

UNIVERSITY OF RHODE ISLAND
**(a Component Unit of the State of Rhode Island and
Providence Plantations)**

FINANCIAL STATEMENTS

JUNE 30, 2019

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Financial Statements

June 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Education of
State of Rhode Island and Providence Plantations
Providence, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Rhode Island (a component unit of the State of Rhode Island and Providence Plantations) (the "University"), which comprise the statement of net position for the year ended June 30, 2019, the related statements of revenues and expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We also performed the audit of the Alumni Association of the University Rhode Island's financial statements, a component unit of the University, as of and for the year ended June 30, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Rhode Island Foundation, Inc. (the "Foundation") or the University of Rhode Island Research Foundation, Inc. (the "Research Foundation") as of June 30, 2019. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities not audited by us included in the discretely presented component units of the University, is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Rhode Island as of June 30, 2019, and the respective changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-27, the schedule of the University's proportionate share of the net pension liability on page 82, the schedule of the University's contributions - pension on page 83, notes to the required supplementary information - pension on page 84-85, the schedule of the University's proportionate share of the net OPEB liability on page 86, the schedule of the University's contributions - OPEB on page 87 and the notes to the required supplementary information - OPEB on page 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and it is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of University of Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University of Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University of Rhode Island's internal control over financial reporting and compliance.



Certified Public Accountants
Braintree, Massachusetts

September 30, 2019

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited)

June 30, 2019

Introduction

The following management's discussion and analysis ("MD&A") provides management's view of the financial position of the University of Rhode Island ("the University") as of June 30, 2019 and the results of operations for the year then ended, with selected comparative information for the year ended June 30, 2018. The purpose of the MD&A is to assist readers in understanding the accompanying financial statements by providing an objective and understandable analysis of the University's financial activities based on currently known facts, decisions, and conditions. This analysis has been prepared by management, which is responsible for the completeness and fairness of the information contained therein. The MD&A consists of highly summarized information, and it should be read in conjunction with the University's financial statements and notes thereto that follow this section.

The University is the only publicly supported research institution in the State of Rhode Island ("the State") and is charged with providing state residents an opportunity for undergraduate and graduate studies at a Land Grant, Urban Grant and Sea Grant research university. As such, the University receives federal funding for land and sea research. The University had its beginning as the State Agricultural School chartered in 1888. The Morrill Act of 1862 provided the framework within which the school became the State's land-grant institution, and in 1892 the school became the Rhode Island College of Agriculture and Mechanic Arts. In 1909, the name of the University was changed to Rhode Island State College, and the program of study was revised and expanded. In 1951, the University became known as the University of Rhode Island by an act of the State's General Assembly. The Board of Governors for Higher Education became the governing body for the University in 1981.

The Rhode Island General Assembly established the Rhode Island Board of Education ("BOE") effective January 1, 2013, to oversee the elementary, secondary, and postsecondary education for the state. In June 2014, the Rhode Island General Assembly approved the reorganization of the entire Rhode Island system of public education.

The legislation enlarged the BOE to seventeen (17) members in order for the BOE to populate two Councils: Council for Elementary and Secondary Education and the Council for Post-Secondary Education. Each of the two councils is responsible for the significant portion of the governance and regulation per RIGL Section 16-60-1 and 16-60-4 for Elementary/Secondary and per RIGL Section 16-59-1 and 16-59-4 for Post-Secondary.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Introduction – Continued

The mission of the full BOE is to provide long-range planning and coordination and evaluation of policies and programs for the public education systems of the State and specifically:

- To develop and adopt educational, financial and operational goals for the education systems of the State that represent achievable benchmarks for a 10-year and 20-year time to be implemented by the two Councils and the commissioners.
- To ensure that the education systems of the State are aligned with the projected opportunities in workforce development and economic development and that the education systems are preparing students to participate in the future workforce of the State.
- To coordinate programs and courses of study and promote collaboration between and among pre-kindergarten through higher education institutions and agencies.
- To present strategic budget and finance recommendations to the council on elementary and secondary education and council on postsecondary education that are aligned with the long-range goals adopted by the BOE.

Effective February 1, 2020, the University of Rhode Island will no longer be governed by the Rhode Island Council on Postsecondary Education but will be governed by a Board of Trustees consisting of 17 members appointed by the governor with the advice and consent of the Rhode Island Senate. The board will be dedicated solely to the University and will exercise similar powers and authority as was exercised by the council on postsecondary education including oversight of employment, and the University's property, purchases and procurement. The University president will report to the Board of Trustees.

The Rhode Island Council on Postsecondary Education will continue to oversee Rhode Island College and the Community College of Rhode Island.

The mission of the University is to be committed to enriching the lives of its students through its land, sea and urban grant traditions. Students, faculty, staff and alumni are united in one common purpose; to learn and lead together. The University values (1) creativity and scholarship (2) diversity, fairness and respect, (3) engaged learning and civic involvement, and (4) intellectual and ethical leadership. The University's Transformation Goals for the 21st Century are: (1) create a 21st century 24/7 learning environment, (2) increase the magnitude, prominence, and impact of research, scholarship and creative work, (3) internationalize and globalize the University, and (4) build a community at the University that values and embraces equity and diversity.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Introduction – Continued

The University has a combined enrollment of 17,974 students and offers undergraduate and graduate degree programs through the doctoral level. The University has over 100 majors in seven degree - granting colleges. Its main campus is located in Kingston, Rhode Island, 30 miles south of Providence in the northeastern metropolitan corridor between New York and Boston. In addition to the Kingston Campus, the University has three other campuses - the 165-acre Narragansett Bay Campus, which is the site of the Graduate School of Oceanography; the Alan Shawn Feinstein College of Education and Professional Studies located in downtown Providence; and the W. Alton Jones Campus located in the western section of the State, 20 miles from Kingston. The 2,300 acres of woods, fields, streams and ponds of W. Alton Jones Campus is the site of the environmental education research programs and contains conference facilities for both public and private use.

Financial Highlights

The University's financial position for the fiscal year ended June 30, 2019 shows a decrease in net position before capital appropriations and gifts of \$393.4 thousand, compared to a decrease of \$8.41 million in fiscal year 2018. Operating revenues increased by \$9.45 million or 2.15% and operating expenses increased by \$5.30 million or 1.00%.

UNIVERSITY OF RHODE ISLAND

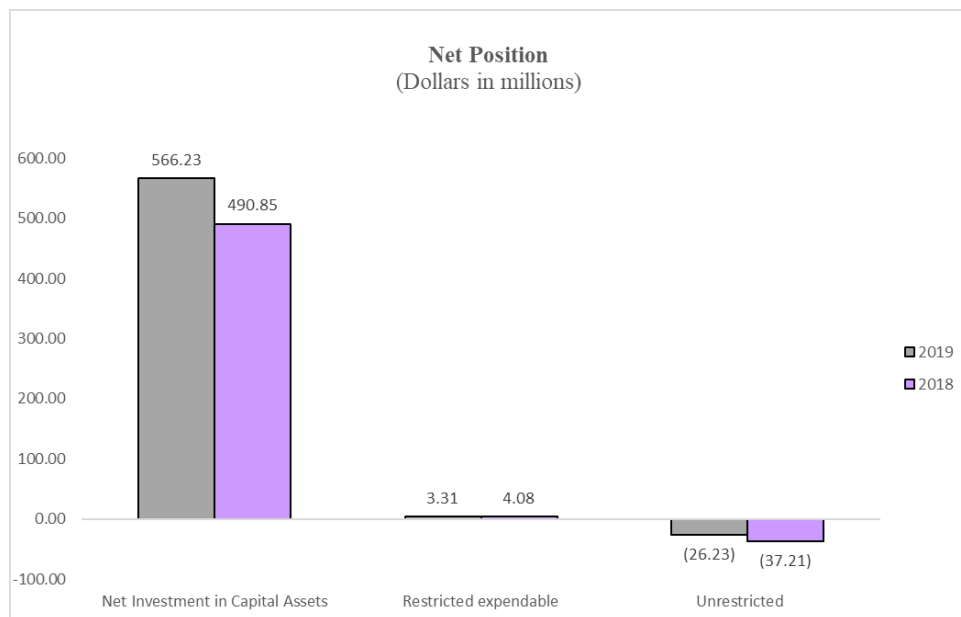
(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Financial Highlights – Continued

The following chart displays the components of the University's net position for the fiscal years ended June 30, 2019 and 2018.



On June 30, 2019 and 2018, the University's total assets of \$1.12 billion, and \$999.70 million, and deferred outflows of resources of \$36.86 million, and \$40.60 million exceeded its total liabilities of \$606.69 million and \$572.17 million and deferred inflows of resources of \$11.59 million and \$10.41 million resulting in net position of \$543.31 million, and \$457.72 million, respectively. The resulting net position is summarized in the following categories (dollars in millions):

	<u>2019</u>	<u>2018</u>
Net Investment in Capital Assets	\$ 566.23	490.85
Restricted expendable	3.31	4.08
Unrestricted	<u>(26.23)</u>	<u>(37.21)</u>
Total net position	\$ <u>543.31</u>	<u>457.72</u>

UNIVERSITY OF RHODE ISLAND

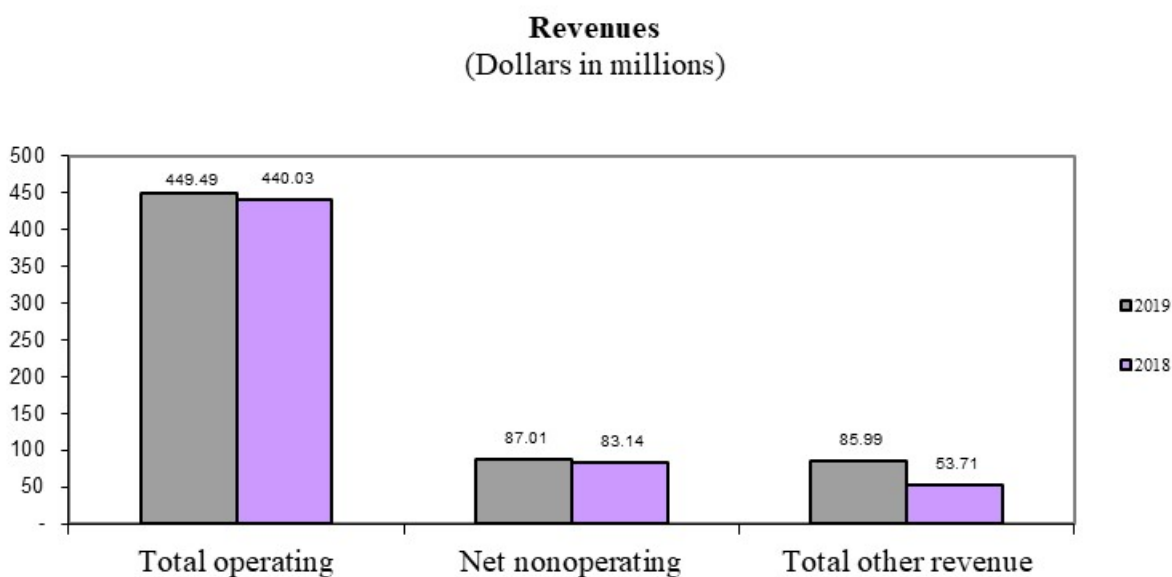
(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Financial Highlights – Continued

The following chart provides a graphical breakdown of total revenues by category for the fiscal years ending June 30, 2019 and 2018.



Overview of the Financial Statements

The University's financial statements have two primary components: 1) the financial statements and 2) the notes to the financial statements. Additionally, the financial statements focus on the University as a whole, rather than upon individual funds or activities.

The University of Rhode Island Foundation ("the Foundation"), the University of Rhode Island Alumni Association ("the Alumni Association"), and the University of Rhode Island Research Foundation (the "Research Foundation") are legally separate tax-exempt component units of the University.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Overview of the Financial Statements – Continued

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The Alumni Association informs and engages current and future alumni as committed partners of the University, its mission and traditions. The Boards of the Foundation and the Alumni Association are self-perpetuating and primarily consist of graduates and friends of the University. Although the University does not control the timing or the amount of receipts from the Foundation and the Alumni Association, the majority of resources received or held by the Foundation and the Alumni Association are restricted to the activities of the University by the donors. Because these resources held by the Foundation and the Alumni Association can only be used by or are for the benefit of the University, the Foundation and the Alumni Association are considered component units of the University and are discretely presented in the University's financial statements.

The Alumni Association merged with the Foundation subsequent to the period ending June 30, 2019. The boards of both entities approved the merger unanimously on June 5, 2019 and June 7, 2019, respectively, and these votes were later ratified by the University Alumni and Foundation Trustees prior to the effective date of July 1, 2019. The Foundation is the surviving entity as part of the merger, and changed its name to "The University of Rhode Island Foundation & Alumni Engagement" to better reflect the combined activities of the new organization.

The Research Foundation's mission is to promote industry and University collaboration and new technology ventures for economic growth and job creation. The Research Foundation's unique private, nonprofit status allows it to support a broad range of investments and intellectual property protection. The Research Foundation is affiliated with the University by common management; however, each organization has its own independent board of trustees/directors. The Research Foundation obtains significant managerial and financial support from the University, including the salaries for the University Associate Vice-President for Intellectual Property and Economic Development, who also serves as the Executive Director of the Research Foundation, other support staff and the provision of operational cost. Because of the relationship, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Overview of the Financial Statements – Continued

Management's Discussion and Analysis is required to focus on the University, and not on its component units.

The Financial Statements

The financial statements are designed to provide readers with a broad overview of the University's finances and are comprised of three basic statements.

The *Statements of Net Position* presents information on all of the University's assets, deferred outflows of resources, liabilities, and the deferred inflows of resources, along with the resulting net financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the University is improving or deteriorating.

The *Statements of Revenues and Expenses and Changes in Net Position* presents information showing how the University's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g. the payment for accrued compensated absences, or the receipt of amounts due from students and others for services rendered).

The *Statements of Cash Flows* is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services).

The financial statements can be found on pages 28 to 31 of this report.

The University reports its operations as a business-type activity using the economic measurement focus and full accrual basis of accounting. As a component unit of the State of Rhode Island and Providence Plantations, the results of the University's operations, its net position and cash flows are also summarized in the State's Comprehensive Annual Financial Report derived from its government-wide financial statements.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. They also provide information regarding both the accounting policies and procedures the University has adopted as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 32 to 81 of this report.

Financial Analysis

As mentioned earlier, net position may serve over time as a useful indicator of the University's financial position. In the case of the University, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$543.31 million and \$457.72 million at the close of fiscal years 2019 and 2018.

The University's condensed statement of net position is presented below (dollars in millions).

	2019	2018
Current assets	\$ 196.35	177.34
Noncurrent assets	928.38	822.36
Total assets	1,124.73	999.70
Deferred outflows of resources	36.86	40.60
Total assets and deferred outflows of resources	\$ 1,161.59	1,040.30
Current liabilities	\$ 89.19	66.93
Noncurrent liabilities	517.50	505.24
Total liabilities	606.69	572.17
Deferred inflows of resources	11.59	10.41
Total liabilities and deferred inflows of resources	\$ 618.28	582.58
Net position:		
Net investment in capital assets	\$ 566.23	490.85
Restricted, expendable	3.31	4.08
Unrestricted	(26.23)	(37.21)
Total net position	\$ 543.31	457.72

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Financial Analysis - Continued

By far the largest portion of the University's net position, \$566.23 million and \$490.85 million, as of June 30, 2019 and 2018, reflects its investment in capital assets (such as land, buildings, machinery, and equipment), net of any related outstanding debts used to acquire, construct, improve, or rehabilitate those assets. This represents approximately 104% for fiscal year 2019 and 107% for fiscal year 2018 net position. The University uses these capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Although the University's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the related debt. Financing for certain capital projects is also provided by the issuance of revenue bonds by the Rhode Island Health and Educational Building Corporation, a quasi-public state agency. In addition to the debts noted above, which are reflected in the University's financial statements, the State regularly provides financing for certain capital projects through the issuance of general obligation bonds and capital appropriations from the Rhode Island Capital Plan Fund. Borrowings by the State are not reflected in these financial statements.

The restricted expendable net position consists of resources that are subject to external restrictions on how they must be used, and they represent approximately 0.6% and 0.9% of the University's net position at June 30, 2019 and 2018, respectively.

Net position that are not subject to restrictions imposed by creditors, grantors, contributors, laws, regulations or enabling legislation are classified as unrestricted net position. As of June 30, 2019 and 2018, the University's unrestricted net position represent (4.8%) and (8.1%) of the net position, respectively. At year end, this net position is designated or committed for goods and services that have not yet been received, working capital for auxiliary enterprise and departmental activities, payment of annual debt service, capital improvements, equipment replacement, scholarships and new faculty startup costs, including lab renovation and matching funds.

The University's current assets include cash and equivalents, cash held by the State Treasurer, accounts receivable, inventories, and prepayments, while current liabilities consist of accounts payable and accrued expenses, unearned revenues, funds held for others, and the current portion of compensated absences and current portion of long-term debts. Compensated absences represent accumulated vacation, sick leave and deferred compensation that will be used or paid in future years. The current ratio (current assets divided by current liabilities), which measures the University's liquidity, remains positive: 2.20 to 1 and 2.65 to 1 as of June 30, 2019 and 2018, respectively.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Financial Analysis - Continued

One of the components of the University's noncurrent assets are the funds on deposit with the bond trustee totaling \$76.56 million and \$103.34 million as of June 30, 2019 and 2018. The majority of the bond proceeds were from the 2009 B Bonds for \$9.38 million for fire protection, 2016 A Bonds for \$5.18 million for design, construction, renovation improvement and equipping of certain utility systems and other infrastructure, 2017 A Bonds for \$36.37 million for design and construction of a new student residence building located west of White Horn Brook, 2017 C Bonds for \$1.71 million for the site-enabling, utility and hardscape relating to the new student residence structure, 2018 A for \$16.40 for utility upgrades and repaving and reconstruction of parking facilities and internal roadways, and 2018 B for \$2.35 for upgraded fire alarm and sprinkler systems in the University's auxiliary enterprise buildings.

During fiscal year 2019, the University's net position increased by \$85.59 million due, in large part, to capital appropriations for the new engineering building phase 1 of \$54.3 million and Bliss Hall phase 2 of \$14.5 million and RICAP funds to rehab the Fine Art Center of \$2.8 million.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Financial Analysis - Continued

The University's condensed statements of revenues, expenses and, changes in net position are presented below (dollars in millions).

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Tuition and fees, net of tuition waivers and remissions	\$ 291.67	290.87
Operating grants and contributions	108.95	99.75
Other sources	48.87	49.41
Total operating revenues	<u>449.49</u>	<u>440.03</u>
Operating expenses:		
Salaries and benefits	329.88	324.53
Operating expenses	68.50	66.25
Scholarships, grants and contracts	27.43	30.19
Auxiliaries	75.32	74.97
Depreciation	35.76	35.64
Total operating expenses	<u>536.89</u>	<u>531.58</u>
Net operating loss	<u>(87.40)</u>	<u>(91.55)</u>
Nonoperating revenues (expenses):		
State appropriation	80.97	78.33
Net investment income	4.59	2.38
Private gifts	10.24	11.33
Interest expense	(8.79)	(8.90)
Total nonoperating revenues	<u>87.01</u>	<u>83.14</u>
Loss before other revenues, expenses, gains or losses	<u>(0.39)</u>	<u>(8.41)</u>
Capital appropriations	11.09	9.99
State contributed capital	70.03	42.37
Capital gifts	4.86	1.36
Increase in net assets	85.59	45.31
Net position – beginning of year	457.72	460.86
Adjustments to beginning net position	-	(48.45)
Net position – ending of year	\$ <u>543.31</u>	<u>457.72</u>

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Operating Revenues

The total operating revenues increased by \$9.46 million or 2.15 % in fiscal year 2019, compared to an increase of \$16.64 million or 3.93% in fiscal year 2018. There was an increase in tuition from 2018 to 2019, this increase was 2.0% for in-state students and 2.5% for out of state students. There was also a slight change in the mix of in-state and out of state students, in-state students went from 54.9% in 2018 to 53.9% in 2019 and out of state students went from 38.4% in 2018 to 39.6% in 2019, international and regional students stayed about the same percentage.

Tuition and fees received by the University included the following (dollars in millions):

	<u>2019</u>	<u>2018</u>
Tuition	\$ 311.11	303.72
Student service fees	21.89	22.10
Health service fees	7.27	7.35
Housing fees	41.15	41.74
Dining service fees	18.96	20.65
Miscellaneous student fees	<u>2.84</u>	<u>3.37</u>
Total	403.22	398.93
Tuition waived or remitted	<u>(111.55)</u>	<u>(108.06)</u>
Net	\$ <u>291.67</u>	<u>290.87</u>

UNIVERSITY OF RHODE ISLAND

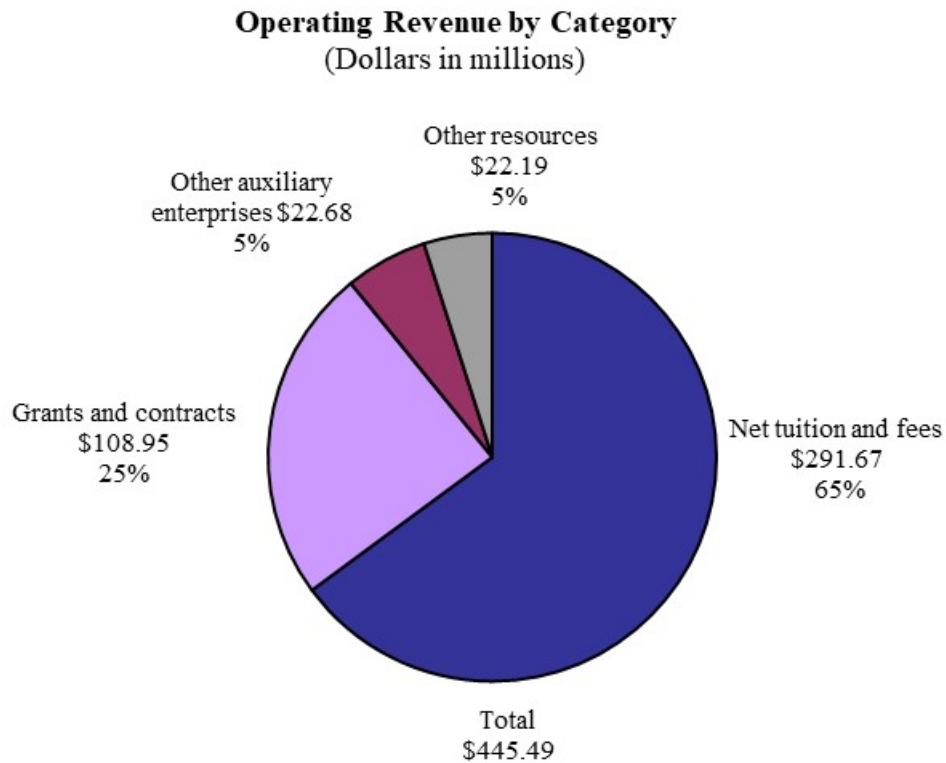
(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Operating Revenues - Continued

The following provides a graphical breakdown of operating revenues by category for the year ended June 30, 2019.



UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

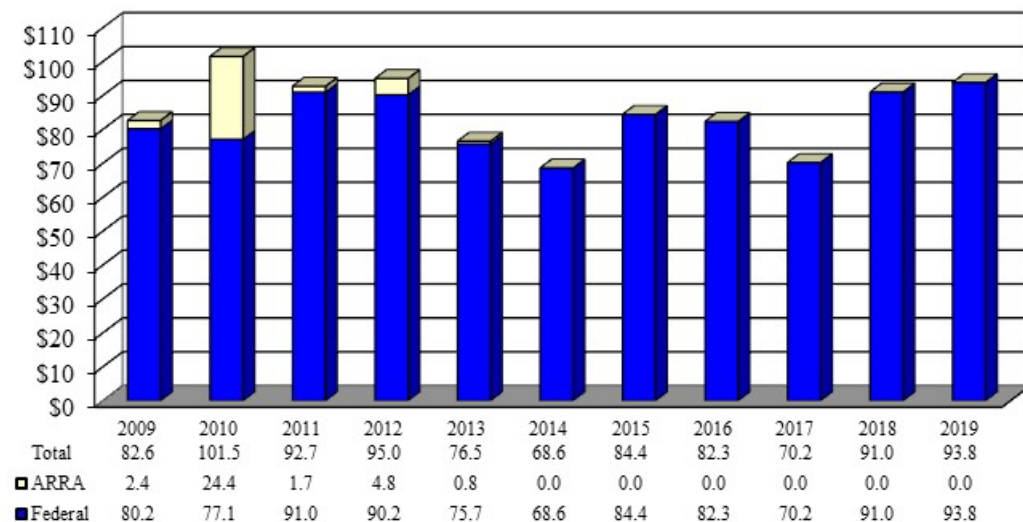
June 30, 2019

Grant and Contract Revenue

The recognition of revenue from grants and contracts is deferred until services have been performed to fulfill the requirements of the grants and contracts. Hence, awards received are not reflected in the statement of revenues and expenses and changes in net position.

The bar chart below shows the amount of grants awarded (not necessarily recognized as revenue) to the University during the last ten years, from a total of \$82.6 million in 2009 to \$93.8 million in 2019 or an 16.9% increase. The spike in fiscal year 2010, related to awards from American Reinvestment and Recovery Act ("ARRA"). The decrease in fiscal year 2014 relates to the federal sequestration and the loss of ARRA funding.

Awards for Competitive Sponsored Programs
(Dollars in millions)



UNIVERSITY OF RHODE ISLAND

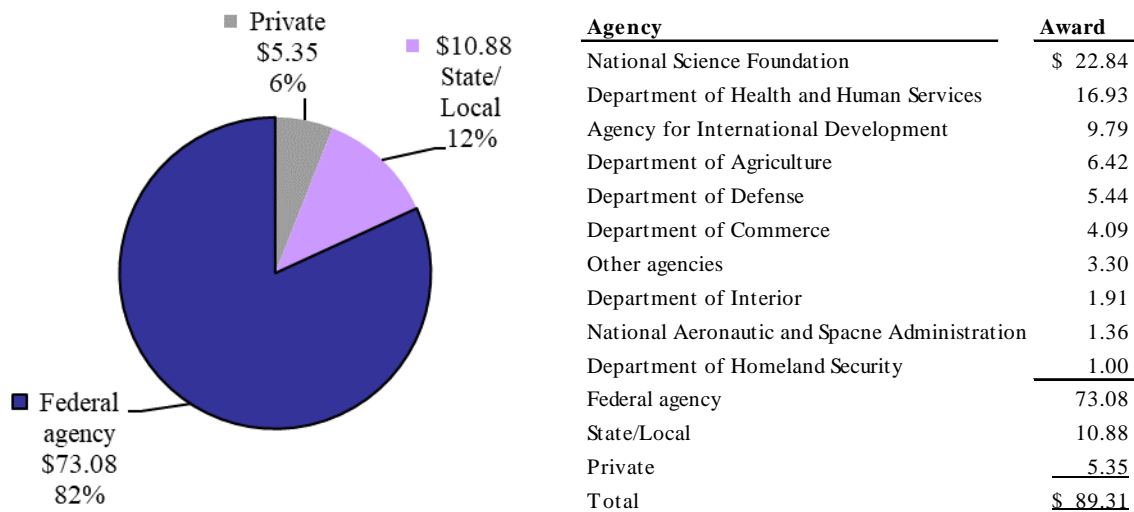
(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Grant and Contract Revenue – Continued

The following summary shows the breakdown of grants received from sponsoring agencies during fiscal year 2019, with a pie chart for federal and nonfederal awards (dollars in millions).



Operating Expenses

The operating expenses for fiscal years 2019 and 2018 totaled \$536.89 million and \$531.58 million, which represent a change from prior year of an increase of \$5.31 million or an increase of 1.0%.

UNIVERSITY OF RHODE ISLAND

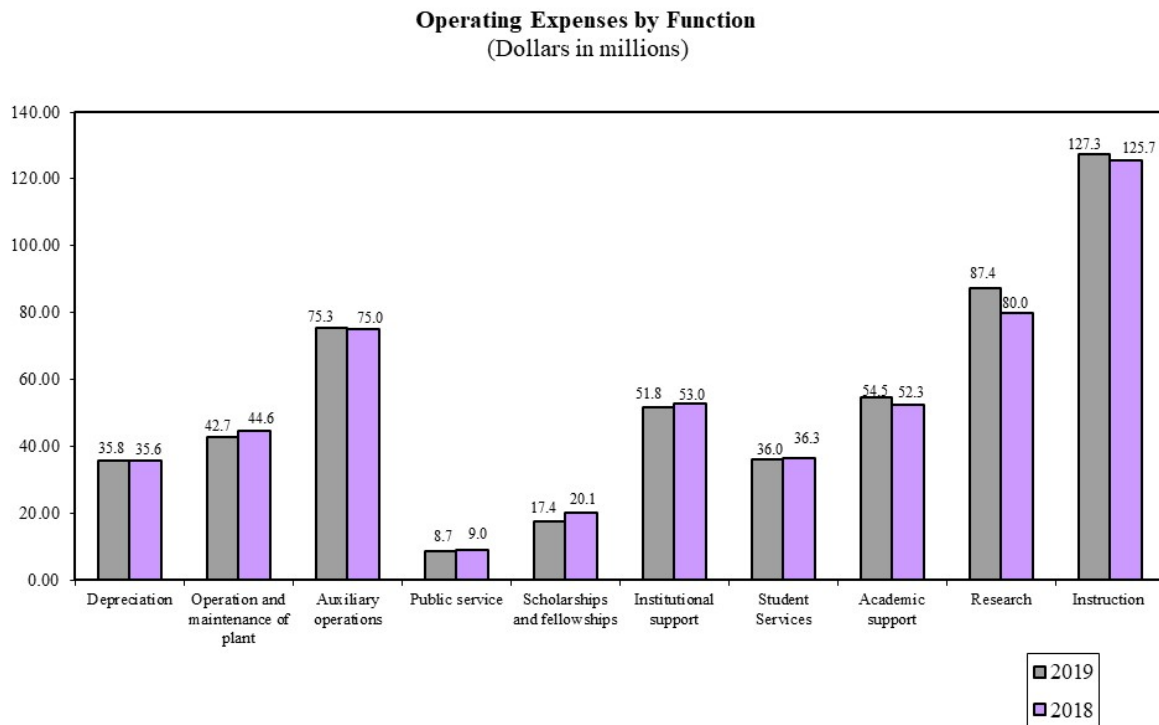
(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Operating Expenses - Continued

The bar chart below illustrates the University's operating expenses by function for the fiscal years ended June 30, 2019 and 2018, excluding scholarship allowances applied against tuition and fee revenues.



UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Operating Expenses - Continued

The following summary shows where major grant and contract expenditures, including indirect cost charges, occurred during 2019 and 2018 (dollars in millions):

Agency	Amount	
	2019	2018
National Science Foundation	\$ 22.84	16.95
Department of Health and Human Services	16.93	17.32
Agency for International Development	9.79	8.11
Department of Agriculture	6.42	5.81
Department of Defense	5.44	5.05
Department of Commerce (NOAA)	4.09	3.92
Other Federal Agencies	1.93	1.54
Department of Interior	1.91	2.11
National Aeronautic and Space Administration	1.36	1.00
Department of Homeland Security	1.00	1.14
Department of Energy	0.63	0.62
Environmental Protection Agency	0.38	0.28
Department of Education	0.36	0.23

Nonoperating Revenues and Expenses

The State's unrestricted appropriation is the largest component of the University's nonoperating revenues. The amount requested for fiscal year 2019 was \$82.98 million. However, the amount appropriated by the State was \$80.97 million resulting in an appropriation for fiscal year 2019 that was \$2.01 million less than the amount requested.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Nonoperating Revenues and Expenses - Continued

The University has a long tradition of using the state appropriation to support its operating expenses. During fiscal years 2019 and 2018, the University received state appropriations of \$80.97 million and \$78.33 million, which combined with operating revenue, was not sufficient to cover operating expenses in excess of \$6.43 million in fiscal year 2019 and \$13.22 million in fiscal year 2018. The University has seen an increase in the state appropriation over the past few years, and it is slightly above what was received over ten years ago by approximately \$5 million. The student tuition and fees have played an increasingly important role in funding of the University's operations, however, does not fully cover operating losses by \$6.43 million in fiscal year 2019 and \$13.22 million in fiscal year 2018. A summary of net income after state appropriation is presented below (dollars in millions).

	<u>2019</u>	<u>2018</u>
Net student fees	\$ 291.67	290.87
Other operating revenue	157.82	149.16
Operating expenses	<u>(536.89)</u>	<u>(531.58)</u>
Operating loss	<u>(87.40)</u>	<u>(91.55)</u>
State direct appropriations	80.97	78.33
Net loss after state appropriation	\$ <u><u>(6.43)</u></u>	<u><u>(13.22)</u></u>

UNIVERSITY OF RHODE ISLAND

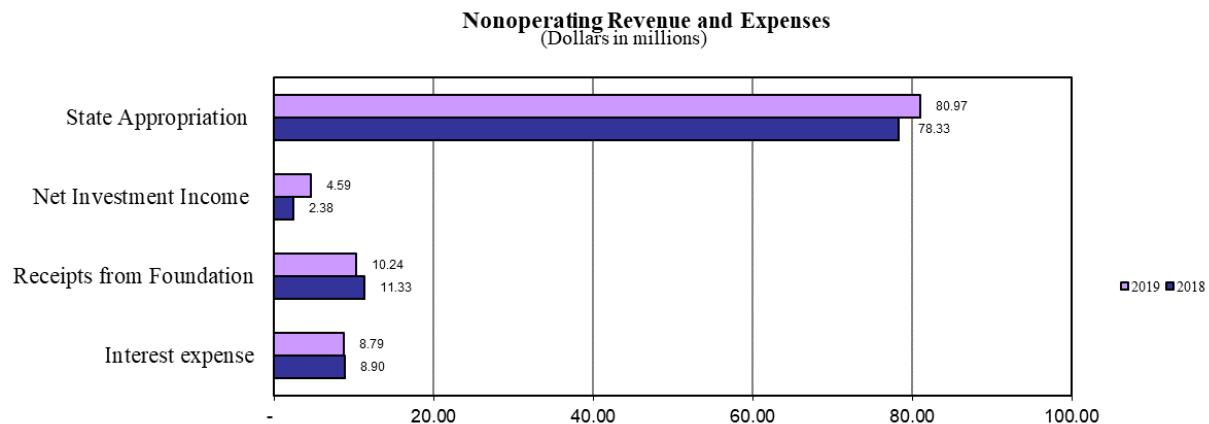
(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Nonoperating Revenues and Expenses - Continued

The following chart provides a graphical breakdown of the University's nonoperating revenues and expenses.



Capital Assets and Debt Administration

Capital Plan

The University generally has funded its capital plans through a combination of funds received from University operations, bonds issued by the Rhode Island Health and Educational Building Corporation, state appropriations, general obligation bonds, federal appropriations, and private fund raising. The execution of the University's capital improvement plan is contingent upon approval from the State and sufficient funding.

The BOE submits a running five-fiscal-year capital improvement plan to the General Assembly and State Executive each year. The plan for the proposed capital projects for the entire system of public higher education in Rhode Island includes the University. The plan for the period fiscal year 2019-2023 for the University totals \$840.8 million, and it includes all continuing and planned projects, whether funded or not. This plan forms the basis for discussions on funding the various projects from all available funding sources.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Capital Assets and Debt Administration - Continued

Capital Assets

The University's investment in capital assets as of June 30, 2019 and 2018 net of accumulated depreciation, amounts to \$837.43 million and \$707.82 million, respectively. This investment in capital assets includes land, buildings (including improvements), and furnishings and equipment (including capital leases). Capital assets increased during fiscal year 2019 year by \$129.61 million and by \$42.39 million in fiscal year 2018. Legal title to all land and real estate assets is vested in the BOE or the State. A summary of net capital asset balances as of June 30, 2019 and 2018 is presented below (dollars in millions).

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 39.25	36.27
Major capital additions to building and improvements	536.42	549.32
Furnishings and equipment	29.37	28.81
Construction in progress	232.39	93.42
Total	\$ <u>837.43</u>	<u>707.82</u>

Major capital additions in fiscal year 2019 included the new engineering building (\$56.0 million) and renovation of Bliss Hall (\$14.8 million) in construction in progress. This renovation will replace antiquated and worn out academic buildings. The new construction will provide specialty lab space and new teaching spaces to serve the needs of the University's 21st century Engineering Program. Also included in construction in progress is the new apartment style student residence hall (\$53.8 million) adding an additional 500 beds as well as the Utility Upgrades (\$8.6million), Fine Arts (\$2.8 million) and Meade Stadium (\$2.5 million).

Additional information about the University's capital assets can be found in Note 5 to the financial statements.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Capital Assets and Debt Administration - Continued

Debt

As of June 30, 2019 and 2018 the University had \$329.52 million and \$313.52 million, respectively, in outstanding debt, an increase of \$16.00 million in 2019 and \$75.47 million in 2018. The table below summarizes the types of debt instruments (dollars in millions).

	<u>2019</u>	<u>2018</u>
Loans payable	\$ 0.52	0.76
Capital lease obligations	0.30	2.41
Due to Primary Government	24.94	16.79
Revenue bonds	<u>303.76</u>	<u>293.56</u>
Total	\$ <u>329.52</u>	<u>313.52</u>

The University has no independent bonding authority. All revenue bonds must be approved by and arranged through the Rhode Island Health and Education Building Corporation. Debt related to revenue bonds is reported on the University's financial statements. Debt related to general obligations bonds is reflected on the State's financial statements. As of June 30, 2019, the University's general revenue bonds are rated by Moody's as A1 and Standard and Poor's rating services have given rates of A+.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Economic Factors that Will Affect the Future

The University is a tuition-dependent institution; thus serious attention to strategic enrollment management is a critical element of the University's financial stability and self-sufficiency. Over the past 7 years, the University has experienced strong/record enrollments or near/record enrollment. There has also been strong interest in the University as evidenced by the record number of applications. Recognizing the increased competition for students, the University has expanded its recruitment to include growth areas throughout the country - for example, in the Mid-Atlantic and Northern Virginia. Furthermore, our in-state and out-state tuition rates are among the lowest for both in-state and out-state New England competitors.

The University is sensitive to rising costs of higher education and strives to continue to achieve efficiencies to limit the size of tuition and fee increases. The University and Board of Education approved an increase in tuition from 2018 to 2019 of 2.0% for in-state students and 2.5% for out of state students.

To support strategic priorities and continue record enrollment the University continues to enhance its faculty and facilities to meet demand and offer a world-class education.

- Since 2010 the University has hired approximately 346 new full-time faculty which has triggered the renewal of the intellectual foundation of the institution.
- In 2014, a \$125 million bond referendum passed to build a new 186,000 square foot engineering building. This will replace five existing engineering buildings on the Kingstown campus which were all opened in the late 1950's and early 1960's. In 2016 an additional \$25.5 million was approved for Phase II of the College of Engineering building construction to renovate and expand Bliss Hall. The new engineering building, named The Fascitelli Center for Advanced Engineering, opened for classes in Fall 2019. Bliss Hall is expected to open in late Fall 2019. The new facility includes research and classroom space for chemical, electrical, computer, biomedical, mechanical, industrial and systems, and civil and environmental engineering in a collaborative environment, as well as general University classrooms.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Economic Factors that Will Affect the Future - Continued

- The Rhode Island legislature approved \$1 million for an initial phase of improvements for the Fine Arts Center in August 2017, an additional \$11 million in June 2018, and \$2.5 million in June 2019 for a total of \$14.5 million. Phase 1a of the Fine Arts Center rehabilitation includes the removal of the failing exterior stucco, underground work, new unit masonry exterior, roof repair and replacement, and replacement of the heating, ventilation and air conditioning system. Completion of Phase 1a is expected in Fall 2019.
- Construction started in March 2018 on a new \$90 million, 500 bed, 203,000 square foot apartment-style student residence hall. The project is financed by the University's Department of Housing and Residential Life and general revenue bonds. This building is expected to be completed by late fall 2019 and occupied beginning January 2020. The residence hall, named Brookside Apartments, will primarily feature apartment suites of six and four single-occupancy bedrooms. Each suite will be furnished and will have a full kitchen with two bathrooms. Brookside was designed for upper class students to encourage connection, facilitate learning in small comfortable study areas, and help students learn life skills.
- Supported by a combination of a \$2.2 million grant from the Rhode Island Department of Environmental Management and University funding, the William C. O'Neill Bike Path will be connected to the Kingston Campus through the Villages of Peace Dale, Wakefield to Narragansett Beach. The bike path connector is a key element in the University's Campus Transportation Master Plan, which calls for enhanced pedestrian and improved bicycle access on campus. The extension is expected to be completed December 2019.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019

Economic Factors that Will Affect the Future – Continued

- A \$4.1 million project to install artificial turf, lights and upgrades at Meade Stadium, home of the URI Rams football, was nearing completion in Fall 2019. Alumni and friends of the University donated \$3 million of the total project cost. The Meade Stadium upgrades are intended to accelerate the growth of the football program and expand the facility's use. The new surface and lights will provide a durable field with increased options for television broadcasts, night games, and a variety of University and community events, including club and intramural sports. The first home football game under the new surface and new lights occurred on September 7, 2019.
- In July 2018, the National Science Foundation selected the East Coast Oceanographic Consortium, led by the University of Rhode Island, to operate a new \$125 million oceanography research ship named the R/V Resolution. The R/V Resolution will support such scientific studies as the tracking of ocean currents and fish migration, seafloor surveys in earthquake-prone regions of the world, conservation of marine mammals and the food-web dynamics in the deep ocean. The new ship is expected to be launched in 2022.

Fiscal Planning

The University will continue to ensure that expenses are less than or equal to available resources. Approved strategic initiatives are reflected in the budget and have been and will continue to be funded by student enrollment, retention and tuition and fee resources. IPEDS data continues to show the University as one of the most cost efficient institutions of higher education in the country.

Requests for Information

This financial report is designed to provide a general overview of the University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Office of the Vice President for Administration and Finance, University of Rhode Island, Carlotti Administration Building, Room 108, 75 Lower College Road, Kingston, RI 02881.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Statement of Net Position

June 30, 2019

Assets and Deferred Outflows of Resources

	University of Rhode Island	Component units
Current Assets:		
Cash and equivalents (Note 2)	\$ 137,359,557	\$ 14,382,646
Net funds on deposit with primary government	206,477	-
Accounts receivable, net (Note 3)	45,589,922	1,384,660
Due from primary government	8,207,521	-
Due from component units	-	1,557,073
Current portion of pledges receivable	-	7,248,991
Inventory and other current assets	<u>4,987,240</u>	<u>385,325</u>
Total Current Assets	<u>196,350,717</u>	<u>24,958,695</u>
Noncurrent Assets:		
Cash and equivalents – restricted (Note 2)	4,657,272	-
Funds on deposit with bond trustee	76,560,167	-
Investments (Note 2)	-	186,449,766
Pledges receivable, net of current portion	-	8,488,413
Loans receivable, net (Note 4)	9,736,043	-
Charitable remainder trusts	-	332,947
Capital assets, net of accumulated depreciation (Note 5)	<u>837,427,297</u>	<u>1,945,888</u>
Total Noncurrent Assets	<u>928,380,779</u>	<u>197,217,014</u>
Total Assets	<u>1,124,731,496</u>	<u>222,175,709</u>
Deferred Outflows of Resources:		
Deferred loss on debt refunding	6,789,953	-
Deferred outflows of resources related to pension (Note 7)	21,051,938	-
Deferred outflows of resources related to OPEB (Note 8)	<u>9,018,718</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 36,860,609</u>	<u>\$ -</u>

Liabilities, Deferred Inflows of Resources and Net Position

	University of Rhode Island	Component units
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 55,968,358	\$ 1,577,972
Compensated absences (Note 6)	1,484,816	-
Funds held for others	1,577,113	1,557,073
Unearned revenue	14,997,658	360,707
Current portion of capital lease obligations (Note 6)	277,485	-
Current portion of due to primary government (Note 6)	2,607,000	-
Current portion of bonds and loans payable (Note 6)	12,276,814	-
Other current liabilities	<u>-</u>	<u>3,608,327</u>
Total Current Liabilities	<u>89,189,244</u>	<u>7,104,079</u>
Noncurrent Liabilities:		
Compensated absences (Note 6)	18,465,419	-
Capital lease obligations (Note 6)	25,800	-
Due to primary government (Note 6)	22,331,000	-
Bonds and loans payable (Note 6)	291,999,140	-
Gift annuity payable	-	1,348,261
Grant refundable (Note 6)	11,039,151	-
Net pension liability (Note 7)	123,705,037	-
Net OPEB liability (Note 8)	<u>49,930,386</u>	<u>-</u>
Total Noncurrent Liabilities	<u>517,495,933</u>	<u>1,348,261</u>
Total Liabilities	<u>606,685,177</u>	<u>8,452,340</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pension (Note 7)	6,071,970	-
Deferred inflows of resources related to OPEB (Note 8)	<u>5,524,421</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>11,596,391</u>	<u>-</u>
Net Position:		
Net investment in capital assets	566,232,719	1,945,888
Restricted:		
Expendable (Note 10)	3,310,835	91,719,561
Nonexpendable	-	105,954,300
Unrestricted	<u>(26,233,017)</u>	<u>14,103,620</u>
Total Net Position	<u>\$ 543,310,537</u>	<u>\$ 213,723,369</u>

See accompanying notes to the financial statements.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Statement of Revenues and Expenses and Changes in Net Position

For the Year Ended June 30, 2019

	University of Rhode Island	Component units
Operating Revenues:		
Tuition and fees	\$ 323,700,162	\$ -
Residence, dining, student union, and health fees	79,524,808	-
Less scholarship allowances	<u>(111,554,399)</u>	<u>-</u>
Net Student Fees	291,670,571	-
Federal, state, local, and private grants and contracts	108,953,028	3,934,223
Other auxiliary enterprises	26,666,801	-
Other sources	<u>22,194,947</u>	<u>3,675,799</u>
Total Operating Revenues	<u>449,485,347</u>	<u>7,610,022</u>
Operating Expenses (Note 12):		
Instruction	127,280,848	-
Research	87,431,546	5,280,074
Academic support	54,513,370	-
Student services	36,008,226	1,272,796
Scholarships and fellowships	17,376,866	-
Public service	8,717,517	-
Operation and maintenance of plant	42,673,820	1,010,855
Depreciation	35,764,995	100,217
Institutional support	51,794,727	5,670,869
Auxiliary operations	<u>75,324,451</u>	<u>-</u>
Total Operating Expenses	<u>536,886,366</u>	<u>13,334,811</u>
Net Operating Loss	<u>(87,401,019)</u>	<u>(5,724,789)</u>
Nonoperating Revenues (Expenses):		
State appropriation (Note 13)	80,968,221	-
Net investment income	4,591,332	1,740,995
Endowment income	-	3,222,427
Private gifts and contributions	-	24,312,439
Payments from component units	10,240,388	(11,993,576)
Additions to permanent endowments	-	755,797
Miscellaneous receipts	-	1,177,828
Interest expense	<u>(8,792,335)</u>	<u>-</u>
Net Nonoperating Revenues	<u>87,007,606</u>	<u>19,215,910</u>
Increase (Decrease) in Net Position Before Capital Contributions	(393,413)	13,491,121
Capital Contributions:		
Capital appropriations (Note 13)	81,123,592	-
Capital gifts	<u>4,864,866</u>	<u>(4,816,876)</u>
Increase in Net Position	85,595,045	8,674,245
Net Position, Beginning of Year (Component unit restated, Note 1)	<u>457,715,492</u>	<u>205,049,124</u>
Net Position, End of Year	<u>\$ 543,310,537</u>	<u>\$ 213,723,369</u>

See accompanying notes to the financial statements.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Statement of Cash Flows

For the Year Ended June 30, 2019

	<u>University of Rhode Island</u>
Cash Flows From Operating Activities:	
Tuition and fees	\$ 291,843,940
Federal, state, local, and private grants	108,596,900
Payments to suppliers	(124,192,957)
Payments to employees	(328,870,899)
Payments for scholarships, fellowships, and sponsored programs	(26,346,925)
Other auxiliary enterprises	26,891,211
Other sources	<u>13,304,707</u>
Net Cash Applied to Operating Activities	<u>(38,774,023)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	80,968,221
Payments from component units	10,240,388
Funds held for others	<u>(203,334)</u>
Net Cash Provided by Noncapital Financing Activities	<u>91,005,275</u>
Cash Flows from Capital and Related Financing Activities:	
Capital appropriations	81,123,592
Purchase of capital assets	(160,914,362)
Proceeds from issuance of loans and bonds	31,276,309
Principal paid on capital debt and leases	(13,534,604)
Interest paid on capital debt and leases	(9,959,140)
Bond proceeds deposited with trustee	<u>26,779,824</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(45,228,381)</u>
Cash Flows from Investing Activities:	
Net investment income	<u>4,591,332</u>
Net Cash Provided by Investing Activities	<u>4,591,332</u>
Net Increase in Cash and Equivalents	11,594,203
Cash and Equivalents, Beginning of the Year	<u>130,422,626</u>
Cash and Equivalents, End of the Year	<u>\$ 142,016,829</u>

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Statement of Cash Flows - Continued

For the Year Ended June 30, 2019

	<u>University of Rhode Island</u>
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:	
Net operating loss	\$ (87,401,019)
Adjustments to reconcile net operating loss to net cash applied to operating activities:	
Depreciation	35,764,995
Loss on disposal of assets	406,839
Bad debts	443,164
Net pension activity	905,076
Net OPEB activity	(1,083,550)
Changes in assets and liabilities:	
Net funds on deposit with primary government	353,585
Accounts receivable	(7,544,562)
Due from primary government	(4,493,710)
Inventory and other current assets	(315,540)
Loans receivable	943,630
Accounts payable and accrued liabilities	20,298,248
Compensated absences	618,001
Unearned revenue	1,250,303
Grant refundable	<u>1,080,517</u>
Net Cash Applied to Operating Activities	<u>\$ (38,774,023)</u>
Noncash Transactions:	
Capital gifts	<u>\$ 4,864,866</u>

See accompanying notes to the financial statements.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies**

Organization

The University of Rhode Island (the "University") is a State Land-Sea-and-Urban-Grant University. Chartered in 1951, the University offers undergraduate and graduate degree programs of study and also confers doctoral degrees. The University has three campuses throughout Rhode Island in addition to the main campus located in Kingston. The University is accredited by the New England Commission of Higher Education. In addition, certain courses and programs of study have been approved by national accrediting agencies. The University is supported by the State of Rhode Island (the "State") and is part of the State's system of public higher education.

The University, a component unit of the State of Rhode Island and Providence Plantations, is governed by the Rhode Island Board of Education (the "BOE") (successor to the Board of Governors for Higher Education effective January 1, 2013), a body politic and corporate established under Chapter 97 of Title 16 of the General Laws of Rhode Island. The BOE consists of public members appointed by the Governor.

The Rhode Island Office of Postsecondary Commissioner, which operates under the direction of the Commissioner of Postsecondary Education, is the administrative and research arm of the BOE. The BOE is not a department of state government but an independent public corporation vested with the responsibility of providing oversight for the system of public education in Rhode Island. This public higher education system consists of three entities: the University, Rhode Island College ("RIC"), and the Community College of Rhode Island ("CCRI"). Articulation agreements exist between the schools for student transfers within the system.

The Rhode Island General Assembly established the BOE effective January 1, 2013, to oversee the elementary, secondary, and postsecondary education for the state. In June 2014, the Rhode Island General Assembly approved the reorganization of the entire Rhode Island system of public education.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Organization - continued

The legislation enlarged the BOE to seventeen (17) members in order for the BOE to populate two councils: Council for Elementary and Secondary Education and the Council for Postsecondary Education (the “Councils”). Each of the Councils will be responsible for the significant portion of the governance and regulation per RIGL Sections 16-60-1 and 16-60-4 for Elementary/Secondary and per RIGL Sections 16-59-1 and 16-59-4 for Postsecondary.

The mission of the BOE is to provide long-range planning and coordination and evaluation of policies and programs for the public education systems of the State and specifically:

- To develop and adopt educational, financial, and operational goals for the education systems of the State that represent achievable benchmarks for 10-year and 20-year time frames to be implemented by the Councils and the commissioners.
- To ensure that the education systems of the State are aligned with the projected opportunities in workforce development and economic development and that the education systems are preparing students to participate in the future workforce of Rhode Island.
- To coordinate programs and courses of study and promote collaboration between and among pre-kindergarten through higher education institutions and agencies.
- To present strategic budget and finance recommendations to the council on elementary and secondary education and the council on postsecondary education that are aligned with the long-range goals adopted by the board.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Subsequent Event

Effective February 1, 2020, the University of Rhode Island will no longer be governed by the Rhode Island Council on Postsecondary Education but will be governed by a Board of Trustees consisting of 17 members appointed by the governor with the advice and consent of the Rhode Island Senate. The board will be dedicated solely to the University and will exercise similar powers and authority as was exercised by the council on postsecondary education including oversight of employment and the University's property, purchases, and procurement. The University president will report to the Board of Trustees.

The Rhode Island Council on Postsecondary Education will continue to oversee Rhode Island College and the Community College of Rhode Island.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met. The University has determined that it functions as a Business-Type Activity, as defined by GASB. The effect of interfund activity has been eliminated from these financial statements.

The University's policies for defining operating activities in the statement of revenues and expenses and change in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the University's operating and capital appropriations from the State, net investment income, gifts, and interest expense.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation - continued

The accompanying statements of revenues and expenses, and changes in net position demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenue.

Component Units

The University of Rhode Island Foundation, Inc. (the "Foundation"), the Alumni Association of the University of Rhode Island (the "Alumni Association"), and the University of Rhode Island Research Foundation, Inc. (the "Research Foundation") are legally separate tax-exempt component units of the University.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The Alumni Association primarily acts as an organization to foster lifelong and mutually beneficial relationships between the University and its current and future alumni. The boards of the Foundation and the Alumni Association are self-perpetuating and primarily consist of graduates and friends of the University. Although the University does not control the timing or the amount of receipts from the Foundation and the Alumni Association, the majority of resources received or held by the Foundation and the Alumni Association are restricted to the activities of the University by the donors. Because these resources held by the Foundation and the Alumni Association can only be used by, or are for the benefit of, the University, the Foundation and the Alumni Association are considered component units of the University and are discretely presented in the University's financial statements.

The Alumni Association merged with the Foundation subsequent to the period ending June 30, 2019. The boards of both entities approved the merger unanimously on June 5, 2019 and June 7, 2019, respectively, and these votes were later ratified by University Alumni and Foundation Trustees prior to the effective date of July 1, 2019. The Foundation is the surviving entity as part of the merger but has changed its name to "The University of Rhode Island Foundation & Alumni Engagement" to better reflect the combined activities of the new organization.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Component Units - continued

The Research Foundation's mission is to promote industry and University collaboration and new technology ventures for economic growth and job creation. The Research Foundation's unique private, nonprofit status allows it to support a broad range of technology transfer activities, including licensing, startup company formation, equity investments, and intellectual property protection. The Research Foundation is affiliated with the University by common management; however, each organization has its own independent board of trustees/directors. The Research Foundation obtains significant managerial and financial support from the University, including the salaries for the University Associate Vice President for Intellectual Property and Economic Development, who also serves as the Executive Director of the Research Foundation, other support staff, and the provision of operational cost. Because of this relationship, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The beginning net position of the Research Foundation has been restated in the amount of \$35,979.

During the year ended June 30, 2019, the Foundation distributed \$17,326,807 to the University for both restricted and unrestricted purposes.

During the year ended June 30, 2019, the Alumni Association distributed \$1,272,796 to the University for Scholarships and Athletic Club expenses.

As of June 30, 2019, the Component Units have a liability to the University of \$3,604,381, which is reflected in accounts payable and accrued liabilities.

The University has a fundraising agreement with the Foundation and paid \$6,991,500. The University has a support agreement with the Research Foundation and paid \$339,171.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Component Units - continued

The Foundation, the Alumni Association, and the Research Foundation are private not-for-profit organizations that reports under FASB standards, including ASC 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*, and ASC 958-605, *Revenue Recognition for Not-for-Profit Entities*. Accordingly, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation, Alumni Association, or Research Foundation's financial information in the University's financial reporting entity for these differences.

The condensed statements of net position of the Foundation, the Alumni Association, and the Research Foundation as of June 30, 2019 are as follows:

	2019			
	Foundation	Alumni Association	Research Foundation	Total
Current assets	\$ 19,800,688	\$ 1,226,798	\$ 3,931,209	\$ 24,958,695
Noncurrent assets	190,650,476	6,113,815	452,723	197,217,014
Total assets	<u>210,451,164</u>	<u>7,340,613</u>	<u>4,383,932</u>	<u>222,175,709</u>
Current liabilities	5,265,141	518,464	1,320,474	7,104,079
Noncurrent liabilities	1,348,261	-	-	1,348,261
Total liabilities	<u>6,613,402</u>	<u>518,464</u>	<u>1,320,474</u>	<u>8,452,340</u>
Net position:				
Net investment in capital assets	1,916,195	5,910	23,783	1,945,888
Restricted:				
Expendable	90,667,150	1,052,411	-	91,719,561
Nonexpendable	105,954,300	-	-	105,954,300
Unrestricted	5,300,117	5,763,828	3,039,675	14,103,620
Total net position	<u>\$ 203,837,762</u>	<u>\$ 6,822,149</u>	<u>\$ 3,063,458</u>	<u>\$ 213,723,369</u>

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies - Continued

Component Units - continued

The condensed statements of revenues, expenses and changes in net position of the Foundation, Alumni Association, and the Research Foundation for the year ended June 30, 2019 are as follows:

	Foundation	Alumni Association	Research Foundation	Total
Operating Revenues:				
Federal, state, local, and private grants and contracts	\$ -	\$ -	\$ 3,934,223	\$ 3,934,223
Other sources	-	2,438,017	1,237,782	3,675,799
Total Operating Revenues	-	2,438,017	5,172,005	7,610,022
Operating Expenses:				
Research	-	-	5,280,074	5,280,074
Student services	-	1,272,796	-	1,272,796
Operation and maintenance of plant	-	746,487	264,368	1,010,855
Depreciation	100,217	-	-	100,217
Institutional support	2,945,969	2,724,900	-	5,670,869
Total Operating Expenses	3,046,186	4,744,183	5,544,442	13,334,811
Net Operating Loss	(3,046,186)	(2,306,166)	(372,437)	(5,724,789)
Nonoperating Revenues (Expenses):				
Net investment income (loss)	1,456,040	264,767	20,188	1,740,995
Endowment income	3,222,427	-	-	3,222,427
Private gifts	22,752,327	1,560,112	-	24,312,439
Gifts from (to) the University	(12,332,747)	-	339,171	(11,993,576)
Additions to permanent endowments	755,797	-	-	755,797
Miscellaneous receipts	1,177,828	-	-	1,177,828
Net Nonoperating Revenues	17,031,672	1,824,879	359,359	19,215,910
Increase in Net Position Before Capital Gifts	13,985,486	(481,287)	(13,078)	13,491,121
Capital Gifts	(4,816,876)	-	-	(4,816,876)
Increase in Net Position	9,168,610	(481,287)	(13,078)	8,674,245
Net Position, at Beginning of Year, restated	194,669,152	7,303,436	3,076,536	205,049,124
Net Position, at End of Year	\$ 203,837,762	\$ 6,822,149	\$ 3,063,458	\$ 213,723,369

Complete financial statements for the Foundation and Alumni Association can be obtained from 79 Upper College Road, Kingston, RI 02881. Complete financial statements for the Research Foundation can be obtained from 75 Lower College Road, Kingston, RI 02881.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Net Position

Resources are classified for accounting purposes into the following three net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, accounts payable, accrued expenses, and of outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.

Restricted – Expendable: Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by the University.

The University has adopted a policy of generally utilizing restricted – expendable funds, when available, prior to unrestricted funds.

Cash and Equivalents

Cash and equivalents consist entirely of highly liquid financial instruments with an original maturity date of three months or less.

Allowance for Doubtful Accounts

Accounts receivable are periodically evaluated for collectability based on past history with students. Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the receivables portfolio, the estimated value of underlying collateral, and current economic conditions.

Inventories

Inventories are stated at the lower of cost (first-in, first-out, and retail inventory method) or market, and consist primarily of bookstore, dining, health, and residential life services items. Inventory for the year ended June 30, 2019 totaled \$3,192,907.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the BOE's capitalization policy, all land is capitalized, regardless of value. Vehicles, equipment, computer software for internal use, and works of art and historical treasures with a unit cost of \$5,000 or more are capitalized. Building, leasehold, and infrastructure improvements with a unit cost of \$50,000 or more are capitalized. Interest costs on debt related to capital assets are capitalized during the construction period and then depreciated over the lives of the assets. University capital assets, with the exception of land and construction in progress are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 50 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Compensated Absences and Salary Reduction Plan

University employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for those accumulated vacation and sick days allowable in accordance with the applicable union contract or, in the case of non-union personnel, according to State or University policy.

Amounts of vested and accumulated vacation and sick leave are reported as accrued compensation and benefits. Amounts are determined based upon the compensation rates in effect as of the statement of net position date.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System ("ERS") and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Postemployment Benefits

For purposes of measuring the net postemployment benefits other than pension obligations ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' OPEB Cost-Sharing Plan ("SEP") and the Board of Education Cost-Sharing OPEB Plan ("BOEP") (collectively referred to as the "Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance

The State offers various state paid health plan to each of its participating agencies. The premiums for these plans are divided among the agencies based upon the number of eligible employees. All employees share in healthcare costs. Employee contributions ranged from 15% to 25% of healthcare premiums for non-classified and classified staff. Part-time employee contributions range from 20% to 35% of health care premiums. The costs are automatically deducted through the payroll system on a biweekly basis. The University pays the balance of the healthcare costs. Expenses incurred by the University for the 2019 healthcare premiums amounted to \$42,070,954. Employee contributions for the 2019 fiscal year were \$7,722,260.

Assessed Fringe Benefit Administrative Fund

In July 2000, the State established the Assessed Fringe Benefit Administrative Fund. This fund is used to make all payments relating to workers' compensation charges, unemployment compensation payments, and payments to employees for unused vacation and sick leave at the time of retirement or termination from State service. The State funds this account by assessing a charge based on biweekly payrolls of all State agencies. The weighted average fringe benefit assessment rates for 2019 were 4.42% for non-faculty and 3.83% for faculty. The assessed fringe benefit cost for the University was \$8,001,277 for fiscal 2019.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Funds Held for Others

The University holds funds for student and other organizations affiliated with the University. These funds are pooled with the University's funds, and net returns are allocated to the University organizations' asset balances.

Student Deposits and Unearned Revenue

Student deposits and advance payments received for tuition and fees for the following academic year are recorded as unearned revenue in the current year and as earned revenue in the following year.

Student Fees

Student tuition, dining, residence, health, and other fees are presented net of scholarships and fellowships applied to students' accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are generally reflected as expenses.

Tax Status

The University is a component unit of the State of Rhode Island and Providence Plantations and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, and determining the net pension liability and the net OPEB liability.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Risk Management

The University is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health insurance claims.

The University is insured for general liability with policy limits of \$1 million per claim and \$3 million in the aggregate with a \$25,000 deductible and Excess Liability Coverage with limits of \$25 million. Coverage under the General Liability Policy extends to faculty, staff, students, and volunteers acting within the scope of their duties on behalf of the University. Employed healthcare providers are covered under an institutional medical malpractice policy, excluding physicians who have separate coverage. This policy does not apply to actions relating to federal/civil rights, eminent domain, and breach of contract. Such claims are covered under the Educator's Legal Liability policy which provides \$10 million of coverage to directors and officers and covers claims of discrimination, wrongful termination, and failure to grant tenure.

Crime coverage for University employees is carried with a limit of \$25 million and a deductible of \$75,000, except for employee dishonesty that has a \$150,000 deductible. The University also maintains an excess liability insurance policy with a limit of \$25 million.

Buildings and contents are insured against fire, theft, and natural disaster to the extent that losses exceed \$100,000 per incident and do not exceed \$200 million. A separate inland marine policy insures specifically listed property items such as computer equipment, valuable papers, fine arts, contractors' equipment, and miscellaneous property at various limits of insurance and deductibles. The University also maintains Hull, Property & Indemnity coverage on a specific schedule of watercraft. This policy has a limit of \$15 million. The hull limits vary by vessel with various deductibles. A separate policy insures the University's 184-foot research vessel. The amount of settlements has not exceeded insurance coverage in the years ended June 30, 2017, 2018, or 2019.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Risk Management - continued

All vehicles are owned by the State, which insures them for liability through an outside carrier. The policy is a loss retrospective program where premiums can be adjusted for claims incurred. Worker's compensation, unemployment, and employee health and life insurance claims are self-insured and managed by the State.

New Governmental Accounting Pronouncements

GASB Statement 84, *Fiduciary Activities* is effective for periods beginning after December 15, 2018. The objective of this Statement is to establish criteria for identifying fiduciary activities. Activity meeting the established criteria would then be presented in a statement of fiduciary net position and a statement of changes in fiduciary net position. Pension and other employee-benefit trust funds, investment trust funds, private-purpose trust funds and custodial funds would be reported, as applicable, according to this Statement. Information of component units of a primary government would be combined and shown in the aggregate with the fiduciary funds of the primary government. Under this Statement, a liability could be recognized to the beneficiaries in a fiduciary fund if the government has been compelled to disburse fiduciary resources. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 87 – *Leases* is effective for periods beginning after December 15, 2019. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations results from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Standard. Management has not completed its review of the requirements of this standard and its applicability.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements - continued

GASB Statement 89 – *Accounting for Interest Costs Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 90 – *Majority Equity Interests*, an amendment of GASB Statements 14 and 61 is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve the consistency of reporting a government's majority equity interest in a legally separate organization. A majority equity interest should be recognized using the equity method if the government's holding of the equity interest represents an investment. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 91 – *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to improve the consistency of reporting conduit debt. This Statement requires government entities that issue conduit debt, but are not the obligor, not to recognize the liability unless it is more likely than not that the government issuer will service the debt. Management has not completed its review of the requirements of this standard and its applicability.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 2 - **Cash, Equivalents, and Investments**

Cash and Equivalents

The University's policy is in accordance with Chapter 35-10.1 of the Rhode Island General Laws dealing with the Public Finance, which states that any depository institution holding public deposits shall insure or pledge eligible collateral equal to one hundred percent (100%) with any time deposit with maturities greater than sixty (60) days. If any depository institution does not meet its minimum capital standards as prescribed by its federal regulator, they shall insure or pledge eligible collateral equal to one hundred percent (100%) of all public deposits. None of the University's cash deposits were required to be collateralized by law since there are no time deposits that exceed 60 days.

The University does not have a policy for custodial credit risk associated with deposits.

At June 30, 2019, the carrying amount of the University's cash deposits was \$104,427,041, and the bank balance was \$107,111,901. Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are:

- a) Uncollateralized,
- b) Collateralized with securities held by the pledging financial institution, or
- c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

Of the bank balance, \$85,251,882 was covered by federal depository insurance ("FDIC"), and \$21,821,766 was collateralized with securities held by the pledging financial institution in the University's name as of June 30, 2019. The remaining amount, \$38,253 was uninsured and uncollateralized. The insured balance reflects FDIC insurance and guarantee programs in effect during 2019.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 2 - Cash, Equivalents, and Investments - Continued

Cash and Equivalents - continued

At June 30, 2019, the University had investments (cash equivalents) consisting of \$37,589,788 in the Ocean State Investment Pool Trust ("OSIP"), an investment pool established by the State General Treasurer. The University's investment accounted for 8.7% of the total investment in OSIP at June 30, 2019. Agencies, authorities, commissions, boards, municipalities, political subdivisions, and other public units of the State may invest in OSIP. OSIP has met the criteria outlined in GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants* to permit election to reports its investments at amortized cost which approximates fair value. The OSIP is not rated and the weighted average maturity of investments held in the pool, by policy, is not to exceed 60 days. OSIP transacts with its participants at a stable net asset value ("NAV") per share. Investments reported at the NAV are not subject to the leveling categorization. There are no participant withdrawal limitations. OSIP issues a publicly available financial report that can be obtained by writing to the Office of the General Treasurer, Finance Department, 50 Service Avenue – 2nd Floor, Warwick, RI 02886.

Funds on Deposit with Bond Trustee

The deposit with bond trustee is invested in money market funds with First American Treasury Obligations Fund. These funds are uninsured but invest exclusively in short-term U.S. Treasury obligations including repurchase agreements secured by U.S. Treasury obligations. As of June 30, 2019, the First American Treasury Obligations Fund had a rating of A+ by Standard and Poor's and A1 by Moody's.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 2 - **Cash, Equivalents, and Investments - Continued**

Component Units

The Foundation, the Alumni Association, and the Research Foundation investments at June 30, 2019 are reported at fair market value and are composed of the following:

	Foundation	Alumni Association	Research Foundation	Total
Equity Securities	\$ 91,154,591	\$ 3,981,966	\$ -	\$ 95,136,557
Fixed Income	50,368,489	-	-	50,368,489
Government Bonds	-	1,104,328	-	1,104,328
Capital Funds	5,239,497	-	-	5,239,497
Hedge Funds	27,781,748	-	-	27,781,748
Corporate Bonds	-	1,021,611	-	1,021,611
Real Assets Funds	5,368,596	-	-	5,368,596
Equity Investment in Private Company	-	-	428,940	428,940
	<u>\$ 179,912,921</u>	<u>\$ 6,107,905</u>	<u>\$ 428,940</u>	<u>\$ 186,449,766</u>

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value of the investments, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Please refer to the financial statements of the respective component unit for more information.

Note 3 - **Accounts Receivable**

Accounts receivable, which are anticipated to be collected within one year, include the following at June 30, 2019:

Student accounts receivable	\$ 11,071,790
Grants receivable	7,968,880
Unbilled grants receivables	17,604,941
Other receivables	16,486,043
	<u>53,131,654</u>
Less: allowance for doubtful accounts	<u>(7,541,732)</u>
	<u>\$ 45,589,922</u>

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 4 - **Loans Receivable**

The University participates in the Federal Perkins Loan, Nursing Loan, and Health Profession Loan Programs. These programs are funded through a combination of federal and institutional resources. The portion of these programs that has been funded with federal funds is ultimately refundable to the U.S. Government upon the termination of the University's participation in the programs.

Loans receivable include the following at June 30, 2019:

Perkins loans	\$	6,049,270
Nursing loans		1,669,910
Health profession loans		1,996,885
Other		<u>768,832</u>
		10,484,897
Less: allowance for doubtful accounts		<u>(748,854)</u>
	\$	<u><u>9,736,043</u></u>

The Federal Perkins Loan Program Extension Act of 2015 (the "Extension Act"), enacted on December 18, 2015, extended the Perkins Loan Program through September 30, 2017. The Extension Act states that new Perkins Loans cannot be disbursed to students after September 30, 2017. Students that received a fall semester Perkins loan disbursement before October 1, 2017 were eligible to receive a spring semester Perkins loan disbursement. No further extensions were granted for the program as of the date of issuance of these financial statements.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 5 - Capital Assets

Capital assets of the University consist of the following at June 30, 2019:

	Estimated lives (in years)	Beginning balance	Additions	Reductions	Reclassifi- cations	Ending balance
Capital assets not depreciated:						
Land	-	\$ 2,187,121	\$ -	\$ -	\$ -	\$ 2,187,121
Construction in progress	-	93,419,999	158,907,494	-	(19,939,575)	232,387,918
Total not depreciated		95,607,120	158,907,494	-	(19,939,575)	234,575,039
Capital assets depreciated:						
Land improvements	15-25	70,365,509	-	-	5,750,944	76,116,453
Buildings, including improvements	10-50	898,872,451	-	(69,950)	14,188,631	912,991,132
Furnishings and equipment (including cost of capital leases)	5-15	109,467,702	6,871,734	(3,883,536)	-	112,455,900
Total depreciated		1,078,705,662	6,871,734	(3,953,486)	19,939,575	1,101,563,485
Less accumulated depreciation:						
Land improvements		36,293,484	2,753,551	-	-	39,047,035
Building, including improvements		349,541,542	27,075,371	(42,844)	-	376,574,069
Furnishings and equipment		80,657,853	5,936,073	(3,503,803)	-	83,090,123
Total accumulated depreciation		466,492,879	35,764,995	(3,546,647)	-	498,711,227
Capital assets, net		\$ 707,819,903	\$ 130,014,233	\$ (406,839)	\$ -	\$ 837,427,297

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - Long-Term Liabilities

Long-term liabilities consist of the following at June 30, 2019:

	2019				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Leases and bonds payable:					
Lease obligations	\$ 2,405,000	\$ 43,200	\$ 2,144,915	\$ 303,285	\$ 277,485
Due to primary government					
Certificate of participation	16,785,000	10,195,000	2,042,000	24,938,000	2,607,000
Revenue bonds payable	267,915,061	19,800,000	9,108,006	278,607,055	10,127,467
Premium on bonds payable	25,646,545	1,491,999	1,994,105	25,144,439	2,036,255
Loans payable	764,143	-	239,683	524,460	113,092
Total leases and bonds payable	<u>313,515,749</u>	<u>31,530,199</u>	<u>15,528,709</u>	<u>329,517,239</u>	<u>15,161,299</u>
Other long-term liabilities:					
Compensated absences	19,332,234	1,889,412	1,271,411	19,950,235	1,484,816
Grant refundable	9,958,634	1,080,517	-	11,039,151	-
Net pension liability	127,132,520	-	3,427,483	123,705,037	-
Net OPEB liability	51,187,475	-	1,257,089	49,930,386	-
Total Other long-term liabilities	<u>207,610,863</u>	<u>2,969,929</u>	<u>5,955,983</u>	<u>204,624,809</u>	<u>1,484,816</u>
Total long-term liabilities	<u>\$ 521,126,612</u>	<u>\$ 34,500,128</u>	<u>\$ 21,484,692</u>	<u>\$ 534,142,048</u>	<u>\$ 16,646,115</u>

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable

The revenue bonds consist of the following:

Series 2008 B University of Rhode Island Auxiliary Enterprise Revenue Issue, 8%, interest due semiannually through 2024, all principal is due 2024	\$ 3,830,000
Series 2009 A University of Rhode Island Educational and General Revenue Issue, 3.4% to 4.75%, due semiannually through 2034	570,000
Series 2009 B University of Rhode Island Auxiliary Revenue Issue, 3% to 5.25%, due semiannually through 2029	13,495,000
Series 2010 A University of Rhode Island Educational and General Revenue Issue, 3% to 5%, due semiannually through 2041	10,835,000
Series 2010 B University of Rhode Island Auxiliary Enterprise Revenue Issue, 3% to 5%, due semiannually through 2031	1,750,000
Series 2013 A University of Rhode Island Educational and General Revenue Refunding Issue, 2% to 3%, due semiannually through 2024	2,745,000
Series 2013 B University of Rhode Island Educational and General Revenue Refunding Issue, 2% to 3%, due semiannually through 2024	2,675,887
Series 2013 C University of Rhode Island Auxiliary Revenue Issue, 2% to 5%, due semiannually through 2025	13,255,000
Series 2013 D University of Rhode Island Auxiliary Revenue Issue, 2% to 5%, due semiannually through 2024	3,866,168
Series 2016 A University of Rhode Island Educational and General Revenue Refunding Issue, 3% to 5%, due semiannually through 2036	31,190,000
Series 2016 B University of Rhode Island Auxiliary Revenue Issue, 4% to 5%, due semiannually through 2035	51,405,000
Series 2017 A University of Rhode Island Auxiliary Revenue Issue, 4% to 5%, due semiannually through 2047	76,895,000
Series 2017 B University of Rhode Island Auxiliary Revenue Refunding Issue, 4% to 5%, due semiannually through 2040	35,560,000
Series 2017 C University of Rhode Island Educational and General Revenue Issue, 3% to 3.5%, due semiannually through 2047	4,235,000
Series 2017 D University of Rhode Island Educational and General Revenue Refunding Issue, 3% to 5%, due semiannually through 2024	6,500,000
Series 2018 A University of Rhode Island Educational and General Revenue Issue, 4% to 5%, due semiannually through 2039	17,500,000
Series 2018 B University of Rhode Island Auxiliary Revenue Issue, 3% to 5%, due semiannually through 2039	2,300,000
	<u>\$ 278,607,055</u>

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable - continued

The bonds issued by the Rhode Island Health and Education Building Corporation (the "Corporation") are special limited obligations of the BOE acting on behalf of the University. The refunding and general and educational bonds are secured by all available revenues of the BOE derived by the University and State appropriations for the University. The auxiliary enterprise revenue bonds are secured by all auxiliary enterprise revenue of the University.

On November 14, 2008, the Corporation issued the University of Rhode Island Auxiliary Enterprise Revenue Issue Series 2008 B, par amount of \$3,830,000 to pay expenses relating to the 2004 B swap termination. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,105,000. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. There was an economic gain (difference between the present value of the old and new debt service payments) of approximately \$2.6 million. Payment on this bond will be made September 2024.

On June 18, 2009, the Corporation issued the University of Rhode Island Educational and General Revenue Issue, Series 2009 A with a par amount of \$10,315,000. The proceeds of the Series 2009 A Bonds were used to finance site and utility infrastructure relating to the "North District" of the Kingston Campus. The Corporation also issued the University of Rhode Island Auxiliary Enterprise Revenue Issue, Series 2009 B with a par amount of \$18,205,000. The proceeds of the Series 2009 B bonds were used to finance fire protection and life safety improvements.

On February 17, 2010, the Corporation issued the University of Rhode Island Educational and General Revenue Issue, Series 2010 A with a par amount of \$13,725,000. The proceeds of the Series 2010 A Bonds were used to repave and reconstruct major parking facilities, internal roadways, and walkways across three of its four campuses.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable - continued

On May 27, 2010, the Corporation issued the University of Rhode Island Auxiliary Enterprise Revenue Issue, Series 2010 B with a par amount of \$42,695,000. The proceeds of the Series 2010 B Bond were used for the design, construction, equipping and furnishing of a new multi-story residence hall and demolition of the present Terrace Apartments.

On June 18, 2013, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Refunding Issue, Series 2013 A with a par amount of \$6,195,000. The proceeds of the Series 2013 A Bond were used to refund all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 1997, and to refund all University of Rhode Island Educational and General Revenue, Series 2002 bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$994,958 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$902,315.

On June 18, 2013, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Refunding Issue, Series 2013 B with a par amount of \$5,464,231. The proceeds of the Series 2013 B Bond were used to refund all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2003 C bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$785,119 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$704,998.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable - continued

On June 18, 2013, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Refunding Issue, Series 2013 C with a par amount of \$23,695,000. The proceeds of the Series 2013 C Bond were used to advance refund all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2004 A bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$3,403,027 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$3,024,046.

On June 18, 2013, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Refunding Issue, Series 2013 D with a par amount of \$7,538,244. The proceeds of the Series 2013 D Bond were used to refund all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2003 B bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$1,149,425 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$1,033,774.

On September 28, 2016, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Refunding Issue, Series 2016 A with a par amount of \$35,155,000. The proceeds of the Series 2016 A Bond were used to finance and refinance the design, construction, renovation, improvement and equipping of certain utility systems and other infrastructure, including wastewater, electrical, telecommunications, natural gas connections and storm water management systems, as well as roadways, walkways, and parking facilities of the University. The University refunded all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2005 A, B, F, and G bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$7,282,960 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$6,119,777.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable - continued

On September 28, 2016, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Refunding Issue, Series 2016 B with a par amount of \$53,355,000. The proceeds of the Series 2016 B Bond were used to refund all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2005 C and D bonds, and Series 2008 A bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$16,396,545 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$13,548,566.

On October 17, 2017, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Issue, Series 2017 A with a par amount of \$76,895,000. The proceeds of the Series 2017 A Bond were used for the design and construction of a new, multi-story apartment-style student residence building with 500 beds, located west of White Horn Brook on the University's Kingston Campus.

On October 17, 2017, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Refunding Issue, Series 2017 B with a par amount of \$35,560,000. The proceeds of the Series 2017 B Bond were used to refund the Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2010 B bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$4,386,919 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$3,024,162.

On October 17, 2017, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Issue, Series 2017 C with a par amount of \$4,235,000. The proceeds of the Series 2017 C Bond were used for site-enabling facility relocation, utility and hardscape and landscape infrastructure, and site work related to the design and construction of a new, multi-story apartment-style student residence building.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable - continued

On October 17, 2017, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Refunding Issue, Series 2017 D with a par amount of \$6,525,000. The proceeds of the Series 2017 D Bond were used to refund the Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2009 A bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense. The refunding reduced the University's total debt service by \$739,416 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$621,173.

On November 28, 2018, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Issue, Series 2018 A with a par amount of \$17,500,000. The proceeds of the Series 2018 A Bond were used for engineering and construction of upgrades and component replacements to five municipal-level utility systems on the University's Kingston Campus, the repaving and reconstruction of major parking facilities, internal roadways and walkways and associated infrastructure on the Kingston, Narragansett Bay and W. Alton Jones campuses of the University.

On November 28, 2018, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Issue, Series 2018 B with a par amount of \$2,300,000. The proceeds of the Series 2018 B Bond were used the installation of upgraded fire alarm and sprinkler systems as well as life safety improvements in the University's auxiliary enterprise buildings, in accordance with the State Fire Code.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable - continued

Principal and interest on bonds payable for the next five years and in subsequent five-year periods are as follows:

	Fixed-Rate Bonds		
	Principal	Interest	Total
Years ending June 30:			
2020	\$ 10,127,467	\$ 12,343,495	\$ 22,470,962
2021	10,696,812	11,878,684	22,575,496
2022	11,143,551	11,390,227	22,533,778
2023	11,494,679	10,870,601	22,365,280
2024	12,144,546	10,309,227	22,453,773
2025-2029	68,405,000	41,204,053	109,609,053
2030-2034	58,225,000	24,979,110	83,204,110
2035-2039	42,980,000	14,726,191	57,706,191
2040-2044	29,855,000	7,425,138	37,280,138
2045-2048	23,535,000	1,920,800	25,455,800
	<u>\$ 278,607,055</u>	<u>\$ 147,047,526</u>	<u>\$ 425,654,581</u>

Amortization of the bond premium and deferred loss on debt refunding are included with interest expense. Interest costs on all debt for the year ended June 30, 2019 were \$8,792,335.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Due to Primary Government - Certificate of Participation ("COP") Energy Conservation

The Certificate of Participation consists of the following:

Certificate of participation (COP) Energy Conservation - 2009 B payable to the State of Rhode Island. Original amount of debt issued - \$11,365,000, 2.5% to 5% due annually through 2021	\$ 2,905,000
Certificate of participation (COP) Energy Conservation - 2011 A payable to the State of Rhode Island. Original amount of debt issued - \$5,590,000, 2% to 4.5% due annually through 2026	3,765,000
Certificate of participation (COP) Energy Conservation - 2017 B payable to the State of Rhode Island. Original amount of debt issued - \$6,910,000, 3% to 5% due annually through 2032	6,910,000
Certificate of participation (COP) Energy Conservation Refunding - 2017 C payable to the State of Rhode Island. Original amount of debt issued - \$1,838,000 5% due annually through 2032 with a reduction to total debt service of \$163,221 and an economic gain of \$161,289	1,163,000
Certificate of participation (COP) Energy Conservation - 2018 A payable to the State of Rhode Island. Original amount of debt issued - \$10,195,000 5% due annually through 2034	10,195,000
	\$ 24,938,000

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Due to Primary Government - Certificate of Participation ("COP") Energy Conservation - continued

Principal and interest on Certificates of Participation ("COP") for the next five years and in subsequent five-year periods are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Years ending June 30:					
2020	\$ 2,607,000	\$	1,180,088	\$	3,787,088
2021	3,065,000		1,042,413		4,107,413
2022	1,677,000		893,600		2,570,600
2023	1,804,000		813,775		2,617,775
2024	1,665,000		728,075		2,393,075
2025-2029	7,655,000		2,426,650		10,081,650
2030-2034	6,465,000		663,525		7,128,525
	<u>\$ 24,938,000</u>	<u>\$</u>	<u>7,748,126</u>	<u>\$</u>	<u>32,686,126</u>

Loans Payable

The University obtained a loan from the Rhode Island Alpha Chapter of Sigma Alpha Epsilon fraternity in November 2009 for the amount of \$850,000 for the financing of the acquisition and renovations of Sigma Alpha Epsilon fraternity house for use as student housing for the International Engineering Program. The loan is payable in monthly installments of \$7,173 that includes interest at 6.0%, through September 15, 2024.

Principal and interest of loans payable are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Years ending June 30:					
2020	\$ 113,092	\$	21,451	\$	134,543
2021	97,786		17,465		115,251
2022	92,841		13,233		106,074
2023	97,333		8,741		106,074
2024	102,103		3,971		106,074
2025	21,305		213		21,518
	<u>\$ 524,460</u>	<u>\$</u>	<u>65,074</u>	<u>\$</u>	<u>589,534</u>

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 6 - **Long-Term Liabilities - Continued**

Lease Obligations

In 1998 the University entered into an agreement for the construction of a steam generating plant including a twenty-year agreement for the purchase of steam. Under the terms of the agreement, the seller is required to supply the University with 320,000,000 pounds of steam annually and is responsible for certain costs related to operating and maintaining the steam/condensate distribution system. The monthly charges for services under the contract consist of a capacity charge and a variable charge for acceptable steam delivered. For contract years 1 through 20, the capacity charge is fixed at \$108,000 per month. The variable charge for the same period is calculated as the sum of commodity charges for gas and fuel oil consumed at the plant plus gas transportation and delivery charge, including operation and maintenance ("O&M") charge for acceptable steam delivered per thousand pounds. The O&M charge is adjusted for the current consumer price index.

The Rhode Island Economic Development Corporation issued the Rhode Island Economic Development Corporation Revenue Bonds (University of Rhode Island Steam Facility Project) Series 1999 in the amount of \$16,395,000 to fund the construction of the steam plant. The Indenture Agreement covering the bond issue requires the debt service be paid to the University, based on the capacity charge, directly to the Trustee.

The University accounted for the amounts due under the above steam agreement as a capital lease and recorded the steam plant at \$16,395,000. Additionally, the University entered into a \$43,200 lease for equipment in fiscal year 2019 requiring 6 years of payments at \$7,200 a year.

The following schedule summarizes future minimum payments under all non-cancelable leases:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2020	277,485	25,625	303,110
2021	7,200	-	7,200
2022	7,200	-	7,200
2023	7,200	-	7,200
2024	4,200	-	4,200
	<u>\$ 303,285</u>	<u>\$ 25,625</u>	<u>\$ 328,910</u>

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 7 - **Pension**

Plan Description

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (the "System"). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit Provisions

The level of benefits provided to participants is established by Chapter 36-10 of the Rhode Island General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the Rhode Island General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 7 - **Pension - Continued**

Benefit Provisions - continued

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

Contributions

The funding policy, as set forth in the Rhode Island General Laws, Section 36-10-2, provides for actuarially determined periodic contributions to the plan. For fiscal 2019, University employees, with less than 20 years of service as of July 1, 2015, were required to contribute 3.75% of their annual covered salary. Employees with more than 20 years of service as of July 1, 2015 were required to contribute 11% of their annual covered salary. The University is required to contribute at an actuarially determined rate; the rate was 26.28% of annual covered payroll for the fiscal year ended June 30, 2019. The University contributed \$9,917,091, \$9,531,977, and \$9,903,769 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the University reported a liability of \$123,705,037 for its proportionate share of the net pension liability related to its participation in ERS. The net pension liability was measured as of June 30, 2018, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to the June 30, 2018 measurement. The University proportion of the net pension liability was based on its share of contributions to the ERS for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018, the University proportion was 5.50%.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 7 - **Pension - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - continued

For the year ended June 30, 2019, the University recognized pension expense of \$10,822,167. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Differences between expected and actual experience	\$ 825,576
Changes of assumptions	7,946,685
Net difference between projected and actual investment earnings	1,291,079
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,071,507
Contributions made after the measurement date	<u>9,917,091</u>
Total	<u><u>\$ 21,051,938</u></u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 1,588,223
Changes of assumptions	94,584
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>4,389,163</u>
Total	<u><u>\$ 6,071,970</u></u>

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 7 - **Pension - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - continued

Contributions of \$9,917,091 are reported as deferred outflows of resources related to pensions resulting from the University's contributions in fiscal year 2019 subsequent to the measurement date and will be recognized as a reduction of the net pension liability at the June 30, 2019 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	3,234,956
2021		2,038,627
2022		152,178
2023		(312,903)
2024		(49,981)
	\$	<u>5,062,877</u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 6.25%
Investment rate of return	7.00%

Mortality rates were based on the RP-2014 combined healthy for males with blue collar adjustments, projected with Scale Ultimate MP16 mortality tables and RP-2014 combined healthy mortality tables for females with Scale Ultimate MP16.

The actuarial assumptions used in the June 30, 2017 valuations rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 7 - Pension - Continued

Actuarial Assumptions - continued

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
U.S. Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Private Growth		
Private Equity	11.30%	9.08%
Non-Core RE	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
INCOME		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
	100.00%	

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 7 - Pension - Continued

Actuarial Assumptions - continued

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00 % Decrease		1.00 % Increase	
(6.0 Discount Rate)		(8.0 Discount Rate)	
\$	154,461,487	\$	100,796,449
		\$	123,705,037

Pension Plan Fiduciary Net Position

As noted earlier, ERS issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>. The report contains detailed information about the pension plan's fiduciary net position.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 8 - **Other Post-Employment Benefits**

Plan Description

Certain employees of the University participate in one of two OPEB plans: the State Employees' OPEB Cost-Sharing Plan ("SEP") and the Board of Education Cost-Sharing OPEB Plan ("BOEP") (collectively referred to as the "Plans"). The Plans are cost-sharing multiple-employer defined benefit OPEB plans included within the State Employees' and Electing Teachers OPEB System (the "OPEB System").

Under a cost sharing plan, OPEB obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing OPEB benefits through the plan, regardless of the status of the employers' payment of its OPEB obligation to the plan. The Plans provide health care benefits to plan members.

The OPEB System is administered by the OPEB Board and was authorized, created, and established under Chapter 36-12.1 of the RI General Laws. The OPEB Board was established under Chapter 36-12.1 as an independent board to hold and administer, in trust, the funds of the OPEB System. The four members of the OPEB Board are: the State Controller, the State Budget Officer, the State Personnel Administrator and the General Treasurer, or their designees.

The OPEB System issues a separate publicly available financial reports that includes financial statements and required supplementary information for each plan. The reports may be obtained at <http://www.oag.ri.gov/reports.html>.

Membership and Benefit Provisions

The Plans within the OPEB System generally provide healthcare coverage to pre-Medicare eligible retirees and health reimbursement account contributions or Medicare supplement coverage for members who are Medicare eligible. Members may purchase coverage for spouses and dependents. Dental and vision coverage may be purchased by these groups with no state subsidy.

Members of the OPEB System must meet the eligibility and services requirements set forth in the RI General Laws or other governing documents. RIGL Sections 16-17.1-1 and 2, 36-10-2, 36-12.1, 36-12-2.2 and 36-12-4 govern the provisions of the OPEB System, and they may be amended in the future by action of the General Assembly.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 8 - **Other Post-Employment Benefits - Continued**

Contributions

SEP

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. The University is required to contribute at an actuarially determined rate; the rate was 5.98% of annual covered payroll for the fiscal year ended June 30, 2019. The University contributed \$2,313,183, \$2,312,135 and \$2,405,449 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year.

Active employees do not make contributions to the plan. Retired member contributions consist of the required retiree share of coverage based on the time of retirement and years of service.

BOEP

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. The University is required to contribute at an actuarially determined rate; the rate was 4.36% of covered payroll for the fiscal year ended June 30, 2019. The University contributed \$2,459,611, \$2,396,416, and \$1,636,503 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year.

Active employees contribute 0.9% of payroll to the plan. Retired employees have varying co-pay percentages ranging from 0% to 50% based on age and years of service at retirement.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 8 - Other Post-Employment Benefits - Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the University reported a liability of \$27,863,116 and \$22,067,270 for its proportionate share of the net OPEB liability related to its participation in the SEP and BOEP, respectively. The net OPEB liability was measured as of June 30, 2018, the measurement date, and the total OPEB liability used to calculate the net OPEB liability was determined for each plan by a separate actuarial valuation as of June 30, 2017, rolled forward to the June 30, 2018 measurement date. The University's proportion of the net OPEB liability was based on its share of contributions to the Plans for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018, the University's proportion was 5.47% and 43.65% for the SEP and the BOEP, respectively.

For the year ended June 30, 2019, the University recognized OPEB expense of \$2,005,197 and \$1,684,050 for the SEP and the BOEP, respectively. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SEP</u>	<u>BOEP</u>	<u>Total</u>
Deferred Outflows of Resources Related to OPEB			
Changes of assumptions	\$ 1,437,148	\$ 1,804,894	\$ 3,242,042
Differences between expected and actual experience	-	151,911	151,911
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	851,971	851,971
Contributions subsequent to measurement date	2,313,183	2,459,611	4,772,794
Total	<u>\$ 3,750,331</u>	<u>\$ 5,268,387</u>	<u>\$ 9,018,718</u>
Deferred Inflows of Resources Related to OPEB			
Differences between expected and actual experience	\$ 1,406,064	\$ 2,234,629	\$ 3,640,693
Changes in proportion and difference between employer contributions and proportionate share of contributions	714,782	-	714,782
Net difference between projected and actual investment earnings	515,162	653,784	1,168,946
Total	<u>\$ 2,636,008</u>	<u>\$ 2,888,413</u>	<u>\$ 5,524,421</u>

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 8 - Other Post-Employment Benefits - Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - continued

Contributions of \$4,772,794 are reported as deferred outflows of resources related to OPEB resulting from the University's contributions in fiscal year 2019 subsequent to the measurement date, and will be recognized as a reduction of the net OPEB liability determined at the June 30, 2019 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Net Deferred Outflows (Inflows) of Resources:

Year ended June 30:	SEP	BOEP	Total
2020	\$ (253,135)	\$ (112,539)	\$ (365,674)
2021	(253,135)	(112,539)	(365,674)
2022	(253,134)	(112,539)	(365,673)
2023	(166,068)	(3,245)	(169,313)
2024	(102,577)	78,230	(24,347)
Thereafter	(170,811)	182,995	12,184
	<u>\$ (1,198,860)</u>	<u>\$ (79,637)</u>	<u>\$ (1,278,497)</u>

Actuarial Assumptions

The total OPEB liability was determined using the following significant actuarial assumptions:

Inflation	2.75%
Salary Increases	3.00% to 6.00%
Investment Rate of Return	5.00%
Health Care Cost Trend Rate	9.00% in fiscal year 2018 decreasing annually to 3.5% in fiscal year 2031 and later

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 8 - **Other Post-Employment Benefits - Continued**

Actuarial Assumptions - continued

The long-term expected rate of return best-estimate on the Plans' investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of OPEB plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 nationally recognized investment consulting firms. The June 30, 2018 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table for the Plans:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	65%	6.25%
Fixed Income	35%	1.39%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate

The discount rate used to measure the total OPEB liability for the Plans was 5.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, if any, will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plans' investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 8 - Other Post-Employment Benefits - Continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 5.0% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1 % Decrease (4.0% Discount Rate)		(5.0% Discount Rate)		1 % Increase (6.0% Discount Rate)	
SEP	\$	32,720,951	\$	27,863,116	\$	23,822,841
BOEP	\$	27,550,692	\$	22,067,270	\$	17,572,781

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the net OPEB liability calculated using the healthcare cost trend rate of 9.0% and gradually decreasing to an ultimate rate of 3.5%, as well what the employers' net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1 % Lower		Baseline		1 % Higher
SEP	\$	22,964,050	\$	27,863,116	\$	33,975,217
BOEP	\$	16,729,852	\$	22,067,270	\$	28,853,427

OPEB Plan Fiduciary Net Position

The OPEB System issues a separate publicly available financial reports that includes financial statements and required supplementary information for each plan. The reports may be obtained at <http://www.oag.ri.gov/reports.html>. The report contains detailed information about the OPEB plans' fiduciary net position.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 9 - Other Retirement Plans

State of Rhode Island Employees Retirement System ("ERS") Defined Contribution

Plan Description

Certain employees participating in the defined benefit plan (those with less than 20 years of service as of July 1, 2015), as described in Note 7, also participate in a defined contribution plan of the Employees' Retirement System as authorized by Rhode Island General Law Chapter 36-10.3. The defined contribution plan was established under IRS section 401(a) and is administered by TIAA-CREF. The Retirement Board is the plan administrator and plan trustee. The employees may choose among various investment options available to plan participants. The State Investment Commission is responsible for implementing the investment policy of the plan and selecting the investment options available to members.

Contributions

Certain employees (those with less than 20 years of service as of July 1, 2012) contribute 5% of their annual covered salary and employers contribute at the following percentages of annual covered salary for these employees based on their years of service as of July 1, 2015:

<u>Years of Service</u> <u>As of 7/1/2015</u>	<u>Employer</u> <u>Contribution Rate</u>
15 - 20 Years	1.50%
10 - 15 Years	1.25%
0 - 10 Years	1.00%

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the Rhode Island General Laws, which are subject to amendment by the General Assembly.

The University contributed and recognized as pension expense \$380,126 for the fiscal year ended June 30, 2019, equal to 100% of the required contributions for that year.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 9 - **Other Retirement Plans - Continued**

State of Rhode Island Employees Retirement System (“ERS”) Defined Contribution - continued

Plan Vesting and Contribution Forfeiture Provisions

The total amount contributed by the member, including associated investment gains and losses, shall immediately vest in the member’s account and is non-forfeitable. The total amount contributed by the employer, including associated investment gains and losses, vests with the member and is non-forfeitable upon completion of three (3) years of contributory service. Non-vested employer contributions are forfeited upon termination of employment. Such forfeitures can be used by employers to offset future remittances to the plan.

Retirement Benefits

Benefits may be paid to a member after severance from employment, death, plan termination, or upon a deemed severance from employment for participants performing qualified military service. At a minimum, retirement benefits must begin no later than April 1 of the calendar year following the year in which the member attains age 70½ or terminates employment, if later.

The ERS issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://ersri.org>.

Rhode Island Board of Education Alternate Retirement Plan

Plan Description

Certain employees of the University (principally faculty and administrative personnel) are covered by individual annuity contracts under a defined contribution retirement plan, Alternate Retirement Plan, established by the BOE, which is also responsible for amending it. Eligible employees who have reached the age of 30, and who have two (2) years of service are required to participate in either the Teachers’ Insurance and Annuity Association (“TIAA”), the Metropolitan Life Insurance Company or the Variable Annuity Life Insurance Company retirement plan. The BOE establishes and amends contribution rates. Eligible employees must contribute at least 5% of their gross biweekly earnings. These contributions may be made on a pre-tax basis.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 9 - Other Retirement Plans - Continued

Rhode Island Board of Education Alternate Retirement Plan - continued

Funding Policy

The University contributes 9% of the employee's gross biweekly earnings. Total expenditures by the University for such 403(b) annuity contracts amounted to \$12,781,513 during 2019. The employee contribution amounted to \$7,100,841, during 2019.

Note 10 - Restricted Net Position

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are composed of the following at June 30, 2019:

Restricted – expendable:		
Student loans	\$	3,307,085
Capital programs		<u>3,750</u>
	\$	<u><u>3,310,835</u></u>

Note 11 - Contingencies

Environmental Remediation

Hazardous waste found at a former drum storage site on property owned by the University polluted the ground and water in the area. The University entered into a "Consent Decree" agreement with the United States District Court on behalf of the U.S. Environmental Protection Agency (the "EPA"), the U.S. Justice Department, and the Rhode Island Department of Environmental Management (the "RIDEM") on July 2, 2008 with regards to the West Kingston Town Dump/URI Disposal Area Superfund Site (the "Site"). A cap was placed to cover the Site and parties are now monitoring the ground water over an extended period of time through a system of monitoring wells. The University shares fiscal responsibility with the towns of South Kingstown and Narragansett. The University has accrued a liability of \$854,527 relating to the remediation project, operation and maintenance costs, and site reviews. The related costs for the year ended June 30, 2019 were \$147,000.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 11 - **Contingencies - Continued**

Legal

On January 15, 2018, a woman filed suit against the University of Rhode Island, the Council for Postsecondary Education, and the Board of Education in the death of her husband, who died as a result of injuries suffered at the hands of a University employee after the employee left work. Discovery is ongoing. The impact of this matter, if any, cannot presently be determined.

Other

In addition to the judgement and suit noted above, various lawsuits are pending or threatened against the University that arose from the ordinary course of operations. In the opinion of management, no other litigation is now pending, or threatened, that would materially affect the University's financial position.

At June 30, 2019, the University is a guarantor of loans to fraternities and sororities in the amount of \$150,000.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management such adjustments, if any, are not expected to materially affect the financial condition of the University.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 12 - **Operating Expenses**

The University's operating expenses, as presented on a natural classification basis, are as follows for the year ended June 30, 2019:

Compensation and benefits	\$	329,882,208
Supplies and services		143,811,721
Depreciation		35,764,995
Scholarships and fellowships		<u>27,427,442</u>
	\$	<u><u>536,886,366</u></u>

Note 13 - **State Appropriation**

Direct Appropriations

Pursuant to the Rhode Island General Law Section 16-59-9, the legislative-enacted budget reflects the budget passed by the General Assembly and signed by the Governor as well as any subsequent re-appropriations. The Board reviews and approves the unrestricted and restricted budgets and makes recommendations to the Governor and General Assembly for revisions to the current year's budget and the ensuing year's budget for the entities it oversees. As part of the University's annual budget process for unrestricted and restricted funds, the Board allocates specific amounts in the budget, which are allocated for the following categories: (1) salaries and wages; (2) operating expenditures; and (3) outlays for personnel costs, utilities, repairs, capital and student aid, as well as the overall budget allocation.

State Capital Plan Funds

The Rhode Island Capital Plan Fund ("RICAP") was modeled on a financial technique originating in the State of Delaware. In fiscal year 2019, the State reserved 3.0% of its general revenues to fund a Budget Reserve and Cash Stabilization Fund. Once the fund reaches a maximum threshold (5% of fiscal year financial resources), the balance is transferred to RICAP. RICAP is used for capital expenditures. The technique is a "pay-as-you-go" process that avoids increasing the state's debt burden. Higher education has received allocations through this program since fiscal year 1995.

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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 13 - **State Appropriation - Continued**

State Capital Plan Funds - continued

The University's State Capital Plan Allocations are composed of the following for the year ended June 30, 2019:

Asset Protection	\$ 7,647,464
Fine Arts Center	2,814,664
Substation	159,173
Vivaria	236,824
Fire and Safety Protection	232,884
	<u>\$ 11,091,009</u>

State Contributed Capital

In November 2006, the Rhode Island voters approved the issuance of \$65 million General Obligations Bonds for higher education facilities. The bond provides funding for the construction of the College of Pharmacy Building. During fiscal year 2019, the University spent \$250,000.

In November 2008, the Rhode Island voters approved the issuance of \$61 million General Obligations Bonds for higher education facilities. The bond provides funding for the construction of the Chemistry Building. During fiscal year 2019, the University spent \$14,000.

In November 2014, the Rhode Island voters approved the issuance of \$125 million General Obligations Bonds for higher education facilities. The bond provides funding for the construction of the Engineering Building. During fiscal year 2019, the University spent \$54.3 million.

In November 2016, the Rhode Island voters approved the issuance of \$45 million General Obligations Bonds for higher education facilities. The bond provides \$25 million for the renovations of Bliss Hall and \$20 million for an innovation campus that will support cutting-edge research into products, services and businesses that will build Rhode Island's economy. During fiscal year 2019, the University spent \$14.5 million.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 13 - **State Appropriation - Continued**

State Contributed Capital - continued

In November 2018, the State funded the 2018 A COP issuance. The issuance resulted in a premium in the amount of \$1.0 million which the State has deemed contributed capital.

The expenditures funded from the proceeds of the above-mentioned general obligation bonds and capitalized as fixed assets during fiscal year 2019 totaled \$70.0 million.

The University's State appropriations are composed of the following for the year ended June 30, 2019:

Direct Appropriations	\$	80,968,221
State Capital Plan Funds		11,091,009
State Contributed Capital		70,032,583
	\$	<u>162,091,813</u>

In accordance with Rhode Island State law, unexpended capital plan appropriations lapse after June 30th of the fiscal year in which appropriated. Such funds may be applied for again in the subsequent fiscal year.

Note 14 - **Related Parties**

The University of Rhode Island Student Senate (the "Student Senate") is a legally separate tax-exempt entity associated with the University.

The Student Senate accounts for various student organizations and receives the student activity fees collected by the University. The Student Senate also operates the Memorial Union Board which generates revenue from its own activities including Ram Tours and the 193 Degrees Coffee House. The University transferred \$1,517,706 to the Student Senate during the 2019 fiscal year representing student fees collected on the Student Senate's behalf. At June 30, 2019, \$14,682 was due to the Student Senate and no amounts were due from the Student Senate. Revenues of the Student Senate for fiscal year 2019 were \$2,306,364 and expenses totaled \$2,114,731. Net position of the Student Senate at June 30, 2019 totaled \$3,488,780.

UNIVERSITY OF RHODE ISLAND
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Notes to the Financial Statements - Continued

For the Year Ended June 30, 2019

Note 15 - Joint Venture

Municipal joint ventures pool resources to share the costs, risks, and rewards of providing services to their participants, the general public, or others. The University, in coordination with the Towns of South Kingstown and Narragansett, shares in the maintenance costs of the regional waste water system, which was constructed during the late 1970's. Each is responsible for its share of the net capital and administrative costs of the project.

In addition to capital costs, the University is responsible for its proportionate share of the total operating costs of the regional waste water system. Its share of the operating costs is in proportion to its share of the total flow into the common facilities as determined by metering devices and a predetermined percentage of operating costs of certain other facilities. The University's share of operating costs amounted to \$494,258 in 2019. Financial information may be obtained at the Town of South Kingstown, 180 High Street, Wakefield, Rhode Island 02879.

Note 16 - Pass-Through Loans

The University distributed \$83,195,477 during fiscal 2019, for student loans through the U.S. Department of Education federal direct lending program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY OF RHODE ISLAND
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Schedule of the University's Proportionate Share of the Net Pension Liability (unaudited)

Employees' Retirement System

Year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
University's proportion of the net pension liability	5.50%	5.64%	5.80%	5.69%	5.63%
University's proportionate share of the net pension liability	\$ 123,705,037	\$ 127,132,520	\$ 123,019,948	\$ 113,015,599	\$ 100,312,100
University's covered-employee payroll	\$ 38,327,209	\$ 39,083,540	\$ 39,018,501	\$ 38,019,134	\$ 36,798,276
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	322.76%	325.28%	315.29%	297.26%	272.60%
Plan fiduciary net position as a percentage of the total pension liability	52.53%	51.83%	51.88%	55.03%	55.03%

Notes:

The amounts presented for each fiscal year were determined as of June 30 measurement date prior to the fiscal year-end.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplemental information.

UNIVERSITY OF RHODE ISLAND
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Schedule of the University's Contributions - Pension (unaudited)

Employees' Retirement System

Year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Statutorily required contribution	\$ 9,917,091	\$ 9,531,977	\$ 9,903,769	\$ 9,223,974	\$ 8,869,864
Contributions in relation to the statutorily required contribution	<u>(9,917,091)</u>	<u>(9,531,977)</u>	<u>(9,903,769)</u>	<u>(9,223,974)</u>	<u>(8,869,864)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 37,736,267	\$ 38,327,209	\$ 39,083,540	\$ 39,018,501	\$ 38,019,134
Contribution as a percentage of covered-employee payroll	26.28%	24.87%	25.34%	23.64%	23.33%

Notes:

Employers participating in the State's Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actually determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplemental information.

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Notes to the Pension Required Supplementary Information (Unaudited)

Pension Schedules

Note 1 - **Factors Affecting Trends for Amounts Related to the Net Pension Liability**

Measurement Date - June 30, 2018

There were no changes in actuarial methods or assumptions or benefits reflected in the calculation of the net pension liability as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date. Benefits were also unchanged between these measurement dates.

Measurement Date - June 30, 2017

There were no changes in benefits reflected in the calculation of the net pension liability as of the June 30, 2017 measurement dates compared to the June 30, 2016 measurement date. The following is a listing of actuarial methods or assumptions for the following measurement dates:

<u>Measurement Date</u>	<u>June 30, 2018 and 2017</u>	<u>June 30, 2016</u>
Investment rate of return	7.00%	7.50%
Projected salary increases	3.25% - 6.25%	3.50% - 6.50%
Inflation rate	2.50%	2.75%
Mortality rates - males	Male employees - RP-2014 Combined Healthy for Males with Blue Collar adjustments, projected with Scale Ultimate MP16	Male employees - 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000
Mortality rates - females	Male employees - RP-2014 Combined Healthy for Females, projected with Scale Ultimate MP16	Female employees - 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000

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**Notes to the Pension Required Supplementary Information (Unaudited) -
Continued**

Pension Schedules

Note 1 - **Factors Affecting Trends for Amounts Related to the Net Pension Liability -
Continued**

Measurement Date - June 30, 2016

There were no changes in actuarial methods or assumptions or benefits reflected in the calculation of the net pension liability as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date. Benefits were also unchanged between these measurement dates.

Measurement Date - June 30, 2015

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date.

Benefit changes, which resulted from the settlement of the pension litigation and the subsequent enactment of those settlement provisions by the General Assembly, are reflected in the calculation of the net pension liability at the June 30, 2015 measurement date. Significant benefit changes are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and participate solely in the defined benefit plan effective July 1, 2015 – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service or 62 with 33 years of service. Members may retire earlier if their RI Retirement Security Act date is earlier or are eligible under a transition rule.
- The COLA formula was adjusted to 50% of the COLA is calculated by taking the previous 5-year average investment return, less the discount rate (5 year return – 7.5%, with a max of 4%) and 50% calculated using the previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. The COLA is calculated on the first \$25,855, effective, 01/01/2016, and indexed as of that date as well.
- Other changes included providing interim cost of living increases at four rather than five year intervals, providing a one-time cost of living adjustment of 2% (applied to first \$25,000), two \$500 stipends, and minor adjustments.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of the University's Proportionate Share of the Net OPEB Liability (unaudited)

State Employees' and Electing Teachers OPEB System Plan

State Employees' Cost-Sharing OPEB Plan

Year ended	June 30, 2019	June 30, 2018
Measurement date	June 30, 2018	June 30, 2017
Valuation date	June 30, 2017	June 30, 2017
University's proportion of the net OPEB liability	5.47%	5.63%
University's proportionate share of the net OPEB liability	\$ 27,863,116	\$ 29,240,408
University's covered payroll	\$ 38,664,465	\$ 40,292,278
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	72.06%	72.57%
Plan fiduciary net position as a percentage of the total OPEB liability	26.25%	22.38%

Board of Education OPEB Cost-Sharing Plan

Year ended	June 30, 2019	June 30, 2018
Measurement date	June 30, 2018	June 30, 2017
Valuation date	June 30, 2017	June 30, 2017
University's proportion of the net OPEB liability	43.65%	41.84%
University's proportionate share of the net OPEB liability	\$ 22,067,270	\$ 21,947,067
University's covered payroll	\$ 54,963,670	\$ 52,620,675
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	40.15%	41.71%
Plan fiduciary net position as a percentage of the total OPEB liability	38.59%	32.05%

Notes:

The amounts presented for each fiscal year were determined as of June 30 measurement date prior to the fiscal year-end.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplemental information.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of the University's Contributions - OPEB (unaudited)

State Employees' and Electing Teachers OPEB System Plan

State Employees' Cost-Sharing OPEB Plan

Year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Statutorily determined contribution	\$ 2,313,183	\$ 2,312,135
Contributions in relation to the statutorily determined contribution	<u>(2,313,183)</u>	<u>(2,312,135)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 38,681,990	\$ 38,664,465
Contributions as a percentage of covered payroll	5.98%	5.98%

Board of Education OPEB Cost-Sharing Plan

Year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Statutorily determined contribution	\$ 2,459,611	\$ 2,396,416
Contributions in relation to the statutorily determined contribution	<u>(2,459,611)</u>	<u>(2,396,416)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 56,413,096	\$ 54,963,670
Contributions as a percentage of covered payroll	4.36%	4.36%

Notes:

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplemental information.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the OPEB Required Supplementary Information (Unaudited)

OPEB Schedules

Note 1 - Factors Affecting Trends for Amounts Related to the Net OPEB Liability

The actuarial methods and assumptions used to calculate the net OPEB liability of the participating employers are described in Note 8 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

Measurement Date - June 30, 2018 and 2017

Certain actuarial assumptions for the State Employees' OPEB Cost-Sharing Plan ("SEP") and the Board of Education Cost-Sharing OPEB Plan ("BOEP") (collectively referred to as the "Plans") were updated to match the assumptions used for State Employees in the pension valuation for the Employees' Retirement System of Rhode Island ("ERSRI") and the results of an actuarial experience investigation performed for ERSRI at June 30, 2016. Changes were made to the following assumptions:

- Merit and longevity portion of the salary increase assumption
- Rates of separation from active membership
- Rates of retirement
- Rates of disability
- The rate of wage inflation
- The mortality assumption
- The trend assumption
- Aging factors and health and inflation trends

The excise tax load on pre-65 liabilities was changed from 13.8% to 11.0%. The Patient Protection and Affordable Care Act includes an excise tax on high cost health plans beginning in 2022. The excise tax is 40% of costs above a threshold. The actual actuarial assumptions used in the most recent valuations assume that the Plans will be subject to the excise tax in 2022.

Note 2 - Actuarially Determined Contributions

The annual required contributions for fiscal year 2019 were determined based on the June 30, 2015 valuation of the Plans.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

	CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER							
U.S. Department of Education:							
Direct Awards:							
Federal Supplemental Educational Opportunity Grant	84.007				\$ 1,581,077	\$ 1,581,077	\$ -
Federal Work-Study Program	84.033				661,340	661,340	-
Federal Perkins Loan Program (beginning of year)	84.038				9,777,115		-
Federal Perkins Loan Program (current year expenditures)	84.038				-	9,777,115	-
Federal Pell Grant Program	84.063				17,152,591	17,152,591	-
Federal Direct Student Loans	84.268				83,195,477	83,195,477	-
Teacher Education Assistance for College and Higher Education (TEACH) Grants	84.379				4,000	4,000	-
					<u>112,371,600</u>	<u>112,371,600</u>	<u>-</u>
U.S. Department of Health and Human Services:							
Direct Awards:							
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Student (beginning of year)	93.342				2,422,849		-
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Student (current year expenditures)	93.342				471,945	2,894,794	-
Nursing Student Loans (beginning of year)	93.364				2,216,503		-
Nursing Student Loans (current year expenditures)	93.364				366,010	2,582,513	-
					<u>5,477,307</u>	<u>5,477,307</u>	<u>-</u>
Total Student Financial Assistance Cluster					<u>117,848,907</u>	<u>117,848,907</u>	<u>-</u>
RESEARCH AND DEVELOPMENT CLUSTER							
U.S. Department of Agriculture:							
Direct Awards:							
Northeast Climate Hub	10.RD	G24493093001			4,865	4,865	-
Agricultural Research-Basic and Applied Research	10.001				107,294	107,294	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025				48,932	48,932	5,500
Federal-State Marketing Improvement Program	10.156				9,762	9,762	-
Acer Access Development Program	10.174				47,844	47,844	-
Payments to Agriculture Experiment Stations Under the Hatch Act	10.203				1,916,939	1,916,939	-
Animal Health and Disease Research	10.207				15,549	15,549	6,000
Agricultural and Rural Economic Research, CAs and Collaborations	10.250				57,359	57,359	5,403
Agriculture and Food Research Initiative (AFRI)	10.310				555,147	555,147	-
Crop Protection and Pest Management Competitive Grant Program	10.329				120,683	120,683	-
Cooperative Extension Service	10.500				1,212,280	1,212,280	-
Expanded Food and Nutritional Education Program	10.514				156,666	156,666	-
Renewable Resources Extension Act and National Focus Funds Projects	10.515				6,603	6,603	25,189
Soil and Water Conservation	10.902				47,001	47,001	-
Soil Survey	10.903				59,108	59,108	-
Environmental Quality Incentives Program	10.912				50,079	50,079	-
Regional Conservation Partnership Program	10.932				10,139	10,139	-
Technical Agricultural Assistance	10.960				165,683	165,683	-
Pass-through Awards:							
Plant and Animal Disease, Pest Control, and Animal Care	10.025		Louisiana State University	76657	59,686		-
Plant and Animal Disease, Pest Control, and Animal Care	10.025		University of Connecticut - Storrs	119005	3,463	63,149	-
Federal-State Marketing Improvement Program	10.156		Rhode Island Department of Environmental Management	3557019	23,789	23,789	-
Specialty Crop Block Grant Program - Farm Bill	10.170		Rhode Island Department of Environmental Management	Contract #015-022	(1,476)	(1,476)	-
Grants for Agricultural Research, Special Research Grants	10.200		University of Maryland	28598-Z5659005	74,081		51,420
Grants for Agricultural Research, Special Research Grants	10.200		University of Maryland	56375	10,799		-
Grants for Agricultural Research, Special Research Grants	10.200		University of Maine	UMS-1090	1,443	86,323	-
Sustainable Agricultural Research and Education	10.215		University of Vermont	LNE15-342-29994	57,434		14,188
Sustainable Agricultural Research and Education	10.215		University of Vermont	GNE17-145-31064	7,890		-
Sustainable Agricultural Research and Education	10.215		University of Vermont	ONE17-291-31064	212		-
Sustainable Agricultural Research and Education	10.215		University of Vermont	SNE17-23-31064	7,602		-
Sustainable Agricultural Research and Education	10.215		University of Vermont	SNE18-23-33243	13,048		-
Sustainable Agricultural Research and Education	10.215		University of Vermont	LNE19-381-33243	2,985	89,171	-

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

	CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED							
U.S. Department of Agriculture - Continued:							
Pass-through Awards - Continued:							
Integrated Programs	10.303		University of Connecticut Storrs	Subaward #76428	\$ 9,981		\$ -
Integrated Programs	10.303		West Virginia University	18-726-URI	14,024	24,005	-
Homeland Security Agricultural	10.304		Cornell University	80289-10775	24,156	24,156	-
Agriculture and Food Research Initiative (AFRI)	10.310		University of Washington	UWSC10287	68,832	-	-
Agriculture and Food Research Initiative (AFRI)	10.310		State University of New York	550-1125193-71549	72,163	140,995	-
National Food Safety Training , Education, Extension, Outreach, and Technical Assistance,	10.328		University of Massachusetts, Amherst	18 10161A00	54,725	54,725	-
Competitive Grants							
Crop Insurance Education in Targeted States	10.458		National Crop Insurance Services	Risk Management	13,629	-	-
Crop Insurance Education in Targeted States	10.458		National Crop Insurance Services	NCISAlm2018	104,458	118,087	-
Cooperative Extension Service	10.500		University of Connecticut Storrs	99414	571	-	-
Cooperative Extension Service	10.500		University of Connecticut Storrs	322723	6,328	-	-
Cooperative Extension Service	10.500		Kansas State University	\$17120.01	1,017	-	-
Cooperative Extension Service	10.500		Kansas State University	\$17120	1,918	9,834	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Rhode Island Department of Human Services	3593369	307,962	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Rhode Island Department of Human Services	3547495-1	26,381	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Rhode Island Department of Human Services	3593369	850,588	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Rhode Island Department of Human Services	3605797	2,297	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Rhode Island Department of Human Services	3557600-1	307,108	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Rhode Island Department of Human Services	3559155-1	157,984	1,652,320	-
Regional Conservation Partnership Program	10.932		Connecticut Council on Soil & Water Conservation		44,414	-	-
Regional Conservation Partnership Program	10.932		Rhode Island Resource Conservation & Development		13,353	57,767	-
Total U.S. Department of Agriculture					6,934,778	6,934,778	107,700
U.S. Department of Commerce:							
Direct Awards:							
Partnership with URI Inner Space to Support Ocean Exploration 2015-2016 Season - Quotation	11.RD	WC133R17SU0143			10,727	10,727	10,727
Ocean Exploration	11.011				521,727	521,727	-
Sea Grant Support	11.417				2,683,466	2,683,466	555,899
Fisheries Development and Utilization Research and Development Grants and					163,705	163,705	15,950
Cooperative Agreements Program	11.427						
Climate and Atmospheric Research	11.431				11,426	11,426	-
Marine Fisheries Initiative	11.433				134,170	134,170	88,671
Unallied Management Projects	11.454				38,256	38,256	-
Unallied Science Program	11.472				39,773	39,773	-
Science, Technology, Business and/or Education Outreach	11.620				5,634	5,634	-
Pass-through Awards:							
Modeling Tsunami Inundation and Hazard for the US East Coast (Phase 4)	11.RD	NOAA-0040/03	Eastern Research Group	NOAA-0040/03	2,809	-	-
Partner Network Analysis of Agencies and Orgs that Collaborate with the National Winter Center	11.RD	Subcontract 2013-11-01	Fisheries Specialists	Subcontract 2013-11-01	4,054	-	-
	11.RD	\$613	Creare LLC	\$613	38,886	-	-
	11.RD	CACRMCGrilli11-2018	RI Coastal Resource Management Council	CACRMCGrilli11-2018	104,938	-	58,876
Industry Based Survey on Black Sea Bass Utilizing Ventless Traps	11.RD	NA18NWS4670073-SURI	NESEC	NA18NWS4670073-SURI	61,544	212,231	-
Ocean Exploration	11.011		Ocean Exploration Trust	60110-1	118,000	-	-
Ocean Exploration	11.011		Ocean Exploration Trust	60110-2	3,677	121,677	-
Integrated Ocean Observing Systems (IOOS)	11.012		Northeastern Regional Association of Coastal Ocean Observing Systems	A008-003	47,323	-	-
Integrated Ocean Observing Systems (IOOS)	11.012		Rutgers University	655153	13,196	60,519	-
Sea Grant Support	11.417		University of Puerto Rico	2016-2017-006	47,941	47,941	-
Coastal Zone Management Administrative Awards	11.419		Rhode Island Coastal Resource Management Council	NA17NOS4190172 NOAA	90,856	90,856	10,350
Coastal Zone Management Estuarine Research Reserves	11.420		Rhode Island Department of Environmental Management	ME5001070-0405-030	3,509	3,509	-
Telepresence - Enabled Exploration of Three National Marine Sanctuaries	11.429		Ocean Exploration Trust	2018-078	28,000	28,000	-
Meteorologic and Hydrologic Modernization Development	11.467		University of Delaware	44585	2,316	-	-
Meteorologic and Hydrologic Modernization Development	11.467		University of Delaware	47742	9,163	11,479	-
Total U.S. Department of Commerce					4,185,096	4,185,096	740,473

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED						
U.S. Department of Defense:						
Direct Awards:						
Basic and Applied Scientific Research	12.300			\$ 2,975,925	\$ 2,975,925	\$ 322,867
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351			72,153	72,153	-
Military Medical Research and Development	12.420			503,810	503,810	181,759
Basic Scientific Research	12.431			32,124	32,124	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630			348,230	348,230	-
Air Force Defense Research Sciences Program	12.800			297,989	297,989	-
Pass-through Awards:						
CI-FY14 to FY18 Continuing Enterprise GIS Database Development and Technical Support	12.RD	#3324473, FY14-FY18	Rhode Island Army National Guard	#3324473, FY14-FY18	(526)	-
CNTS IDIQ for Clinical Research	12.RD	15700-0040/001	Creare LLC	15700-0040/001	(607)	-
HSS Propel LLC 2015 Stitchless Seam	12.RD	PO 429	Propel LLC	PO429	48,305	47,172
Basic and Applied Scientific Research	12.300		Creare LLC	92249	14,947	-
Basic and Applied Scientific Research	12.300		McLaughlin Research Corporation	PO-19-0129	17,859	-
Basic and Applied Scientific Research	12.300		McLaughlin Research Corporation	PO-18-0604	8,097	-
Basic and Applied Scientific Research	12.300		McLaughlin Research Corporation	1222.1497.0001.02.1.02	10,104	-
Basic and Applied Scientific Research	12.300		Massachusetts Institute of Technology	5710003986	687	-
Basic and Applied Scientific Research	12.300		University of Connecticut Storrs	N00014-19-1-2327	115,022	-
Basic and Applied Scientific Research	12.300		University of Connecticut Storrs	165273	268,384	-
Basic and Applied Scientific Research	12.300		Massachusetts Institute of Technology	PO #4502114933	77,475	-
Basic and Applied Scientific Research	12.300		Naval Undersea Warfare Center	N00174-19-1-0005	1,682	-
Basic and Applied Scientific Research	12.300		Undersea Technology Innovation Consortium	2018-475	97,194	-
Basic and Applied Scientific Research	12.300		Electro Standards Laboratories	FSElectro12019	32,956	644,407
Scientific Research - Combating Weapons of Mass Destruction	12.351		University of Rhode Island Research Foundation	URI#2019-0102	47	47
The Language Flagship Grants to Institutions of Higher Education	12.550		Institute for International Education	0054URI18-CHN280-P01	487,066	-
The Language Flagship Grants to Institutions of Higher Education	12.550		Institute for International Education	0054URI18-SCC280-P02	7,000	-
The Language Flagship Grants to Institutions of Higher Education	12.550		Institute for International Education	0054URI18SSC-280-P03	(7,000)	-
The Language Flagship Grants to Institutions of Higher Education	12.550		Institute for International Education	0054URI18SSC-280-P04	97,577	-
The Language Flagship Grants to Institutions of Higher Education	12.550		Institute for International Education	0054URI18SSC-280-P05	167,500	752,143
Basic, Applied, and Advanced Research in Science and Engineering	12.630		Harvard University	124152-5105177	18,967	18,967
Air Force Defense Research Sciences Program	12.800		TRITON Systems, Inc.	TSI-2550-18-107647	29,096	-
Air Force Defense Research Sciences Program	12.800		Electro Standards Laboratories	FSElectro12017	115,061	-
Air Force Defense Research Sciences Program	12.800		Strategic Environ Res & Develop Program	W912HQ18C0057	173,396	143,100
Air Force Defense Research Sciences Program	12.800		LiBama LLC	LiBama-Lucht2019	40,078	-
Total U.S. Department of Defense				6,050,598	6,050,598	647,726
U.S. Department of Housing and Urban Development:						
Pass-through Awards:						
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		Rhode Island Office of Housing & Community Development	11/URI/DR-01	88,183	88,183
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269		Rhode Island Coastal Resources Management Council	13/URI/DR-01	263,982	263,982
Total U.S. Department of Housing and Urban Development				352,165	352,165	-
U.S. Department of Interior:						
Direct Awards:						
Offshore Wind Benefits: The Effects of the Block Island Wind Farm of RI Recreation and Tourism	15.RD	M16PC00016			54,942	-
BPA to Cover Overhead Costs of USGA Field Station at URI	15.RD	G17PA00033			348	-
Electromagnetic Field Impacts on American Eel Movement and Migration from Direct Current Cables	15.RD	140M0118C0001			327,266	-
Additional Model Testing of Cyclic Axial Loading on Piles for Jacket Foundations	15.RD	18-1076			10,301	392,857
Hurricane Sandy Disaster Relief-Coastal Resiliency Grants	15.153				28,682	28,682
						634

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

	CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED							
U.S. Department of Interior - Continued:							
Direct Awards - Continued:							
Bureau of Ocean Energy Management (BOEM) Renewable Energy	15.408				\$ 139,918	\$ 139,918	\$ 22,744
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ESP)	15.423				327,602	327,602	214,932
Marine Minerals Activities	15.424				105,375	105,375	10,217
Water Desalination Research and Development	15.506				57,833	57,833	13,745
Fish and Wildlife Management Assistance	15.608				(9,422)	(9,422)	-
Migratory Bird Monitoring, Assessment and Conservation	15.655				56,282	56,282	-
Hurricane Sandy Disaster Relief Activities-FWS	15.677				38,051	38,051	-
Assistance to State Water Resources Research Institutes	15.805				92,015	92,015	-
Earthquake Hazards Program Assistance	15.807				24,769	24,769	-
U.S. Geological Survey Research and Data Collection	15.808				29,254	29,254	-
National Land Remote Sensing Education Outreach and Research	15.815				(21,930)	(21,930)	-
Cooperative Research and Training Programs- Resources of the National Park System	15.945				202,828	202,828	-
Pass-through Awards:							
Underwater Acoustic Data Analysis and Measurements for the Block Island Wind Farm	15.RD	10000300000843	HDR / e2M	10000300000843	177,229		54,796
Underwater Acoustic Data Analysis and Measurements for the Block Island Wind Farm	15.RD	1000300000288	HDR / e2M	1000300000288	835		(6,088)
Passive Acoustic Monitoring in the Gulf of Mexico	15.RD	1000300000695	HDR / e2M	1000300000695	36,839		-
CI - StateView Program Development and Operations for the State of Rhode Island	15.RD	AV18-R1-01	AmericaView	AV18-R1-01	9,056		-
The Rhode Island Historic and Archeological Geographical Information System	15.RD	3496440	Rhode Island Historical Preservation & Heritage Co	3496440	(4,402)	219,557	-
Bureau of Ocean Energy Management (BOEM) Environmental Studies Program (ESP)	15.423		HDR / e2M	1000300001127	2,797		-
Bureau of Ocean Energy Management (BOEM) Environmental Studies Program (ESP)	15.423		HDR / e2M	1000300001036	30,545	33,342	-
Wildlife Restoration and Basic Hunter Education	15.611		Rhode Island Department of Environmental Management	3393473	188,548		-
Wildlife Restoration and Basic Hunter Education	15.611		Rhode Island Department of Environmental Management	3393918	68,715		-
Wildlife Restoration and Basic Hunter Education	15.611		Rhode Island Department of Environmental Management	3394024	150,157		-
Wildlife Restoration and Basic Hunter Education	15.611		Rhode Island Department of Environmental Management	3607500	18,116		-
Wildlife Restoration and Basic Hunter Education	15.611		Rhode Island Department of Environmental Management	3394032	203,702		-
Wildlife Restoration and Basic Hunter Education	15.611		Rhode Island Department of Environmental Management	CI - Population Ecol	108,357	737,595	-
Multistate Conservation Grant	15.628		Rhode Island Department of Environmental Management	CA-DEMMILLER112018	40,214	40,214	-
Coastal	15.630		Wildlife Management Institute	FS2018McGreevy	116,635	116,635	-
State Wildlife Grants	15.634		Rhode Island Department of Environmental Management	3380685	51,065	51,065	-
National Land Remote Sensing Education Outreach	15.815		HDR/e2M	1000300001232	109,368	109,368	-
Total U.S. Department of Interior					2,771,890	2,771,890	310,980
U.S. Department of Justice:							
Direct Awards:							
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560				136,031	136,031	-
Pass-through Awards:							
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		Central Falls School Department	2014-CK-BX-002	60,756	60,756	-
Paul Coverdell Forensic Science Improvement Grant Program	16.742		Rhode Island Department of Public Safety	144017188	12,513		-
Paul Coverdell Forensic Science Improvement Grant Program	16.742		Rhode Island Department of Public Safety	FY17-FSIA-01	24,375	36,888	-
Total U.S. Department of Justice					233,675	233,675	-
U.S. Department of Labor:							
Pass-through Awards:							
WIOA Pilots, Demonstrations, and Research Projects	17.261		Rhode Island Department of Labor & Training	3511564	776,888	776,888	-
Total U.S. Department of Labor					776,888	776,888	-
U.S. Department of State:							
Pass-through Awards:							
Environmental and Scientific Partnerships and Programs	19.017		Western Indian Ocean Marine Science Association	S-LMAQM-16-GR-1235	60,313	60,313	-
Total U.S. Department of State					60,313	60,313	-

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

	CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED							
U.S. Department of Transportation:							
Pass-through Awards:							
University Transportation Center Regional I	20.RD	UMS-1185	University of Maine	UMS-1185	\$ 146,706	\$ 146,706	\$ -
Highway Research and Development Program	20.200		Rhode Island Division of Planning	RIDOP2018	17,770	17,770	-
Highway Planning and Construction	20.205		Cornell University	78666-10717	63,752		-
Highway Planning and Construction	20.205		Rhode Island Division of Planning	CI - FY2017 Sustain	79,155	142,907	-
Total U.S. Department of Transportation					307,383	307,383	-
National Aeronautics and Space Administration:							
Direct Awards:							
Aeronautics	43.001				765,269	765,269	63,181
Pass-through Awards:							
Assessing Ecosystem Vulnerability to Climate Change through Optics, Imagery and Models	43.RD	5710004170	Massachusetts Institute of Technology	5710004170	51,135		-
Novel Metamaterials for Infrared Energy Harvesting and Radiative Cooling	43.RD	00001236	Brown University	1236	13,411	64,546	-
Aeronautics	43.001		University of Colorado Boulder	1552614	89,359		-
Aeronautics	43.001		Woods Hole Oceanographic Institution	23164800	12,676		-
Aeronautics	43.001		Earth and Science Research	2017-241-URI	53,564		-
Aeronautics	43.001		Woods Hole Group, Inc.	23156800 / A101249	17,938		-
Aeronautics	43.001		University of Washington	UWSC10146	25,504		-
Aeronautics	43.001		Skidmore College	32175-2	60,270		-
Aeronautics	43.001		West Virginia University	SUB: 14-764-URI	1,586	260,897	-
Education	43.008		Brown University	00000785	4,806		-
Education	43.008		Brown University	00001012	181,146		120,788
Education	43.008		Brown University	00001086	10,035		-
Education	43.008		Brown University	00001247	44,257		-
Education	43.008		Brown University	00001248	31,420		-
Education	43.008		Brown University	0001291	3,226	274,890	-
Total National Aeronautics and Space Administration					1,365,602	1,365,602	183,969
Institute of Museum and Library Science:							
Direct Awards:							
National Leadership Grants	45.312				5,268	5,268	-
Total Institute of Museum and Library Science					5,268	5,268	-
National Science Foundation:							
Direct Awards:							
Graduate Research Fellowship	47.RD	1244657			(11,064)		-
Eco Dynamics of West Pacific Hydrothermala Vent Communities Associated with Polymetallic	47.RD	1819530			66,529	55,465	-
Engineering Grants	47.041				1,668,109	1,668,109	-
Mathematical and Physical Sciences	47.049				343,491	343,491	-
Geosciences	47.050				9,255,599	9,255,599	512,429
Computer and Information Science and Engineering	47.070				1,228,329	1,228,329	-
Biological Sciences	47.074				1,063,339	1,063,339	263,805
Education and Human Resources	47.076				1,549,171	1,549,171	96,634
Polar Programs	47.078				81,260	81,260	-
Office of International Science and Engineering (OISE)	47.079				1,684,932	1,684,932	1,047,177
Office of Cyberinfrastructure	47.081				(3,268)	(3,268)	-
Office of Integrated Activities	47.083				4,694,948	4,694,948	1,188,948
Pass-through Awards:							
Equipment for Agulhas Transport Study - 1 CPIES	47.RD	AD23041	University of Miami	AD23041	7,080		-
RCRV2 Phase III - Ship Construction	47.RD	IGAOSU2018	Oregon State University	IGAOSU2018	55,238	62,318	-
Engineering Grants	47.041		North Carolina State University	260259A	40,605	40,605	-
Geosciences	47.050		Brown University	1141	27,553		-
Geosciences	47.050		University of Miami	SPC-000424	16,344		-
Geosciences	47.050		University of Southern California	76246595	58,803		-
Geosciences	47.050		Texas A&M Research Foundation	F001472*TAMRF/ OD	32,200		-
Geosciences	47.050		Research Foundation of CUNY	40F93-F	26,200		-

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

	CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED							
National Science Foundation - Continued:							
Pass-through Awards - Continued:							
Geosciences	47.050		Lamont-Doherty Earth Observatory	OCE 1450528	\$ 70,883		\$ -
Geosciences	47.050		Woods Hole Oceanographic Institution	PO# E117571	2,999		-
Geosciences	47.050		Woods Hole Oceanographic Institution	85568600	92,111		-
Geosciences	47.050		Columbia University	32BGG009393	21,814	348,907	-
Biological Sciences	47.074		University of Arizona	466240	63,751	63,751	-
Polar Programs	47.078		University of Connecticut Storrs	KFS#5628610, PO13627	59,584	59,584	-
Office of International Science and Engineering (OISE)	47.079		University of New Hampshire	16-019	361,847	361,847	-
Office of Integrative Activities	47.083		University of Southern California	88919743	282,013	282,013	-
Total National Science Foundation					22,840,400	22,840,400	3,108,993
Small Business Administration:							
Direct Awards:							
Small Business Development Centers	59.037				690,717	690,717	-
Total Small Business Administration					690,717	690,717	-
Environmental Protection Agency:							
Direct Awards:							
Graphene Analysis Using FE-SEM	66.RD	EP-17-Z-000012			(263)	(263)	-
Pass-through Awards:							
Full-Scale Assessment of Non-proprietary Passive Nitrogen Removing Septic Systems	66.RD	00A00249	Barnstable County	00A00249	56,203		-
US EPA Region 1 Southeast New England Program for Coastal Watershed	66.RD	00A00252	Mass Audubon	00A00252	113,779		-
Charlestown Coastal Watershed Protection and Restoration Program	66.RD	56.000.6200.000	Town of Charlestown	56.000.6200.000	77,249	247,231	-
Healthy Communities Grant Program	66.110		Rhode Island Department of Environmental Management	URI-00A00185	(771)	(771)	-
Southeast New England Coastal Watershed Restoration	66.129		Restore America's Estuaries	SNEPWG18-6-URI	58,631	58,631	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		Rhode Island Department of Transportation	STP-SDRP(004)	178,523	178,523	48,163
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements	66.436		Rural Community Assistance Partnership	83938801	7,014	7,014	-
National Estuary Program	66.456		New England Interstate Water Pollution	CE00A00366	33,160		-
National Estuary Program	66.456		New England Interstate Water Pollution	CE00A00004	20,879	54,039	-
Capitalization Grants for Drinking Water- State Revolving Funds	66.468		Rhode Island Department of Environmental Management	3517986	185,477	185,477	-
Performance Partnership Grants	66.605		Rhode Island Department of Environmental Management	3621994	9,836	9,836	-
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716		Extension Foundation	SA-2017-31	14,880	14,880	-
Total Environmental Protection Agency					754,597	754,597	48,163
U.S. Nuclear Regulatory Commission:							
Direct Awards:							
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008				49,004	49,004	-
Total U.S. Nuclear Regulatory Commission					49,004	49,004	-
U.S. Department of Energy:							
Direct Awards:							
Conservation Resource and Development	81.086				2,223	2,223	-
Pass-through Awards:							
Geotechnical Research for the Development of the HAGIS Anchoring System	81.RD	TSI-2576-19-109768	Triton Systems, Inc.	TSI-2576-19-109768	2,581		-
Development of Electrolytes for Use in LNM/LTO Batteries for 48 V Applications	81.RD	USABC-Gotion	Gotion	USABC-Gotion	11,164		-
Transformation of Sorghum for the University of California, Berkeley	81.RD	7456216	Lawrence Berkeley National Laboratory	7456216	12,583	26,328	-
Office of Science Financial Assistance Program	81.049		Brown University	00000475/PO# P276735	126,063		-
Office of Science Financial Assistance Program	81.049		Donald Danforth Plant Science Center	23021-R	220,848		-
Office of Science Financial Assistance Program	81.049		Pennsylvania State University	5027-URI-DOE-1090	73,679		-
Office of Science Financial Assistance Program	81.049		University of Georgia	SUB00001808	34,536		-
Office of Science Financial Assistance Program	81.049		Pennsylvania State University	5949-URI-DOE-1090	43,191		-
Office of Science Financial Assistance Program	81.049		Rhode Island College	80000918-01A	88,573	586,890	-
Los Alamos National Laboratory - Fire Protection	81.140		Triad National Security, LLC	526876	7,818		-
Los Alamos National Laboratory - Fire Protection	81.140		Triad National Security, LLC	526766	4,472	12,290	-
Total U.S. Department of Energy					627,731	627,731	-

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

	CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED							
U.S. Department of Education:							
Direct Awards:							
Undergraduate International Studies and Foreign Language Programs	84.016				\$ 31,099	\$ 31,099	\$ -
Pass-through Awards:							
Career and Technical Education -- Basic Grants to States	84.048		Rhode Island Department of Education	3614136	49,993	49,993	-
Fund for the Improvement of Postsecondary Education	84.116		Endicott College	0005383	6,000	6,000	-
Special Education- Grants for Infants and Families	84.181		Rhode Island Parent Information Network	51400	35,730	35,730	-
Ready-To-Learn Television	84.295		PBS	URI/Sweetman	159,761	159,761	-
Supporting Effective Instruction State Grants	84.367		Rhode Island Office of Postsecondary Education	S367B150034&B160034	126,903	126,903	-
Total U.S. Department of Education					409,486	409,486	-
U.S. Department of Health and Human Services:							
Direct Awards:							
Maternal and Child Health Federal Consolidated Programs	93.110				7,313	7,313	-
Environmental Health	93.113				554,815	554,815	6,941
NIEHS Superfund Hazardous Substances Basic Research and Education	93.143				1,615,568	1,615,568	596,626
Advanced Nursing Education Workforce Grant Program	93.247				407,792	407,792	4,155
Occupational Safety and Health Program	93.262				462,693	462,693	244,712
Alcohol Research Programs	93.273				902,090	902,090	241,038
Drug Abuse and Addiction Research Programs	93.279				595,025	595,025	54,896
Trans-NIH Research Support	93.310				97,141	97,141	-
Nursing Research	93.361				72,474	72,474	-
Cancer Cause and Prevention Research	93.393				108,823	108,823	29,734
Cancer Biology Research	93.396				294,612	294,612	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630				473,870	473,870	456,774
Cardiovascular Diseases Research	93.837				193,262	193,262	64,164
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853				1,811,013	1,811,013	162,237
Allergy and Infectious Diseases Research	93.855				2,228,119	2,228,119	1,232,971
Microbiology and Infectious Diseases Research	93.856				10,610	10,610	-
Biomedical Research and Research Training	93.859				3,955,586	3,955,586	1,676,524
Child Health and Human Development Extramural Research	93.865				89,464	89,464	61,884
Aging Research	93.866				107,789	107,789	-
Geriatric Education Centers	93.969				882,957	882,957	263,907
Pass-through Awards:							
Environmental Public Health and Emergency Response	93.070		Rhode Island Department of Health	RIDOH-Swindal2018	28,247	28,247	-
Lifespan Respite Care Program	93.072		Rhode Island Department of Elderly Affairs	LRL10017-01-00	52,071	52,071	-
Food and Drug Administration Research	93.103		Rhode Island Department of Environmental Management	RIDEMU18FD005888	50,702	50,702	-
Area Health Education Centers	93.107		Brown University	1125	73,693	73,693	-
Environmental Health	93.113		Harvard University	114185-102737	365	365	-
NIEHS Superfund Hazardous Substances Basic Research and Education	93.143		Brown University	00000846	19,508	19,508	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention	93.197		RI Department of Health	RIDOHPeirson2019	10,928	10,928	-
Mental Health Research Grants	93.242		Rhode Island Hospital	7137207	1,272	1,272	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Rhode Island Department of Behavioral Healthcare, Development	1U79SP020159-01	66,364		-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Rhode Island Department of Behavioral Healthcare, Development	3565112	111,673		25,004
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Rhode Island Department of Behavioral Healthcare, Development	Healthy Transitions	102,920		23,135
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Rhode Island Department of Behavioral Healthcare, Development	Local level evaluation	71,660		-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Rhode Island Department of Behavioral Healthcare, Development	PO 3502193	118,960		25,741
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Kent Center	URI/Stein	11,877		-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Community Care Alliance	URI/Stein	2,956	486,410	-

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED						
U.S. Department of Health and Human Services - Continued:						
Pass-through Awards - Continued:						
Drug Abuse and Addiction Research Programs	93.279	Brown University	1079	\$ 70,890		\$ -
Drug Abuse and Addiction Research Programs	93.279	The Miriam Hospital	7147060LAS	12,464		-
Drug Abuse and Addiction Research Programs	93.279	Boston Medical Center	BMC ID 6706	10,336	93,690	-
Nursing Research	93.361	Yale University	M17A12609(A10935)	99,195	99,195	-
Cancer Research Manpower	93.398	Brown University	00000941	13,910	13,910	-
Temporary Assistance for Needy Families	93.558	Rhode Island Department of Human Services	3477045-1	7,421		-
Temporary Assistance for Needy Families	93.558	Rhode Island Department of Human Services	3605797	125	7,546	-
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	Rhode Island College	8000915-01A	20,879	20,879	-
Accountable Health Communities	93.650	Care New England Health System	100001-2	65,696	65,696	-
Medical Assistance Program	93.778	State of Rhode Island	3491930	407,429		27,036
Medical Assistance Program	93.778	Rhode Island Department of Human Services	3605797	4,484		-
Medical Assistance Program	93.778	Rhode Island Department of Human Services	3547495-1	2,398	414,311	-
Cardiovascular Diseases Research	93.837	Brown University	00000729/PUR-0018995	43,075		-
Cardiovascular Diseases Research	93.837	Brown University	SUB AWARD# 00000729	26,422	69,497	-
Allergy and Infectious Disease Research	93.855	Harvard University	114170-5102735	(2,800)		-
Allergy and Infectious Disease Research	93.855	University of California at Davis	SUB. 201303042-03	46,073		-
Allergy and Infectious Disease Research	93.855	Yale University	GR105325	31,685		-
Allergy and Infectious Disease Research	93.855	Brown University	00001216	67,812		-
Allergy and Infectious Disease Research	93.855	Institut Pasteur de Tunis	Institut Pasteur de Tunis	6,089	148,859	-
Biomedical Research and Research Training	93.859	Brown University	00000938	179,783		-
Biomedical Research and Research Training	93.859	Brown University	00001023	148,561		-
Biomedical Research and Research Training	93.859	Brown University	00001044	22,707		-
Biomedical Research and Research Training	93.859	Brown University	0001244	10,686		-
Biomedical Research and Research Training	93.859	Brown University	00001279	5,113		-
Biomedical Research and Research Training	93.859	Brown University	00001098	16,989		-
Biomedical Research and Research Training	93.859	Brown University	00001142	168,169		-
Biomedical Research and Research Training	93.859	Brown University	0001396	69,275		-
Biomedical Research and Research Training	93.859	Yale University	M16A12388 (A10553)	81,282		-
Biomedical Research and Research Training	93.859	Yale University	M16A12388 (A10553)	143,209		-
Biomedical Research and Research Training	93.859	Celdara Medical, LLC	CMCho2018	19,211		-
Biomedical Research and Research Training	93.859	The Miriam Hospital	7147123KLL	13,249	878,234	-
Child Health and Human Development Extramural Research	93.865	Boston University	4500002896	68,343	68,343	-
Aging Research	93.866	Yale University	GR104571	68,032		-
Aging Research	93.866	Yale University	GR100954CON80000919	108,987		-
Aging Research	93.866	The Research Foundation for SUNY	82900	136,146	313,165	-
Research, Prevention, and Education Programs on Lyme Disease in the United States	93.942	Western Connecticut State University	CDC2017A	48,006		-
Research, Prevention, and Education Programs on Lyme Disease in the United States	93.942	Western Connecticut State University	CDC2018A	97,752	145,758	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Rhode Island Department of Behavioral Healthcare, Development	3526599	131,124	131,124	-
Total U.S. Department of Health and Human Services				18,064,419	18,064,419	5,197,479
Corporation for National and Community Service:						
Pass-through Awards:						
AmeriCorps	94.006	Jumpstart for Young Children, Inc.	340200	17,595	17,595	-
Total Corporation for National and Community Service				17,595	17,595	-
U.S. Department of Homeland Security:						
Direct Awards:						
Support of ARA Explosive Detection	97.RD	S-539-G40001-00-URI		102,554	102,554	
State and Local Homeland Security National Training Program	97.005			55,424	55,424	5,477
Pass-through Awards:						
Centers for Homeland Security	97.061	University of North Carolina - CH	5101662	184,792		-
Centers for Homeland Security	97.061	Northeastern University	SUB 505035-78059	652,770	837,562	150,000
Total U.S. Department of Homeland Security				995,540	995,540	155,477

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF RHODE ISLAND

(a Component Unit of the State of Rhode Island and Providence Plantations)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2019

	CFDA Number	Additional Award Identification Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Total by Program	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED							
Agency for International Development:							
Direct Awards:							
USAID Foreign Assistance for Programs Overseas	98.001				\$ 8,658,016	\$ 8,658,016	\$ 2,800,093
Pass-through Awards:							
Secure Fish - Improved Nutrition Security in Kenya through Increased Access to Consumption of Coastal N	98.RD		Mississippi State University		3,640	3,640	-
USAID Foreign Assistance for Programs Overseas	98.001		Mississippi State University		141,296		-
USAID Foreign Assistance for Programs Overseas	98.001		International Union for Conservation	P002510	3,051		-
USAID Foreign Assistance for Programs Overseas	98.001		International Union for Conservation	IUCN-Ricci06102019	502		-
USAID Foreign Assistance for Programs Overseas	98.001		Institut Pertanian Bogor	USAID SHERA: Interdi	(4,157)		-
USAID Foreign Assistance for Programs Overseas	98.001		Institut Pertanian Bogor	URI11/IT3.2/KSP/2018	89,864		-
USAID Foreign Assistance for Programs Overseas	98.001		PACT	72068718C00001	394,664		-
USAID Foreign Assistance for Programs Overseas	98.001		PACT	USAID 612-A-14-00004	505,264	1,130,484	-
Total Agency for International Development					9,792,140	9,792,140	2,800,093
Total Research and Development Cluster					77,285,285	77,285,285	13,301,053
Total Expenditures of Federal Awards					\$ 195,134,192	\$ 195,134,192	\$ 13,301,053

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of University of Rhode Island (the "University") under programs of the Federal Government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3 - Determination of Major Programs

The determination of major Federal financial assistance programs was based on the overall level of expenditures for all Federal programs for the State of Rhode Island, of which the University of Rhode Island is a component Unit. As such, the determination of major programs is made at the State level, where it was determined that none of the University's federal programs were major programs during the State fiscal year ended June 30, 2019.

Note 3 - Indirect Cost Rate

The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island and Providence Plantations)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 4 - Federal Student Loan Programs

University Administered Loan Programs

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding and administrative costs incurred at June 30, 2019 consists of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2019	Administrative Costs
84.038	Federal Perkins Loan	\$ 6,049,270	\$ -
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	\$ 1,996,885	\$ -
93.364	Nursing Student Loans	\$ 1,669,910	\$ -

Direct Student Loan Program

The University disbursed \$83,195,477 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. The University is only responsible for the performance of certain administrative duties and, accordingly, there are no significant continuing compliance requirements and these loans are not included in the University's financial statements.

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***



**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

The Board of Education of
State of Rhode Island and Providence Plantations
Providence, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Rhode Island (the "University"), which comprise the statement of net position as of June 30, 2019, the related statements of revenues and expenses and changes in net position and cash flow for the year then ended, and the related notes to the financial statements, which collectively comprise the University of Rhode Island's basic financial statements and have issued our report thereon dated September 30, 2019. We also performed the audit of the Alumni Association of the University Rhode Island's financial statements, as of and for the year ended June 30, 2019. Our report includes a reference to other auditors who audited the financial statements of the University of Rhode Island Foundation, Inc. and the University of Rhode Island Research Foundation, Inc. as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University of Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University of Rhode Island's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, reading "O'Connor + Drew, P.C." in a cursive, slightly slanted script.

Certified Public Accountants
Braintree, Massachusetts

September 30, 2019