

2026 -- S 3127

LC004503

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TOWNS AND CITIES -- AUDIT OF ACCOUNTS AND INSTALLATION OF SYSTEMS

Introduced By: Senators Raptakis, Burke, Quezada, LaMountain, and Thompson

Date Introduced: March 20, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-10-15 of the General Laws in Chapter 45-10 entitled "Audit of
2 Accounts and Installation of Systems" is hereby amended to read as follows:

3 ~~45-10-15. Compliance with requirements of "governmental accounting standards~~
4 ~~board (GASB)" pension funding.~~ **Municipal compliance with funding pension and other post-**
5 **employment benefit plans.**

6 (a) For any audit year in which a municipality contributes materially less than 100% of the
7 ~~annual required~~ actuarially determined contribution ~~to its pension plan(s) as ("ADC")~~ reported in
8 accordance with ~~GASB statement 27 or any successor statement~~ Governmental Accounting
9 Standards Board ("GASB") requirements to its pension plan(s), the municipality shall submit to the
10 auditor general and the director of revenue, within three (3) months of completion of the annually
11 audited financial statement, the ~~municipality's~~ most recent actuarial ~~study of the~~ valuations
12 determining the ADC for the pension plan(s) and management's recommendations for ~~assuring~~
13 ~~future payments equal to the annual pension cost (APC)~~ planned future contributions to achieve
14 one hundred percent (100%) ADC funding.

15 (b)(1) For any audit year in which a municipality contributes materially less than one
16 hundred percent (100%) of the ADC reported in accordance with GASB requirements to its other
17 post-employment benefit ("OPEB") plan(s), the municipality shall submit to the auditor general
18 and the director of revenue, within three (3) months of completion of the annual audited financial

1 [statement, the most recent actuarial valuations determining the ADC for the OPEB plan\(s\) and](#)
2 [management's recommendations for planned future contributions to achieve one hundred percent](#)
3 [\(100%\) ADC funding.](#)

4 [\(2\) Municipalities may create an OPEB trust agreement pursuant to § 45-21-65, if not](#)
5 [currently in place.](#)

6 [\(c\) Municipalities shall consult with the auditor general until approved pension and OPEB](#)
7 [funding plans are adopted.](#)

8 SECTION 2. Section 45-21-65 of the General Laws in Chapter 45-21 entitled "Retirement
9 of Municipal Employees" is hereby amended to read as follows:

10 **45-21-65. Other post-employment benefits — OPEB trusts.**

11 (a) Notwithstanding the provisions of any general or special law, or the provisions of any
12 municipality's home rule charter, to the contrary, for purposes of funding any unfunded liability
13 for other post-employment benefits including, but not limited to, health care and dental care
14 benefits hereinafter referred to as ("OPEB") in accordance with ~~government accounting standards~~
15 ~~board statements 43 and 45~~ [Governmental Accounting Standards Board \("GASB"\) requirements,](#)
16 a municipality, acting by its treasurer or director of finance, upon an approving resolution of the
17 city or town council or agency board as applicable, may enter into a trust agreement between the
18 municipality and a corporate trustee which shall be a bank or trust company doing business in the
19 state, or a corporation established pursuant to chapter 5 of this title. This trust agreement shall be
20 in any form deemed proper by the treasurer or director of finance of the municipality, and shall be
21 executed by its treasurer or director of finance and countersigned by its mayor or president of the
22 town council. It shall be lawful for any bank, trust company, or entity organized pursuant to § 45-
23 5-20.1 doing business in the state to act as a depository or trustee under this trust agreement, and
24 to furnish indemnification and pledge securities that may be required by any municipality.

25 (b) OPEB trust funds shall be credited with all amounts appropriated or otherwise made
26 available by the municipality for the purposes of meeting the current and future OPEB costs payable
27 by the municipality. OPEB trust funds shall also be credited with all amounts contributed or
28 otherwise made available by employees of the municipality for the purpose of meeting future OPEB
29 costs payable by the municipality. Amounts in an OPEB trust fund, including any earnings or
30 interest accruing from the investment of these amounts, shall be expended only for the payment of
31 the costs payable by the municipality for OPEB or as otherwise permitted by the terms of the trust
32 and applicable law. The director of finance or treasurer, as applicable, shall invest and reinvest the
33 amounts in the OPEB trust fund not needed for current disbursement in any investment permitted
34 for the municipality's pension funds consistent with the prudent person rule and investment policies

1 of the municipality, if any.

2 (c) Municipalities are hereby authorized to enter into agreements, trusts, contracts, and
3 other arrangements with the state and any of its departments, agencies, boards or commissions
4 relating to the execution, management or operation of the OPEB trust funds, including, but not
5 limited to, investments, and the state and its departments, agencies, boards and commissions are
6 hereby authorized to enter into such agreements, contracts and other arrangements with
7 municipalities. Notwithstanding any provisions of any general or special law or principle of equity
8 to the contrary, the state shall have no liability to any municipality for entering into such
9 agreements.

10 (d) A municipality may employ any qualified bank, trust company, corporation, firm or
11 person to advise it on the investment of the OPEB trust fund and may pay from the OPEB trust
12 fund for this advice and other services. Procurement for these services shall be subject to the
13 procurement procedures and rules governing municipalities in the state.

14 (e) Municipalities are also hereby authorized to enter into agreements, trusts, contracts, and
15 other arrangements with any corporation established pursuant to chapter 5 of this title relating to
16 the execution management or operations of OPEB trust funds including, but not limited to,
17 investments, and the corporations established pursuant to § 45-5-20.1 are hereby authorized to enter
18 into such agreements, trusts, contracts or other arrangements with municipalities.

19 (f) Any OPEB trusts that have been created by municipalities and are in effect on the date
20 hereof are hereby ratified and confirmed.

21 (g) Nothing herein shall be construed to exempt OPEB trusts from the Rhode Island Access
22 to Public Records Act, § 38-2-1 et seq.

23 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TOWNS AND CITIES -- AUDIT OF ACCOUNTS AND INSTALLATION OF
SYSTEMS

- 1 This act would amend the audit compliance requirements for municipalities' contributions
- 2 to pension plans under the audit of accounts and installation of systems chapter of the general laws.
- 3 This act would take effect upon passage.

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