

COMMUNITY COLLEGE OF RHODE ISLAND
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024



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COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community College 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 Community College of Rhode Island (a component unit of the state of Rhode Island) (the Community College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Community College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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 the Community College of Rhode Island as of June 30, 2024, 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.

We did not audit the financial statements of the discretely presented component unit, Community College of Rhode Island Foundation, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Community College of Rhode Island Foundation, is based solely on the report of the other auditors.

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 Community College of Rhode Island'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 Community 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 Community 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 GAAS, 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 27, 2024, 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

Cranston, Rhode Island
September 27, 2024

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024

Introduction

The following management discussion and analysis (MD&A) provides management's view of the financial position of the Community College of Rhode Island (the Community College) as of June 30, 2024 and the results of operations for the year then ended, with selected comparative information for the year ended June 30, 2023. 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 Community 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 contained therein. The MD&A consists of highly summarized information and should be read in conjunction with the Community College's financial statements and notes thereto, which follow this section.

The Community College is among New England's largest public, two-year colleges with an average enrollment of 11,838 full and part-time for-credit students in the 23-24 academic year. The mission of the Community College is to provide all Rhode Island residents with open access to postsecondary education. It is also open to out-of-state students.

The Community College offers a variety of academic programs that award associate degrees or prepare students for transfer to four-year colleges or universities. In addition, technical career programs are offered primarily to equip students with the skills needed to obtain employment in Rhode Island businesses, industries, and service agencies. It also develops educational and training programs for local businesses and industries to further the state's economic development objectives.

The Community College offers extensive community programming as well. It opens its facilities for public use, sponsors programs on issues of public concern, and offers workshops and seminars for businesses, for government agencies and for individuals seeking to improve their skills or enhance their lives.

Community College courses are offered in a variety of locations across the state. The Knight Campus in Warwick, the Flanagan Campus in Lincoln, the Liston Campus in Providence, and the Newport Campus are the main campuses of the Community College. Classes are also offered at satellite facilities in Providence and Westerly.

The Rhode Island Junior College system was established by an act of the Rhode Island General Assembly in 1960. In 1980, the Rhode Island Board of Regents for Education approved a change in the name of the Community College from Rhode Island Junior College to the Community College of Rhode Island to reflect the true mission of the institution. The Board of Governors for Higher Education (the "Board of Governors") became the governing body for the Community College in 1981.

In June 2012, the Rhode Island General Assembly approved a reorganization of the entire Rhode Island system of public education. The Rhode Island General Assembly established the Rhode Island Board of Education (the "BOE") effective January 1, 2013, to oversee the elementary, secondary, and postsecondary education for the state. In June 2014, the Rhode Island General Assembly approved the reorganization of the entire Rhode Island system of public education.

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The legislation enlarged the BOE to seventeen (17) members in order for the Board to populate two Councils: Council on Elementary and Secondary Education and the Council on Postsecondary Education (the "Councils"). Each of the two Councils is responsible for the significant portion of the governance and regulation per R.I.G.L. § 16-60-1 and § 16-60-4 for Elementary/Secondary and per R.I.G.L. § 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 instead governed by a Board of Trustees consisting of 17 members appointed by the Governor with the advice and consent of the Senate. The board is dedicated solely to the University and shall exercise similar powers and authority as was exercised by the Council on Postsecondary Education including oversight of employment, and the University's property, purchases and procurement. The University President shall report to the Board of Trustees.

The Rhode Island Council on Postsecondary Education is continuing to oversee Rhode Island College and the Community College of Rhode Island.

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

- To develop and adopt educational, financial and operational goals for the education systems of the state that represent achievable benchmarks for a 10-year and 20-year time to be implemented by the two Councils and the commissioners.
- To ensure that the education systems of the state are aligned with the projected opportunities in workforce development and economic development and that the education systems are preparing students to participate in the future workforce of 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 council on postsecondary education that are aligned with the long-range goals adopted by the board.

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MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024

Financial Highlights

The Community College's financial position remained strong as of June 30, 2024. Net position increased by \$11.1 million over the prior year.

At June 30, 2024, the Community College's assets of \$148.2 million and deferred outflows of \$6.8 million exceeded its liabilities of \$50.1 million and deferred inflows of \$9.5 million by \$95.4 million, an increase over the prior year of \$11.1 million. At June 30, 2023, the Community College's assets of \$140.2 million and deferred outflows of \$7.3 million exceeded its liabilities of \$54.0 million and deferred inflows of \$9.0 million by \$84.3 million. The resulting net position is summarized into the following categories for the fiscal years ended June 30:

Net Position
(in millions \$)

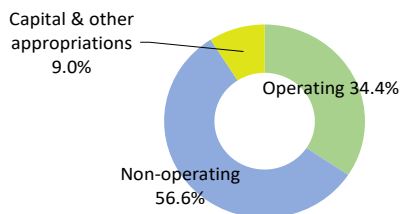
	2024	2023
Net Investment in Capital Assets	\$ 89.2	\$ 81.5
Restricted - Expendable	0.1	-
Unrestricted	6.1	2.8
Total Net Position	<u>\$ 95.4</u>	<u>\$ 84.3</u>

The restricted expendable may be expended only for the purposes authorized by the donor or grantor.

Fiscal year 2024 operating revenues before net investment return decreased by 2% or \$1.1 million. Operating expenses increased by 1% or \$1.8 million.

The following chart provides a graphical breakdown of total revenues by category for the fiscal year ending June 30, 2024:

CCRI Revenues
Fiscal Year Ended June 30, 2024



Cash flow continued to be adequate for operations with a cash balance of \$42.2 million at June 30, 2024, an decrease of \$2.5 million from June 30, 2023. Prior year cash flow was also adequate for operations with a cash balance of \$44.7 million at June 30, 2023.

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024

Overview of the Financial Statements

The financial statements focus on the Community 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.

The Community College of Rhode Island Foundation (the "Foundation") is a legally separate tax exempt component unit of the Community College of Rhode Island. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Community College in support of its programs. The Board of the Foundation is self-perpetuating and primarily consists of graduates and friends of the Community College.

Although the Community 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 Community College by the donors. Because these resources held by the Foundation can only be used by or are for the benefit of the Community College, the Foundation is considered a component unit of the Community College and is discretely presented in the Community College's financial statements. Management's Discussion and Analysis is required to focus on the Community College, not its component unit.

The Financial Statements

The financial statements are designed to provide readers with a broad overview of the Community 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 Community College's assets, deferred outflows, liabilities and deferred inflows, with the difference being 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 Community College is improving or deteriorating. Other factors are also relevant to assessing the Community 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 Statement of Revenues, Expenses and Changes in Net Position shows how the Community College's net position changed during the most recent fiscal year. This statement reports total operating revenues and expenses, nonoperating 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).

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
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The financial statements can be found on pages 15 to 19 of this report.

The Community College reports its operations as a business-type activity using the economic resource measurement focus and full accrual basis of accounting. As a component unit of the State of Rhode Island, the results of the Community College's operations, its net position and cash flows are also summarized in the State's Annual Comprehensive Financial 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 Community College has adopted, as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 20 to 45 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Community College's financial position. In the case of the Community College, assets and deferred outflows exceeded liabilities and deferred inflows by \$95.4 million at the close of fiscal year 2024, an increase of \$11.1 million over fiscal 2023. Assets and deferred outflows exceeded liabilities and deferred inflows by \$84.3 million at the close of fiscal year 2023. Details are shown in the chart below in millions:

	2024	2023
Assets:		
Current Assets	\$ 56.9	\$ 57.2
Noncurrent Assets	91.3	83.0
Total Assets	<u>148.2</u>	<u>140.2</u>
Deferred Outflows of Resources:		
Deferred Outflows	<u>6.8</u>	<u>7.3</u>
Total Deferred Outflows	6.8	7.3
Liabilities:		
Current Liabilities	18.0	18.2
Noncurrent Liabilities	<u>32.1</u>	<u>35.9</u>
Total Liabilities	50.1	54.1
Deferred Inflows of Resources:		
Deferred Inflows	<u>9.5</u>	<u>9.0</u>
Total Deferred Inflows	9.5	9.0
Net Position:		
Net Investment in Capital Assets	89.2	81.5
Restricted, Expendable	0.1	-
Unrestricted	<u>6.1</u>	<u>2.8</u>
Total Net Position	<u>\$ 95.4</u>	<u>\$ 84.3</u>

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
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JUNE 30, 2024

The largest portion of the Community College's net position, \$89.2 million, reflects its investment in capital assets (such as land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Community College uses these capital assets to provide services to students, faculty and administration. Consequently, these assets are not available for future spending.

Although the Community 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 Community 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. Borrowings by the State from these funds are not reflected in these financial statements. Additional financing for certain capital projects has been provided by the issuance of revenue bonds by the Rhode Island Health and Educational Building Corporation, a quasi-public state agency. The Community College does not have a separate bond rating. All revenue bonds must be approved by and arranged through the Rhode Island Board of Education. Revenue bond related indebtedness is reported on the Community College's financial statements. BOE bonds issued for the Community College are rated between Aa3 and A1 by Moody's. Net pension liability of \$24.9 million, net OPEB liability of \$5.0 million, and compensated absences of \$4.5 million are the Community College's largest liabilities.

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JUNE 30, 2024

Condensed Statement of Revenues and Expenses
Years Ended June 30, 2023 and 2024
(\$ in millions)

	2024	2023
Operating Revenues:		
Tuition and Fees, Net	\$ 23.0	\$ 24.8
Scholarships, Grants, and Contracts	20.7	18.0
Auxiliary Enterprises	1.0	1.3
Sales and Services of Educational Activity	9.0	10.8
Other	53.7	54.9
Total Operating Revenues		
Operating Expenses:		
Salaries and Benefits	103.0	96.5
Supplies and Services	23.0	24.7
Scholarships, Grants, and Contracts	10.9	14.3
Depreciation and Amortization	8.4	8.0
Total Operating Expenses	145.3	143.5
Net Operating Loss	(91.6)	(88.6)
Nonoperating Revenues (Expenses):		
State and Other Appropriations	60.1	55.7
Federal Grants	26.9	40.0
Net Investment Income	1.7	0.6
Other Nonoperating Expenses, Net	(0.1)	-
Net Nonoperating Revenues	88.6	96.3
Increase (Decrease) in Net Position Before Capital Contributions	(3.0)	7.7
Capital Appropriations	14.1	11.0
Increase (Decrease) in Net Position	\$ 11.1	\$ 18.7

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
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JUNE 30, 2024

Operating Revenues

Total operating revenues for fiscal year 2024 were \$53.7 million, a decrease of \$1.1 million from the prior fiscal year. Total operating revenues for fiscal year 2023 were \$54.8 million. The most significant sources of operating revenue for the Community College are tuition and fees, and grants and contracts. Significant changes in operating revenue resulted from:

- Net Tuition and fees decreased \$1.8 million in fiscal year 2024. The scholarship allowance also increased \$5.4 million in fiscal year 2024.
- Sales and service of educational activity decreased \$1.8 million in fiscal year 2024. The decrease in 2024 is due to less activity in Workforce programs.

Operating Expenses

Operating expenses in fiscal year 2024 totaled \$145.3 million, an increase of \$1.8 million from fiscal year 2023. Of this total, \$87.0 million or 60% was used for instruction, academic and student support in 2024 (\$82.9 million or 58% in 2023). Depreciation and amortization expense totaled \$8.4 million in fiscal year 2024 and \$8.0 million in fiscal year 2023.

Nonoperating Revenues

Total nonoperating revenues for fiscal year 2024 were \$88.5 million, including the state appropriation of \$60.1 million, other federal grants of \$26.9 million, including Pell Grants of \$26.5 million. Total nonoperating revenues for fiscal year 2023 were \$96.3 million, including the state appropriation of \$55.7 million and Pell Grants of \$22.6 million. This was a decrease in total nonoperating revenues of \$7.8 million from the prior year. Due to the nature of public higher education, institutions incur a loss from operations. State appropriations and federal grants to the Community College, reported as nonoperating revenue, are the primary resources for offsetting the loss from operations.

Other

Capital appropriations and gifts of \$14.1 million in fiscal year 2024 (\$11.0 million in fiscal year 2023) represent general obligation funds spent by the State of Rhode Island to construct or acquire capital assets utilized by the Community College, and capital gifts from the Foundation.

Capital Asset and Debt Administration

Capital Plan

The Rhode Island Board of Education submits a running five fiscal year Capital Improvement Plan (C.I.P.) to the General Assembly and State Executive Branch each year in conjunction with the State's capital planning process. This plan includes proposed capital projects for the Community College. The FY 2024-2028 capital plan included \$103.3 million for continuing and new capital projects including funding to address the deferred capital maintenance needs of the college's four campus locations as well as the renovation of space.

The capital budget enacted for the Community College by the General Assembly for FY23 included multi-year funding for several capital initiatives:

- \$1.4M continued funding for the Warwick Renewal
- \$3.3M funding toward a project to address Technical and Electrical cabling infrastructure

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- \$4.5M initial funding for a renewal project at the Lincoln campus
- Annual funding of the RI Asset Protection program of \$2.6M
- \$12.0M funding for renovation and modernization projects across all four campuses
- \$4.0M in General Obligation bond funding approved by the voters in March 2021. The full amount approved by the voters was \$12.0M for CCRI.

Capital Assets

At June 30, 2024 and 2023, the Community College had \$91.0 million and \$82.6 million invested in capital assets, net of accumulated depreciation of \$144.3 million and \$136.0 million, respectively. These represent increases of \$9.3 million and \$8.8 million, respectively, from the prior year. Depreciation and amortization charges totaled \$8.4 million during fiscal year 2024 and \$8.0 million during fiscal year 2023. Legal title to all land and real estate assets is vested in the Rhode Island Board of Education.

A summary of the capital asset balances is displayed below:

	2024	2023
Land and Improvements	\$ 2.1	\$ 2.2
Buildings and Improvements	58.6	63.5
Construction in Progress	26.6	14.8
Subscription asset and right of use asset	2.3	0.9
Furniture, Fixtures, and Equipment	1.4	1.2
Total	<u>\$ 91.0</u>	<u>\$ 82.6</u>

Debt

At June 30, 2024, the Community College had paid off its outstanding bond. At June 30, 2023 \$0.3 million in debt was outstanding.

	2024	2023
Due to State of Rhode Island	\$ -	\$ 0.3
Bonds Payable	-	-
Total	<u>\$ -</u>	<u>\$ 0.3</u>

Debt repayments made in 2024 were \$0.3 million and 2023 were \$0.3 million.

The Community College has no independent bonding authority. All revenue bonds must be approved by and arranged through the BOE. Revenue bond related indebtedness is reported on the Community College's financial statements. BOE bonds issued for the Community College are rated between Aa3 and A1 by Moody's. General obligation bond related indebtedness is reflected on the financial statements of the state of Rhode Island. More detailed information about the Community College's long-term liabilities is presented in Note 5 to the financial statements.

Cash received from operations consists primarily of student tuition and fees and sponsored program grants and contracts. Significant sources of cash provided by noncapital financing activities, as defined by GASB, include State appropriations used to fund operating activities.

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
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JUNE 30, 2024

The seasonally adjusted unemployment rate for the State of Rhode Island, from which the Community College primarily draws students, increased from 2.6% in June of 2023 to 4.3% in June of 2024, according to the U.S. Bureau of Labor Statistics. This compares to a 3.6% seasonally adjusted unemployment rate nationally for all of 2023 increasing to 4.1% in June of 2024.

The Rhode Island Promise Scholarship is a last-dollar scholarship program introduced by the State of Rhode Island in the Fall of 2017. It has helped to mitigate declining enrollment and increase the population of full-time students at CCRI over the past seven years. Enrollment has been adversely impacted by the COVID-19 pandemic over the four years, but RI Promise enrollment still stands at nearly double the pre-Promise enrollment for the same student population. The first cohorts of the RI Promise program have experienced positive outcomes, with a two-year graduation rate of 18% compared to two-year graduation rate of 7% for the prior cohort and a three-year graduation rate of 27%. Based on this dramatic increase in student success, the Rhode Island General Assembly made the Rhode Island Promise a permanently legislated program.

The Community College operates in a unionized environment. In fiscal year 2024, the Council on Postsecondary Education's contracts with the Faculty Association (CCRIFA), the Part-Time Faculty Association (CCRIPTFA), the Professional Staff Association (CCRIPSA), and the Executive Support Professional Association (CCRIESPA) were in effect. The Community College distributed wage increases of 2.5% (effective 6/30/2024) to CCRIFA, CCRIPSA, and CCRIPTFA. CCRIESPA did not receive an increase for this fiscal year.

As with many state governments, Rhode Island struggles with allocating limited resources across diverse state funded agencies and mandates. State appropriation support to the College has declined from 53% of the total unrestricted budget in 2008 to 46.0% in 2024 (a modest increase of 2.4% over FY 23 state funding levels). In June of 2024, the RI General Assembly passed FY 25 general revenue appropriations of \$61.2 million to support ongoing college operations. This represented an increase of \$2.70 million, or 4.6 percent over FY 24 state funding levels.

The College continues to face challenges related to the pandemic. Enrollment for Fall 2023 showed a slight increase in enrollments as compared to Fall 2022. While enrollment for Fall 2024 looks to be consistent with Fall 2023, the significant enrollment declines related to the pandemic impact the college's finances as tuition and fee revenues make up a large portion of the college revenue stream. It is expected that it will take a number of years for enrollment to rebound to pre-pandemic levels. Up through FY 23, the College had been able to use federal stimulus funds to make up for lost revenues and support the current service level of college operations. These funds are no longer available.

The Board of Education ("BOE") is organized into two councils – one for Elementary and Secondary Education and one for Post-Secondary Education, permitting each council to focus more specifically on pertinent agendas and policies, but still reporting to the full Board for coordination of RI's public education agenda. Legislation passed by the RI General Assembly restructured the BOE and established a separate Board of Trustees governing the University of Rhode Island in February of 2020. The Community College of Rhode Island and Rhode Island College continue to be overseen by the BOE.

COMMUNITY COLLEGE OF RHODE ISLAND
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MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024

Fiscal Planning

The Community College will continue to control expenses in accordance with available resources and established priorities. The Business and Finance team actively inform the administration of the Community College's current fiscal picture, offer options and considerations for revenue and expenditure changes, and plan in a fiscally prudent and long-term manner.

Information Systems

The Community College of Rhode Island utilizes the Ellucian Resource Management (ERP) system. The key Banner modules deployed include: Student Information System (SIS), Human Capital Management (HCM), and Finance and Financial Aid. Banner is deployed in over 1,400 higher education institutions in 40 countries. The college has migrated from version 8 to version 9 of Banner to maintain currency and access added features and functionality. The college's applications portfolio includes additional systems that integrate with the Banner ERP and support the college's teaching and learning mission.

Request for Information

This financial report is designed to provide a general overview of the Community 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, Community College of Rhode Island, 400 East Avenue, Warwick, RI 02886.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>College</u>	<u>Foundation</u>
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Cash and Equivalents	\$ 42,240,136	\$ 2,352,158
Funds on Deposit with Primary Government	3,760,985	-
Accounts Receivable, Net	6,407,322	11,000
Due from Primary Government	3,842,661	-
Inventories and Other Current Assets	601,930	175,937
Lease Receivable	61,187	-
Pledges Receivable	-	1,096,613
Total Current Assets	<u>56,914,221</u>	<u>3,635,708</u>
NONCURRENT ASSETS		
Investments	-	6,700,948
Pledges Receivable	-	3,483,105
Lease Receivable	283,558	-
Capital Assets, Nondepreciable	28,116,835	-
Capital Assets, Depreciable/Amortizable	<u>62,890,028</u>	<u>-</u>
Total Noncurrent Assets	<u>91,290,421</u>	<u>10,184,053</u>
Total Assets	148,204,642	13,819,761
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows of Resources Related to Pension	3,812,289	-
Deferred Outflows of Resources Related to OPEB	<u>2,984,016</u>	<u>-</u>
Total Deferred Outflow of Resources	<u>\$ 6,796,305</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024

	<u>College</u>	<u>Foundation</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 10,341,628	\$ 189,379
Student Deposits and Unearned Revenues	3,670,941	-
Compensated Absences	3,387,123	-
Current Portion Lease and Subscription Liability	628,252	-
Total Current Liabilities	<u>18,027,944</u>	<u>189,379</u>
NONCURRENT LIABILITIES		
Compensated Absences	1,075,597	-
Lease and Subscription Liability	1,166,922	-
Net Pension Liability	24,871,627	-
Net OPEB Liability	4,983,355	-
Total Noncurrent Liabilities	<u>32,097,501</u>	<u>-</u>
Total Liabilities	50,125,445	189,379
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pension	2,027,673	-
Deferred Inflows of Resources Related to OPEB	7,162,013	-
Deferred Inflows of Resources Related to Leases	324,558	-
Total Deferred Inflows of Resources	<u>9,514,244</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	89,211,685	-
Restricted - Expendable	98,067	5,477,147
Restricted - Nonexpendable	-	7,525,069
Unrestricted	6,051,506	628,166
Total Net Position	<u><u>\$ 95,361,258</u></u>	<u><u>\$ 13,630,382</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	<u>College</u>	<u>Foundation</u>
OPERATING REVENUES		
Tuition and Fees	\$ 56,632,684	\$ -
Less: Scholarship Allowances	<u>(33,647,228)</u>	<u>-</u>
Net Student Fees	22,985,456	-
Federal, State, Local, and Private Grants and Contracts	20,698,914	-
Auxiliary Enterprises	1,046,925	-
Sales and Services of Educational Departments	9,005,295	-
Other	<u>-</u>	<u>437,645</u>
Total Operating Revenues	53,736,590	437,645
OPERATING EXPENSES		
Instruction	63,731,466	-
Academic Support	7,409,451	-
Student Services	15,893,410	-
Scholarships and Fellowships	10,928,599	1,030,241
Public Service	719,917	-
Operation and Maintenance of Plant	11,466,399	-
Institutional Support	24,795,776	707,120
Depreciation and Amortization	8,391,776	-
Auxiliary Enterprises	1,976,439	-
Other	<u>-</u>	<u>457,319</u>
Total Operating Expenses	<u>145,313,233</u>	<u>2,194,680</u>
NET OPERATING LOSS	(91,576,643)	(1,757,035)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	60,077,682	-
Federal Grants	26,850,433	-
Gifts	-	6,591,938
Gifts from Foundation	42,215	(42,215)
Investment Income, Net of Expenses	1,628,912	939,437
Interest Expense	<u>(111,366)</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u>88,487,876</u>	<u>7,489,160</u>
INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL APPROPRIATIONS	(3,088,767)	5,732,125
CAPITAL CONTRIBUTIONS (EXPENSES)		
Capital Appropriations	13,656,378	-
Capital Gifts from Foundation	452,749	(452,749)
Total Capital Contributions (Expenses)	<u>14,109,127</u>	<u>(452,749)</u>
INCREASE IN NET POSITION	11,020,360	5,279,376
Net Position - Beginning of Year	<u>84,340,898</u>	<u>8,351,006</u>
NET POSITION - END OF YEAR	<u>\$ 95,361,258</u>	<u>\$ 13,630,382</u>

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

	<u>College</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	\$ 22,049,351
Federal, State, Local, and Private Grants and Contracts	20,783,484
Payments to Suppliers	(21,414,933)
Payments to Employees	(109,253,286)
Payments for Scholarships, Fellowships, and Sponsored Programs	(10,928,599)
Auxiliary Enterprises	1,046,925
Sales and Service of Educational Activities	8,759,360
Federal Student Loan Program - Direct Lending Receipts	8,995,900
Federal Student Loan Program - Direct Lending Payments	(8,995,900)
Net Cash Used by Operating Activities	<u>(88,957,698)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
State Appropriations	60,077,682
Federal Grants	26,850,433
Payments from Foundation	<u>42,215</u>
Net Cash Provided by Noncapital and Related Financing Activities	86,970,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	13,656,378
Proceeds from Leases	66,715
Payments of Right to Use Assets	(1,264,874)
Purchases of Capital Assets	(14,608,604)
Principal Paid on Capital Debt	(311,456)
Interest Paid on Capital Debt	(111,373)
Capital Gifts from Foundation	<u>452,749</u>
Net Cash Used by Capital and Related Financing Activities	(2,120,465)
CASH FLOWS FROM INVESTING ACTIVITY	
Interest on Investments	<u>1,628,912</u>
NET DECREASE IN CASH AND EQUIVALENTS	(2,478,921)
Cash and Equivalents - Beginning of Year	<u>44,719,057</u>
CASH AND EQUIVALENTS - END OF YEAR	<u><u>\$ 42,240,136</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	<u>College</u>
RECONCILIATION OF NET OPERATING LOSS TO NET	
CASH USED BY OPERATING ACTIVITIES:	
Net Operating Loss	\$ (91,576,643)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation and Amortization	8,391,776
Amortization of Bond Premium	(11,776)
Bad Debts (Net of Recovery)	1,574,380
Changes in Assets, Deferred Outflows of Resources,	
Liabilities, and Deferred Inflows of Resources:	
Net Funds on Deposit with Primary Government	(570,184)
Accounts Receivable	(2,359,153)
Due from Primary Government	(1,836,784)
Inventories and Other Current Assets	1,081,770
Accounts Payable and Accrued Liabilities	509,443
Student Deposits and Unearned Revenues	(270,482)
Net Pension Activity	(1,956,957)
Net OPEB Activity	(2,094,158)
Net Lease Activity	(43,063)
Compensated Absences	204,133
Net Cash Used by Operating Activities	<u><u>\$ (88,957,698)</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Community College of Rhode Island (the Community College) is one of New England's largest public, two-year colleges and offers an array of academic degree and transfer programs, occupational programs, and educational and training programs for local businesses and industries. The Community College is supported by the state of Rhode Island (the State), and is part of the State's system of public higher education. The Community College, a component unit of the state of Rhode Island, is governed by the Rhode Island Board of Education (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. This 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 transfer within this system.

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

The legislation enlarged the BOE to 17 members in order for the BOE to populate two Councils: Council for Elementary and Secondary Education and the Council for Post-Secondary Education (Councils). Each of the two Councils is responsible for the 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 Post-Secondary.

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

The Rhode Island Council on Postsecondary Education has continued to oversee Rhode Island College and the Community College of Rhode Island.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

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

- To develop and adopt educational, financial, and operational goals for the education systems of the State that represent achievable benchmarks for 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 board.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The Community 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 Community College's policies for defining operating activities in the statement of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities. These nonoperating activities include the Community College's operating and capital appropriations from the State, federal grants, net investment income, gifts, and interest expense.

The 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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community College of Rhode Island Foundation

The Community College of Rhode Island Foundation (the Foundation) is a legally separate tax-exempt component unit of the Community College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Community College in support of its programs. The Board of the Foundation is self-perpetuating and primarily consists of graduates and friends of the Community College. All activity relating to the Community College of Rhode Island Alumni Association is included on the books and records of the Foundation. Although the Community 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 Community College by the donors. Because these resources held by the Foundation can only be used by or are for the benefit of the Community College, the Foundation is considered a component unit of the Community College and is discretely presented in the Community 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 Community 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 Institutional Advancement, Community College of Rhode Island, 400 East Avenue, Warwick, RI 02886.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation, accounts payable, accrued 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 specific actions of the Community College or by the passage of time.

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

The Community College has adopted a policy of using restricted – expendable funds, when available, prior to unrestricted funds.

Cash and Equivalents

The Community 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

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

Leases and Contracts

The College determines if an arrangement is a lease or subscription-based information technology arrangement (SBITA) contract at inception. Leases are included in lease receivables, lease assets, lease liabilities and deferred inflows of resources in the statement of net position. SBITAs are included in capital assets, depreciable (net) and lease and contract liabilities in the statement of net position.

Lease Receivables

The Community College, acting as lessor, determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position.

Lease receivables represent the Community 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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Contracts (Continued)

Lease Receivables (Continued)

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. Currently, none of the Community College's leases include a residual value guarantee. 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. Currently, none of the Community College's leases include a purchase option.

The Community College has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statement of net position.

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

Right-to-Use Assets

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

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

The term for leases and SBITA may reflect options to extend or terminate when it is reasonably certain that the College will exercise that option.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-to-Use Assets (Continued)

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

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

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

Inventories

Inventories are stated at the lower of cost (first-in, first-out retail inventory method) or market and consist of bookstore items. Inventory amounted to \$112,889 at June 30, 2024.

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 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.

Community 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 50 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.

Compensated Absences

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

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Post Employee Benefits Other than Pension (OPEB)

For purposes of measuring the net postemployment benefits other than pension obligations (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' OPEB Cost-Sharing Plan (SEP) and the Board of Education Cost-Sharing OPEB Plan (BOEP) (collectively, 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. The costs are automatically deducted through the payroll system on a biweekly basis. The Community College pays the balance of the health care costs. Expenses incurred by the Community College to the State for 2024 health premiums were approximately \$10,359,170. Employee contributions for 2024 were approximately \$2,012,013.

Assessed Fringe Benefit Administrative Fund

In July 2000, the State established the Assessed Fringe Benefit Administrative Fund. The 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 the biweekly payrolls of all State agencies. The weighted average fringe benefit assessment rate for 2024 for nonfaculty was 3.95% and 3.30% for faculty. The assessed fringe benefit cost was approximately \$1,882,037 for fiscal year 2024.

Student Deposits and Unearned Revenue

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

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Fees

Student tuition and 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.

Tax Status

The Community 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.

Use of Estimates

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

Risk Management

The Community College is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health insurance claims. Insurance is maintained for general liability with limits of \$1 million per occurrence and \$3 million in the aggregate with a \$25,000 deductible as well as a \$25 million umbrella. 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, Educators Legal Liability, 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 Community College employees is carried with a limit of \$10 million with a \$100,000 deductible. Cyber insurance is covered up to \$3,000,000 with a deductible of \$50,000.

As an agency of the state of Rhode Island (State), the Community College participates in a group property program. In fiscal year 2024, buildings and contents were insured against fire, theft, and natural disaster with a limit of \$240 million and a \$200,000 deductible per occurrence.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

Included in this policy is boiler and machinery coverage with the same policy limit and a \$100,000 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, who administers a program with a \$500,000 self-insured retention (SIR) and an excess policy providing \$500,000 of coverage in excess of the \$500,000 SIR. The settlement amounts have not exceeded insurance coverage during the past three years.

Workers' compensation, unemployment, employee health, and life insurance claims are self-insured and managed by the State.

NOTE 2 CASH, EQUIVALENTS, AND INVESTMENTS

The Community College's policy is in accordance with Chapter 35-10.1 of 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 100% of time deposits 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.

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

Bank balances covered by federal depository insurance corporation (FDIC) at June 30, 2024, approximated \$34,525,000. In addition, approximately \$8,798,000 at June 30, 2024, was collateralized with securities held by the pledging financial institution in the Community College's name.

Investments of the Foundation

Foundation investments are presented in the financial statements at fair value and are summarized as follows at June 30, 2024:

Equities	\$ 4,343,544
Fixed Income	2,080,237
RI Foundation Pooled Investments	<u>277,167</u>
Total Investments	<u><u>\$ 6,700,948</u></u>

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NOTE 2 CASH, EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments of the Foundation (Continued)

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value of the investments, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Please refer to the financial statements of the 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, 2024:

Student Accounts Receivable	\$ 6,093,323
Grants Receivable	1,816,182
Other Receivables	<u>727,689</u>
Total	8,637,194
Less: Allowance for Doubtful Accounts	<u>(2,229,872)</u>
Total Accounts Receivable	<u><u>\$ 6,407,322</u></u>

NOTE 4 CAPITAL ASSETS

Capital assets consist of the following at June 30, 2024:

	Estimated Lives (in Years)	Beginning Balance	Addition	Disposal	Reclassification	Ending Balance
Capital Assets Not Depreciated:						
Land	-	\$ 1,490,837	\$ -	\$ -	\$ -	\$ 1,490,837
Construction in Progress	-	14,827,275	12,945,644	-	(1,146,921)	26,625,998
Total Not Depreciated		<u>16,318,112</u>	<u>12,945,644</u>	<u>-</u>	<u>(1,146,921)</u>	<u>28,116,835</u>
Capital Assets Depreciated/Amortized:						
Land Improvements	15	1,000,902	-	-	-	1,000,902
Buildings, Including Improvements	10 to 50	172,177,622	916,310	-	1,146,921	174,240,853
Furnishings and Equipment	5 to 15	27,747,117	746,650	-	-	28,493,767
Right-of-Use Asset - Equipment	5	25,371	-	-	-	25,371
Subscription Assets	3 to 10	<u>1,326,264</u>	<u>2,233,819</u>	<u>(156,820)</u>	<u>-</u>	<u>3,403,263</u>
Total Depreciated and Amortized		<u>202,277,276</u>	<u>3,896,779</u>	<u>(156,820)</u>	<u>1,146,921</u>	<u>207,164,156</u>
Total Capital Assets		<u>218,595,388</u>	<u>16,842,423</u>	<u>(156,820)</u>	<u>-</u>	<u>235,280,991</u>
Less: Accumulated Depreciation and Amortization:						
Land Improvements		350,289	66,725	-	-	417,014
Building, Including Improvements		108,665,574	6,993,763	-	-	115,659,337
Furnishings and Equipment		26,526,217	501,194	-	-	27,027,411
Right-of-Use Asset - Equipment		1,269	5,074	-	-	6,343
Subscription Assets		<u>411,825</u>	<u>825,020</u>	<u>(72,822)</u>	<u>-</u>	<u>1,164,023</u>
Total Accumulated Depreciation and Amortization		<u>135,955,174</u>	<u>8,391,776</u>	<u>(72,822)</u>	<u>-</u>	<u>144,274,128</u>
Capital Assets, Net		<u><u>\$ 82,640,214</u></u>	<u><u>\$ 8,450,647</u></u>	<u><u>\$ (83,998)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 91,006,863</u></u>

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NOTE 5 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Revenue Bonds Payable	\$ 311,456	\$ -	\$ 311,456	\$ -	\$ -
Premium on Bonds Payable	11,776	-	11,776	-	-
Total Bonds Payable	323,232	-	323,232	-	-
Other Long-Term Liabilities:					
Compensated Absences	4,258,585	204,135	-	4,462,720	3,387,123
Net Pension Liability	26,668,639	-	1,797,012	24,871,627	-
Net OPEB Liability	8,294,401	-	3,311,046	4,983,355	-
Total Long-Term Liabilities	<u>\$ 39,544,857</u>	<u>\$ 204,135</u>	<u>\$ 5,431,290</u>	<u>\$ 34,317,702</u>	<u>\$ 3,387,123</u>

Bonds Payable

Interest expense on all debt for the year ended June 30, 2024, was \$111,373. The amortization of a bond premium, that was retired in the year ended June 30, 2024, is included with interest expense. In addition, this amount includes interest from SBITAs and leases.

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

NOTE 6 PENSION

Plan Description

Certain employees of the Community College participate in a cost-sharing multiple-employer defined benefit plan, the Employees' Retirement System Plan (the ERS), 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 ERS 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>.

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NOTE 6 PENSION (CONTINUED)

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%. For members retiring after July 1, 2024, retiree benefit amounts are based on the average highest three consecutive years of compensation. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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 to retirees based on statutory provisions (Section 36-10-35 of the Rhode Island General Laws). For members and/or beneficiaries of members who retired on or before June 30, 2012, cost of living adjustments are computed annually. For members retiring on or after July 1, 2012, 25% (or 1/4th) of the cost of living adjustment is computed annually until the plan reaches a 75% funded status. The full benefit adjustment is reinstated for all members upon the plan reaching the 75% funded status.

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

Contributions

The funding policy, as set forth in the General Laws, Section 36-10-2, provides for actuarially determined periodic contributions to the plan. For fiscal year 2024, Community 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 Community College is required to contribute at an actuarially determined rate; the rate was 28.97% of annual covered payroll for the fiscal year ended June 30, 2024. The annual employer contribution for the fiscal year ended June 30, 2024 was \$3,238,541.

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NOTE 6 PENSION (CONTINUED)

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

At June 30, 2024, the Community College reported a liability of \$24,871,627 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, 2023, 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, 2022, rolled forward to the June 30, 2023, measurement date. The Community College's proportion of the net pension liability was based on its share of contributions to the ERS for fiscal year 2023 relative to the total contributions of all participating employers for that fiscal year. At the June 30, 2023, measurement date, the Community College proportion was 1.29%, a decrease of 0.06% compared to prior year.

For the year ended June 30, 2024, the Community College recognized pension expense of \$1,250,795.

At June 30, 2024, the Community College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflow of Resources Related to Pension

Contributions Made after the Measurement Date	\$ 3,216,459
Differences Between Expected and Actual Experience	594,181
Changes in Plan Actuarial Assumptions	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,649
Total	<u>\$ 3,812,289</u>

Deferred Inflows of Resources Related to Pension

Differences Between Expected and Actual Experience	\$ 7,331
Changes in Plan Actuarial Assumptions	171,930
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,645,151
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	203,261
Total	<u>\$ 2,027,673</u>

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NOTE 6 PENSION (CONTINUED)

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

Contributions of \$3,216,459 are reported as deferred outflows of resources related to pensions resulting from the Community College's contributions in fiscal year 2024 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 (credit) as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (826,831)
2026	(910,199)
2027	437,241
2028	(132,054)
Total	<u>\$ (1,431,843)</u>

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 normal – the individual entry age actuarial cost methodology
Amortization Method	Level percent of payroll – closed
Inflation	2.50%
Salary Increases	3.25% to 7.25%
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, 2022 valuation rolled forward to June 30, 2023 and the calculation of the total pension liability at June 30, 2023 were consistent with the results of an actuarial experience investigation study performed as of June 30, 2023 for the six year period ended June 30, 2022 as approved by the System's Board on May 17, 2023.

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NOTE 6 PENSION (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 42 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.

The June 30, 2023, 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 Return
GROWTH		
Global Equity:		
U.S. Equity	25.10 %	6.46 %
International Developed Equity	10.70	6.91
Emerging Markets Equity	4.20	8.92
Subtotal	40.00	
Private Growth:		
Private Equity	12.50	10.30
Non-Core Real Estate	2.50	5.01
Subtotal	15.00	
INCOME		
Equity Options	2.00	6.20
Liquid Credit	5.00	4.56
Private Credit	3.00	4.56
Collateralized Loan Obligations (CLO)	2.00	4.56
Subtotal	12.00	
STABILITY		
Crisis Protection Class:		
Treasury Duration	5.00	0.76
Systematic Trend	5.00	4.07
Subtotal	10.00	
Inflation Protection:		
Core Real Estate	4.00	5.01
Private Infrastructure	4.00	5.91
Subtotal	8.00	
Volatility Protection:		
IG Corp Credit	3.25	2.46
Securitized Credit	3.25	2.46
Absolute Return	6.50	4.07
Cash	2.00	0.76
Subtotal	15.00	
Total	100.00 %	

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NOTE 6 PENSION (CONTINUED)

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, and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1.00% Decrease (6.00)%	Current Discount Rate (7.00)%	1.00% Increase (8.00)%
\$ 31,085,163	\$ 24,871,627	\$ 19,225,914

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 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

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NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description (Continued)

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

The OPEB System issues a separate publicly available financial 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 OPEB System generally provide health care coverage to pre-Medicare eligible retirees and health reimbursement account contributions or Medicare supplement coverage for members who are Medicare eligible. Members may purchase coverage for spouses and dependents. Dental and vision coverage may be purchased by these groups with no state subsidy.

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

Contributions

State Employees' OPEB Cost-Sharing Plan (SEP)

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. The Community College is required to contribute at an actuarially determined rate; the rate was 4.52% of annual covered payroll for the fiscal year ended June 30, 2024. The annual contribution for the fiscal year ended June 30, 2024, was \$474,020.

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.

Board of Education Cost-Sharing OPEB Plan (BOEP)

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. The Community College is required to contribute at an actuarially determined rate; the rate was 2.15% of annual covered payroll for the fiscal year ended June 30, 2024. The annual contribution for the fiscal year ended June 30, 2024, was \$619,851.

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.

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NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

At June 30, 2024, the Community College reported a liability of \$2,698,561 and \$2,284,794 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, 2023, the measurement date, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the June 30, 2023, measurement date. The Community College's proportion of the net OPEB liabilities was based on its share of contributions to the Plans for fiscal year 2023 relative to the total contributions of all participating employers for that fiscal year. At the June 30, 2023, measurement date, the Community College's proportion was 1.30% and 24.27% for SEP and BOEP, a decrease of .05% and .66% respectively.

For the year ended June 30, 2024, the Community College recognized OPEB expense of \$160,765 and \$794,750 related to its participation in SEP and BOEP, respectively.

At June 30, 2024, the Community College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SEP	BOEP	Total
<u>Deferred Outflow of Resources Related to OPEB</u>			
Contributions made Subsequent to Measurement Date	\$ 503,961	\$ 643,944	\$ 1,147,905
Changes in Assumptions	23,258	327,941	351,199
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	34,400	183,898	218,298
Net difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Differences Between Expected and Actual Experience	27,551	1,239,063	1,266,614
Total	\$ 589,170	\$2,394,846	\$ 2,984,016
<u>Deferred Inflows of Resources Related to OPEB</u>			
Difference Between Expected and Actual Experience	\$ 1,047,943	\$ 2,647,273	\$ 3,695,216
Changes in Assumptions	406,639	1,952,496	2,359,135
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	379,193	402,962	782,155
Net difference Between Projected and Actual Earnings on OPEB Plan Investments	83,288	242,219	325,507
Total	\$ 1,917,063	\$ 5,244,950	\$ 7,162,013

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NOTE 7 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 \$1,147,905 are reported as deferred outflows of resources related to OPEB resulting from the Community College's contributions in fiscal year 2024 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 (credit) as follows:

<u>Year Ending June 30,</u>	<u>SEP</u>	<u>BOEP</u>	<u>Total</u>
2025	\$ (503,289)	\$ (1,148,091)	\$ (1,651,380)
2026	(461,579)	(999,146)	(1,460,725)
2027	(266,769)	(333,402)	(600,171)
2028	(340,370)	(776,032)	(1,116,402)
2028	(145,571)	(96,961)	(242,532)
Thereafter	(114,276)	(140,416)	(254,692)
Total	<u>\$ (1,831,854)</u>	<u>\$ (3,494,048)</u>	<u>\$ (5,325,902)</u>

Actuarial Methods and Assumptions

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

Actuarial Cost Method	Entry age normal – the individual entry age actuarial cost methodology
Amortization Method	Level percent of payroll – closed
Inflation	2.5%
Salary Increases	3.25% to 6.25%
Investment rate of return	5.00%
Health Care Cost Trend Rate	6.00% to 7.25 in fiscal year 2023 and then decreasing annually to 3.50% in fiscal year 2033 and later

Mortality rates for male plan members were based on the PUB-10 Median Table for General Healthy Retiree Males, loaded by 115%, projected with Scale Ultimate MP16. Mortality rates for female plan members were based on the PUB-10 Median Table for General Healthy Retiree Females, loaded by 111%, projected with Scale Ultimate MP16.

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NOTE 7 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 42 nationally recognized investment consulting firms. The June 30, 2023, expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table for the Plans:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Equity	65 %	5.72 %
Fixed Income	35	1.73

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 5.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, if any, will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the OPEB 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 OPEB plan 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 5.0% as well as what the net OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1.0% Decrease (4.0% Discount Rate)	Current Discount Rate (5.0)%	1.0% Increase (6.0% Discount Rate)
SEP	\$ 3,707,666	\$ 2,698,561	\$ 1,861,886
BOEP	5,052,810	2,284,794	25,516

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NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The following table presents the net OPEB liabilities calculated using the health care cost trend rate of 7.5% and gradually decreasing to an ultimate rate of 3.5%, as well what the Community College's net OPEB liabilities would be if it were calculated using a trend rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate.

	1.0% Lower	Baseline	1.0% Higher
SEP	\$ 1,580,180	\$ 2,698,561	\$ 4,108,156
BOEP	(652,525)	2,284,794	6,051,802

OPEB Plan Fiduciary Net Position

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>. The reports contain detailed information about the Plans' fiduciary net position.

NOTE 8 RETIREMENT PLANS

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

Plan Description

Certain employees participating in the defined benefit plan (those with less than 20 years of service as of July 1, 2012), as described in Note 6, 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. The Retirement Board is the plan administrator and plan trustee. The employees may choose among various investment options available to plan participants. The State Investment Commission is responsible for implementing the investment policy of the plan and selecting the investment options available to members.

Contributions

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

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 Community College contributed and recognized as pension expense \$111,908 for the fiscal year ended June 30, 2024, equal to 100% of the required contributions for the fiscal year.

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 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 72 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 <http://www.ersri.org>.

Council on Postsecondary Education Defined Contribution Retirement Plan

Plan Description

Certain employees of the Community College, (principally faculty and administrative personnel) are offered various investment options under a defined contribution retirement plan, administered by the Council on Postsecondary Education, which is also responsible for amending it. Eligible employees who have reached the age of 30, and who have two years of service are required to participate in this retirement plan. The Council establishes and amends contribution rates. Eligible employees must contribute at least 5% of their gross biweekly earnings. These contributions may be made on a pre-tax basis.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 RETIREMENT PLANS (CONTINUED)

Council on Postsecondary Education Defined Contribution Retirement Plan
(Continued)

Funding Policy

The Community College contributes 9% of the employee's gross biweekly earnings. Total expenditures by the Community College for such 403(b) investment options amounted to approximately \$3,535,000 during fiscal 2024. The employee contribution amounted to approximately \$1,964,000.

NOTE 9 RESTRICTED NET POSITION

The Community College is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. At June 30, 2024, these funds are restricted for grant programs.

NOTE 10 OPERATING EXPENSES

The Community College's operating expenses, on a natural classification basis, are composed of the following at June 30, 2024:

Compensation and Benefits	\$ 102,999,336
Supplies and Services	22,993,889
Depreciation and Amortization	8,391,776
Scholarships and Fellowships	10,928,232
Total	<u><u>\$ 145,313,233</u></u>

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 Community 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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 2024, the State was required to reserve 5% of its general revenues to fund a budget reserve fund and cash stabilization account, which is then required to be transferred to the Rhode Island Capital Plan (RICAP) fund, subject to specific appropriation by the General Assembly. The RICAP Fund is used for capital expenditures and for debt reduction. 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 Community College’s State appropriations are composed of the following for the year ended June 30, 2024:

Direct Appropriations	\$ 60,077,682
State-Contributed Capital and RICAP Funds	<u>13,656,378</u>
Total	<u><u>\$ 73,734,060</u></u>

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

NOTE 12 LEASES AND CONTRACTS

Lease Receivables

The Community College, acting as lessor, leases roof space under a long-term, noncancelable lease agreement. The lease expires in 2031 and provides for two five-year renewal options. In addition, the Community College leases space to various organizations, under multi-year agreements. During the year ended June 30, 2024, the Community College recognized \$34,823 and \$17,062 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments for the lease revenue under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 61,187	\$ 14,781	\$ 75,968
2026	59,238	11,316	70,554
2027	61,055	8,041	69,096
2028	35,294	6,522	41,816
2029	38,218	4,846	43,064
2030 and Thereafter	89,753	4,169	93,922
Total Minimum Lease Payments	<u><u>\$ 344,745</u></u>	<u><u>\$ 49,675</u></u>	<u><u>\$ 394,420</u></u>

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 LEASES AND CONTRACTS (CONTINUED)

Subscription-Based Information Technology Arrangement (SBITA) Liability

The College has entered into SBITAs for right-to-use software subscriptions under long-term, noncancelable contracts. The contracts expire at various dates through fiscal year 2029 and provide for renewal options ranging from one to three years. Annual installment payments total between \$9,914 and \$184,532, which includes imputed interest at a rate of 6.25%.

Total future minimum SBITA payments under contract are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 623,454	\$ 93,875	\$ 717,329
2026	505,468	56,364	561,832
2027	304,789	32,008	336,797
2028	254,964	15,376	270,340
2028 and Thereafter	86,850	4,283	91,133
Total Minimum Lease Payments	<u>\$ 1,775,525</u>	<u>\$ 201,906</u>	<u>\$ 1,977,431</u>

Lease Liability

The College leases equipment under a long-term, noncancelable lease agreement. The lease expires during fiscal year 2028 and does not currently provide for renewal options. Annual installment payments total \$5,892, which includes imputed interest at a rate of 6.25%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,799	\$ 1,093	\$ 5,892
2026	5,108	784	5,892
2027	5,437	455	5,892
2028	4,305	113	4,418
Total Minimum Lease Payments	<u>\$ 19,649</u>	<u>\$ 2,445</u>	<u>\$ 22,094</u>

NOTE 13 PASS-THROUGH LOANS

The Community College distributed approximately \$8,996,000 during fiscal year 2024 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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 CONTINGENCIES

Various lawsuits are pending or threatened against the Community College, which arose from the ordinary course of operations. Management is not aware of any pending or threatened litigation which would materially affect the College's financial position.

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

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2024

Year Ended Measurement Date	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022	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
Community College's Proportion of the Net Pension Liability	1.29%	1.35%	1.37%	1.40%	1.40%	1.40%	1.44%	1.45%	1.46%
Community College's Proportionate Share of the Net Pension Liability	\$ 24,871,627	\$ 26,668,639	\$ 24,279,334	\$ 31,745,813	\$ 31,791,077	\$ 31,484,850	\$ 32,467,123	\$ 30,765,991	\$ 29,073,002
Community College's Covered Payroll (at Measurement Date)	\$ 11,102,727	\$ 10,552,128	\$ 10,585,641	\$ 10,554,847	\$ 10,082,823	\$ 9,754,869	\$ 9,981,160	\$ 9,758,118	\$ 9,780,334
Community College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	224.01%	252.73%	229.36%	300.77%	315.30%	322.76%	325.28%	315.29%	297.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.30%	59.60%	63.20%	52.60%	52.80%	52.53%	51.83%	51.88%	55.03%

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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)
EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily Required Contribution	\$ 3,216,460	\$ 2,947,248	\$ 2,965,068	\$ 2,785,811	\$ 2,785,105	\$ 2,649,766	\$ 2,426,036	\$ 2,529,226	\$ 2,306,819
Contributions in Relation to the Statutorily Required Contribution	<u>(3,216,460)</u>	<u>(2,947,248)</u>	<u>(2,965,068)</u>	<u>(2,785,811)</u>	<u>(2,785,105)</u>	<u>(2,649,766)</u>	<u>(2,426,036)</u>	<u>(2,529,226)</u>	<u>(2,306,819)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College's Covered Payroll	\$ 11,102,727	\$ 10,552,128	\$ 10,585,641	\$ 10,115,508	\$ 10,554,847	\$ 10,082,823	\$ 9,754,869	\$ 9,981,160	\$ 9,758,118
Contributions as a Percentage of Covered Payroll	28.97%	28.01%	28.01%	27.54%	26.39%	26.28%	24.87%	25.34%	23.64%

Notes:

- 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.
- 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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
PENSION SCHEDULES
JUNE 30, 2024

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

Measurement Date – June 30, 2023

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plan as of the June 30, 2023, measurement date compared to the June 30, 2022, measurement date.

Measurement Date – June 30, 2022

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plan as of the June 30, 2022, measurement date compared to the June 30, 2021, measurement date.

Measurement Date – June 30, 2021

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plan as of the June 30, 2021, measurement date compared to the June 30, 2020, measurement date.

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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
PENSION SCHEDULES
JUNE 30, 2024

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

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.

Measurement Date – June 30, 2015

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

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

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

Other changes included providing interim cost of living increases at four- rather than five-year intervals, providing a one-time cost of living adjustment of 2% (applied to first \$25,000), two \$500 stipends, and minor adjustments.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (UNAUDITED)
JUNE 30, 2024

State Employees' OPEB Cost-Sharing Plan

Year Ended Measurement Date	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022	June 30, 2022 June 30, 2021	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018
Community College's Proportion of the Net OPEB Liability	1.30%	1.35%	1.37%	1.40%	1.41%	1.39%
Community College's Proportionate Share of the Net OPEB Liability	\$ 2,698,561	\$ 3,706,271	\$ 3,184,091	\$ 5,045,861	\$ 6,164,690	\$ 7,090,193
Community College's Covered Payroll (at Measurement Date)	\$ 11,149,580	\$ 10,511,629	\$ 10,525,682	\$ 10,597,850	\$ 10,358,495	\$ 9,838,763
Community College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.20%	35.26%	30.25%	47.61%	59.51%	72.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	65.09%	55.09%	60.52%	42.51%	33.60%	26.25%

Board of Education OPEB Cost-Sharing Plan

Year Ended Measurement Date	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022	June 30, 2022 June 30, 2021	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018
Community College's Proportion of the Net OPEB Liability	24.27%	24.93%	24.35%	24.59%	24.85%	24.64%
Community College's Proportionate Share of the Net OPEB Liability	\$ 2,284,794	\$ 4,588,130	\$ 1,449,018	\$ 8,788,506	\$ 9,230,356	\$ 12,455,817
Community College's Covered Payroll (at Measurement Date)	\$ 29,950,884	\$ 35,547,213	\$ 33,343,371	\$ 33,032,843	\$ 31,915,252	\$ 31,024,106
Community College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	7.63%	12.91%	4.35%	26.61%	28.92%	40.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	87.90%	76.58%	91.42%	57.32%	51.60%	38.59%

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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
SCHEDULE OF OPEB CONTRIBUTIONS (UNAUDITED)
JUNE 30, 2024

State Employees' OPEB Cost-Sharing Plan

	2024	2023	2022	2021	2020	2019
Statutorily Required Contribution	\$ 503,961	\$ 470,921	\$ 555,756	\$ 563,149	\$ 704,757	\$ 619,438
Contributions in Relation to the Statutorily Required Contribution	<u>(503,961)</u>	<u>(470,921)</u>	<u>(555,756)</u>	<u>(563,149)</u>	<u>(704,757)</u>	<u>(619,438)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College's Covered Payroll	\$ 11,149,580	\$ 10,511,629	\$ 10,525,682	\$ 10,257,723	\$ 10,597,850	\$ 10,358,495
Contributions as a Percentage of Covered Payroll	4.52%	4.48%	5.28%	5.49%	6.65%	5.98%

Board of Education OPEB Cost-Sharing Plan

	2024	2023	2022	2021	2020	2019
Statutorily Required Contribution	\$ 643,944	\$ 632,214	\$ 1,167,018	\$ 972,569	\$ 1,347,740	\$ 1,391,505
Contributions in Relation to the Statutorily Required Contribution	<u>(643,944)</u>	<u>(632,214)</u>	<u>(1,167,018)</u>	<u>(972,569)</u>	<u>(1,347,740)</u>	<u>(1,391,505)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College's Covered Payroll	\$ 29,950,884	\$ 35,547,213	\$ 33,343,371	\$ 33,193,481	\$ 33,032,843	\$ 31,915,252
Contributions as a Percentage of Covered Payroll	2.15%	1.78%	3.50%	2.93%	4.08%	4.36%

Notes:

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

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
OPEB SCHEDULES
JUNE 30, 2024

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

The actuarial methods and assumptions used to calculate the net OPEB liability of the participating employers are described in Note 7 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, 2023

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, 2022

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, 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 loan 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.

COMMUNITY COLLEGE OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
OPEB SCHEDULES
JUNE 30, 2024

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.

NOTE 2 ACTUARIALLY DETERMINED CONTRIBUTIONS

The annual required contributions for fiscal year 2024 were determined by actuarial valuations performed as of June 30, 2023, and rolled-forward to June 30, 2024.



**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***

Board of Education
Community College of Rhode Island
Providence, Rhode Island

We have audited, in accordance with the 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 Community College of Rhode Island (the Community College), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2024, 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 27, 2024. Our report includes a reference to other auditors who audited the financial statements of the Community College of Rhode Island Foundation, Inc., as described in our report on the Community College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Community 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*.

Community College of Rhode Island's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Cranston, Rhode Island
September 27, 2024

**COMMUNITY COLLEGE OF RHODE ISLAND
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
FINANCIAL STATEMENT FINDINGS AND REPOSSES
YEAR ENDED JUNE 30, 2024**

2024 – 001 – Financial Reporting

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Criteria or specific requirement: The College is responsible for financial reporting in the form of financial statements that present fairly, in all material respects, the respective financial position, changes in financial position and, statement of cash flows.

Condition: The College did not properly account for subscription-based information technology arrangements ("with terms beginning prior to July 1, 2023 under GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). Per SBITA audit testing, it was identified that contracts were included in additions to right-of-use assets and liabilities during fiscal year 2024 that should have been recorded as additions during fiscal year 2023.

Effect: The College had an understatement of assets of \$677,435 and an overstatement of liabilities the same amount.

Cause: The College's process for capitalization of SBITA right-of-use assets and liabilities only occurs at year-end and arrangements that qualify as a SBITA under GASB Statement No. 96 may be missed as a result.

Repeat finding: No.

Recommendation: The College should improve internal controls for reviewing new software purchases and amendments or modifications to existing software agreements on a monthly basis to mitigate similar issues in the future. This includes identifying all software purchases that contain potential SBITAs and performing an evaluation to determine whether software purchases in question qualify.

Management's response: Management agrees with the finding and recommendation and plans to hire an additional employee in the finance department to assist in this role.



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