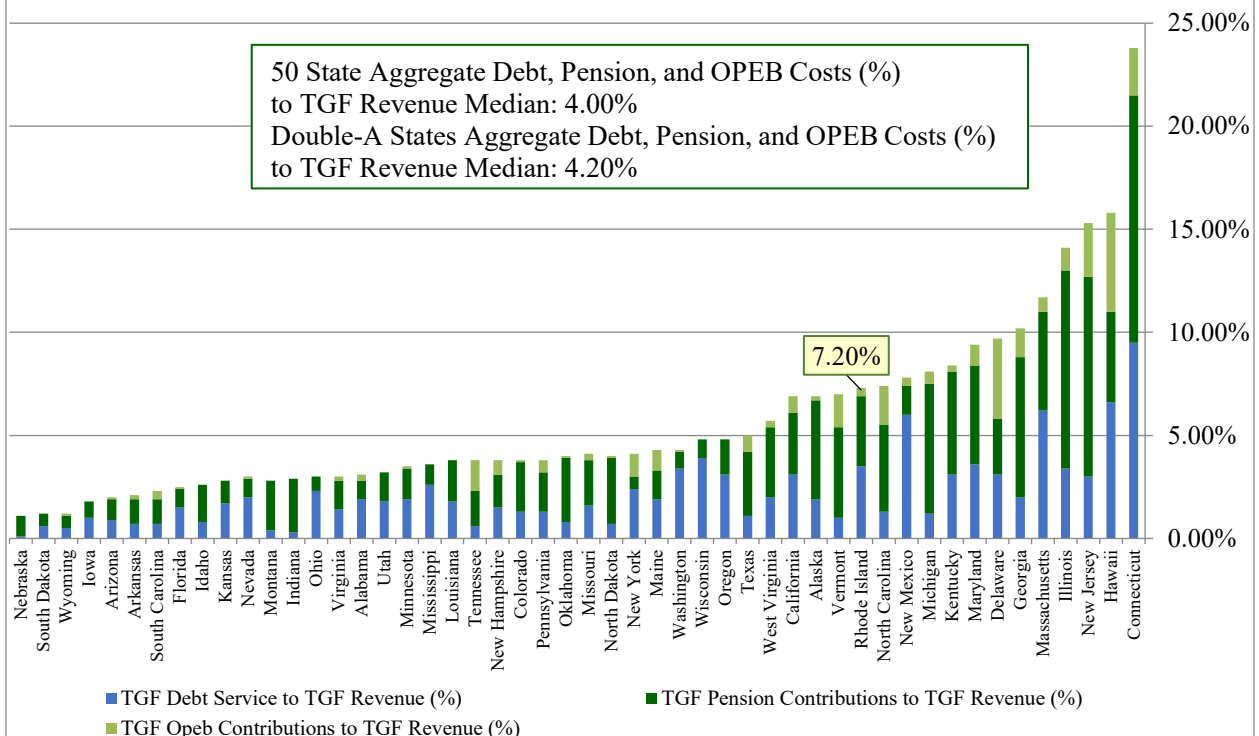
Source: Source: Standard & Poor's - Debt Eases, Pension And OPEB Funding Up In 2024: U.S. States Gain Ground, Complex Challenges Remain 22 October 2025

Standard & Poor's Total State Debt and Liabilities Per Capita 50 States



Source: Standard & Poor's - Debt Eases, Pension And OPEB Funding Up In 2024: U.S. States Gain Ground, Complex Challenges Remain 22 October 2025.

Standard & Poor's Current Cost of Debt, Pension and OPEBs 50 States



Source: Standard & Poor's - Debt Eases, Pension And OPEB Funding Up In 2024: U.S. States Gain Ground, Complex Challenges Remain 22 October 2025. *Total governmental fund (TGF)

Appendix B – Part Two
Quasi-Public Agencies
Debt Information

APPENDIX B
TABLE OF
CONTENTS

Outstanding Debt of Quasi-Public Agencies	B-1
Comparison of Rating Agency Methodologies for Pooled Programs and State Revolving Funds.....	B-6
Debt Management Practices of Selected New England States. with Quasi — Public agencies.....	B-8

Outstanding Debt of Quasi-Public Agencies – Pooled Bond Programs

Issuer/Debt Program	Security	Indenture Required	Outstanding as of 6/30/2025
		Additional Bonds Test	
Rhode Island Health and Educational Building Corporation -Education			
Public Schools Revenue Bond Financing Program	Loan repayments reflecting general obligation pledge of the participating borrowers. Failure to pay would result in intercept of the State Housing Aid and Basic Education Aid of a borrower	Additional bonds may be issued and separately secured by applicable revenues. Intercept of State Housing Aid and Basic Education Aid is available	\$1,676,125,000
Higher Education Facility Revenue Bonds (Board of Governors for Higher Education, Council on Postsecondary Education)	Rent payments, Educational and General Revenues of specific university/state colleges, including tuition and state appropriations.	Additional bonds test: 1.0x MADs	\$232,340,000
	Auxiliary Enterprise Revenues for auxiliary revenue bonds		
Achievement First Rhode Island, Inc., Series A & B	Secured by revenues derived solely from the organization for which the project was financed.	--	69,268,907
Blackstone Valley Prep	Secured by revenues derived solely from the organization for which the project was financed.	--	41,015,147
Brown University	Secured by revenues derived solely from the organization for which the project was financed.	--	614,424,000
Bryant University	General obligation of Brown University	No additional bonds test	175,220,664
Central Falls Public Schools	General obligation of Bryant University	If rated below investment grade, additional bonds must be secured by a letter of credit.	86,690,000
CVS-Highlander Charter School	General obligation pledge of Borrower's Gross Receipts and letter of credit.	Additional bonds must have a letter of credit and ratings confirmation.	2,420,000
Immaculate Conception Catholic Regional School	Secured by revenues derived solely from the organization for which the project was financed.	--	2,193,750
International Institute of RI, Inc.	Secured by revenues derived solely from the organization for which the project was financed.	--	915,000
Johnson & Wales University	Secured by pledge of tuition fees similar to other Johnson & Wales debt	Additional bonds permitted	12,593,781
Kingston Hill Academy	Secured by revenues derived solely from the organization for which the project was financed.	--	5,782,046
Meeting Street School	Secured by pledge of School's Gross Receipts and letter of credit.	Additional bonds must have a letter of credit and ratings confirmation.	19,153,808
Mercymount Country Day School	Secured by revenues derived solely from the organization for which the project was financed.	--	1,608,035
Moses Brown School	Secured by the loan, all moneys and securities held by the Trustee, mortgage and letter of credit.	Unless Institution maintains an Investment Grade Rating, any additional bonds shall be secured by a letter of credit.	16,375,294

Outstanding Debt of Quasi-Public Agencies – Pooled Bond Programs

Issuer/Debt Program	Security	Indenture Required	Outstanding as of 6/30/2025
		Additional Bonds Test	
Mount Saint Charles Academy	Secured by revenues derived solely from the organization for which the project was financed.	--	3,036,646
New England Institute of Technology	General obligation of New England Institute of Technology and a mortgage.	Additional bonds permitted with DSRF	75,617,062
Paul Cuffee School	Secured by revenues derived solely from the organization for which the project was financed.	--	2,964,000
Portsmouth Abbey School	Secured by revenues derived solely from the organization for which the project was financed.	--	21,843,999
Providence College	General obligation secured by a pledge of certain Tuition Fees up to 1.1x MADs	Additional bonds test: 1.1x MADs	228,320,000
Providence Public Buildings Authority	Secured by payments under the financing agreements and an intercept of the State Housing Aid and Basic Education Aid and a mortgage.	No additional bond test	86,090,000
Rhode Island School of Design	Pledge of Unrestricted College Revenues.	Additional bonds must have a letter of credit and ratings confirmation.	168,437,000
RI Nurses Institute Middle College Charter High School	Secured by revenues derived solely from the organization for which the project was financed.	--	18,687,962
Roger Williams University	Pledge of Tuition Fees and Rentals up to 1.1x MADs	Additional bonds must have a letter of credit and ratings confirmation.	60,481,495
Saint Philomena School	Secured by revenues derived solely from the organization for which the project was financed.	--	1,076,386
Salve Regina University	Secured by Tuition Fees and Mortgage	--	63,780,769
Segue Institute of Learning	Secured by revenues derived solely from the organization for which the project was financed.	--	20,000,000
St. Andrew's School	Secured by revenues derived solely from the organization for which the project was financed.	--	18,151,924
St. George's School	Secured by assignment effected by the Agreement and all other monies and securities held from time to time by the Trustee.	Additional bonds may be issued that are equally and ratably secured with the Bonds.	44,300,000
The Compass School	Secured by revenues derived solely from the organization for which the project was financed.	--	3,577,921
The Learning Community Charter School	Secured by revenues derived solely from the organization for which the project was financed.	--	2,395,824
Trinity Academy for Performing Arts	Secured by revenues derived solely from the organization for which the project was financed.	--	9,438,452

Outstanding Debt of Quasi-Public Agencies – Pooled Bond Programs

Issuer/Debt Program	Security	Indenture Required	Outstanding as of 6/30/2025
		Additional Bonds Test	
Rhode Island Health and Educational Building Corporation – Health Care			
Blackstone Valley Community Health Care	Secured by pledge of borrower’s gross receipts and a mortgage	No additional bonds test	11,470,541
Care New England Health System	General obligation of the Borrower. Secured by Gross Receipts of the Obligated Group.	Additional bonds test at 1.10x of historical debt service	101,505,000
Child and Family Services of Newport County	Secured by Borrower’s pledge and grant, assignment effected by the Agreement, all other monies and securities held from time to time by the Trustee and letter of credit.	Additional bonds may be issued that are equally and ratably secured with the Bonds and secured with a letter of credit.	3,504,320
Hope Health Hospice & Palliative Care	General obligation secured by pledge of Borrower’s Gross Receipts and letter of credit.	Additional bonds permitted with a letter of credit and ratings confirmation.	9,643,652
Lifespan Obligated Group	Gross receipts from the hospitals, including contributions, donations, pledges and revenues derived from the operation of all the facilities of the members of the obligated group. Also secured by mortgages on portions of certain hospital campuses.	Additional indebtedness with 1.10x coverage with additional tests.	433,625,000
Newport Hospital	Secured by Borrower’s Gross Receipts, letter of credit and Guaranty.	Additional bonds permitted with a letter of credit and ratings confirmation.	7,705,000
NRI Community Services, Inc.	Secured by assignment effected by the Agreement, all other monies and securities held from time to time by the Trustee and letter of credit.	Additional bonds may be issued that are equally and ratably secured with the Bonds and secured with a letter of credit.	1,825,000
Ocean State Assisted Living	Secured by pledge of borrower’s gross receipts and a mortgage	No additional bonds test	5,704,176
Saint Elizabeth Home, East Greenwich	Secured by pledge of borrower’s gross receipts and a mortgage	No additional bonds test	10,950,337
South County Hospital	Unlimited obligation of the Hospital and pledge of Gross Receipts and a mortgage.	Additional bonds test with 1.30x coverage historical and 1.40x coverage projected.	26,768,750
Tamarisk, Inc	Secured by pledge of borrower’s gross receipts and a mortgage	No additional bonds test	6,584,865
The Frassati	Secured by pledge of borrower’s gross receipts	No additional bonds test	2,527,419
The Providence Community Health Centers, Inc.	Secured by pledge of borrower’s gross receipts	No additional bonds test	6,818,788
Thundermist Health Center	General obligation of the borrower and a mortgage	No additional bonds test	1,068,208

Outstanding Debt of Quasi-Public Agencies – Pooled Bond Programs

Issuer/Debt Program	Security	Indenture Required Additional Bonds Test	Outstanding as of 6/30/2025
Rhode Island Infrastructure Bank			
Water Pollution Control Revenue Bonds	Pledged loan payments from underlying borrowers, debt service reserve accounts for certain borrowers, and Local Interest Subsidy Trust (LIST) fund reserves (if applicable).	Additional senior bonds can be issued if projected loan revenues and LIST earnings are at least 1x maximum annual debt service (MADS) on existing and proposed senior bonds. When incorporating planned LIST de- allocations and direct loan principal, these revenues need to represent at least 1.15x MADS on senior bonds. To issue subordinate bonds, all available revenues must represent at least 1x pro forma MADS.	\$430,650,000
Safe Drinking Water	Pledged loan payments from underlying borrowers, debt service reserve accounts for certain borrowers, and Local Interest Subsidy Trust (LIST) fund reserves (if applicable).	Additional senior bonds can be issued if projected loan revenues and LIST earnings are at least 1x MADS on existing and proposed senior bonds. When incorporating planned LIST de- allocations and direct loan principal, these revenues need to represent at least 1.15x MADS on senior bonds. To issue subordinate bonds, all available revenues must represent at least 1x pro forma MADS.	\$135,490,000
Municipal Road and Bridge	Pledged loan payments from underlying borrowers, debt service reserve accounts for certain borrowers.	Additional bonds can be issued if projected loan revenues are at least 1.20x existing plus proposed annual debt service in each subsequent year.	\$29,915,000
Efficient Buildings Fund	Pledged loan payments from underlying borrowers, program debt service reserve fund.	Additional bonds can be issued if projected loan revenues are at least 1.20x existing plus proposed annual debt service in each subsequent year.	\$22,325,000
Other Water Pollution Control and Drinking Water (non-SRF)	Conduit bond issues. Net revenue pledges secure the bonds.	Revenue Sufficiency Certificate, stating that revenues are sufficient to pay debt service.	\$33,835,000

Outstanding Debt of Quasi-Public Agencies – Pooled Bond Programs

Issuer/Debt Program	Security	Indenture Required Additional Bonds Test	Outstanding as of 6/30/2025
Rhode Island Housing and Mortgage Finance Corporation			
Homeownership Opportunity Bonds	Secured by bond proceeds, mortgage revenues and non-mortgage receipts, accounts under the resolution and all program obligations financed by the resolution	Certificate stating revenues are sufficient to provide for the payment of bonds	\$2,130,105,000
Multi-Family Funding Bonds	Mortgage loans and revenues	Certificate stating revenues are sufficient to provide for the payment of bonds	\$18,330,000
Multi-Family Development Bonds	Mortgage loans and revenues	Certificate stating revenues are sufficient to provide for the payment of bonds	\$372,130,000
Rhode Island Student Loan Authority			
Student Loan Program Revenue Bonds	Secured by non-federal loans, various accounts established under the indenture, payments of principal and interest on Non-Federal Loans financed pursuant to the Indenture and investment earnings.	Requires rating affirmations from rating agencies rating the bonds.	\$703,442,000
Notes Payable and Line of Credit	Secured by RISLA refinanced loans. Bank has a security interest on loan repayments and the refinanced loans pledged to the Line. Underwriting and servicing are approved by the Bank.	Two lines of credit, one expired June 2, 2019 and the second expired June 19, 2020. Multiple draws on the lines of credit were converted into term notes.	\$27,380,023

Comparison of Rating Agency Methodologies for Pooled Programs and State Revolving Funds

	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Portfolio Analysis	<p>Assess Weighted Average Default Rate (WADR) and calculates a Portfolio Stress Model (PSM) based on long-term default rates of corporate entities.</p> <p>Assess credit quality of underlying borrowers.</p> <p>Liability Rating Stress Hurdle</p>	<p>Pool financings: Debt obligations secured by loan repayments from a small group of obligors.</p> <p>Evaluate underlying credit quality of pool participants and nature of obligation.</p> <p>Employ Weighted Average Probability of Default. Determine weighted average credit quality of pool participants.</p> <p>State Revolving Funds: Evaluate Portfolio Credit Quality and Default Tolerance Score:</p> <ul style="list-style-type: none"> • Portfolio size and diversity (size, percentage of borrowers with less than 1% of the portfolio, percentage of loans to the top five borrowers) 	<p>Calculate Enterprise Risk Score</p> <ul style="list-style-type: none"> • Industry risk for government and not-for-profit municipal pool programs equates to low risk • Market position reflects level of government support received, existence of legislative authorization and presence of any significant challenges that could affect demand. • Geographic concentration – programs that target only one metropolitan area receive a one-notch negative adjustment <p>Calculate Financial Risk Score</p> <ul style="list-style-type: none"> • Determine relative default rates given credit quality of underlying loan portfolio • Review operating performance • Review financial policies and practices
Program Management	<p>Evaluate management's processes and procedures, including underwriting criteria, loan monitoring procedures, technology, program goals and requirements, historical loan delinquencies and defaults</p>	<p>Review program and portfolio management: loan underwriting standards, portfolio monitoring</p>	<p>Review Loan Origination Policies, Loan Monitoring Policies, Default and Delinquencies Policies, Long-term Planning, Investment Policies</p>
Legal Review	<p>State aid intercept mechanisms</p> <p>Required program-level reserves</p> <p>Moral obligation to fund debt service</p> <p>reserve funds may benefit from rating improvement</p> <p>Surplus Reserve Fund release requirements (cash flow coverage test must be met before surplus is released or de-allocated)</p> <p>Review Additional Bonds Test</p> <p>Review other credit enhancements (debt service fund, additional local reserve requirements, higher interest rate on a delinquent loan)</p> <p>Review any provisions for cross-collateralization.</p>	<p>Presence of a debt service reserve fund viewed as credit strength. Provision for obligating pool participants to make up any funding shortfall or refill a DSRF.</p> <p>Restrictions on removing surplus funds from the program.</p> <hr/> <p>SRF: Review rate covenants, pledged reserves at borrower level; presence of state aid intercept or moral obligation of individual loans; presence of step-provisions.</p> <p>Review assets pledged, cross-collateralization.</p> <p>Surplus Reserve Fund release requirements (cash flow coverage test must be met before surplus is released or de-allocated)</p> <p>Review additional bonds test, reserve requirements.</p>	<p>Examine state sponsored programs for power to influence local borrower behavior:</p> <ul style="list-style-type: none"> • Regulatory or oversight authority • State intercept provisions • Other measures to compel nonpayment without court action

Comparison of Rating Agency Methodologies for Pooled Programs and State Revolving Funds

	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Cash Flow Sufficiency	Review cash sources (loan repayments, subsidies, reserves and surplus fund balances) Coverage requirements of at least 1.25x viewed as strong; 1.1x or less viewed as weaker Program Asset Strength Ratio: Aggregate Pledged Assets (loan repayments plus reserve funds, account earnings) divided by aggregate outstanding debt service.	Review cash flow structure and over-collateralization of loans to bonds. Also allows for hybrid structures using features from both the cash flow structure and the reserve structure to over-collateralize.	Loss Coverage: Leverage Test for AAA rated programs: Review leverage level - Total loan revenue receivable plus pledged reserves divided by total bond debt service payable Operating Performance: Number of non-performing loans as a percent of total loans and percent of payments more than five days late in the past 12 months
Stress Tests	Use internal Cash Flow Model to test stress scenarios and find the 4-year default tolerance rate.	Assess cash flow under different interest rates and loan performance scenarios	Largest obligor test – assess possibility of default if largest obligor defaults. Aggregates sub AA- debt instruments from same obligor to determine largest single obligor.
Clean Water and Drinking Water SRF	Many have significant enhancement from federal capitalization grants and required state matching grants (typically state appropriations, state revenues, or state bond proceeds), which are usually invested in reserve funds and used to provide overcollateralization.		
	<i>U.S. Public Finance State Revolving Fund and Municipal Pool Program Rating Criteria, March 13, 2019</i>	<i>Public Sector Financings, July 18, 2012 U.S. State Revolving Fund Debt, March 20, 2013</i>	<i>U.S. Public Finance Long-Term Municipal Pools: Methodology and Assumptions, March 19, 2012 - Updated as of June 21, 2019</i>

Debt Management Practices of Selected New England States with Quasi Public Agencies

Connecticut

- Connecticut does not have debt policies for quasi-public agencies.
- There is no formal oversight of quasi-public agencies.
- State Treasurer sits on the board of quasi-public agencies.
- Certain agencies are able to use the Special Capital Reserve Fund (SCRF)
 - A SCRF is a debt service reserve fund set up at the time the bonds are issued, in an amount equal to the lesser of either one year's principal and interest on the bonds or ten percent of the issue.
 - If the borrower makes the scheduled debt service payments, the interest earnings on the reserve fund will pay the interest on the bonds that created it and the principal will go to retire the final maturity of the bond issue.
 - If the borrower is unable to pay all or part of the scheduled debt service payments, the reserve may be drawn upon to pay debt service.
 - The reserve provides up to a year's adjustment time to deal with a revenue shortfall.
 - When the SCRF has been drawn down in part or completely, a draw on the General Fund is authorized and the reserve is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. All that is required is a certification by the issuing authority of the amount required. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue.
 - State Treasurer conducts a full review and analysis for cash flow sufficiency to ensure that the State will not be making any debt service payments. There are no defined debt affordability measures.
 - Currently, only the South Central Regional Water Authority has debt with SCRF.

Massachusetts

- Massachusetts does not have procedures to control debt by quasi-public agencies.
- Treasurer sits on the board of quasi-public agencies.
- Massachusetts does not allow any moral obligation debt.
- Massachusetts has a debt management policy for the state's six bond programs: General Obligation Bonds, Special Obligation Revenue Bonds (motor fuel excise), Special Obligation Dedicated Tax Revenue Bonds (Convention Center), Senior Federal Highway Grant Anticipation Notes (or GANs), Commonwealth Transportation Fund Bonds (CTF for the Accelerated Bridge Program), and Federal Highway Grant Anticipation Notes (Accelerated Bridge Program)

New Hampshire

- New Hampshire does not have procedures to control debt by quasi-public agencies.
- Treasurer sits on the board of several quasi-public agencies.
- New Hampshire has various guarantee programs
 - The statutes authorizing the guarantee programs require approval by the Governor and Council of any award of a state guarantee
 - Statutory limitations may be either on the total amount guaranteed or on the total amount guaranteed that remains outstanding at any time (a revolving limit)
 - The statutory dollar limit may represent either the total amount of principal and interest or only the total amount of principal
 - The State has the following guarantee programs: Local Water Pollution Control Bonds; Local School Bonds; Local Superfund Site Bonds; Local Landfill and Waste Site Bonds; Business Finance Authority Bonds, Loans; Pease Development Authority; and Housing Finance Authority Child Care Loans

Debt Management Practices of Selected New England States with Quasi Public Agencies

Vermont

- The Vermont Treasurer is responsible for managing all tax-supported debt, which is all State of Vermont issued debt
- Vermont does not have specific procedures to control debt by quasi-public agencies.
- The Vermont Treasurer sits on boards of debt issuing quasi-public agencies and all quasi-public agencies that have moral obligation authority.
- The Vermont Treasurer chairs the Capital Debt Affordability Advisory Committee which has established a target of total moral obligation debt as a percentage of total State tax supported debt as way to have a high-level management of quasi-public agency moral obligation debt.

Appendix C – Part Three

Municipality Debt, Demographic and Economic Statistics,

**Debt and Pension Liability Ratios and State Reimbursements for
School Projects**

APPENDIX C
TABLE OF CONTENTS

Outstanding Municipality Debt	C-1
Municipality Net Pension Liability and Demographic/Economic Statistics.....	C-2
Fire Districts and Other Special Districts.....	C-3
State Reimbursements for School Building Projects.....	C-6
Liability Ratio Graphs.....	C-7

Outstanding Municipality Debt

Municipality	Moody's	S&P	Fitch	Governmental Activities - Tax-Supported									Business Activities		Gross Direct Debt	Overlapping Debt	Overall Debt
				General Obligation/ Tax-Supported Bonds	Loans Payable	Capital Leases/ Leases Payable	Net Direct Debt	Housing Aid Reimbursement (Bonds Only) (2025-2036)	GO Debt Service	Loans Debt Service	Lease Payments	Total Debt Service (2025)	Enterprise Debt	Enterprise Debt Service			
Barrington	Aa1	AAA	NR	7,370,000	60,036,092	370,951	67,777,043	(10,242,064)	871,321	5,024,066	169,336	6,064,723	15,288,847	2,678,731	83,065,890	0	83,065,890
Bristol	Aa2	AA+	NR	43,486,504	2,533,871	0	46,020,375	(1,829,850)	5,229,094	133,269.00	-	5,362,363	45,677,543	5,478,353	91,697,918	3,077,910	94,775,828
Burrillville	NR	AA	NR	12,966,600	0	0	12,966,600	(4,073,845)	2,397,509	0	0	2,397,509	13,334,997	1,219,162	26,301,597	469,503	26,771,100
Central Falls	A3*	NR	NR	2,780,000	315,000	0	3,095,000	(281,124)	1,078,303	-	-	1,078,303	54,324,852	1,789,676	57,419,852	0	57,419,852
Charlestown	Aa2	NR	NR	1,820,000	0	0	1,820,000	(2,286,547)	488,998	0	0	488,998	0	0	1,820,000	3,834,214	5,654,214
Coventry	A1	NR	NR	28,410,000	457,000	0	28,867,000	(3,498,611)	3,449,244	113,152	0	3,562,396	18,154,504	1,908,179	47,021,504	249,691	47,271,195
Cranston	A1	A+	AA+	58,720,000	21,763,000	5,822,149	86,305,149	(37,972,438)	7,961,212	2,388,979	1,403,721	11,753,912	15,693,822	1,792,592	101,998,971	0	101,998,971
Cumberland	Aa3	AA+	NR	88,390,000	10,890,000	7,155,390	106,435,390	(13,731,198)	7,899,242	1,313,782	1,535,010	10,748,034	81,256,635	3,560,900	187,692,025	171,665	187,863,690
East Greenwich	Aa1	AA+	NR	31,221,170	3,623,000	1,033,107	35,877,277	(10,907,609)	4,972,403	-	280,026	5,252,429	17,141,635	1,811,739	53,018,912	0	53,018,912
East Providence	NR	AA-	NR	184,801,104	0	1,071,815	185,872,919	(53,191,940)	16,072,236	-	209,756	16,281,992	92,319,794	7,841,597	278,192,713	0	278,192,713
Exeter	NR	NR	NR	0	0	0	0	(2,985,854)	0	-	-	0	0	0	0	7,610,559	7,610,559
Foster	Aa2	NR	NR	3,000,000	0	0	3,000,000	(2,666,778)	1,300,688	0	0	1,300,688	0	0	3,000,000	3,683,495	6,683,495
Glocester	NR	AA+	NR	575,000	389,534	0	964,534	(4,447,798)	205,438	87,000	0	292,438	0	0	964,534	7,865,388	8,829,922
Hopkinton	Aa3	NR	NR	1,970,000	1,094,000	153,190	3,217,190	(3,637,558)	240,406	173,774	91,585	505,765	0	0	3,217,190	5,881,912	9,099,102
Jamestown	Aa1	NR	NR	11,870,000	3,820,000	0	15,690,000	(1,113,990)	1,451,538	403,918	0	1,855,456	4,133,000	722,484	19,823,000	0	19,823,000
Johnston	A1	AA	NR	97,628,713	0	755,000	98,383,713	(8,420,558)	7,091,017	0	193,082	7,284,099	78,696,257	2,716,793	177,079,970	0	177,079,970
Lincoln	Aa2	NR	AAA	59,810,000	0	600,006	60,410,006	(23,744,929)	7,327,313	0	243,438	7,570,751	76,571,414	3,000,952	136,981,420	18,477	136,999,897
Little Compton	NR	AAA	NR	9,225,000	0	201,276	9,426,276	(2,485,404)	1,094,156	0	76,612	1,170,768	0	0	9,426,276	0	9,426,276
Middletown	Aa1	NR	NR	24,998,000	314,820	120,000	25,432,820	(2,496,791)	3,544,459	-	60,000	3,604,459	4,437,000	1,152,183	29,869,820	0	29,869,820
Narragansett	Aa2	AA+	NR	29,475,000	506,000	11,681	29,992,681	(1,998,000)	3,802,450	83,580	6,675	3,892,705	672,307	213,746	30,664,988	0	30,664,988
New Shoreham	NR	AA	NR	23,186,000	0	0	23,186,000	(738,223)	3,908,890	0	0	3,908,890	4,876,182	291,994	28,062,182	0	28,062,182
Newport	NR	A+	NR	114,527,000	0	0	114,527,000	(22,756,065)	7,611,769	0	0	7,611,769	107,727,363	13,918,693	222,254,363	0	222,254,363
North Kingstown	Aa2	AA+	NR	32,742,000	0	689,223	33,431,223	(6,202,669)	5,254,070	0	105,215	5,359,285	11,744,248	1,343,768	45,175,471	0	45,175,471
North Providence	A1	AA-	NR	55,300,000	0	363,699	55,663,699	(54,859,886)	4,701,145	0	256,428	4,957,573	102,372,666	3,451,211	158,036,365	0	158,036,365
North Smithfield	Aa2	NR	NR	13,974,898	780,000	0	14,754,898	(4,520,580)	3,896,345	404,952	0	4,301,297	2,277,915	364,298	17,032,813	0	17,032,813
Pawtucket	A3	A+	A+	20,315,000	98,238,400	9,219,968	127,773,368	(66,846,847)	2,758,725	8,818,326	2,259,728	13,836,779	298,869,149	17,389,943	426,642,517	0	426,642,517
Portsmouth	Aa2	AAA	NR	32,399,067	0	770,170	33,169,237	(3,811,955)	2,531,627	0	246,676	2,778,303	132,551	99,988	33,301,788	242,000	33,543,788
Providence	A3	BBB+	A-	127,195,000	0	274,120,000	401,315,000	(154,615,982)	7,200,000	0	55,058,000	62,258,000	836,251,801	55,817,423	1,237,566,801	0	1,237,566,801
Richmond	NR	NR	NR	3,500,000	252,300	0	3,752,300	(3,582,415)	521,221	27,905	0	549,126	1,791,742	91,431	5,544,042	5,793,162	11,337,204
Scituate	NR	AA	NR	11,851,000	0	0	11,851,000	(1,917,649)	1,720,874	0	0	1,720,874	299,650	0	12,150,650	0	12,150,650
Smithfield	Aa2	AA	NR	44,850,000	6,618,000	0	51,468,000	(10,919,359)	4,252,067	1,238,118	0	5,490,185	8,088,929	702,767	59,556,929	0	59,556,929
South Kingstown	Aa1	NR	NR	14,225,000	0	324,124	14,549,124	(1,044,926)	1,777,069	0	111,126	1,888,195	114,000	56,722	14,663,124	176,119	14,839,243
Tiverton	A1	AA	NR	24,847,289	0	859,662	25,706,951	(5,818,179)	3,989,388	0	155,824	4,145,212	0	0	25,706,951	166,411	25,873,362
Warren	Aa3	NR	NR	7,770,000	19,562,089	152,505	27,484,594	(1,112,977)	805,000	1,352,956	53,788	2,211,744	8,097,374	1,085,396	35,581,968	1,872,090	37,454,058
Warwick	NR	AA	NR	90,339,047	0	0	90,339,047	(16,647,516)	9,905,611	0	0	9,905,611	65,858,720	8,611,146	156,197,767	228,186	156,425,953
West Greenwich	NR	AA+	NR	1,835,765	110,765	0	1,946,530	(3,136,463)	604,363	54,364	0	658,727	256,648	0	2,203,178	7,994,442	10,197,619
West Warwick	A3	NR	NR	30,735,515	0	2,361,808	33,097,323	(1,240,405)	3,433,362	0	373,874	3,807,236	15,447,920	1,627,734	48,545,243	0	48,545,243
Westerly	Aa3	AA	NR	45,129,000	9,351,000	4,191,829	58,671,829	(9,180,592)	8,303,284	567,141	1,454,160	10,324,585	5,263,705	703,860	63,935,534	130,201	64,065,735
Woonsocket	NR	NR	NR	99,735,000	0	5,495,041	105,230,041	(33,235,903)	12,701,734	0	237,312	12,939,046	91,226,695	7,932,435	196,456,736	0	196,456,736

* Central Falls rating reflects Moody's assigned rating of A3 to RIHEBC Public School Revenue Bonds Financing Program Revenue Bonds, Series 2007B (Pooled Issue), which reflects the credit quality of Central Falls, the remaining pool participant

Net Direct Debt: All debt of an issuer less self-supporting enterprise debt. Enterprise Debt: Debt for essential service utilities that is self-supporting from user fees. Overlapping Debt: Issuer's proportionate share of the debt of other local governmental units that either overlap or underlie it. Overall Debt: Net debt + Enterprise Debt + Overlapping Debt.

Municipality – Net Pension Liability and Demographic/Economic Statistics

	Pension and OPEB							Demographics/Economic Statistics				
Municipality	Net OPEB Liability	Net Pension Liability	Overall Debt + Pensions	Pension Actual ADC (FY2024)	Pension Required ADC (FY2024)	OPEB Actual Payment (FY2024)	OPEB Required Payment (FY2024)	Governmental Fund Revenues	Governmental Fund Expenditures	Population	Personal Income 2023	Taxable Assessed Value
Barrington	0	42,980,418	126,046,308	6,956,290	6,613,806	1,091,810	1,091,810	103,958,767	103,213,943	17,027	2,019,296,004	3,423,606,424
Bristol	0	11,713,312	106,489,140	7,163,267	7,163,267	1,326,085	1,326,085	66,022,532	68,691,128	22,023	1,737,555,460	3,619,217,364
Burrillville	3,011,029	21,782,505	53,548,598	2,294,749	2,294,749	188,544	188,544	62,933,813	64,591,734	16,794	1,116,814,284	2,200,467,248
Central Falls	1,644,758	26,019,854	81,518,076	3,171,373	3,546,330	176,867	176,867	41,705,700	39,894,438	23,034	669,848,773	857,558,227
Charlestown	0	2,464,088	11,050,371	818,472	1,036,052	138,195	130,232	29,500,447	28,126,124	8,052	790,100,439	4,168,474,405
Coventry	18,398,609	143,504,219	191,415,541	14,923,854	13,783,090	949,129	949,129	139,124,935	138,561,405	36,081	2,456,267,565	5,042,754,489
Cranston	58,672,096	336,596,654	438,414,418	41,467,896	41,467,896	5,143,497	5,143,497	371,634,741	390,436,212	84,448	5,354,254,620	8,966,668,008
Cumberland	19,018,237	62,669,929	257,342,793	9,670,980	9,895,373	1,500,000	1,537,410	125,509,575	133,095,806	37,509	2,848,365,295	4,372,633,168
East Greenwich	15,890,800	36,171,663	89,190,575	6,892,294	6,892,294	1,162,429	1,823,210	85,795,164	90,196,251	14,769	1,677,106,324	2,705,669,756
East Providence	22,322,311	240,008,103	499,599,724	23,466,308	23,466,308	3,879,328	4,150,105	233,235,424	248,098,581	47,961	3,122,337,481	5,215,760,247
Exeter	0	0	7,610,559	0	0	0	0	19,510,034	19,352,605	6,568	454,822,617	1,016,463,564
Foster	0	3,596,504	10,279,999	695,029	695,029	42,663	42,663	20,506,985	19,797,017	4,608	291,749,658	642,560,595
Glocester	792,923	7,053,526	15,936,469	1,435,696	1,435,696	87,005	87,005	36,026,108	37,050,305	10,512	708,877,029	1,683,854,755
Hopkinton	0	2,033,814	13,869,308	483,982	483,982	0	0	30,116,884	31,468,029	8,431	607,253,743	1,353,549,948
Jamestown	4,984,385	7,070,009	26,893,009	1,457,968	1,457,968	404,200	572,847	29,733,144	26,441,936	5,494	698,224,891	3,385,520,423
Johnston	146,756,066	173,809,076	351,668,506	11,564,727	11,564,727	8,345,321	13,266,326	158,533,997	162,563,089	30,363	1,986,382,759	3,872,537,867
Lincoln	12,650,514	49,069,547	184,365,444	5,392,915	5,392,915	2,576,795	1,405,060	115,187,861	117,196,041	23,507	1,808,393,541	2,977,945,034
Little Compton	1,652,880	6,823,861	16,250,137	965,330	965,330	205,700	205,700	16,974,321	17,617,370	3,553	496,983,656	\$2,679,562,148
Middletown	1,096,623	27,101,808	56,971,628	3,866,930	3,866,930	2,146,005	763,644	83,688,242	84,470,484	16,610	1,387,732,452	5,314,778,411
Narragansett	26,518,481	66,941,106	97,606,094	11,143,592	10,311,142	4,637,882	3,607,210	82,301,973	86,648,275	14,407	1,136,552,956	6,080,680,310
New Shoreham	278,229	4,129,666	32,191,848	664,724	664,724	77,328	73,515	19,122,620	22,472,374	1,413	89,242,627	2,085,227,255
Newport	50,264,599	107,478,117	329,732,480	18,635,283	18,635,283	6,868,415	6,488,059	164,704,435	194,273,567	24,482	2,115,649,141	10,583,781,562
North Kingstown	14,788,603	66,899,197	112,074,668	10,287,095	10,287,095	1,210,532	1,636,770	140,522,052	135,584,951	27,938	2,688,585,070	6,000,511,850
North Providence	32,845,131	91,099,878	251,852,929	11,434,233	11,772,093	3,947,797	3,095,787	140,427,586	147,257,087	34,791	2,136,389,521	3,511,402,150
North Smithfield	8,804,933	18,199,612	35,232,425	2,923,573	2,923,573	892,521	1,324,741	57,667,244	59,184,711	12,899	1,004,426,533	2,052,673,208
Pawtucket	318,098,109	249,391,156	669,674,252	27,298,735	27,298,735	14,667,350	27,641,860	348,949,962	376,359,775	76,996	3,941,109,728	4,962,962,026
Portsmouth	19,802,094	68,674,002	105,630,790	7,466,771	7,454,159	1,733,964	923,649	86,220,739	91,412,321	17,391	1,666,441,468	4,812,730,457
Providence	861,967,000	1,465,667,000	2,721,940,162	104,943,000	104,943,000	38,585,000	38,585,000	1,142,695,000	1,204,975,000	194,706	10,284,600,553	14,492,420,000
Richmond	0	402,215	13,786,977	218,952	218,952	0	0	30,476,491	30,312,980	8,142	683,037,731	1,341,714,431
Scituate	5,876,694	29,670,661	41,821,311	4,080,620	3,977,834	235,895	733,954	58,501,323	60,382,574	10,741	875,829,028	1,879,389,369
Smithfield	32,675,638	53,725,299	114,230,287	6,665,637	7,709,181	1,624,243	3,754,443	94,342,031	102,422,046	22,535	1,490,355,759	3,820,527,868
South Kingstown	0	47,578,055	63,232,450	6,990,606	6,990,606	2,056,300	1,674,610	112,174,875	107,401,333	32,094	2,453,690,690	6,899,764,200
Tiverton	28,582,191	23,065,563	53,694,168	3,554,311	3,669,071	1,183,368	1,846,223	69,914,144	71,253,540	15,938	1,199,694,976	2,683,079,647
Warren	6,097,511	4,851,232	42,305,290	849,153	849,153	237,121	687,695	33,616,811	39,492,244	11,095	885,804,339	1,907,313,606
Warwick	295,392,038	437,649,203	593,846,970	52,276,148	53,802,749	13,601,596	13,601,596	385,557,182	410,851,592	83,554	5,834,671,413	13,444,745,975
West Greenwich	0	1,716,958	11,914,577	503,801	503,801	0	0	26,376,184	24,161,027	6,720	493,643,854	882,725,214
West Warwick	54,214,444	184,552,493	233,097,736	13,317,799	13,266,700	3,998,051	5,382,406	140,594,446	141,593,648	31,326	1,965,236,617	3,061,769,856
Westerly	10,319,374	41,393,372	106,289,517	6,361,426	6,361,426	1,257,000	1,290,437	116,090,596	114,953,191	23,288	1,989,412,480	7,967,722,735
Woonsocket	145,898,156	143,166,835	339,623,571	16,208,872	16,208,873	634,611	1,665,524	199,160,152	200,814,309	44,508	1,960,077,229	2,933,988,118

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SUMMARY OF FIRE DISTRICTS

Fire District	Town	Debt Limit*	FY25 Debt Service Payment			Long-Term Debt FY22**
			Principal*	Interest*	Total*	
East Burrillville	Burrillville	3% of assessed	20,150	16,544	36,694	N/A
Pascoag	Burrillville	1,000,000	19,500	5,500	25,000	N/A
Harrisville	Burrillville	None	429,853	99,275	529,128	N/A
Charlestown	Charlestown	5,000,000	NR	NR	0	N/A
Quonochontaug Central	Charlestown	1.5% of assessed	132,759	1,700	134,459	N/A
Shady Harbor	Charlestown	3% of assessed	4,750	3,013	7,763	57,000
Central Coventry	Coventry	1/2 of annual budget	0	0	0	0
Coventry	Coventry	1 year of tax revenue	151,282	2,415	153,697	N/A
Hopkins Hill	Coventry	1,000,000	58,504	21,810	80,314	N/A
Western Coventry	Coventry	.5% of assessed	39,905	31,304	71,209	1,062,625
Cumberland	Cumberland	\$100,000 unless voted	171,665	16,146	187,811	N/A
Exeter	Exeter	1% of assessed	0	0	0	N/A
Chepachet	Glocester	9% of assessed	109,457	5,024	114,481	N/A
Harmony	Glocester	3% of assessed	0	0	0	N/A
West Glocester	Glocester	3% of assessed	0	0	0	0
Ashaway	Hopkinton	3% of assessed	NR	NR	0	N/A
Hope Valley-Wyoming	Hopkinton-Richmond	None	129,156	20,832	149,988	N/A
Lime Rock	Lincoln	1,000,000	0	0	0	N/A
Lincoln Fire District	Lincoln	3% of assessed	NR	NR	0	N/A
Manville	Lincoln	None	NR	NR	0	N/A
Quinnville	Lincoln	50,000	18,477	0	18,477	99,135
Bonnet Shores	Narragansett	None	None	None	0	0
Pojac Point	North Kingstown	1,500	0	0	0	0
Portsmouth Water & Fire	Portsmouth	None	242,000	74,636	316,636	2,803,000
Richmond Carolina	Richmond	1% of assessed	NR	NR	0	N/A
Indian Lake Shores	South Kingston	9% of assessed	0	0	0	-
Kingston	South Kingston	2,000,000	176,119	23,983	200,102	N/A
Union	South Kingston	10,000,000	NR	NR	0	NR
North Tiverton	Tiverton	None	166,411	132,505	298,916	3,733,386
Stone Bridge	Tiverton	2,274,167	NR	NR	0	NR
Buttonwoods	Warwick	20,000	na	na	228,186	0
Bradford	Westerly	<9% of assessed	0	0	0	0
Misquamicut	Westerly	3% of assessed with adjmts	0	0	0	N/A
Shelter Harbor	Westerly	None	0	0	0	0
Watch Hill	Westerly	TAN limit of \$100,000	53,472	22,311	75,783	534,651
Weekapaug	Westerly	10% of assessed	0	0	0	0
Westerly	Westerly	1% of assessed	NR	NR	0	N/A
Dunn's Corners	Westerly-Charlestown	None	59,356	7,295	66,651	116,872

**Source: FY25 RI Fire District Adopted Budget Survey and Quarterly Reports (based on self-reported data)

*** Source: FD-4 report; audit report (NOTE: Fire districts with 6/30/25 fiscal year ends and later are not due for submission until 12/31/25 or later and are marked N/A)

Former Nasonville and Oakland Mapleville fire districts have consolidated into the East Burrillville Fire District for FY25

Other Special Districts

Special Districts	Moody's	S&P	Fitch	GO/Revenue Bonds (FY2024)	Loans Payable (FY2024)	Capital Leases (FY2024)	Total Outstanding (FY2024)	Housing Aid (2025-2036)	GO/Revenue Bond Debt Service (2024/2025)	Loans Debt Service (2024/2025)	Lease Payments (2024/2025)	Total Debt Service (2024/2025)
Bristol-Warren Regional School District	A2	NR	NR	4,950,000	0	0	4,950,000	(2,942,827)	1,579,800	0	0	1,579,800
Bristol County Water Authority	NR	NR	NR	30,090,737	6,506,181	0	36,596,918	0			0	4,905,558
Burrillville Housing Authority	NR	NR	NR	0	0	0	0	0	0	0	0	0
Chariho Regional School District	Aa3	NR	NR	15,204,000	0	0	15,204,000	(9,507,470)	2,005,650	na	na	1,747,123
Coventry Housing Authority	NR	NR	NR	0	179,320	0	179,320	0	0	69,636	0	69,636
Cumberland Housing Authority	NR	NR	NR	0	335,366	0	335,366	0	0	57,036		57,036
Exeter-West Greenwich Regional S.D.	A1	NR	NR	0	15,605,000	0	15,605,000	(6,122,317)	0	2,714,769	0	2,714,769
Foster-Glocester School District	Aa3	NR	NR	11,005,000	306,506	127,920	11,439,426	(6,489,577)	3,175,375	154,917	40,892	3,175,375
Kent County Water Authority	NR	NR	NR	18,308,000	0	0	18,308,000	0		0	0	0
North Providence Housing Authority	NR	NR	NR	0	0	0	0	0	0	0	0	0
Pascoag Utility District*	NR	NR	NR	4,381,497	0	0	4,381,497	0	344,762	0	0	344,762
Pawtucket Housing Authority	NR	AA-	NR	4,892,454	482,702	0	5,375,156	0	393,563	25,000	0	418,563
Providence Housing Dev Corp	NR	NR	NR	11,076,203	0	4,046,940	15,123,143	0	1,187,694	0	1,046,565	2,234,259
Providence Public Building Authority	Baa1	BBB	NR	Included in City of Providence tax-supported debt.								
Providence Redevelopment Agency	Baa1	BBB	NR	Included in City of Providence tax-supported debt.								
Providence Water Supply Brd	NR	AA-	NR	Included in City of Providence enterprise debt.								
Woonsocket Housing Authority	NR	AA-	NR	915,000	0	0	915,000		892,525	0	0	892,525

Information calculated from latest financials available for Coventry Housing Authority (FY 2020), Cumberland Housing Authority (FY 2021), Pascoag Utility District (FY2022), Providence Building Authority (FY2023) and Woonsocket Housing Authority (FY2022)

*On January 1, 2025 Pascoag Utility District merged with Harrisville Fire District's Water Department creating Clear River Electric & Water District (CREW) and was incorporated by a special act of the Rhode Island General Asse

Other Special Districts

Allocation of Narragansett Bay Commission Debt

NBC Debt			
Outstanding with WIFIA Loans 6/30/2025	NBC RIIB Debt Outstanding 6/30/2025	Total NBC Debt Outstanding	FY2025 Debt Service
768,640,292	485,409,256	1,254,049,548	42,276,809

Municipality	% of Revenues FY2024*	NBC Debt	NBC RIIB Debt	Total Debt	Allocation of Debt Service
Central Falls	4.23%	32,538,342	20,548,510	53,086,852	1,789,676
Cranston	0.20%	1,571,483	992,418	2,563,901	86,435
Cumberland	5.18%	39,818,166	25,145,841	64,964,007	2,190,082
East Providence	3.25%	25,006,037	15,791,732	40,797,769	1,375,384
Johnston	6.23%	47,869,723	30,230,534	78,100,257	2,632,934
Lincoln	5.84%	44,915,727	28,365,036	73,280,764	2,470,458
North Providence	8.16%	62,746,927	39,625,739	102,372,666	3,451,211
Pawtucket	17.81%	136,872,629	86,437,364	223,309,993	7,528,278
Providence	48.89%	375,775,353	237,308,448	613,083,801	20,668,423
Smithfield	0.11%	879,326	555,309	1,434,635	48,365
Other	0.08%	646,578	408,325	1,054,903	35,563
Total	100.00%	768,640,292	485,409,256	1,254,049,548	42,276,809

*Source: Narragansett Bay Commission

Debt and debt service: NBC Annual Report FY2025

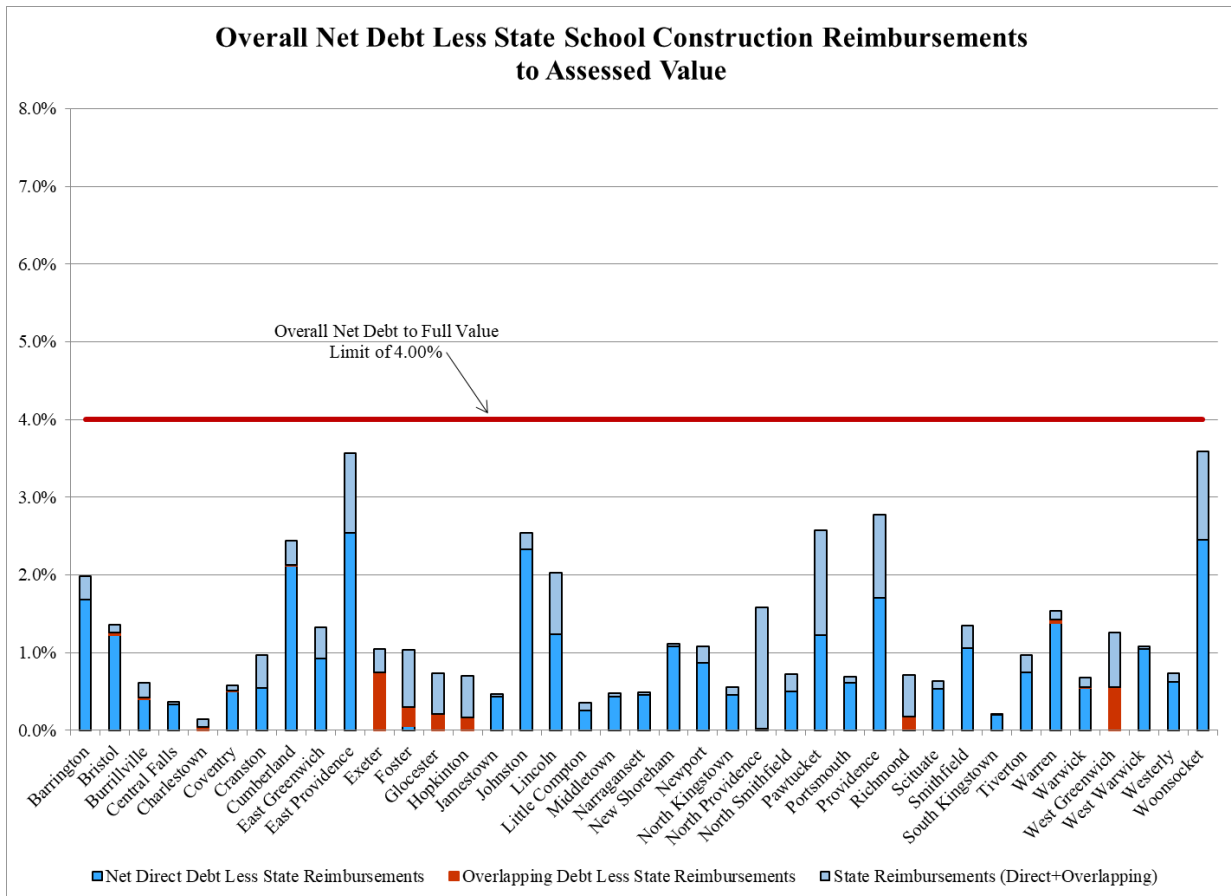
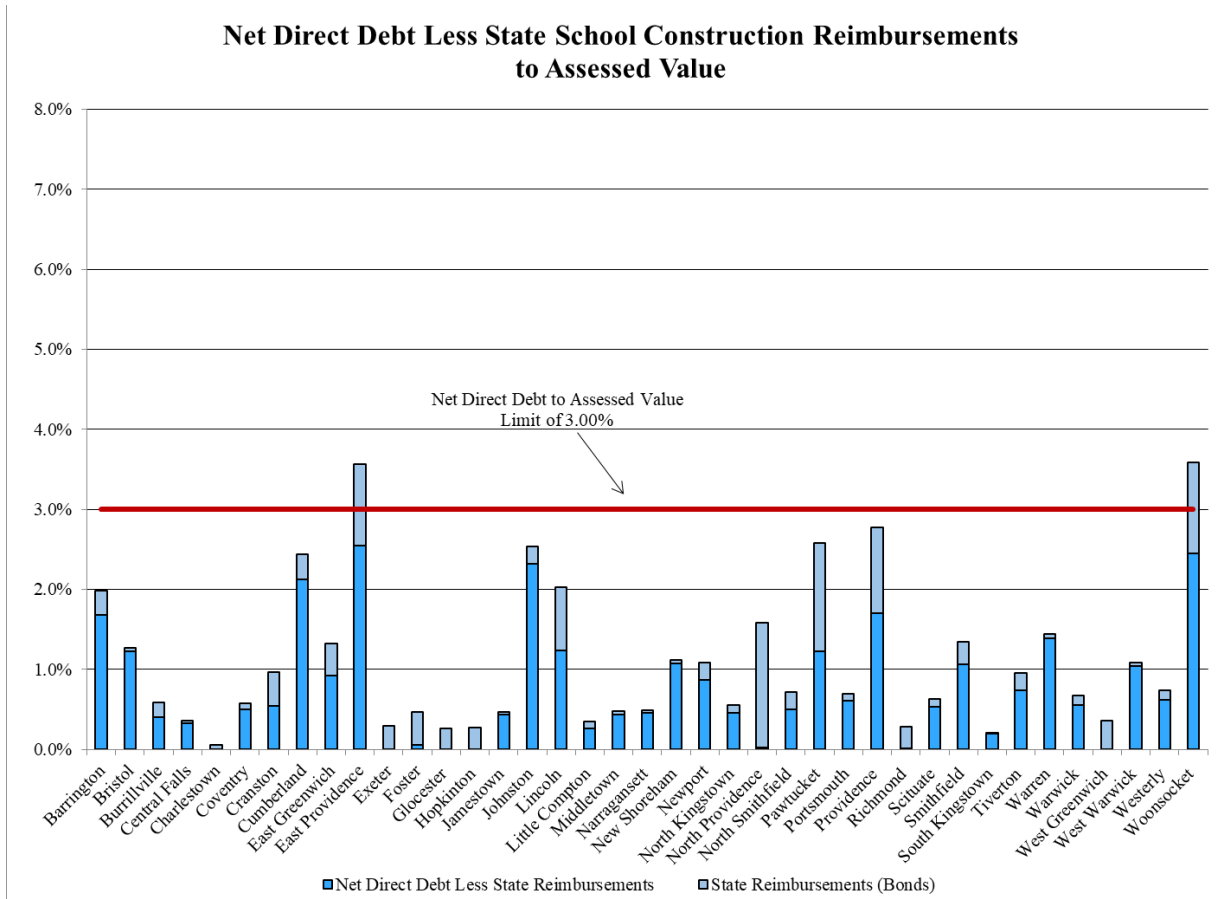
State Reimbursements for School Building Projects (FY2025-FY2036) – Bonds Only

State Housing Aid - Construction Entitlements (Bonds-Principal)

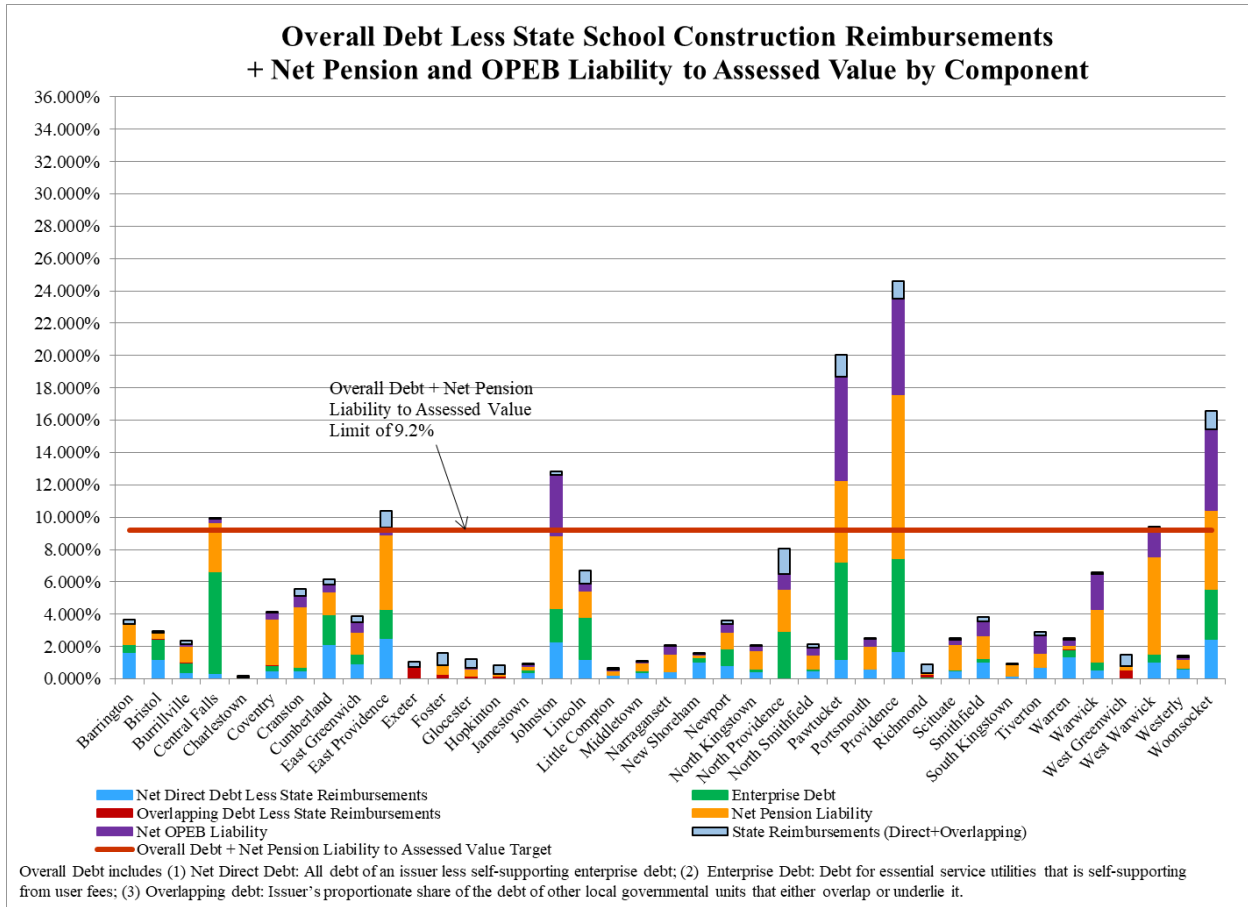
District	Total (2025-2036)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Barrington	10,242,064	620,158	638,496	666,837	700,178	733,520	770,196	810,207	843,513	862,720	897,911	933,100	969,971	1,010,180	1,043,731
Bristol Warren	2,942,827	726,107	758,708	797,236	835,764	812,361	497,466	0	0	0	0	0	0	0	0
Burrillville	4,073,845	200,146	419,931	450,471	406,097	216,208	362,154	328,586	330,047	330,047	330,047	330,047	330,047	330,047	330,047
Central Falls	281,124	75,519	80,321	84,783	93,708	102,633	0	0	0	0	0	0	0	0	0
Charlho	9,507,470	1,017,044	1,048,344	1,076,994	1,108,294	1,149,144	872,706	914,494	962,383	1,007,107	560,781	587,205	619,501	648,861	0
Coventry	3,498,611	491,431	209,617	209,617	209,617	209,617	355,488	362,968	370,449	379,176	387,903	396,631	195,741	205,715	215,689
Cranston	37,972,438	1,305,932	1,350,384	1,397,161	1,770,181	1,445,508	3,244,536	3,396,416	3,288,625	3,483,793	3,657,759	3,831,726	4,020,358	4,112,096	4,324,279
Cumberland	13,731,198	930,253	914,787	871,490	903,490	1,578,996	1,624,458	917,725	962,564	1,013,383	1,061,214	1,112,033	1,168,828	1,228,616	1,288,401
East Greenwich	10,907,609	1,117,072	1,089,896	1,113,982	1,037,649	1,046,218	1,030,949	1,025,836	768,032	778,670	793,665	808,478	816,145	835,425	852,560
East Providence	53,191,940	3,936,895	4,082,265	4,026,279	3,545,435	3,651,421	3,994,917	4,157,675	4,320,435	4,490,535	4,667,978	4,339,804	4,517,573	4,698,507	6,781,381
Exeter-West Greenwich	6,122,317	171,267	168,314	1,108,992	450,025	858,189	506,416	515,934	359,760	375,730	391,701	407,671	423,641	439,612	284,646
Foster	577,134	21,804	218,547	63,134	0	514,000	0	0	0	0	0	0	0	0	0
Foster-Glocester	6,489,577	1,432,632	1,471,908	1,547,243	1,616,782	1,697,911	799,816	827,825	0	0	0	0	0	0	0
Glocester	47,865	14,915	15,955	15,955	15,955	15,955	0	0	0	0	0	0	0	0	0
Jamestown	1,113,990	106,498	141,677	100,665	92,285	92,285	92,285	92,285	92,285	92,285	92,285	92,285	92,285	92,285	90,475
Johnston	8,420,558	162,358	148,131	115,656	24,106	1,197,206	655,611	688,090	721,053	757,779	794,023	803,705	845,113	886,521	931,695
Lincoln	23,744,929	1,577,652	1,647,181	1,715,210	1,781,065	1,864,545	1,677,851	1,760,808	1,848,589	1,941,196	2,038,454	2,126,585	2,233,318	2,328,601	2,428,707
Little Compton	2,485,404	201,939	209,706	217,473	139,804	223,298	234,948	244,657	258,249	269,899	283,492	299,025	314,559	0	0
Middletown	2,496,791	369,166	192,650	171,041	176,937	184,802	190,700	196,598	204,461	210,359	218,224	224,121	230,020	239,848	249,680
Narragansett	1,998,000	333,000	348,000	363,000	381,000	399,000	418,500	436,500	0	0	0	0	0	0	0
New Shoreham	738,223	182,250	200,550	206,550	50,550	62,522	62,522	63,771	65,020	33,718	36,216	37,465	38,714	39,963	41,212
Newport	22,756,065	911,107	887,175	865,443	853,154	3,090,088	1,985,152	2,031,272	2,079,516	2,132,008	2,195,348	2,260,812	1,686,456	1,754,424	1,822,392
North Kingstown	6,202,669	848,892	1,314,667	1,316,924	1,295,334	1,298,247	324,591	319,898	317,551	311,231	308,885	304,192	135,272	135,272	135,272
North Providence	54,859,886	1,773,361	1,623,993	1,501,336	1,580,951	4,121,495	4,324,755	4,543,577	4,770,153	5,008,357	5,258,471	5,516,394	5,797,634	6,075,382	6,361,381
North Smithfield	4,520,580	842,185	890,165	932,054	988,152	830,663	869,951	112,470	112,470	112,470	112,470	112,470	112,470	112,470	112,470
Pawtucket	66,846,847	2,833,941	2,908,458	3,250,211	4,432,144	3,267,242	3,400,942	9,923,112	5,460,811	5,678,024	5,927,682	6,197,201	6,481,892	6,263,372	6,564,214
Portsmouth	3,811,955	138,185	138,582	123,672	329,019	308,919	292,401	290,740	304,664	318,590	334,562	350,402	368,288	386,174	404,524
Providence	154,615,982	15,939,591	18,348,971	22,574,853	18,820,986	19,713,055	18,281,971	8,920,945	8,305,683	8,717,211	9,142,860	9,545,717	9,961,729	10,398,130	10,232,842
Scituate	1,917,649	121,965	126,438	147,670	173,269	205,728	201,844	211,791	128,073	132,671	139,777	144,372	138,971	144,018	149,465
Smithfield	10,919,359	742,743	771,929	718,616	750,234	781,852	815,902	852,384	888,868	927,782	969,130	1,005,612	1,042,095	1,068,849	1,098,035
South Kingstown	1,044,926	170,741	159,078	124,224	116,525	105,748	90,351	90,351	90,351	71,675	71,675	71,675	71,675	70,338	70,338
Tiverton	5,818,179	793,534	827,270	867,710	906,150	893,477	701,388	498,694	290,352	302,366	314,381	326,395	334,405	346,420	36,441
Warwick	16,647,516	1,009,240	1,086,750	1,601,369	1,501,273	1,551,632	1,228,942	1,284,471	1,336,731	1,396,447	1,455,038	1,360,162	1,322,231	1,280,834	1,328,386
West Warwick	1,240,405	480,290	107,674	110,192	115,230	110,817	115,854	118,373	123,410	128,447	133,484	138,521	146,077	0	0
Westerly	9,180,592	1,325,864	1,359,364	1,384,364	735,864	935,945	790,542	813,104	829,616	848,230	514,845	539,459	568,175	594,840	625,608
Woonsocket	33,235,903	3,026,887	2,813,435	2,680,440	2,816,208	2,955,854	3,103,259	3,262,301	3,425,222	3,541,594	3,673,483	3,813,129	3,964,413	0	0

Source: RI Department of Elementary and Secondary Education

State Reimbursements for School Building Projects (FY2025-FY2036) – Bonds Only



State Reimbursements for School Building Projects (FY2025-FY2036) – Bonds Only



Appendix D

Glossary of Terms

Glossary of Terms

1. Additional bonds test (ABT) – A provision typically included in a bond resolution or indenture that established the terms under which any proposed new bonds can be issued. The terms specified are usually in the form of meeting a pre-established debt service coverage level and compliance with other security features of the transaction.
2. Amortization – The repayment schedule (in regular installments) over a period of time used to retire the applicable debt.
3. Appropriation debt (pledge) - Debt secured by contractual agreements which, while not considered General Obligations of the Issuer, are still subject to annual appropriation by the Issuer or an Obligated Party.
4. Arbitrage - Simultaneous purchase and sale of an asset to profit from a difference in the price. It is a trade that profits by exploiting the price differences of identical or similar financial instruments on different markets or in different forms. For tax-exempt bonds, Issuers using tax-exempt proceeds are generally not able to keep investment earnings in amount higher than the yield on the tax-exempt bonds. Negative arbitrage is the term related to the difference between a lower investment yield on a refunding escrow compared to the yield on tax-exempt refunding bonds. Higher negative arbitrage indicates a less efficient escrow.
5. Bond resolution – A legal document approved by the issuer that allows bonds to be issued and sold for a specific purpose and defines the rights and responsibilities of each party to a bond contract -- the issuer and the bondholder.
6. Call provisions - Allows the issuer to redeem and retire the bonds in advance of their stated maturity; typically comes with a time window within which the bond can be called, with a specific price to be paid to bondholders, and any accrued interest defined within the provision.
7. Capital lease - Contract entitling a renter to temporary use of an asset, and such a lease has economic characteristics of asset ownership.
8. Conduit debt – Debt issued by a state or local governmental entity for the purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity; the government issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.
9. Contingent debt or Contingency liability - Debt or liability that can become an obligation of the Issuer or Obligated party, which is dependent on uncertain future developments.
10. Debt affordability - The willingness and ability of the Issuer to pay the debt service when due, taking into account existing revenue and future resources and other issuer needs and constraints, as well as and the capacity of the underlying population to afford the cost of borrowing
11. Debt capacity - Maintaining an ability to access the capital markets and borrow money within the requirements set forth in an issuer's bond resolution or indenture.
12. Debt service - The amount of money required to make principal and interest payments on outstanding debt and loans.
13. Debt structure - The duration and timing of principal and interest payments; typically refers to characteristics such as the maturity dates, the principal repayment terms and the call provisions.
14. Defeasance – When a borrower sets aside cash to pay off the bonds so that the outstanding debt and cash offset each other on the balance sheet and do not need to be recorded.
15. Draw schedules - Detailed payment plan (often monthly) for funding a project.

16. Enterprise debt - Municipal debt that is secured by fees charged in the exchange for goods services provided, usually associated with public utilities, revenue generating recreation, transportation and other business activities.
17. GARVEE - Grant Anticipation Revenue Vehicle; a security structure most often used in transportation finance for which the revenue source is future expected Federal-aid reimbursements.
18. General obligation - Municipal bonds backed by the full faith and credit of the issuing jurisdiction rather than the revenue from a given project; for government entities that have taxing power.
19. Gross Direct Debt - The sum of the total bonded debt and any short-term debt of the issuer. This debt includes: (i) general obligation bonds; (ii) other obligations such as loan agreements secured by taxes; (iii) capital lease obligations that are secured by lease rental or contract payments subject to appropriation; (iv) special assessment obligations; and (v) any enterprise debt
20. Guaranteed debt - Debt which was guaranteed by an entity, to be paid if the issuer and/or obligated party defaults due to insolvency or bankruptcy.
21. Guaranteed investment contracts (GICs) - Financial service company contracts that guarantee the owner principal repayment and a fixed or floating interest rate for a predetermined period of time.
22. Interest rate swaps - An agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal or notional amount; usually involve the exchange of a fixed interest rate for a floating rate, or vice versa.
23. Moral obligation debt - Represents a promise by a government obligor to seek future appropriations for debt service payments, typically in order to make up deficits in a reserve fund should it fall below its required level. There is no legal requirement to appropriate funds to make the payment.
24. Net tax supported debt - Long-term and short-term indebtedness payable from tax revenues less self-supporting debt.
25. Net Direct debt - Gross direct debt less all self-supporting debt. Net Direct Debt excludes enterprise bonds (water, sewer, solid waste and electric revenue bonds), where enterprise fund revenues cover debt service by at least 1.0x for at least the last three fiscal years.
26. Obligated party - An entity that is responsible for the repayment of the bonds.
27. Official Statement - Discloses material information on a new issue including the purposes of the issue, how the securities will be repaid, and the financial, economic and demographic characteristics of the issuer. It must fully disclose all facts that would be of interest to potential investors evaluating the bonds; the ultimate responsibility for the document rests with the Issuer or the Obligated party.
28. Original issue discount - Discount from par value at the time a bond is issued; it is the difference between the stated redemption price at maturity and the actual issue price.
29. Original issue premium - Premium from par value at the time a bond is issued; amount a bond is priced higher than its par value at the time a bond is issued.
30. Other post-employment benefits (OPEB) - Retirement benefits other than pension; can include healthcare benefits, insurance premiums, and deferred-compensation arrangements.
31. Overall Debt - Gross direct debt plus the issuer's applicable share of the total debt of all overlapping jurisdictions.
32. Overall Net Debt - Net direct debt plus the issuer's applicable share of the net direct debt of all overlapping jurisdictions. Excludes enterprise bonds (water, sewer, solid waste and electric revenue bonds), where enterprise fund revenues cover debt service by at least 1.0x for at least the last three fiscal years.
33. Overlapping debt - The issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer).

34. Pooled bond program - Municipal bond offering in which a sponsor sells an issue of bonds with proceeds used by two or more parties, usually municipalities or other tax-exempt organizations.
35. Private placements - Bonds that are not publicly offered and sold directly to qualified investors; i.e. bank loans, bank funding agreements, direct investor purchase securities and master lease programs.
36. Quasi-Public entities - Corporation in the public sector that is established by a higher-level unit of government that has a public mandate to provide a given service.
37. Rate covenant - Legal commitment by a revenue bond issuer to maintain rates, fees, charges, etc. at levels necessary to generate sufficient revenues to exceed projected debt service in order to provide “debt service coverage”.
38. Ratings agency - Moody's Investors Service, Standard & Poor's (S&P), Fitch Ratings, and Kroll Bond Rating Agency are the four most prominent national agencies that provide credit ratings for municipal bonds.
39. Refunding – Process of retiring or redeeming an outstanding bond issue at maturity by using the proceeds from a new debt issue with the objective of ensuring significant reduction in interest expense for the issuer.
40. Revenue bonds - Debt service is payable solely from the revenues derived from; a dedicated revenue source, operating businesses or the facilities acquired or constructed with proceeds of the bonds, or under a loan or financing agreement.
41. Self-supporting debt - Bonds that have dedicated non-tax revenues sufficient to fully repay the required debt service amounts.
42. Sinking fund - Fund formed by periodically setting aside money for the gradual repayment of a debt; a means of repaying funds borrowed through a bond issue through periodic payments to a bond trustee who retires part of the issue by redeeming the bonds.
43. Special district - A political subdivision established to provide a single public service (as water supply or fire services) within a specific geographic area.
44. State revolving loan fund - A fund administered by a state or state agency for the purpose of providing low-interest loans, usually for investments in water and sanitation infrastructure.
45. Takedown - The price at which underwriters obtain securities to be offered to the public usually calculated on a dollar per bond basis and fluctuates with the size of a transaction.
46. True interest cost (TIC) - The actual cost of issuing a bond, expressed as yield percentage, including underwriting fees and costs, as well as factors related to the time value of money.
47. Trust Indenture - An agreement in the bond contract made between a bond issuer and a trustee that represents the bondholder's interests by highlighting the rules and responsibilities that each party must adhere to.
48. Unfunded actuarial accrued liability (UAAL) - The amount of retirement that is owed to pension participants in future years that exceed current assets and their projected growth; the difference between the actuarial values of assets (AVA) and the actuarial accrued liabilities (AAL) of a plan.
49. Variable rate debt - Any type of debt instrument that does not have a fixed rate of interest over the life of the instrument.
50. Weighted average maturity - weighted average amount of time until the debt matures; a reflection of the rapidity with which the principal of an issue is expected to be paid