RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
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YEAR ENDED JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT

Board of Education of the
State of Rhode Island
Providence, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Rhode Island College (a component unit of the State of Rhode Island) (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Rhode Island College as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the notes to the pension required supplementary information, the schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and the notes to the OPEB required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the College'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 College'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 the College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cranston, Rhode Island
September 30, 2022

Introduction

The following management discussion and analysis (the MD&A) provides management's view of the financial position of Rhode Island College (the College) as of June 30, 2022 and the results of operations for the year then ended, with selected comparative information for the year ended June 30, 2021. 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 College'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 and it should be read in conjunction with the College's financial statements and notes thereto that follow this section.

The College is the oldest of the three public institutions of higher education in the State of Rhode Island (the State) and was established in 1854 as the Rhode Island Normal School, focusing on teacher education. Due to diminished state support, the College was closed for a period between 1865 and 1869 when it reopened as the Rhode Island State Normal School. In 1920, the Normal School became the Rhode Island College of Education, offering a four-year program leading to the degree of Bachelor of Education. The graduate program originated in the early 1920s. During the 1958-59 academic year the College was relocated from the downtown Providence location to its current 180-acre campus on the border of Providence and North Providence. In 1959 the mission of the College was expanded to that of a comprehensive college. In 1960 the name of the institution was changed to Rhode Island College to reflect its expanded mission. The College now serves over 6,300 students in a variety of courses and programs both on and off campus.

The College's primary mission is to make its academic programs available to any qualified students who can benefit from its educational services. The College fulfills its educational mission by offering undergraduate programs in liberal arts and sciences and in a variety of professional and pre-professional fields and also offers a range of selected graduate programs in arts and sciences, education, business, nursing, and in areas of social, public and community service. The College offers its academic programs to undergraduates of traditional age as well as to older students who often study and or work part time while earning undergraduate or advanced degrees. The majority of students are from Rhode Island. The College also contributes directly to the cultural life of the State through ongoing theatre and concert performances, art exhibits, lectures, and films which are all open to the public.

The College is part of the Rhode Island system of public higher education that includes Rhode Island College and the Community College of Rhode Island and is governed by the Board of Education (the BOE). 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 Rhode Island Council on Postsecondary Education became the governing body for the College in 2013. The University of Rhode Island is governed by an independent board of trustees, but the three institutions of higher education maintain articulation agreements for matriculation exist for student transfers between the three institutions.

Overview of the Financial Statements

The financial statements for fiscal years ended June 30, 2022 are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. The financial statements focus on the College as a whole, rather than upon individual funds or activities, and have two primary components: 1) the financial statements and 2) the notes to the financial statements.

Rhode Island College Foundation (the Foundation) is a legally separate tax-exempt component unit of Rhode Island College and reports financial information according to Financial Accounting Standards Board (FASB) reporting standards. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. Because these resources held by the Foundation can only be used by or are for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

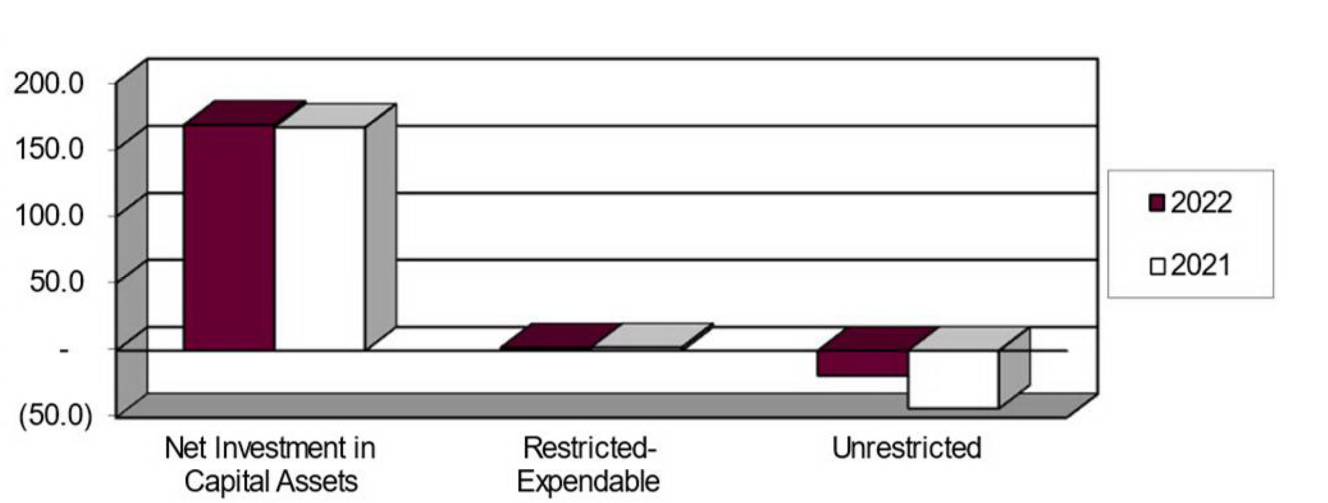
The College reports its operations as a business type activity using the economic measurement focus and full accrual basis of accounting. The College is a component unit of the State of Rhode. Therefore, the results of the College's operations, its net position and its cash flows are also summarized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

The financial statements encompass the College and a discretely presented component unit; however, the MD&A focuses only on the College. Information relating to the Foundation can be found in its separately issued financial statements.

Financial Highlights

The College's financial position remained strong as of June 30, 2022 as assets and deferred outflows of resources of $255.5 million exceeded its liabilities and deferred inflows of resources of $103.5 million by $152.0 million, an increase over the prior year of $5.8 million.

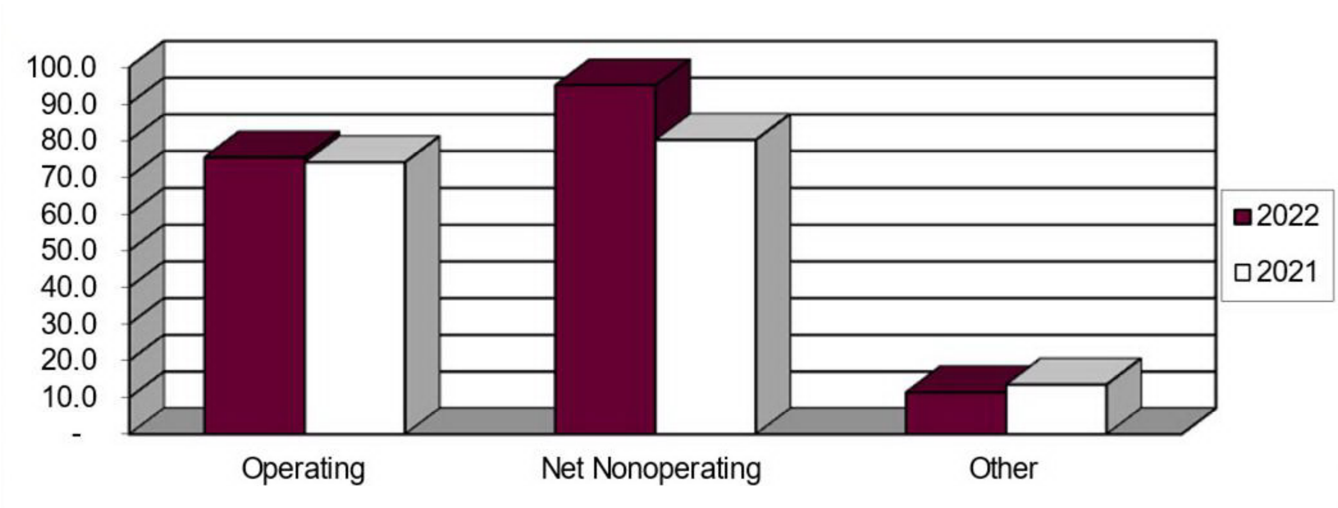
The resulting net position is summarized into the following categories (in $ millions) for the fiscal years ended June 30, 2022 and 2021:



Restricted expendable net position may be expended only for the purposes authorized by the creditor, grantor, or enabling legislation. Unrestricted net position represents all other funds that do not meet the definition of Net Investment in Capital Assets or Restricted Expendable.

For fiscal year 2022, operating revenues increased by 2%, or $1.3 million, from $74.0 million in fiscal year 2021 to $75.3 million in fiscal year 2022. In addition, operating expenses increased by 1%, or $2.0 million, from $153.6 million in fiscal year 2021 to $155.6 million in fiscal year 2022.

The following chart provides a graphical breakdown of total revenues (in $ millions) by category for the fiscal years ending June 30, 2022 and 2021:



Cash flow continued to be adequate for operations with a cash balance of $33.5 million on June 30, 2022.

The Financial Statements

The financial statements are designed to provide readers with a broad overview of the College's finances and are comprised of three basic statements. These statements present financial information in a form similar to that used by private institutions of higher education and corporations.

The ***Statement of Net Position*** presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. Other factors are also relevant to assessing the College's overall financial health. These include the trend, quality, and retention and size of student enrollments; diversification of revenue streams; management of costs; and condition of facilities.

The ***Statements of Revenues, Expenses and Changes in Net Position*** show how the College's net position changed during the most recent fiscal year. This statement reports total operating revenues and expenses, non-operating revenues and expenses, and capital additions and deletions. 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 ***Statement 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 15 to 19 of this report.

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 College has adopted as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements and supplementary information can be found on pages 20 to 59 of this report.

Financial Analysis

As noted earlier, the difference between total assets and total liabilities may serve over time as a useful indicator of the College's financial position. For fiscal year 2022, assets exceeded liabilities by $170.8 million and for fiscal year 2021, assets exceeded liabilities by $127.1 million, as shown in the chart below:

	2022	2021
ASSETS		
Current Assets	$ 53.8	$ 38.3
Noncurrent Assets	193.9	194.8
Total Assets	247.7	233.1
DEFERRED OUTFLOWS OF RESOURCES	7.8	9.8
LIABILITIES		
Current Liabilities	20.6	21.7
Noncurrent Liabilities	56.3	84.3
Total Liabilities	76.9	106.0
DEFERRED INFLOWS OF RESOURCES	26.7	11.1
NET POSITION		
Net Investment in Capital Assets	168.4	166.5
Restricted:		
Expendable for Grant Programs	2.2	2.5
Unrestricted	(18.7)	(43.2)
Total Net Position	$ 151.9	$ 125.8

The largest portion of the College's net position, $168.5 million and $166.5 million in fiscal year 2022 and 2021, respectively, reflects its investment in capital assets (such as land, buildings, machinery, right to use-leases and equipment), less any related outstanding debt used to acquire those assets and lease liabilities. The College uses these capital assets to provide services to students, faculty, and administration; consequently, these assets are not available for future spending.

Although the College'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 these liabilities. Also, in addition to the debt noted above, which is reflected in the College's financial statements, the State of Rhode Island regularly provides financing for certain capital projects through the issuance of general obligation bonds and appropriations from the Rhode Island Capital Fund.

Additional financing for certain capital projects is provided by the issuance of revenue bonds by the Rhode Island Health and Educational Building Corporation, a quasi-public state agency.

The liabilities to assets ratio was 31.0% in fiscal year 2022, down from 45.5% in fiscal year 2021, driven by an increase in total assets of $14.6 million or 6.3% accompanied by a decrease in total liabilities of $29.2 million or 27.5%. Net pension liability at June 30, 2022 of $28.4 million and $40.2 million at June 30, 2021 are the College's largest liability.

During fiscal year 2022, the College implemented GASB Statement No. 87, *Leases*, which requires the recognition of certain right to use assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. The total amount of leases is reflected on the statement of net position in current and noncurrent assets as well as current and noncurrent liabilities.

	2022	2021
OPERATING REVENUES		
Tuition and Fees	$ 61.6	$ 65.6
Less: Scholarship Allowances	(11.6)	(14.3)
Auxiliary Enterprises	10.2	7.9
Grants, Contracts, and Other	15.1	15.4
Total Operating Revenues	75.3	74.6
OPERATING EXPENSES		
Salaries and Benefits	95.3	102.3
Scholarships, Grants, and Contracts	19.5	7.5
Other	29.1	32.7
Depreciation and Amortization	11.7	11.7
Total Operating Expenses	155.6	154.2
NET OPERATING LOSS	(80.3)	(79.6)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	60.0	52.2
Other Nonoperating Revenues, Net	35.0	27.9
Net Nonoperating Revenues	95.0	80.1
INCREASE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	14.7	0.5
Capital Appropriations	11.4	13.4
INCREASE IN NET POSITION	$ 26.1	$ 13.9

<u>Operating Revenues</u>

Total operating revenues for fiscal year 2022 were $75.3 million, an increase of $1.3 million, or 2% over the prior year. The most significant sources of operating revenue for the College are tuition and fees, grants and contracts, and auxiliary services. Significant changes in operating revenue resulted from:

- For fiscal year 2022, overall undergraduate enrollment for the College has declined by approximately 700 students from Fall 2021 to Fall 2022, resulting in lower tuition and fees, net of scholarship allowances of $1.3 million.

- Auxiliary revenues increased by $2.3 million from $7.9 million in fiscal year 2021 to $10.2 million in fiscal year 2022. This was primarily driven by the return of students to campus during the endemic phase of COVID-19. The pandemic had previously curtailed the maximum capacity of students in dormitories by approximately 60%.

- Revenues associated with grants and contracts increased $0.3 million from $14.3 million in fiscal year 2021 to $15.1 million in fiscal year 2022. The increase is primarily attributed to an increase in grant activity involving students and study participants as programming normalizes after the COVID-19 pandemic.

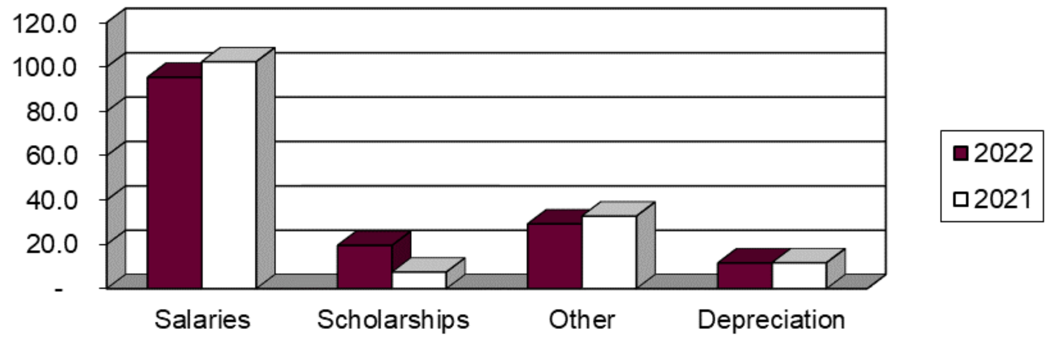
The following summary shows major grant and contract expenses, including indirect cost charges, for the fiscal years ending June 30, 2022 and 2021 ($ in thousands):

AGENCY	GRANT/CONTRACT/PROGRAM	2022	2021
RI Department of Education	Education Advocates (Surrogate Parents)	$ 775	$ 723
University of Rhode Island	INBRE	734	1,088
RI Department of Human Services	Early Intervention	703	657
RI Department of Education	Vision Services	685	685
US Department of Health and Human Services	University Center on Developmental Disabilities	663	416
US Department of Education	TRIO Upward Bound	659	581
US Department of Health and Human Services	Behavioral Health Workforce Education & Training for Professionals & Paraprofessionals	494	217
US Department of Education	TRIO McNair Post-Baccalaureate Achievement	289	250
US Department of Education	TRIO McNair Post-Baccalaureate Achievement	287	250
RI Department of Labor and Training	Thundermist Trauma Informed System	272	221
Social Security Administration	Rhode Island College's Work Incentives Planning and Assistance Project	245	130
US Department of Education	Comprehensive Transition to Post-Secondary Education for Students with Intellectual Disability	237	284
US Department of Education	Interdisciplinary Specialization in Transition	237	225
RI Behavioral Healthcare, Developmental Disabilities and Hospitals	Sheltered Workshop Conversion Institute	228	274
RI Executive Office of Health and Human Services	Medicaid Interdepartmental Service Agreement	221	303
US Department of Energy	Investigating Ultrafast Dynamics in Solid State Photocatalytic and Photovoltaic Materials	135	129
RI Department of Labor and Training	RI Collaboration for Interprofessional Education & Practice (RICIEP)	130	354
RI Department of Education	RI-BEST	130	134
US Department of Health and Human Services	BREATH	129	92
Rhode Island Hospital	Leadership Education in Neurodevelopmental and Related Disorders Training Program	120	114
US Department of Health and Human Services	Mental and Behavioral Health Training Grant (Opioid Workforce Expansion Program)	118	188
University of Rhode Island	EPSCoR	110	122
National Security Administration	GenCyber Cybersecurity Summer Program	85	24

Operating Expenses

Fiscal year 2022 operating expenses totaled $155.6 million, an increase of $2.0 million, or 1% from $153.6 million in the prior year. Of this total, $96.1 million, or 61.7% was used for instruction, academic support, student support and scholarships in fiscal year 2022 compared to $85.3 million or 55.5% in fiscal year 2021. Depreciation and amortization expense totaled $11.7 million in both 2022 and 2021.

The following chart provides a graphical breakdown of significant operating categories of expenses (in $ millions) for fiscal years ending June 30, 2022 and 2021:



Nonoperating Revenues and Expenses

Net non-operating revenues for fiscal years 2022 and 2021 were $95.0 million and $80.1 million, respectively, consisting of the federal grants including Pell, state appropriations, gifts, and net investment earnings. These figures represent an increase of $7.8 million in state appropriations and an increase of $8.6 million over the prior year attributed to the receipt of Higher Education Emergency Relief Funds (HEERF) under federal stimulus legislation related to the COVID-19 endemic. In total, the college was awarded $42.7 million in direct HEERF awards, of which, $41.9 million was spent through fiscal year 2022. These awards have been utilized to send emergency aid to students, address mitigation efforts, and for increased costs as a result of the COVID-19 endemic.

Other

Capital appropriations of $11.4 million and $13.5 million in fiscal years 2022 and 2021, respectively, represent funds to renovate the academic buildings as well as Rhode Island Capital Plan Funds (RICAP) utilized by the College to construct or acquire capital assets.

Due to the nature of public higher education, institutions generally incur a loss from operations. State appropriations to the College, reported as non-operating revenue, are the primary resource for offsetting the loss from operations.

Capital Asset and Debt Administration

Capital Plan

The College submits a five-year capital improvement plan request on an annual basis to the Rhode Island Council on Postsecondary Education. The request is reviewed and/or modified through the following governing bodies for approval as part of the State's budget development process: Rhode Island Council on Postsecondary Education, BOE, the Governor, and the Rhode Island General Assembly. The plan includes proposed capital projects for asset protection, building rehabilitation, and new construction. During fiscal year 2022, the College expended $4.1 million on Infrastructure and Asset Protection related projects, which were funded by RICAP. The College generally has funded its capital projects through a combination of funds received from RICAP appropriations, State of Rhode Island general obligation bonds, and Rhode Island Health and Educational Building Corporation (RIHEBC) bonds. The execution of the College's capital improvement plan is contingent upon approval and sufficient funding from the State.

In November 2018, the Rhode Island voters approved the issuance of $25 million general obligation bonds to renovate and modernize the Horace Mann building which houses the Feinstein School of Education and Human Development. Construction began in fiscal year 2021.

Capital Assets
At June 30, 2022 the College had $191.9 million invested in capital assets, net of accumulated depreciation compared to $192.8 million at June 30, 2021. Included in the College's capital assets is $21.9 million in construction in progress. Depreciation charges totaled $11.7 million for the current fiscal year, consistent with the prior year. Legal title to all land and real estate assets is vested in the BOE. A summary of the capital asset balances is displayed below (in millions):

	2022	2021
Land and Improvements	$ 15.1	$ 16.3
Construction in Progress	21.9	14.0
Buildings and Improvements	152.6	160.0
Furniture, Fixtures, and Equipment	2.3	2.5
Total	$ 191.9	$ 192.8

Major capital additions this year included:

Horace Mann $6.8 million added to construction in process in fiscal year 2022

Debt
At June 30, 2022 and 2021, the College had $12.2 million and $13.4 million, respectively, in debt outstanding, a net change of $1.2 million. The table below summarizes the types of debt instruments as of June 30, 2022 and 2021 (in millions):

	2022	2021
Note Payable	$ 0.3	$ 0.5
Premium on Bond Payable	0.5	0.6
Revenue Bonds	11.4	12.3
Total	$ 12.2	$ 13.4

Debt repayments made during the year were $1.2 million.

As of June 30, 2022, the College has a $11.2 million liability payable to the State. This obligation includes funds advanced for the construction of a new residence hall (Penfield Hall) and additional debt issued of $7.5 million for an energy investment project. These amounts will be paid back to the State at varying interest rates ranging from 2% to 5%.

The College has no independent bonding authority. All bonds must be approved by and arranged through the Rhode Island Council on Postsecondary Education. All general obligation and revenue bond related indebtedness is reflected on the financial accounts of the entity issuing the bonds. The revenue bonds and general obligation bonds are rated by Moody's and Standard & Poor. More detailed information about the College's long-term liabilities is presented in Note 7 of the financial statements.

Economic Factors that will Affect the Future

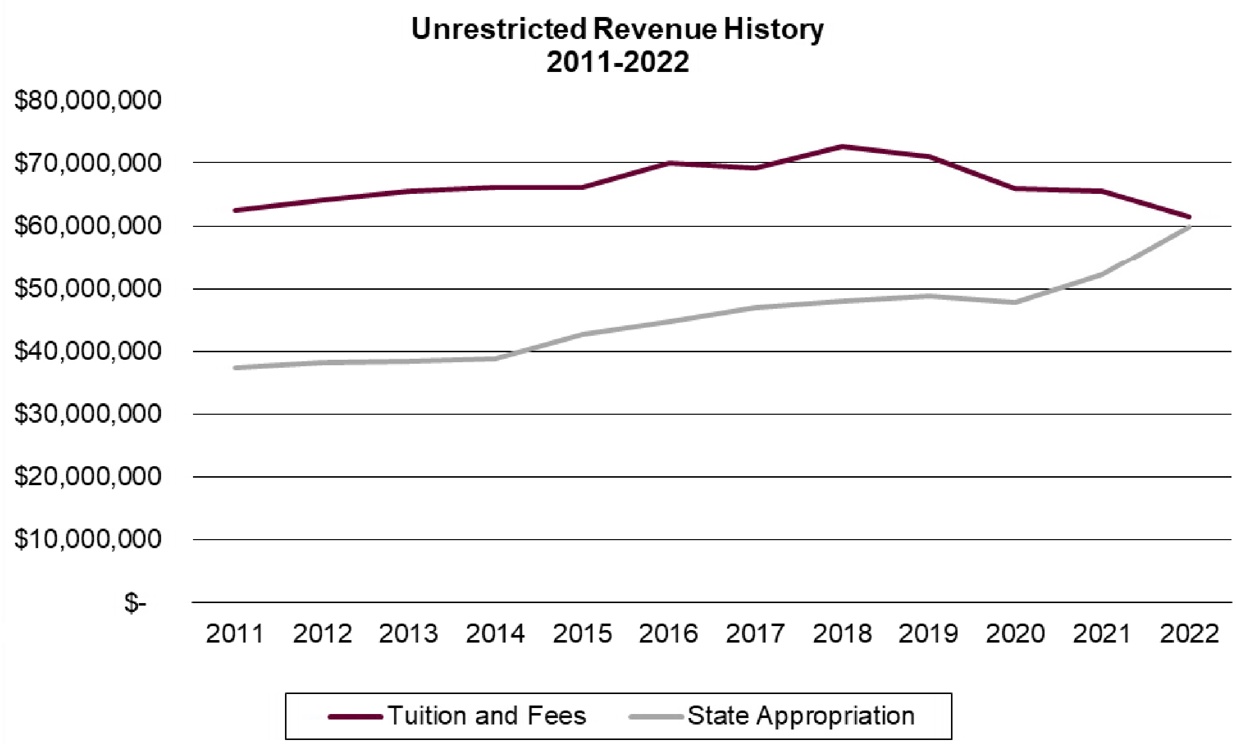
The seasonally adjusted unemployment rate for the State of Rhode Island, from which the College primarily draws students, was 2.7% in June of 2022 and 6.2% in June of 2021, according to the RI Department of Labor and Training. This change compares to 3.6% and 5.9%, respectively, on a national level.

Historically, in times of economic slowdowns, public colleges/universities have experienced increases in their enrollments as unemployed and underemployed workers seek to update and upgrade their skills. This was evident during the national economic recession of 2008 when the College saw increased enrollment. However, the State was under budget pressures as a result of the recession, which negatively impacted general revenue support for public higher education.

The College submitted a balanced budget to the Council on Postsecondary Education for fiscal year 2023. The 2023 budget includes State general revenue appropriation of $62.3 million (excluding the general obligation debt service appropriation of $6.0 million), which represents an increase of approximately $2.3 million over fiscal year 2022.

For fiscal year 2022, the College and the Board of Education increased tuition and mandatory fees by 5.9% for in-state students. For fiscal year 2023, the College and the BOE increased tuition and mandatory fees by 2.5% for in-state students.

The chart below shows that since fiscal year 2011 the College has relied more on tuition and fees than state support for general education operations.



In large part due to an increase in state funding, the College's current financial and capital plans indicate that the infusion of additional financial resources from the foregoing BOE and management actions will enable it to maintain its present level of services. The College has attempted to maintain affordability by limiting the size of tuition and fee increases. The College continues to rank below other New England Comprehensive Public Institutions for tuition and fees for the 2021-2022 school year.

INSTITUTION NAME	2021-22 IN-STATE TUITION & FEES	
College of Staten Island, CUNY	$	7,489
Indiana University-Southeast	$	7,941
Buffalo State College	$	8,486
Edinboro University of Pennsylvania	$	10,543
Worcester State University	$	10,786
University of Southern Maine	$	10,810
Fitchburg State University	$	10,921
Rhode Island College	**$**	**10,966**
Bridgewater State University	$	11,055
Framingham State University	$	11,380
Salem State University	$	11,979
Central Connecticut State University	$	12,106
Western Connecticut State University	$	12,351
Southern Connecticut State University	$	12,438
Kean University	$	12,972
Eastern Illinois University	$	13,320
William Paterson University of New Jersey	$	14,624

COVID-19

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. In response to the pandemic, the federal government provided to the College Higher Education Emergency Relief Funds (HEERF) and funds for the Strengthening Institution Program (SIP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA). The HEERF consisted of the student aid award and the institutional award. Each Act requires a minimum amount to be spent on student aid.

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award and the SIP can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. The student aid award and the institutional award must be spent by June 30, 2023, while the SIP funding must be spent by August 5, 2022.

The College has been awarded the following HEERF and SIP funds as of June 30, 2022:

	Student Aid Award	Institutional Award	Strengthening Institution Program	Total
CARES	$ 3,721,958	$ 3,721,958	$ 367,109	$ 7,811,025
CRRSAA	3,721,958	8,388,329	512,053	12,622,340
ARPA	10,655,225	10,649,831	936,949	22,242,005
Total	$ 18,099,141	$ 22,760,118	$ 1,816,111	$ 42,675,370

The College has recognized the following funds as nonoperating federal grants for the year ended June 30, 2022, and the cumulative total grants recognized.

For the Year Ended June 30, 2022				
	Student Aid Award	Institutional Award	Strengthening Institution Program	Total
CARES	$ -	$ -	$ -	$ -
CRRSAA	13,474	1,990,022	366,273	2,369,769
ARPA	10,471,294	10,056,003	936,949	21,464,246
Total	$ 10,484,768	$ 12,046,025	$ 1,303,222	$ 23,834,015

Total HEERF Recognized				
	Student Aid Award	Institutional Award	Strengthening Institution Program	Total
CARES	$ 3,721,958	$ 3,721,958	$ 367,109	$ 7,811,025
CRRSAA	3,721,958	8,388,329	512,053	12,622,340
ARPA	10,471,294	10,056,003	936,949	21,464,246
Total	$ 17,915,210	$ 22,166,290	$ 1,816,111	$ 41,897,611

Request for Information

This financial report is designed to provide a general overview of the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, Rhode Island College, 600 Mount Pleasant Avenue, Providence, Rhode Island 02908.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF NET POSITION
JUNE 30, 2022

	College	Foundation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	$ 29,667,981	$ 553,271
Net Funds on Deposit with Primary Government	3,849,024	-
Accounts Receivable, Net (Note 3)	19,016,750	-
Due from Primary Government	968,273	-
Other Current Assets	113,562	5,982
Current Portion of Lease Receivable (Note 6)	126,288	-
Current Portion of Pledges Receivable	-	792,598
Total Current Assets	53,741,878	1,351,851
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents (Note 2)	682,690	-
Pledges Receivable	-	475,937
Investments (Note 2)	-	35,601,125
Loans Receivable, Net (Note 4)	405,628	-
Restricted Assets	-	1,174,570
Lease Receivable (Note 6)	937,200	-
Capital Assets, Net of Accumulated Depreciation (Note 5)	191,902,152	-
Total Noncurrent Assets	193,927,670	37,251,632
Total Assets	247,669,548	38,603,483
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension (Note 7)	3,763,476	-
Deferred Outflows Related to OPEB (Note 8)	4,025,883	-
Total Deferred Outflows of Resources	7,789,359	-

See accompanying Notes to Financial Statements.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	College	Foundation
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 8,128,209	$ 606,338
Student Deposits and Unearned Revenues	5,060,737	-
Current Portion of Compensated Absences (Note 7)	4,127,610	-
Current Portion of Lease Liability (Note 6)	10,985	-
Current Portion of Grant Payable	-	125,000
Current Portion of Note and Bonds Payable (Note 7)	1,203,208	-
Current Portion of Due to State of Rhode Island (Note 7)	1,876,316	-
Current Portion of Annuities Payable	-	5,539
Total Current Liabilities	20,407,065	736,877
NONCURRENT LIABILITIES		
Compensated Absences (Note 7)	1,252,382	-
Lease Liability (Note 6)	19,760	-
Grant Payable	-	204,428
Note and Bonds Payable (Note 7)	11,029,288	-
Due to State of Rhode Island (Note 7)	9,280,614	-
Annuities Payable	-	11,455
Grant Refundable	880,486	-
Net Pension Liability (Note 8)	28,390,654	-
Net OPEB Liability (Note 9)	5,608,111	-
Total Noncurrent Liabilities	56,461,295	215,883
Total Liabilities	76,868,360	952,760
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Leases	931,972	-
Deferred Inflows Related to Pension	10,475,641	-
Deferred Inflows Related to OPEB	15,269,998	-
Total Deferred Inflows of Resources	26,677,611	-
NET POSITION		
Net Investment in Capital Assets	168,481,981	-
Restricted:		
Expendable	2,166,238	5,712,412
Nonexpendable	-	28,883,315
Unrestricted	(18,735,283)	3,054,996
Total Net Position	$ 151,912,936	$ 37,650,723

See accompanying Notes to Financial Statements.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	College	Foundation
OPERATING REVENUES		
Tuition and Fees	$ 61,574,442	$ -
Less: Scholarship Allowances	(11,628,398)	-
Net Student Fees	49,946,044	-
Federal, State, Local, and Private Grants and Contracts	13,536,225	-
Auxiliary Enterprises	10,245,016	-
Sales and Services of Educational Departments	1,578,751	-
Total Operating Revenues	75,306,036	-
OPERATING EXPENSES		
Instruction	53,791,644	-
Research	11,369,986	-
Academic Support	11,424,929	-
Student Services	11,363,534	-
Scholarships and Fellowships	19,482,930	604,345
Public Service	667,260	-
Operation and Maintenance of Plant	13,835,899	-
Institutional Support	12,522,723	17,462
Depreciation and Amortization	11,652,286	-
Auxiliary Enterprises	9,518,994	-
Total Operating Expenses	155,630,185	621,807
NET OPERATING LOSS	(80,324,149)	(621,807)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	59,950,807	-
Federal Grants	33,911,608	-
Gifts	193,227	1,383,795
Payments Between the College and Foundation	1,297,138	(1,297,138)
Investment Income, Net of Expenses	176,869	(6,460,324)
Interest Expense	(970,981)	-
Other	478,177	175,153
Net Nonoperating Revenues (Expenses)	95,036,845	(6,198,514)
INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	14,712,696	(6,820,321)
CAPITAL CONTRIBUTIONS		
Capital Appropriations	11,382,249	-
INCREASE (DECREASE) IN NET POSITION	26,094,945	(6,820,321)
Net Position - Beginning of Year	125,817,991	44,471,044
NET POSITION - END OF YEAR	$ 151,912,936	$ 37,650,723

See accompanying Notes to Financial Statements.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 48,997,618
Federal, State, Local, and Private Grants and Contracts	12,968,473
Payments to Suppliers	(30,195,474)
Payments to Employees	(105,784,519)
Payments for Scholarships, Fellowships, and Sponsored Programs	(19,482,930)
Collection of Loans from Students	437,375
Auxiliary Enterprises	11,141,369
Other Income Receipts	428,855
Net Cash Used by Operating Activities	(81,489,233)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
State Appropriations	59,950,807
Federal Grants	27,649,626
Other Grants	275,251
Payments from Foundation	1,490,366
Net Cash Provided Noncapital and Related Financing Activities	89,366,050
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	11,382,249
Proceeds from Lease Arrangements	75,049
Purchases of Capital Assets	(10,670,020)
Principal Paid on Capital Debt	(2,825,375)
Interest Paid on Capital Debt	(1,091,426)
Net Cash Used by Capital and Related Financing Activities	(3,129,523)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	176,869
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,924,163
Cash and Equivalents - Beginning of Year	25,426,508
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 30,350,671

See accompanying Notes to Financial Statements.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	College
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Net Operating Loss	$ (80,324,149)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Bad Debts (Net of Recovery)	149,256
Depreciation and Amortization	11,652,286
Other Income	428,855
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Accounts Receivable	(813,369)
Due to/from Primary Government	(232,116)
Other Current Assets	(20,247)
Loans Receivable	437,375
Accounts Payable and Accrued Liabilities	(960,842)
Net Funds on Deposit with Primary Government	(3,228,465)
Student Deposits and Unearned Revenues	(780,283)
Compensated Absences	(544,952)
Net Pension Activity	(3,220,059)
Net OPEB Activity	(3,510,459)
Lease Revenue	(157,486)
Grant Refundable	(364,578)
Net Cash Used by Operating Activities	$ (81,489,233)

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION	
For Purposes of the Statement of Cash Flows, Cash and Cash Equivalents are Comprised of the Following at June 30, 2022:	
Cash and Cash Equivalents	$ 29,667,981
Restricted Cash and Cash Equivalents	682,690
Total Cash, Cash Equivalents, and Restricted Cash	$ 30,350,671

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rhode Island College (the College), founded in 1854, is a comprehensive public institution of higher education in the State of Rhode Island (the State) that offers undergraduate and graduate programs in the liberal arts and sciences and in a variety of professional fields. The College is supported by the State as its only comprehensive college and is part of the State's system of public higher education. The College, a component unit of the State of Rhode Island, is governed by the Rhode Island Board of Education (the BOE) (successor of the Board of 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 the 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. The public higher education system consists of three entities: the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island. 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 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 17 members in order for the BOE to populate two Councils: the Council for Elementary and Secondary Education and the Council for Postsecondary Education (the Councils). Each of the two Councils is responsible for a significant portion of the governance and regulation per RIGL 16-60-1 and 16-60-4 for Elementary/Secondary and per RIGL 16-59-1 and 16-59-4 for Postsecondary.

Effective February 1, 2020, the University of Rhode Island is no longer governed by the Rhode Island Council on Postsecondary Education and is governed by a Board of Trustees consisting of 17 members appointed by the Governor with the advice and consent of the senate. The Rhode Island Council on Postsecondary Education continues to oversee Rhode Island College and the Community College of Rhode Island.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The mission of the BOE is to provide long-range planning, 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 frame 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 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 BOE.

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 accounting principles generally accepted in the United States of America 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 revenue as soon as all eligibility requirements have been met. The College 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 College's policies for defining operating activities in the statement of revenues and expenses 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 nonoperating activities. These nonoperating activities include the College's operating and capital appropriations from the State of Rhode Island, net investment income, gifts, and interest expense.

The accompanying statement of revenues, expenses, and changes in net position demonstrates 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Rhode Island College Foundation

Rhode Island College Foundation (the Foundation) is a legally separate tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Rhode Island College Foundation's Board of Directors is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. Because these resources held by the Foundation can only be used by, or are for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports in accordance with standards of the Financial Accounting Standards Board (FASB), including Accounting Standards Codification (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's financial information in the College's financial reporting entity for these differences.

A complete copy of the financial statements for the Foundation can be obtained from the Office of the Controller, Rhode Island College, 600 Mount Pleasant Avenue, Providence, Rhode Island 02908.

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 liabilities, and 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 specific actions of the College or by the passage of time.

Unrestricted – All other categories of net position. Unrestricted net position may be designated by the College.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

The College considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

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.

Leases

The College determines if an arrangement is a lease at inception. Leases are included in lease receivables, right to use assets, lease liabilities and deferred inflows of resources in the statement of net position.

Lease Receivables

Lease receivables represent the College's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the College has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right to Use Assets

Right to use assets represent the College's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Right to use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right to use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the College's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the College will exercise that option.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the College has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The College has elected to recognize payments received and made for short-term leases with a lease term of 12 months or less as revenue or expenses, respectively, as the payments are received. These leases are not included as lease receivables, right to use assets, lease liabilities or deferred inflows on the statement of net position.

The College accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the College treats the components as a single lease unit.

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost as of date of acquisition or, in the case of gifts, at acquisition value as of the 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 at least $5,000 are capitalized. Land improvements, building, leasehold, and infrastructure improvements with a unit cost of $50,000 or more are capitalized. College 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 30 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Amounts of vested and accumulated vacation and sick leave are reported as compensated absences. 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.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net 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, the Plans), and the 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 plans to each of its participating agencies. The premiums for these plans are divided among the agencies based upon their number of eligible employees. All employees share in health care costs. Employee contributions range from 15% to 25% of health care premiums for nonclassified and classified staff. Part-time employee contributions range from 20% to 35% of health care premiums. These costs are automatically deducted through the payroll system on a bi-weekly basis. The College pays the balance of the health care costs. Expenses incurred by the College to the State for 2022 health premiums were approximately $9,755,000. Employee contributions for 2022 were approximately $2,234,000.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 upon their termination from State service. The State funds this account by assessing a charge based on bi-weekly payrolls of all State agencies. The weighted average fringe benefit assessment rate for 2022 for nonfaculty was 3.95% and 3.30% for faculty. The assessed fringe benefit cost for the College for fiscal year 2022 was approximately $2,080,000.

Student Deposits and Unearned Revenue

Student deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are reported as unearned revenue in the current year and as earned revenue in the following year.

Student Fees

Student tuition, dining, residence, 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 reflected as expenses.

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 net OPEB liability.

Tax Status

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The College is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health insurance claims. The College is insured for general liability with limits of $1 million per occurrence and $3 million in the aggregate with a $25,000 deductible as well as $25 million of umbrella coverage. Coverage under the Medical Professional Liability Policy extends to employed health care providers, 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 insured under a separate policy for wrongful acts with limits of $10 million per claim and $10 million for the annual aggregate with a $150,000 deductible. Crime coverage for College employees is carried with a limit of $25 million with a deductible ranging from $75,000 to $150,000.

As an agency of the State of Rhode Island, the College participates in a group property program. In fiscal year 2022, buildings and contents were insured against fire, theft, and natural disaster with a limit of $200 million and a $100,000 deductible per occurrence. Included in the policy is boiler and machinery coverage with the same policy limit and deductible. A separate inland marine policy insures specifically listed high value property items such as computer equipment, valuable papers, fine arts, contractor's equipment, and miscellaneous property at various limits of insurance and deductibles.

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. Workers' compensation, unemployment, and employee health and life insurance claims are self-insured and managed by the State. The amounts of settlement have not exceeded insurance coverage in each of the past three years.

Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain right to use assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The College adopted the requirements of the guidance effective July 1, 2021, and has elected to apply the provisions of this standard to the beginning of the earliest period presented. The impact of recording right to use assets and lease receivables, and related lease liabilities and deferred inflows of resources was not significant and was presented in the statement of revenues, expenses, and changes in net position under other nonoperating revenues - other.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The College'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 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 100% of all public deposits, regardless of maturity.

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

At June 30, 2022, the College's bank balance was approximately $25,117,000. Bank balances covered by the Federal Depository Insurance Corporation (FDIC) at June 30, 2022 approximated $5,543,000. In addition, approximately $19,573,000 was collateralized with securities held by the pledging financial institution in the College's name.

At June 30, 2022, the College had investments (cash equivalents) consisting of approximately $6,562,000 in the Ocean State Investment Pool Trust (OSIP), an investment pool established by the State General Treasurer. The College's investment accounted for 0.524% of the total investment in OSIP at June 30, 2022. 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 report its investments at amortized cost which approximates fair value.

The OSIP is not rated and the weighted average maturity of investments held by 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.

Restricted Cash and Cash Equivalents

At June 30, 2022, the College had restricted cash and cash equivalents of approximately $683,000 representing amounts required to be set aside in accordance with the terms of certain grants and loans.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments of the Foundation

Foundation investments presented in the financial statements are summarized as follows at June 30, 2022:

Equities	$ 20,571,839
Mutual Funds	15,029,286
Total	$ 35,601,125

Promulgations of the FASB 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 Foundation for more information.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable, which are anticipated to be collected within one year, include the following at June 30, 2022:

Student Receivables	$ 4,372,491
Other Receivables	2,051,612
Grants Receivable	13,949,830
Subtotal	20,373,933
Less: Allowance for Doubtful Accounts	(1,357,183)
Total	$ 19,016,750

NOTE 4 LOANS RECEIVABLE AND GRANT REFUNDABLE

The College participates in the Federal Perkins Loan program. The program is funded through a combination of federal and institutional resources. The portion of the program that has been funded with federal funds is ultimately refundable back to the U.S. Department of Education upon the termination of the College's participation in the program. The grant refundable is approximately $880,000 at June 30, 2022.

Loans receivable include the following at June 30, 2022:

Perkins Loan Receivable	$ 1,733,391
Less: Allowance for Doubtful Accounts	(1,327,763)
Total	$ 405,628

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 these financial statements.

NOTE 5 CAPITAL ASSETS

Capital assets consist of the following at June 30, 2022:

	Estimated Lives (in Years)	Beginning Balance	Additions	Reclassifications	Ending Balance
Capital Assets Not Being Depreciated:					
Construction in Progress	-	$ 14,035,441	$ 8,680,195	$ (796,623)	$ 21,919,013
Land	-	2,480,968	-	-	2,480,968
Total Not Being Depreciated		16,516,409	8,680,195	(796,623)	24,399,981
Capital Assets Being Depreciated:					
Land Improvements	15 to 25	28,410,815	-	-	28,410,815
Buildings, Including Improvements	10 to 30	300,528,854	1,759,911	796,623	303,085,388
Furnishings and Equipment	5 to 15	30,477,386	229,914	-	30,707,300
Total Depreciated		359,417,055	1,989,825	796,623	362,203,503
Total Capital Assets		375,933,464	10,670,020	-	386,603,484
Less Accumulated Depreciation:					
Land Improvements		14,642,150	1,151,309	-	15,793,459
Buildings and Improvements		140,494,124	10,017,204	-	150,511,328
Furnishings and Equipment		27,954,528	472,088	-	28,426,616
Total Accumulated Depreciation		183,090,802	11,640,601	-	194,731,403
Capital Assets, Net		$ 192,842,662	$ (970,581)	$ -	$ 191,872,081

NOTE 5 CAPITAL ASSETS (CONTINUED)

Right-to-use assets of the College consist of the following at June 30, 2022:

	Estimated Lives (in Years)	Beginning Balance	Additions	Reclassifications	Ending Balance
Right to Use Assets Amortized:					
Equipment	5	$ 54,675	$ -	$ -	$ 54,675
Total Amortized		54,675	-	-	54,675
Less Accumulated Amortization:					
Equipment		13,669	10,935	-	24,604
Total Accumulated Amortization		13,669	10,935	-	24,604
Right to Use Assets, Net		$ 41,006	$ (10,935)	$ -	$ 30,071

NOTE 6 LEASES

Lease Receivables

The College, acting as lessor, leases a building on campus property and space on a dormitory roof under long-term, noncancelable lease agreements. The leases expire at various dates through 2043 and provide for renewal options ranging from one to five years. Annual installment payments total between $25,800 and $175,000, plus interest at rates ranging from 2% to 5%. During the fiscal year ended June 30, 2022, the College recognized $157,486 and $20,563 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the lease agreements.

The total future minimum lease payments for the lease revenue to be received under lease agreements are as follows:

Years Ending June 30,	Principal	Interest	Total
2023	$ 126,288	$ 24,512	$ 150,800
2024	201,682	26,053	227,735
2025	181,347	21,388	202,735
2026	185,343	17,392	202,735
2027	12,202	15,533	27,735
2028-2032	75,403	71,592	146,995
2033 and thereafter	281,223	81,123	362,346
Total Minimum Lease Payments	$ 1,063,488	$ 257,593	$ 1,321,081

NOTE 6 LEASES (CONTINUED)

Right to Use Asset

The College leases equipment under a long-term, noncancelable lease agreement. The lease expires during fiscal year 2025 and does not currently provide for renewal options. Annual installment payments total $11,518, plus an interest at rate of 2%.

Total future minimum lease payments under lease agreements are as follows:

Years Ending June 30,	Principal	Interest	Total
2023	$ 10,985	$ 533	$ 11,518
2024	11,207	311	11,518
2025	8,553	86	8,639
Total	$ 30,745	$ 930	$ 31,675

NOTE 7 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note on Bond Payable:					
Note Payable - Direct Borrowing	$ 478,708	$ -	$ 150,992	$ 327,716	$ 159,413
Premium on Bonds Payable	632,880	-	120,444	512,436	120,444
Revenue Bonds Payable	12,281,310	-	888,966	11,392,344	923,351
Total Note and Bonds Payable	13,392,898	-	1,160,402	12,232,496	1,203,208
Other Long-Term Liabilities:					
Due to State of Rhode Island	12,931,579	-	1,774,649	11,156,930	1,876,316
Compensated Absences	5,924,944	-	544,952	5,379,992	4,127,610
Lease Liability	41,513	-	10,768	30,745	10,985
Grant Refundable	1,245,064	-	364,578	880,486	-
Net Pension Liability	40,247,628	-	11,856,974	28,390,654	-
Net OPEB Liability	17,632,867	-	12,024,756	5,608,111	-
Total Long-Term Liabilities	$ 91,416,493	$ -	$ 27,737,079	$ 63,679,414	$ 7,218,119

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Note and Bonds Payable

The following is a summary of the College's note and bonds payable at June 30, 2022:

Description	Amount
Rhode Island Health and Educational Building Corporation Higher Education Facility Revenue Bonds, Series 2010 A. The bonds' original amount issued was $10,280,000, carrying interest rates ranging ranging from 2.0% to 5.0%. The bonds are due in varying annual installments from $160,000 to $700,000, plus interest, through September 15, 2040.	$ 8,610,000
Rhode Island Health and Educational Building Corporation Higher Education Facility Revenue Bonds, Series 2013 D. The bonds' original amount issued was approximately $4,502,000, carrying interest rates ranging from 2.0% - 5.0%. The bonds are due in varying annual installments from approximately $401,000 to approximately $509,000, plus interest, through September 15, 2023.	994,572
Rhode Island Health and Educational Building Corporation Higher Education Facility Revenue Bonds, Series 2016 C. The bonds' original amount issued was $2,290,000, carrying interest rates ranging from 3.0% to 5.0%. The bonds are due in varying annual installments from $140,000 to $205,000, plus interest, through September 15, 2030.	1,580,000
Rhode Island Health and Educational Building Corporation Higher Education Facility Revenue Bonds, Series 2013 B. The bonds' original amount issued was approximately $1,015,000, carrying interest rates ranging from 2.0% to 3.0%. The bonds are due in varying annual installments ranging from approximately $92,000 to approximately $105,000, plus interest, through September 15, 2023.	207,774
United States Department of Education Note Payable (direct borrowing) utilized to renovate and restore the Sylvan R. Forman Center. The original amount issued was $2,561,000, is payable in level semi-annual installments of approximately $88,000, inclusive of interest at 5.5%, through February 1, 2024.	327,714
Total	$ 11,720,060

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Note and Bonds Payable (Continued)

The Series 2010 A bonds are collateralized by fees generated by the related facilities. The Series 2013 D and 2016 C bonds are collateralized by the revenues of the auxiliary enterprises operated under the authority of the BOE. The 2013 B bonds are collateralized by all educational and general revenues derived by the College, except auxiliary enterprise revenues. The U.S. Department of Education note payable is collateralized by the building that was renovated by the note proceeds.

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

Years Ending June 30,	Principal	Interest	Total
2023	$ 923,351	$ 510,945	$ 1,434,296
2024	958,993	470,889	1,429,882
2025	480,000	441,669	921,669
2026	505,000	423,409	928,409
2027	525,000	402,850	927,850
2028-2032	2,800,000	1,618,651	4,418,651
2033-2037	2,605,000	987,375	3,592,375
2038-2042	2,595,000	267,875	2,862,875
Total	$ 11,392,344	$ 5,123,663	$ 16,516,007

Amortization of the bond premium is included with interest expense. Interest expense related to note and bonds payable for the year ended June 30, 2022 was approximately $437,000.

Note Payable-Direct Borrowing

The United States Department of Education College note payable is collateralized by the building that was renovated by the note proceeds.

Principal and interest of loans payable are as follows:

Years Ending June 30,	Principal	Interest	Total
2023	$ 159,413	$ 15,862	$ 175,275
2024	168,303	6,974	175,277
Total	$ 327,716	$ 22,836	$ 350,552

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Due to State of Rhode Island

The following is a summary of the College's Due to State of Rhode Island at June 30, 2022:

Description	Amount
Certificates of participation (COP) Energy Conservation bonds due to the State of Rhode Island. The original amount of debt issued was \$7,465,000, carrying interest rates ranging from 2.0% to 5.0%. The bonds are due in varying annual installments from \$370,000 to \$850,000, plus interest, through June 30, 2030.	$ 5,435,000
General obligation bonds due to State of Rhode Island. The original amount of debt issued was \$20,000,000, carrying interest rates ranging from 3.0% to 5.0%. The bonds are due in varying annual installments from approximately \$1,136,000 to approximately \$1,500,000, plus interest, through June 30, 2026.	5,721,930
Total	$ 11,156,930

Principal and interest on Due to State of Rhode Island for the next five years and in subsequent five-year periods are as follows:

Years Ending June 30,	Principal	Interest	Total
2023	$ 1,876,316	$ 464,191	$ 2,340,507
2024	1,979,649	381,383	2,361,032
2025	2,051,316	293,995	2,345,311
2026	2,149,649	198,080	2,347,729
2027	700,000	85,626	785,626
2028-2030	2,400,000	117,802	2,517,802
Total	$ 11,156,930	$ 1,541,077	$ 12,698,007

Interest expense related to bonds due to State of Rhode Island for the year ended June 30, 2022 was approximately $534,000.

The State of Rhode Island has issued bonds for the development of certain College facilities. These bonds are not obligations of the College and, therefore, are not recorded as liabilities in the accompanying financial statements.

NOTE 8 PENSION

Plan Description

Employees of the College participate in a cost-sharing, multiple-employer, defined benefit 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 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 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 five years of service as of July 1, 2012. Members are vested after five years of service.

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.

NOTE 8 PENSION (CONTINUED)

Contributions

The funding policy, as set forth in the General Laws, Section 36-10-2, provides for actuarially determined periodic contributions to the plan. For fiscal 2022, College employees, with less than 20 years of service as of July 1, 2012, were required to contribute 3.75% of their annual covered salary. Employees with more than 20 years of service as of July 1, 2012 were required to contribute 11% of their annual covered salary. The College is required to contribute at an actuarially determined rate; the rate was 28.01% of annual covered payroll for the fiscal year ended June 30, 2022. The College annual contribution for the fiscal year ended June 30, 2022 was $3,436,065.

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

At June 30, 2022, the College reported a liability of $28,390,654 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, 2021, 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, 2020 rolled forward to the June 30, 2021 measurement date. The College's proportion of the net pension liability was based on its share of contributions to the ERS for fiscal year 2021 relative to the total contributions of all participating employers for that fiscal year. At the June 30, 2021 measurement date, the College proportion was 1.60%, a decrease of 0.17% compared to prior year.

For the year ended June 30, 2022, the College recognized pension expense of $216,006. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources:	
Changes in Assumptions	$ 130,850
Differences Between Expected and Actual Experience	196,561
Contributions Subsequent to Measurement Date	3,436,065
Total Deferred Outflows of Resources	$ 3,763,476
Deferred Inflows of Resources:	
Differences Between Expected and Actual Experience	$ 21,316
Changes in Assumptions	542,845
Net Difference Between Projected and Actual Investment Earnings	5,165,010
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,746,470
Total Deferred Inflows of Resources	$ 10,475,641

NOTE 8 PENSION (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Contributions of $3,436,065 are reported as deferred outflows of resources related to pensions resulting from the College's contributions in fiscal year 2022 subsequent to the measurement date and will be recognized as a reduction of the net pension liability determined in the subsequent period. 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,	Net Deferred Outflows (Inflows) of Resources
2023	$ (2,704,268)
2024	(2,588,195)
2025	(2,434,461)
2026	(2,309,307)
2027	(111,999)
Total	$ (10,148,230)

Actuarial Methods and Assumptions

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

Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll - closed
Inflation	2.50%
Salary increases	3.25% to 6.25%
Investment rate of return	7.00%

Mortality - Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

The actuarial assumptions used in the June 30, 2020 valuation rolled forward to June 30, 2021 and the calculation of the total pension liability at June 30, 2021 were consistent with the results of an actuarial experience investigation study performed as of June 30, 2019.

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 39 sources. 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.

NOTE 8 PENSION (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The June 30, 2021 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 Real Rate of Return
GROWTH		
Global Equity:		
U.S. Equity	23.20 %	5.83 %
International Developed Equity	11.80	6.35
Emerging Markets Equity	5.00	8.04
Subtotal	40.00	
Private Growth:		
Private Equity	11.25	9.47
Non-Core RE	2.25	5.32
Opportunistic Private Credit	1.50	9.47
Subtotal	15.00	
Income:		
High Yield Infrastructure	1.00	3.19
REITS	1.00	5.32
Equity Options	2.00	5.59
EMD (50/50 Blend)	2.00	1.96
Liquid Credit	2.80	3.19
Private Credit	3.20	3.19
Subtotal	12.00	
STABILITY		
Crisis Protection Class:		
Treasury Duration	5.00	(0.32)
Systematic Trend	5.00	3.39
Subtotal	10.00	
Inflation Protection:		
Core Real Estate	3.60	5.32
Private Infrastructure	2.40	5.81
TIPS	2.00	0.30
Subtotal	8.00	
Volatility Protection:		
IG Corp Credit	3.25	1.14
Securitized Credit	3.25	1.14
Absolute Return	6.50	3.39
Cash	2.00	(0.32)
Subtotal	15.00	
Total	100.00 %	

NOTE 8 PENSION (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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 to Changes in the Discount Rate

1.0% Decrease (6.0% Discount Rate)	Current Discount Rate (7.0%)	1.0% Increase (8.0% Discount Rate)
$ 35,201,815	$ 28,390,654	$ 19,697,974

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.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

Employees of the College participate in a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan included within the Rhode Island State Employees' and Electing Teachers OPEB System (the System). The College participates in the State Employees plan within the System.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description (Continued)

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 plan provides health care benefits to plan members.

The System is administered by the OPEB Board and was authorized, created, and established under Chapter 36-12.1 of the RI General Laws. The 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 report that includes financial statements and required supplementary information for the plans. The reports may be obtained at http://www.oag.ri.gov/reports.html.

Membership and Benefit Provisions

The plans within the 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 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 System, and they may be amended in the future by action of the General Assembly.

Contributions

State Employees' OPEB Cost-Sharing Plan

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 College is required to contribute at an actuarially determined rate; the rate was 5.28% of annual covered payroll for the fiscal year ended June 30, 2022. The annual contribution for the fiscal year ended June 30, 2022 was $ $647,822.

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.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Contributions (Continued)

Board of Education OPEB Cost-Sharing Plan

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 College is required to contribute at an actuarially determined rate; the rate was 3.50% of annual covered payroll for the fiscal year ended June 30, 2022. The annual contribution for the fiscal year ended June 30, 2022 was $1,431,543.

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

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

At June 30, 2022, the College reported a liability of $3,738,894 and $1,869,217 for its proportionate share of the net OPEB liabilities related to its participation in the SEP and BOEP, respectively. The net OPEB liabilities were measured as of June 30, 2021, the measurement date, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of June 30, 2020 rolled forward to the June 30, 2021 measurement date. The College’s proportion of the net OPEB liabilities was based on its share of contributions to the plans for fiscal year 2021 relative to the total contributions of all participating employers for that fiscal year. At the June 30, 2021 measurement date, the College’s proportion was 1.61% and 31.41% for SEP and BOEP, respectively.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

For the year ended June 30, 2022, the College recognized OPEB income of $321,836 and $1,109,265 related to its participation in SEP and BOEP, respectively. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SEP	BOEP	Total
Deferred Outflows of Resources Related to OPEB:			
Contributions Made Subsequent to Measurement Date	$ 647,822	$ 1,431,543	$ 2,079,365
Differences Between Expected and Actual Experience	-	1,093,456	1,093,456
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	136,584	136,584
Changes in Assumptions	186,732	529,746	716,478
Total	$ 834,554	$ 3,191,329	$ 4,025,883
Deferred Inflows of Resources Related to OPEB:			
Differences Between Expected and Actual Experience	$ 1,407,464	$ 4,084,244	$ 5,491,708
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	878,990	3,003,079	3,882,069
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,181,645	192,369	1,374,014
Changes in Assumptions	734,594	3,787,613	4,522,207
Total	$ 4,202,693	$ 11,067,305	$ 15,269,998

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Contributions of $2,079,365 are reported as deferred outflows of resources related to OPEB expense resulting from the College's contributions in fiscal year 2022 subsequent to the measurement date, and will be recognized as a reduction of the net OPEB liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	SEP	BOEP	Total
2023	$ (825,057)	$ (2,021,956)	$ (2,847,013)
2024	(806,350)	(1,963,331)	(2,769,681)
2025	(783,775)	(1,808,020)	(2,591,795)
2026	(730,934)	(1,716,122)	(2,447,056)
2027	(461,186)	(842,619)	(1,303,805)
Thereafter	(408,659)	(955,471)	(1,364,130)
Total	$ (4,015,961)	$ (9,307,519)	$ (13,323,480)

Actuarial Methods and Assumptions

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

Actuarial cost method	Entry age normal - the individual entry age actuarial cost methodology is used
Amortization method	Level percent of payroll - closed
Inflation	2.75%
Salary increases	3.25% to 6.25%
Investment rate of return	5.00%
Health care cost trend rate	7.5% in fiscal year 2021 decreasing annually to 3.5% in fiscal year 2033 and later

Mortality rates for male plan members were based on the PUB (10) Tables for Healthy Retiree Males, projected with Scale Ultimate MP16.Mortality rates for female plan members were based on the PUB (10) Tables for Healthy Retiree Females, projected with Scale Ultimate MP16.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and 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 39 nationally recognized investment consulting firms. The June 30, 2021 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of
Domestic Equity	65.00%	5.72%
Fixed Income	35.00	1.73
	100.00%	

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 was 5%. 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 plans' 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.

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

The following presents the net OPEB liabilities calculated using the discount rate of 5% as well as what the net OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1.0% Decrease (4.0% Discount Rate)	Current Discount Rate (5.0%)	1.0% Increase (6.0% Discount Rate)
SEP	$ 4,978,337	$ 3,738,894	$ 2,703,356
BOEP	5,062,165	1,869,217	(758,275)

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The following table presents the net OPEB liabilities calculated using the healthcare cost trend rate of 7.5% and gradually decreasing to an ultimate rate of 3.5%, as well as what the College's net OPEB liabilities would be if they 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	$ 2,361,947	$ 3,738,894	$ 5,464,063
BOEP	(1,463,972)	1,869,217	6,126,011

OPEB Plan Fiduciary Net Position

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

NOTE 10 OTHER RETIREMENT PLANS

State of Rhode Island Employees' Retirement System Defined Contribution Plan

Plan Description

Certain employees participating in the defined-benefit plan (those with less than 20 years of service as of July 1, 2012), as described in Note 8, also participate in a defined contribution plan of the Employees' Retirement System as authorized by 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.

Plan 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, 2012:

Years of Service as of July 1, 2012	Employer Contribution Rate
15 to 20 Years	1.50 %
10 to 15 Years	1.25
0 to 10 Years	1.00

NOTE 10 OTHER RETIREMENT PLANS (CONTINUED)

State of Rhode Island Employees' Retirement System Defined Contribution Plan (Continued)

Plan Contributions (Continued)

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 General Laws of the State of Rhode Island, which are subject to amendment by the General Assembly.

The College contributed and recognized as pension expense approximately $111,000 and $106,000 for the fiscal years ended June 30, 2022 and 2021, respectively, equal to 100% of the required contributions for the fiscal years.

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 nonforfeitable. The total amount contributed by the employer, including associated investment gains and losses, vests with the member and is nonforfeitable upon completion of three (3) years of contributory service. Nonvested 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 1st of the calendar year following the year in which the member attains age 70½ or terminates employment, if later.

The System 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 https://www.ersri.gov.

NOTE 10 OTHER RETIREMENT PLANS (CONTINUED)

Rhode Island Board of Governors for Higher Education Alternate Retirement Plan

Plan Description

Certain employees of the College (principally faculty and administrative personnel) are covered by individual annuity contracts under a defined-contribution retirement plan, Alternate Retirement Plan, established by the Rhode Island Board of Education 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 bi-weekly earnings. These contributions may be made on a pre-tax basis.

Funding Policy

The College contributes 9% of the employees' gross biweekly earnings. Total expenditures by the College for such 403(b) annuity contracts amounted to approximately \$4,221,000 during fiscal 2022. The employee contributions amounted to approximately \$2,339,000 during the fiscal year ended June 30, 2022.

NOTE 11 STATE APPROPRIATIONS

Direct Appropriations

Pursuant to Rhode Island General Law 16-59-9, the legislative enacted budget reflects the budget passed by the General Assembly and signed by the Governor, as well as any re-appropriations. The BOE 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 College's annual budget process for unrestricted and restricted funds, the General Assembly 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.

NOTE 11 STATE APPROPRIATIONS (CONTINUED)

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 2022, the State reserved 3% of its general revenues to fund a Budget Reserve Fund and Cash Stabilization Fund. Once the fund reaches a maximum threshold (5% of total 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 1995.

The College's State appropriations are composed of the following for the year ended June 30, 2022:

Direct Appropriations	$ 59,950,807
State Capital Plan Funds	4,103,032
State Contributed Capital	7,279,217
Total	$ 71,333,056

In accordance with each fiscal year's General Assembly Budget Article 1, notwithstanding the provision of Section 35-3-15 of the general laws, all unexpended or unencumbered balances as of year-end are re-appropriated to the next fiscal year.

NOTE 12 OPERATING EXPENSES

The College's operating expenses, on a natural classification basis, are composed of the following for the year ended June 30, 2022:

Compensation and Benefits	$ 95,260,066
Supplies and Services	29,234,903
Depreciation and Amortization	11,652,286
Scholarships and Fellowships	19,482,930
Total	$ 155,630,185

NOTE 13 RELATED PARTIES

Rhode Island College Student Community Government, Inc. (SCG) is a legally separate tax-exempt entity associated with the College. SCG was established in 1972 and contains the Student Parliament, which acts as a central forum for students to bring forth and address issues and concerns affecting students at the College. The College transferred approximately $615,000 to SCG during fiscal year 2022, representing student activity fees collected. At June 30, 2022, the College owed approximately $381,000 to SCG. Revenues of SCG for fiscal 2022 were approximately $652,000 and expenses were approximately $543,000. The net position of SCG at June 30, 2022 totaled approximately $1,151,000.

NOTE 14 PASS-THROUGH LOANS

The College distributed approximately $22,640,000 during fiscal 2022 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.

NOTE 15 CONTINGENCIES

Various lawsuits are pending or threatened against the College, which arose from the ordinary course of operations. In the opinion of management, no litigation is now pending or threatened, which would materially affect the College's financial position.

The College 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 College. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the College.

The vast majority of higher educational institutions transitioned to distance learning during the 2020 spring semester due to the COVID-19 crisis. Many higher educational institutions have been served with a class action lawsuit due to this decision. The plaintiffs' claim that they have suffered academic harm after the 2020 spring semester transitioned to distance learning. Since the lawsuits are in the early stages, there has been no settlements or court final decisions on this matter. The College has not been served with a lawsuit related to COVID-19. Management believes that any potential future adverse outcome is possible, but unlikely, and would not be material to the College.

The COVID-19 crisis has created volatility in the financial markets and disruption in the overall economy. The full adverse impact and duration of COVID-19 on the College's finances and operations cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
EMPLOYEES' RETIREMENT SYSTEM

Year Ended Measurement Date	June 30, 2022 June 30, 2021	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017	June 30, 2017 June 30, 2016	June 30, 2016 June 30, 2015	June 30, 2015 June 30, 2014
College's Proportion of the Net Pension Liability	1.60%	1.77%	1.84%	1.89%	1.95%	2.00%	2.00%	2.00%
College's Proportionate Share of the Net Pension Liability	$ 28,390,654	$ 40,247,628	$ 41,591,090	$ 42,651,346	$ 43,865,941	$ 42,473,879	$ 39,783,475	$ 35,620,863
College's Covered Payroll (at Measurement Date)	$ 12,267,280	$ 13,381,341	$ 13,190,982	$ 13,214,556	$ 13,485,426	$ 13,471,531	$ 13,383,403	$ 13,067,081
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	231.43%	300.77%	315.30%	322.76%	325.28%	315.29%	297.26%	272.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.20%	52.60%	52.80%	52.53%	51.83%	51.88%	55.03%	58.58%

Notes:

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

2. This schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying Notes to Pension Required Supplementary Information.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)
EMPLOYEES' RETIREMENT SYSTEM

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 3,436,065	$ 3,257,544	$ 3,531,336	$ 3,466,590	$ 3,286,460	$ 3,417,207	$ 3,184,670	$ 3,122,348
Contributions in Relation to the Statutorily Required Contribution	(3,436,065)	(3,257,544)	(3,531,336)	(3,466,590)	(3,286,460)	(3,417,207)	(3,184,670)	(3,122,348)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 12,267,280	$ 11,828,410	$ 13,381,341	$ 13,190,982	$ 13,214,556	$ 13,485,426	$ 13,471,531	$ 13,383,403
Contribution as a Percentage of Covered Payroll	28.01%	27.54%	26.39%	26.28%	24.87%	25.34%	23.64%	23.33%

Notes:

1. 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.

2. This schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying Notes to Pension Required Supplementary Information.

NOTE 1 FACTORS AFFECTING TRENDS FOR AMOUNTS RELATED TO THE NET PENSION LIABILITY

Measurement Date - June 30, 2021

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability as of the June 30, 2021 measurement date compared to the June 30, 2020 measurement date. Benefits were also unchanged between these measurement dates.

Measurement Date - June 30, 2020

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increased slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.

Measurement Date - June 30, 2019

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date. Benefits were also unchanged between these measurement dates.

Measurement Date - June 30, 2018

There were no changes in 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 actuarial methods or assumptions or benefits reflected in the calculation of the net pension liability as of the June 30, 2017 measurement date compared to the June 30, 2016 measurement date. Benefits were also unchanged between these measurement dates.

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.

NOTE 1 FACTORS AFFECTING TRENDS FOR AMOUNTS RELATED TO THE NET PENSION LIABILITY (CONTINUED)

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, January 1, 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.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (UNAUDITED)

State Employees' OPEB Cost-Sharing Plan

Year Ended Measurement Date	June 30, 2022 June 30, 2021	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
College's Proportion of the Net OPEB Liability	1.61%	1.78%	1.85%	1.89%	1.95%
College's Proportionate Share of the Net OPEB Liability	$ 3,738,894	$ 6,407,154	$ 8,080,002	$ 9,644,702	$ 10,135,363
College's Covered Payroll (at Measurement Date)	$ 12,269,356	$ 13,456,977	$ 13,576,773	$ 13,383,545	$ 13,966,181
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	30.47%	47.61%	59.51%	72.06%	72.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60.52%	42.51%	33.57%	26.25%	22.38%

Board of Education OPEB Cost-Sharing Plan

Year Ended Measurement Date	June 30, 2022 June 30, 2021	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
College's Proportion of the Net OPEB Liability	31.41%	31.41%	31.01%	31.39%	31.70%
College's Proportionate Share of the Net OPEB Liability	$ 1,869,214	$ 11,225,713	$ 11,517,980	$ 15,867,291	$ 16,627,188
College's Covered Payroll (at Measurement Date)	$ 40,901,229	$ 42,193,431	$ 39,825,046	$ 39,521,193	$ 39,865,659
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	4.57%	26.61%	28.92%	40.15%	41.71%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	91.42%	57.32%	51.60%	38.59%	32.05%

Notes:

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

2. This schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying Notes to OPEB Required Supplementary Information.

RHODE ISLAND COLLEGE
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF OPEB CONTRIBUTIONS (UNAUDITED)

State Employees' OPEB Cost-Sharing Plan

	2022	2021	2020	2019	2018
Statutorily Determined Contribution	$ 647,822	$ 661,274	$ 894,889	$ 811,891	$ 800,336
Contributions in Relation to the Statutorily Determined Contribution	(647,822)	(661,274)	(894,889)	(811,891)	(800,336)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 12,269,356	$ 12,045,064	$ 13,456,977	$ 13,576,773	$ 13,383,545
Contributions as a Percentage of Covered Payroll	5.28%	5.49%	6.65%	5.98%	5.98%

Board of Education OPEB Cost-Sharing Plan

	2022	2021	2020	2019	2018
Statutorily Determined Contribution	$ 1,431,543	$ 1,254,603	$ 1,721,492	$ 1,736,372	$ 1,723,124
Contributions in Relation to the Statutorily Determined Contribution	(1,431,543)	(1,254,603)	(1,721,492)	(1,736,372)	(1,723,124)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 40,901,229	$ 38,842,198	$ 42,193,431	$ 39,825,046	$ 39,521,193
Contributions as a Percentage of Covered Payroll	3.50%	3.23%	4.08%	4.36%	4.36%

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

2. This schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying Notes to OPEB Required Supplementary Information.

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 are described in Note 9 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, 2021

Assumption changes included updated rates of mortality, retirement, withdrawal, disability and salary increases consistent with the Employees' Retirement System of Rhode Island, as applicable.

Measurement Date - June 30, 2020

The "Cadillac tax", which was a tax provision from the federal Affordable Care Act (ACA), was repealed in December 2019. As a result, liability amounts previously included for the "Cadillac tax" within the development of the total OPEB liability has been removed as of the June 30, 2020 measurement date.

Measurement Date - June 30, 2019

The June 30, 2018 actuarial valuation rolled forward to the June 30, 2019 measurement date reflected a change in excise tax load on pre-65 liabilities from 11.0% to 9.5%.

Measurement Date - June 30, 2018

There were no changes in actuarial methods and assumptions reflected in the calculation of the net OPEB liability as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

NOTE 1 FACTORS AFFECTING TRENDS FOR AMOUNTS RELATED TO THE NET OPEB LIABILITY (CONTINUED)

Measurement Date - June 30, 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.

ACTUARIALLY DETERMINED CONTRIBUTIONS

The annual required contributions for fiscal year 2022 were determined based on the June 30, 2020 valuation of the Plans.

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 the
State of Rhode Island
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 business type activities and its discretely presented component unit of Rhode Island College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated September 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 or significant deficiencies may exist that were not identified.

The Board of Education of the
State of Rhode Island

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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 financial statements. 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cranston, Rhode Island
September 30, 2022