



THE UNIVERSITY OF RHODE ISLAND

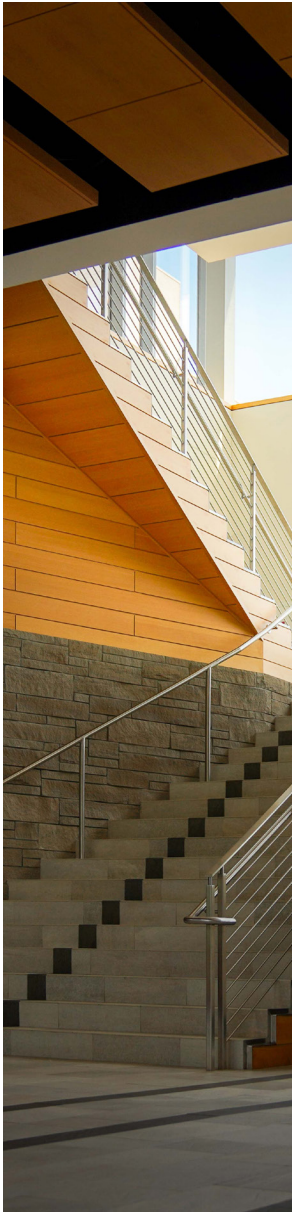
Financial Statements

June 30, 2024



University of Rhode Island (a Component Unit of the State of Rhode Island)





THE UNIVERSITY OF RHODE ISLAND

Financial Statements

June 30, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
University of Rhode Island
Kingston, 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 aggregate discretely presented component units of University of Rhode Island (a component unit of the State of Rhode Island) (the University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of 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 aggregate discretely presented component units of the University 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 units, (the University of Rhode Island Foundation & Alumni Engagement and the University of Rhode Island Research Foundation), which represents 100% of the assets, net position, and revenues of the discretely presented component units as of June 30, 2024. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the University of Rhode Island Foundation & Alumni Engagement and University of Rhode Island Research Foundation, are based solely on the reports 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 University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University'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 University'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 University'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 October 2, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
October 2, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

The following management’s discussion and analysis (“MD&A”) provides management’s view of the financial position of the University of Rhode Island (“the University”) as of June 30, 2024, 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 University’s financial activities based on currently known facts, decisions, and conditions. This analysis has been prepared by management, which is responsible for the completeness and fairness of the information contained therein. The MD&A consists of highly summarized information, and it should be read in conjunction with the University’s financial statements and notes thereto that follow this section.

The University of Rhode Island is the State’s flagship land and sea grant research institution, with a commitment to urban initiatives. A student-centered research institution, URI actively partners with other organizations globally and locally to advance knowledge and to develop informed residents and leaders. URI is committed to high-quality education, community engagement, and solving the world’s most important challenges. Situated on the traditional land and territories of the Narragansett Nation and the Niantic People, URI strives to create a diverse and inclusive environment for researchers, teachers, learners, and community members.

URI’s Strategic Plan, *Focus URI 2023-2033*, lays out the strategic vision for the University for the next decade, outlining four strategic priorities and the actions the University will take to achieve them:

- Strategic Priority 1: Broaden the University’s impact through a reinvigorated commitment to its land and sea grant missions and the State of Rhode Island
- Strategic Priority 2: Enhance student achievement by cultivating an engaged and inclusive learning environment.
- Strategic Priority 3: Foster an inclusive, people-centered culture.
- Strategic Priority 4: Implement leading-edge administrative and financial systems and practices to power the University of the future.

The University’s main campus encompasses approximately 1,400 acres in Kingston, RI, 30 miles south of Providence in the northeastern metropolitan corridor between New York and Boston. The 165-acre Narragansett Bay Campus (the “Bay Campus”), located six miles to the east overlooking the west passage of the Narragansett Bay, is home to the Graduate School of Oceanography and the Ocean Engineering Department of the College of Engineering. In Providence, the University offers degree programs and conducts research and outreach programs in various locations. In the western section of the State, 20 miles from Kingston, the 2,300 acres of woods, fields, streams and ponds on the W. Alton Jones Campus are the site of research by various principal investigators.

The University offers degree programs through the doctoral level with a combined enrollment of 17,351. First year applications for Fall 2023 and Fall 2024 were 25,391 and 26,983, respectively.

The University of Rhode Island is governed by a Board of Trustees consisting of 17 members appointed by the Governor with the advice and consent of the Rhode Island Senate. The Board of

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

Trustees oversees employment, and the University's property, purchases, and procurement. The University president reports to the Board of Trustees.

Financial Highlights for Fiscal Year 2024

The University's financial position for the fiscal year ended June 30, 2024, shows an increase in net position of \$45.56 million compared to an increase of \$40.25 million in fiscal year 2023.

When reviewing the University's condensed statement of revenues, expenses, and changes in net position, it is important to note that nonoperating revenue plays an important role in supporting the operations of the university. The primary component of nonoperating revenues is State appropriations.

The 2024 operating loss increased by \$19.75 million from the prior year, as operating expenses increased by \$37.76 million (6.07%), outpacing operating revenues that grew by \$18 million (3.57%). A significant portion of the expense increase was attributed to salaries and benefits, which accounted for over half of the total rise in operating costs. This was primarily due to an increase of approximately 3% in headcount, along with salary adjustments ranging from 2.5% for administrative staff to 3.5% for faculty, which included both cost-of-living adjustments and step increases.

Despite the operating loss, nonoperating revenues improved, bolstered by increased state appropriations and favorable investment performance. This ultimately led to the overall increase in the net position for the University.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

Condensed Statement of Revenues, Expenses and Change in Net Position
(dollars in millions)

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Tuition and fees, net of tuition waivers and remissions	\$ 350.79	330.89
Operating grants and contributions	123.27	117.20
Other sources	48.69	56.65
Total operating revenues	<u>522.75</u>	<u>504.74</u>
Operating expenses:		
Salaries and benefits	377.90	356.94
Scholarships, grants and contracts	35.68	33.16
Other operating expense	187.93	177.76
Depreciation and amortization	57.94	53.83
Total operating expenses	<u>659.45</u>	<u>621.69</u>
Net operating loss	<u>(136.70)</u>	<u>(116.95)</u>
Nonoperating revenues (expenses):		
State appropriation	112.81	92.88
Federal grants	18.47	17.00
Net investment income	10.28	6.23
Payment (to)/from component units	15.53	15.21
Other non operating activity	(1.87)	-
Interest expense	(10.64)	(10.61)
Total nonoperating revenues	<u>144.58</u>	<u>120.71</u>
Increase in Net Position Before Capital Contributions	<u>7.88</u>	<u>3.76</u>
Capital appropriations	28.16	12.62
State contributed capital	6.19	15.90
Capital gifts	3.33	7.97
Increase in net position	<u>45.56</u>	<u>40.25</u>
Net position – beginning of year	<u>671.60</u>	<u>631.35</u>
Net position – ending of year	<u><u>\$ 717.16</u></u>	<u><u>671.60</u></u>

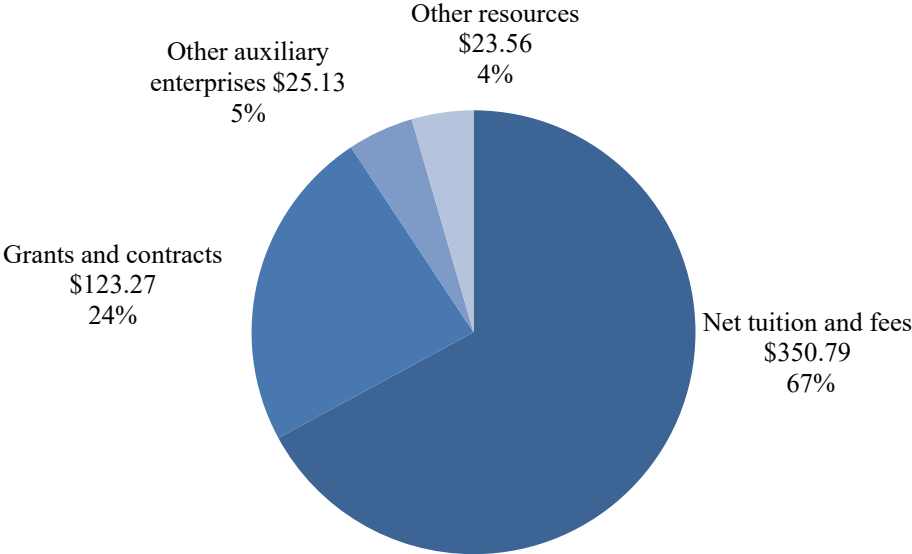
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited) - Continued

Operating Revenues

In fiscal year 2024, total operating revenues rose by \$18.01 million, representing a 3.57% increase, compared to a 3.96% increase of \$19.23 million in fiscal year 2023. The 2024 growth was primarily driven by a \$20.69 million (4.40%) increase in tuition, fees, and housing and dining revenues, along with a \$6.07 million (5.18%) rise in research activities. However, these gains were partially offset by a decline in other revenue sources, which decreased by \$7.96 million (14.05%). This decrease was largely due to the absence of COVID-related Federal Emergency Management Agency (FEMA) funding received in fiscal year 2023, which was not available in 2024.

The following provides a graphical breakdown of operating revenues by category for the year ended June 30, 2024.

Operating Revenue of \$522.75 by Category
(Dollars in millions)



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

Below is a summary of net tuition and fees received by the University (dollars in millions):

	2024	2023 (Restated)
Tuition	\$ 387.76	369.33
Student service fees	18.53	18.83
Health service fees	9.22	9.61
Housing fees	49.25	48.20
Dining service fees	22.09	20.13
Miscellaneous student fees	4.48	4.54
Total	491.33	470.64
Tuition waived or remitted	(140.54)	(139.75)
Net	\$ 350.79	330.89

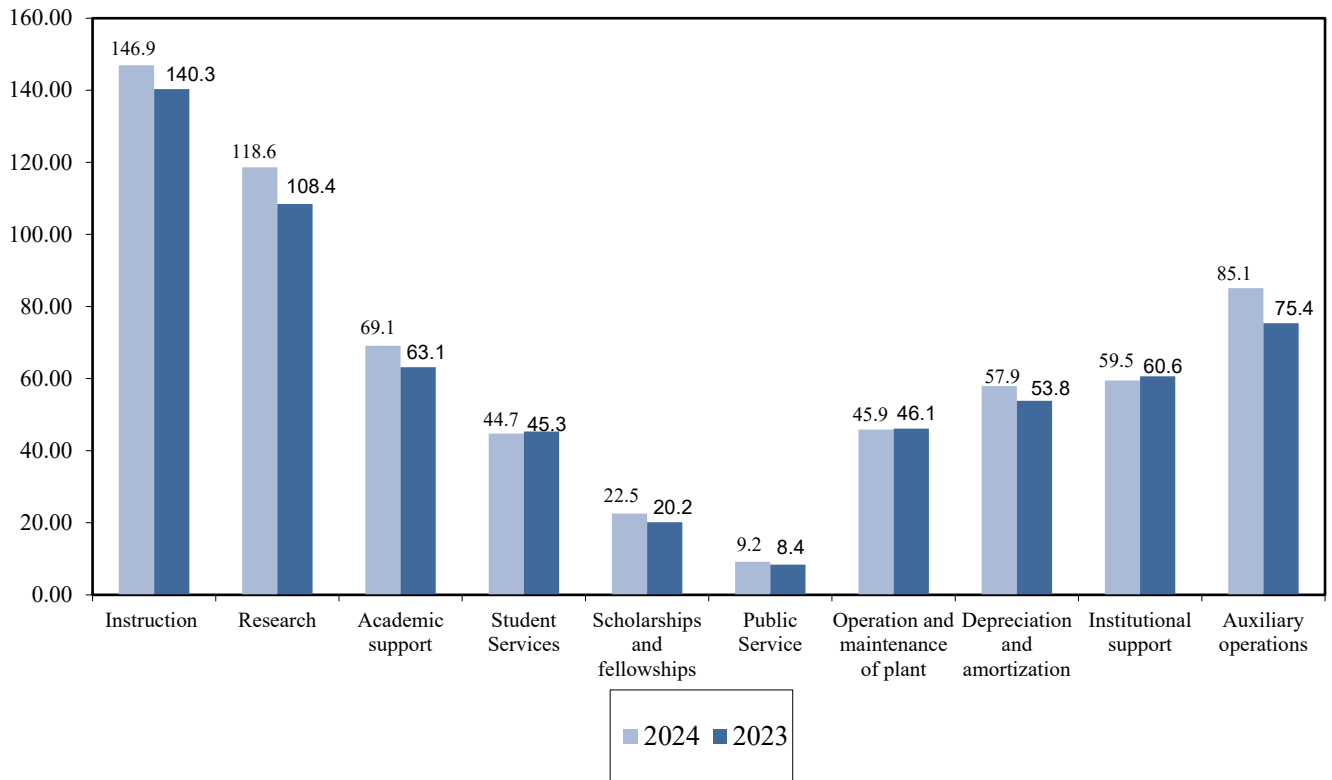
Operating Expenses

The operating expenses for the University totaled \$659.45 million in fiscal year 2024, up from \$621.69 million in 2023. This represents an increase of \$37.76 million, or 6.07%. As previously mentioned, a significant portion of this increase can be attributed to higher salary and benefit costs. This rise reflects both an increase in headcount and salary adjustments, which were necessary to support the University's operational needs.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited) - Continued

The bar chart below illustrates the University’s operating expenses by function for the fiscal years ended June 30, 2024, and 2023, excluding scholarship allowances applied against tuition and fee revenues.

Operating Expenses by Function
(Dollars in millions)

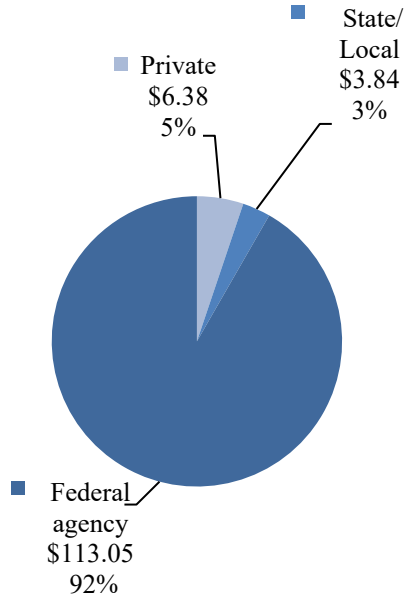


Grant and Contract Revenue

The recognition of revenue from grants and contracts occurs only after the associated services have been performed, meaning that awards received are not immediately reflected in the statement of revenues, expenses, and changes in net position.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited) - Continued

The following summary shows the breakdown of grants received from sponsoring agencies during fiscal year 2024, with chart detailing federal and nonfederal awards (dollars in millions).

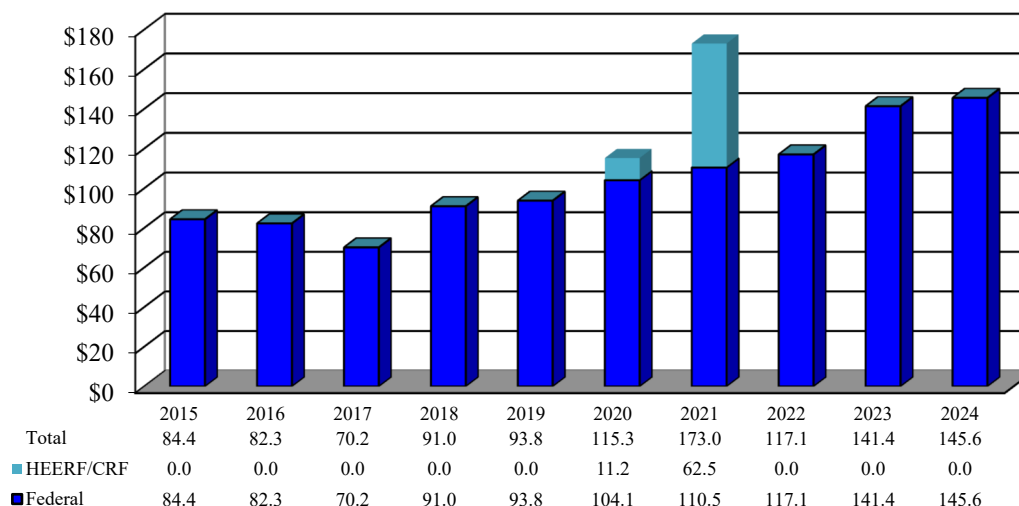


<u>Agency</u>	<u>Award</u>
Department of Commerce	\$ 31.10
Department of Health and Human Services	24.71
National Science Foundation	18.83
Department of Defense	11.62
Department of Agriculture	8.62
Agency for International Development	7.69
Other Federal Agencies	2.81
Department of Interior	1.79
Department of Homeland Security	1.72
Department of Energy	1.68
The Office of Education	1.28
National Aeronautic and Space Administration	1.20
Federal agency	113.05
State/Local	3.84
Private	6.38
Total	<u>\$123.27</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited) - Continued

For historical context, the bar chart illustrates the amount of grants awarded to the University over the past ten years, highlighting a significant increase from \$84.4 million in 2015 to \$145.6 million in 2024, representing a 72.5% growth. Notably, the substantial increase in 2021 can be attributed to funding from the Higher Education Emergency Relief Funds (HEERF) and the Coronavirus Relief Funds (CRF), which played a critical role in supporting the University during that period.

Awards for Competitive Sponsored Programs
(Dollars in millions)



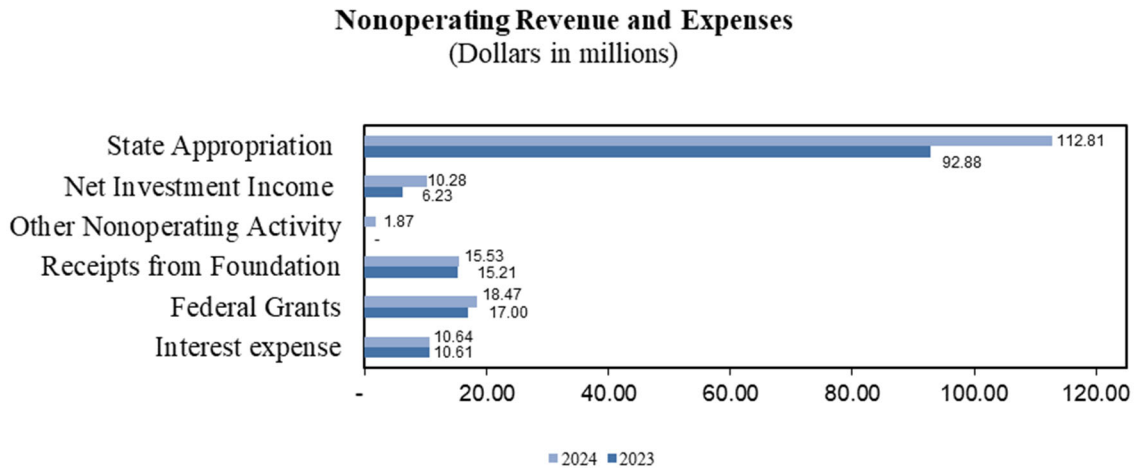
Nonoperating Revenues and Expenses

The State’s unrestricted appropriation represents the largest component of the University’s nonoperating revenues. The University has a long tradition of relying on State appropriation to support its operating expenses. In fiscal year 2024, the University received \$112.81 million in State appropriations for operations, up from \$92.88 million in 2023. Of this, \$105.4 million was for the ongoing general appropriation that the university uses to cover operating expenses, and the remainder reflected additional line-item budget allocations (e.g., State Crime Lab) and one-time adjustments from the State of Rhode Island. This increase of 15% in ongoing general state appropriation marks a historic investment by the State of Rhode Island in the University.

Overall, the increase in state appropriations reflects a positive trend and a renewed commitment by the state to invest in its flagship research university.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

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



Summary of Sources of Revenue

The following chart illustrates the breakdown of total revenues by category for the fiscal years ending June 30, 2024, and 2023. As previously discussed, revenues are categorized into Operating Revenues and Non-Operating Revenues. Additionally, "Other Revenue" includes significant capital contributions for fiscal year 2024:

- **Capital Appropriation from the State:** \$34.35 million
- **Capital Gifts from the Alumni Foundation:** \$3.33 million

Additional legislative commitments include:

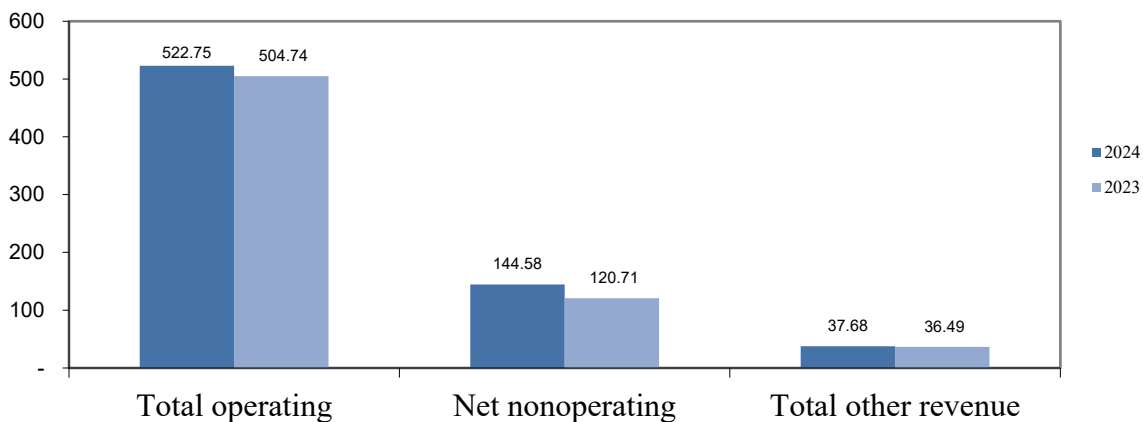
- **\$65.8 million** allocated for the athletics complex renewal (Rhode Island Capital Asset Protection funding).
- **\$20 million** in State Fiscal Resiliency Funding (SRFS) for a new water supply treatment system.

Additional information about the University's capital appropriations from the state can be found in Note 14 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

This comprehensive view highlights the various sources of revenue that contribute to the University's financial position, emphasizing the importance of both operating and non-operating income as well as external support from state appropriations and alumni contributions.

Revenues (Dollars in millions)



Component Units

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

URI Foundation and Alumni Engagement

The Foundation operates as an independent charitable organization aimed at encouraging private support for the University through development activities. It manages and administers assets donated for the benefit of the University. The Foundation's board is self-perpetuating and predominantly comprises graduates and friends of the University. While the University does not control the timing or amount of receipts from the Foundation, most resources received are donor-restricted for the University's activities. Consequently, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

URI Research Foundation

The Research Foundation's mission is to foster collaboration between industry and the University, supporting new technology ventures that drive economic growth and job creation. Its private, not-for-profit status allows it to engage in a wide range of technology transfer activities, including licensing, startup formation, equity investments, and intellectual property protection. While the Research Foundation shares research support with the University, including employees and facilities, it operates with its own independent board of trustees/directors. This relationship classifies the Research Foundation as a component unit of the University, which is also discretely presented in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

In FY 2024, the University received a total of \$15.53 million in payments from component units, reflecting an increase of \$0.32 million from FY 2023. Most of these funds came from the URI Foundation and Alumni Engagement, primarily serving as reimbursements for university operating expenses. Additionally, the University received \$3.33 million for the reimbursement of capital expenditures during the same fiscal year.

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

Using the Financial Statements

The University's financial statements are prepared in accordance with GASB principles, focusing on the institution as a whole rather than on individual funds or activities. The University reports its operations as a business-type activity, utilizing the economic measurement focus and the full accrual basis of accounting. This approach allows the University to recognize revenues when earned and expenses when incurred, providing a comprehensive view of its financial performance. As a component unit of the State of Rhode Island, the results of the University's operations, net position, and cash flows are summarized in the State's Annual Comprehensive Financial Report (ACFR). This report is derived from the State's government-wide financial statements, ensuring transparency and accountability in the University's financial reporting within the broader context of state finances.

The University's financial statements consist of three basic components:

1. **Statement of Net Position:** This statement presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, along with the resulting net financial position. Over time, changes in net position can indicate whether the University's financial health is improving or deteriorating.
2. **Statement of Revenues and Expenses and Changes in Net Position:** This statement details how the University's net position changed during the most recent fiscal year. It reports all changes in net position as soon as the events giving rise to those changes occur, regardless of when cash flows will actually take place. This means that revenues and expenses are recognized for items that may result in cash flows in future fiscal periods, such as payments for accrued compensated absences or amounts owed by students for services rendered.
3. **Statement of Cash Flows:** This statement is prepared using the direct method, which highlights net cash flows from operations as major classes of operating receipts (such as tuition and fees) and disbursements (like cash paid to employees for services).

These statements together provide a comprehensive overview of the University's financial position, performance, and cash flows. The financial statements can be found on pages 21 to 25 of this report.

The *notes* to the financial statements provide additional information essential to a full understanding of the data provided in the financial statements. They also provide information regarding both the accounting policies and procedures the University has adopted as well as

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 26 to 79 of this report.

Financial Health

Statement of Net Position

Net position can serve as a valuable indicator of the University's financial health over time. At the end of fiscal years 2024 and 2023, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$717.16 million and \$671.60 million, respectively, reflecting an increase of \$45.56 million in total net position. In fiscal year 2024, this increase includes a \$7.88 million rise in net position before capital contributions. Additionally, capital contributions contributed to the increase in net position in the amount of \$37.68 million, highlighting the importance of both operational performance and external funding in enhancing the University's financial stability.

On June 30, 2024, the University reported total assets of \$1.21 billion and deferred outflows of resources of \$25.21 million, compared to total assets of \$1.18 billion and deferred outflows of \$25.14 million in 2023. The total liabilities were \$494.76 million in 2024, a decrease from \$503.03 million in 2023, with deferred inflows of resources at \$26.73 million and \$26.29 million, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

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

	<u>2024</u>	<u>2023</u>
Current assets	\$ 313.56	273.10
Noncurrent assets	899.88	902.68
Total assets	<u>1,213.44</u>	<u>1,175.78</u>
Deferred outflows of resources	25.21	25.14
Total assets and deferred outflows of resources	<u>\$ 1,238.65</u>	<u>1,200.92</u>
Current liabilities	\$ 107.16	85.62
Noncurrent liabilities	387.60	417.41
Total liabilities	<u>494.76</u>	<u>503.03</u>
Deferred inflows of resources	26.73	26.29
Total liabilities and deferred inflows of resources	<u>\$ 521.49</u>	<u>529.32</u>
Net position:		
Net investment in capital assets	\$ 598.92	603.65
Restricted, expendable	3.68	3.67
Unrestricted	<u>114.56</u>	<u>64.28</u>
Total net position	<u>\$ 717.16</u>	<u>671.60</u>

Restricted Expendable Net Position

The restricted expendable net position includes resources that are subject to external restrictions on their use. As of June 30, 2024, and 2023, these resources account for approximately 0.5% of the University's total net position. These resources consist of federal and institutional funds designated for student loans, reflecting the University's commitment to supporting student financial aid while adhering to external funding requirements.

Unrestricted Expendable Net Position

Net positions that are not subject to restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation are classified as unrestricted expendable net position. As of June 30, 2024, and 2023, the University's unrestricted expendable net position represents 15.97% and 9.57% of the net position, respectively. At year end, this net position is designated or committed for goods and services that have not yet been received, for example working capital for auxiliary enterprise, and departmental activities, payment of annual debt service, capital improvements, equipment replacement, scholarships, and new faculty startup costs, including lab renovation and matching funds.

The University's current assets include cash and equivalents, short-term investments, cash held by the State Treasurer, accounts receivable, lease receivable, inventories, and prepayments, while current liabilities consist of accounts payable, accrued expenses, unearned revenues, funds held for others and the current portion of compensated absences, long-term debts and lease and subscription-based information technology arrangement obligations. Compensated absences represent accumulated vacation, sick leave, and deferred compensation that will be used or paid in

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

future years. The current ratio (current assets divided by current liabilities), which measures the University's liquidity, remains positive: 2.93 to 1 and 3.19 to 1 as of June 30, 2024, and 2023, respectively.

Investments in Capital Assets

The largest portion of the University's net position, \$598.92 million and \$603.65 million, as of June 30, 2024, and 2023, respectively, reflects its investment in capital assets (such as land, buildings, machinery, and equipment), net of any related outstanding debts used to acquire, construct, improve, or rehabilitate those assets. This represents approximately 84% for fiscal year 2024 and 90% for fiscal year 2023 of net position. These capital assets are essential for providing services to students, faculty, and administration, and therefore, are not available for future spending.

While the University's investment in capital assets is reported net of related debt, it is important to note that the resources required to repay this debt must come from other sources, as the capital assets themselves cannot be liquidated to settle the debt. Financing for certain capital projects is also provided by the issuance of revenue bonds by the Rhode Island Health and Educational Building Corporation, a quasi-public state agency. Additionally, the State regularly supports capital projects through the issuance of general obligation bonds and capital appropriations from the Rhode Island Capital Plan Fund. However, any borrowings made by the State for these purposes are not reflected in the University's financial statements.

Capital Plan

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

Capital Assets and Debt Administration

The Board of Trustees submits a comprehensive five-year capital improvement plan to the General Assembly and the State annually. For the period covering fiscal years 2024-2028, the University's capital improvement plan totals \$1.37 billion. This plan encompasses all continuing and planned projects exceeding \$1 million, regardless of their funding status. This extensive plan serves as a foundation for discussions regarding the funding of various projects, leveraging all available funding sources to support the University's infrastructure and development needs. By outlining both ongoing and future initiatives, the plan helps prioritize projects and facilitates strategic planning for capital expenditures.

The University's capital assets, as of June 30, 2024, and 2023, net of accumulated depreciation and amortization, amounts to \$867.05 million and \$864.07 million, respectively. This investment encompasses land, buildings (including improvements), furnishings and equipment and subscription-based information technology arrangements. During fiscal year 2024, capital assets increased by \$2.98 million, following a decrease of \$2.89 million in fiscal year 2023. The increase

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

of \$2.98 million is made up of net capital additions totaling \$56.18 million, offset by related depreciation of \$53.20 million.

Major Capital Additions in Fiscal Year 2024:

- Improvements to the Fine Arts Center: \$10.29 million
- Building Improvements at Narragansett Bay Campus: \$8.98 million
- Athletic Complex Improvements: \$5.99 million
- Utilities Infrastructure Improvements: \$5.67 million
- Student Housing Renovations: \$3.6 million
- PFAS Mitigation: \$2.45 million

Legal title to all land and real estate assets is held by the University of Rhode Island, Board of Governors, Board of Trustees, or the State.

A summary of net capital asset balances is presented below (dollars in millions):

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 64.05	\$ 46.58
Building and Improvements	700.80	719.82
Furnishings and equipment	37.54	37.68
Right of use assets	18.57	16.85
Construction in progress	46.09	43.14
Total	<u>\$ 867.05</u>	<u>\$ 864.07</u>

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

Debt

As of June 30, 2024, and 2023, the University had \$281.34 million and \$294.89 million, respectively, in outstanding debt, reflecting a decrease of \$13.55 million in 2024 and a decrease of \$.58 million in 2023 over fiscal year 2022. The decrease in 2023 is primarily attributable to principal payments offset by the June 2023 issuance of Series 2023 RIHEBC bonds in the amount of \$15.44 million. These proceeds are designated for engineering and construction upgrades and component replacements for five municipal-level utility systems on the University's Kingston campus.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited) - Continued

The table below summarizes the types of debt instruments (dollars in millions).

	<u>2024</u>	<u>2023</u>
Loans payable	\$ 0.35	0.15
Lease obligations	6.58	7.01
Subscription obligations	10.18	8.56
Due to primary government	14.12	15.79
Revenue bonds	250.11	263.38
Total	<u>\$ 281.34</u>	<u>294.89</u>

Economic Factors that Will Affect the Future

The University is a tuition-dependent institution, thus attention to strategic enrollment management is a critical element of the University’s financial stability and self-sufficiency. Over the past eight years, the University has experienced strong enrollment driven by record number of applications. Recognizing an increased competition for students and demographic trends of fewer college age students, the University has expanded its recruitment to include growth areas throughout the country, for example, in the Mid-Atlantic and Northern Virginia. Furthermore, the University’s in-state and out-of-state tuition rates are extremely competitive when compared to our New England competitors.

The University is sensitive to the rising costs of higher education and strives to achieve efficiencies to limit the size of tuition and fee increases. The University approved an increase in tuition from 2023 to 2024 of 3.9% for in-state students and 4.5% for out-of-state students.

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

Fiscal Planning

To protect the long-term financial health of the institution, the University is embarking on a budget model transformation effort that will result in an incentive-based budget philosophy once fully implemented in FY26. This will allow the University to execute on the bold vision and strategic priorities as outlined in our recently completed ‘Focus URI’ Strategic Plan. The intention is that this transition will allow for greater financial transparency, empowerment of decision-makers across the institution, alignment of accountability and responsibility, and the ability to plan more effectively. In turn, this should unlock revenue potential while also more clearly identifying ways to streamline services, where appropriate.

Institutional fund balance, in addition to traditional sources of revenue such as tuition & fees, state appropriations, etc., will continue to support approved strategic initiatives until sufficient incremental resources are able to be generated. A multi-year financial plan is currently under development and will provide University leadership the ability to better understand long-term financial implications of investments being considered.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

Requests for Information

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

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Statement of Net Position
June 30, 2024

Assets and Deferred Outflows of Resources

	University of Rhode Island	Component Units
Current Assets:		
Cash and equivalents (Note 2)	\$ 225,794,939	\$ 24,205,817
Short-term investments (Note 2)	12,901,006	-
Net funds on deposit with primary government	3,058,588	-
Accounts receivable, net (Note 3)	53,702,853	2,455,604
Due from primary government	13,532,167	-
Current portion of pledges receivable	-	7,494,776
Inventory and other current assets	4,573,916	449,535
Total Current Assets	313,563,469	34,605,732
Noncurrent Assets:		
Cash and equivalents – restricted (Note 2)	2,478,616	-
Funds on deposit with bond trustee	24,601,204	-
Investments (Note 2)	-	284,039,322
Pledges receivable, net of current portion	-	3,271,089
Loans receivable, net (Note 4)	4,465,898	-
Other noncurrent assets (Note 6)	1,283,519	-
Capital assets, being depreciated, net (Note 5)	818,767,651	3,467,298
Capital assets, not being depreciated (Note 5)	48,279,651	453,157
Total Noncurrent Assets	899,876,539	291,230,866
Total Assets	1,213,440,008	325,836,598
Deferred Outflows of Resources:		
Deferred loss on debt refunding	4,744,812	-
Deferred outflows of resources related to pension (Note 8)	13,250,173	-
Deferred outflows of resources related to OPEB (Note 9)	7,210,284	-
Total Deferred Outflows of Resources	25,205,269	-

See accompanying notes to the financial statements.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Statement of Net Position
June 30, 2024

Liabilities, Deferred Inflows of Resources and Net Position

	University of Rhode Island	Component Units
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 61,748,530	\$ 2,973,405
Compensated absences (Note 7)	2,385,495	-
Unearned revenue	18,871,827	-
Current portion of due to primary government (Note 7)	1,790,000	-
Current portion of bonds and loans payable (Note 7)	15,739,724	-
Other current liabilities (Note 6)	6,620,955	2,862,423
Total Current Liabilities	107,156,531	5,835,828
Noncurrent Liabilities:		
Compensated absences (Note 7)	23,304,630	-
Due to primary government (Note 7)	12,330,000	-
Bonds and loans payable (Note 7)	234,723,733	-
Gift annuity payable	-	1,489,352
Grant refundable (Note 7)	3,251,574	-
Net pension liability (Note 8)	89,813,710	-
Net OPEB liability (Note 9)	14,042,150	-
Other noncurrent liabilities (Note 6)	10,139,043	760,241
Total Noncurrent Liabilities	387,604,840	2,249,593
Total Liabilities	494,761,371	8,085,421
Deferred Inflows of Resources:		
Deferred inflows of resources related to pension (Note 8)	8,592,764	-
Deferred inflows of resources related to OPEB (Note 9)	16,856,377	-
Deferred inflows of resources related to leases (Note 6)	1,278,532	-
Total Deferred Inflows of Resources	26,727,673	-
Net Position:		
Net investment in capital assets	598,922,859	3,160,214
Restricted:		
Expendable (Note 11)	3,671,571	160,562,387
Nonexpendable	-	139,441,344
Unrestricted	114,561,803	14,587,232
Total Net Position	\$ 717,156,233	\$ 317,751,177

See accompanying notes to the financial statements.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Statement of Revenues and Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	<u>University of Rhode Island</u>	<u>Component Units</u>
Operating Revenues:		
Tuition and fees	\$ 396,310,311	\$ -
Residence, dining, student union, and health fees	95,024,545	-
Less: scholarship allowances	<u>(140,539,860)</u>	<u>-</u>
Net Student Fees	350,794,996	-
Federal, state, local, and private grants and contracts	123,270,188	9,170,437
Other auxiliary enterprises	25,127,921	-
Other sources	<u>23,555,146</u>	<u>1,311,746</u>
Total Operating Revenues	<u>522,748,251</u>	<u>10,482,183</u>
Operating Expenses (Note 13):		
Instruction	146,941,306	-
Research	118,624,760	9,961,127
Academic support	69,099,687	-
Student services	44,724,142	-
Scholarships and fellowships	22,541,178	-
Public service	9,179,927	-
Operation and maintenance of plant	45,846,622	953,151
Depreciation and amortization	57,943,149	293,803
Institutional support	59,469,820	5,671,051
Auxiliary operations	<u>85,080,803</u>	<u>-</u>
Total Operating Expenses	<u>659,451,394</u>	<u>16,879,132</u>
Net Operating Loss	<u>(136,703,143)</u>	<u>(6,396,949)</u>
Nonoperating Revenues (Expenses):		
State appropriation (Note 14)	112,812,387	-
Federal grants	18,469,091	-
Net investment income	10,282,337	2,785,612
Endowment income	-	25,541,886
Private gifts and contributions	-	24,462,374
Payments (to)/from component units	15,527,634	(14,126,467)
Other Non-operating activity	(1,868,669)	1,248,327
Interest expense	<u>(10,639,118)</u>	<u>-</u>
Net Nonoperating Revenues	<u>144,583,662</u>	<u>39,911,732</u>
Increase in Net Position		
Before Capital Contributions	7,880,519	33,514,783
Capital Contributions:		
Capital appropriations (Note 14)	34,337,175	-
Capital gifts	<u>3,334,104</u>	<u>(3,334,104)</u>
Increase in Net Position	45,551,798	30,180,679
Net Position, Beginning of Year	<u>671,604,435</u>	<u>287,570,498</u>
Net Position, End of Year	<u>\$ 717,156,233</u>	<u>\$ 317,751,177</u>

See accompanying notes to the financial statements.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Statement of Cash Flows
For the Year Ended June 30, 2024

	University of Rhode Island
Cash Flows From Operating Activities:	
Tuition and fees	\$ 349,773,115
Federal, state, local, and private grants	124,198,591
Payments to suppliers	(185,982,574)
Payments to employees	(391,835,015)
Payments for scholarships, fellowships, and sponsored programs	(36,304,320)
Other auxiliary enterprises	24,957,760
Other sources	15,085,513
Federal student loan program - Direct Lending Receipts	85,697,256
Federal student loan program - Direct Lending Payments	<u>(85,697,256)</u>
Net Cash Used by Operating Activities	<u>(100,106,930)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	112,812,387
Federal grants	18,469,091
Other non-operating activities	(1,868,669)
Payments from component units	<u>15,527,634</u>
Net Cash Provided by Noncapital Financing Activities	<u>144,940,443</u>
Cash Flows from Capital and Related Financing Activities:	
Capital contributions	36,680,056
Purchase of capital, including right of use assets	(38,914,961)
Proceeds from issuance of loans	306,057
Principal paid on capital debt, leases and subscriptions	(24,229,822)
Interest paid on capital debt, leases, subscriptions	(9,810,246)
Bond funds sent by Trustee to the University	<u>5,629,936</u>
Net Cash Used by Capital and Related Financing Activities	<u>(30,338,980)</u>
Cash Flows from Investing Activity:	
Acquisition of short-term investments	(12,851,049)
Cash received from sale of short-term investments	12,271,543
Net investment income	<u>10,282,337</u>
Net Cash Provided by Investing Activities	<u>9,702,831</u>
Net Increase in Cash and Equivalents	24,197,364
Cash and Equivalents, Beginning of the Year	<u>204,076,191</u>
Cash and Equivalents, End of the Year	<u>\$ 228,273,555</u>

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Statement of Cash Flows - Continued
For the Year Ended June 30, 2024

**University of
Rhode Island**

Reconciliation of Net Operating Loss to Net Cash Applied to

Operating Activities:

Net operating loss	\$ (136,703,143)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation and amortization	57,943,149
Loss on disposal of assets	1,445,310
Bad debt expense	(1,981,374)
Changes in assets and liabilities:	
Net funds on deposit with primary government	(2,688,295)
Accounts receivable	(361,265)
Due from primary government	(11,143,729)
Inventory and other current assets	497,776
Other noncurrent assets	(431,358)
Loans receivable	584,289
Accounts payable and accrued liabilities	2,600,266
Net pension liability	(5,944,038)
Deferred outflows of resources related to pension	(1,875,769)
Deferred inflows of resources related to pension	(598,755)
Net OPEB liability	(7,334,901)
Deferred outflows of resources related to OPEB	1,406,276
Deferred inflows of resources related to OPEB	637,243
Compensated absences	1,427,435
Unearned revenue	3,035,555
Grant refundable	(621,602)

Net Cash Used by Operating Activities **\$ (100,106,930)**

Noncash Transactions:

Capital gifts	\$ 991,223
Accounts Payable and retainage related to capital assets	\$ 16,481,239
Acquisition of right-to-use lease and subscription assets	\$ 10,376,506

Cash Flow Information

For purposes of the statement of cash flows, cash and equivalents are comprised of the following at June 30, 2024:

Cash and equivalents	\$ 225,794,939
Restricted cash and equivalents	<u>2,478,616</u>
	<u>\$ 228,273,555</u>

See accompanying notes to the financial statements.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements
For the Year Ended June 30, 2024

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

Organization

The University of Rhode Island (the "University") is a State Land-Sea-and-Urban-Grant University. Chartered in 1951, the University offers undergraduate and graduate degree programs of study and also confers doctoral degrees. The University has three campuses throughout Rhode Island in addition to the main campus located in Kingston. The University is accredited by the New England Commission of Higher Education. In addition, certain courses and programs of study have been approved by national accrediting agencies. The University is supported by the State of Rhode Island (the "State") and is a component unit of the State of Rhode Island. Effective February 1, 2020, the University is governed by the Board of Trustees of the University of Rhode Island.

The Board of Trustees, consisting of 17 members, was appointed by the Governor with the advice and consent of the Rhode Island Senate. The Board of Trustees is dedicated solely to the University and exercises similar powers and authority as was previously exercised by the Council on Postsecondary Education, including oversight of employment and the University's property, purchases, and procurement. The University President reports to the Board of Trustees.

Prior to February 2020, the University was governed by the Rhode Island Board of Education (the "BOE") (successor to the Board of Governors for Higher Education effective January 1, 2013), a body politic and corporate established under Chapter 97 of Title 16 of the General Laws of Rhode Island. The BOE consists of public members appointed by the Governor.

Basis of Presentation

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

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

The University's policies for defining operating activities in the statement of revenues and 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 University's operating and capital appropriations from the State, net investment income, gifts, certain federal financial aid grants, and interest expense.

Component Units

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

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and primarily consists of graduates and friends of the University. Although the University 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 University by the donors. Because these resources held by the Foundation can only be used by, or are for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation's mission is to promote industry and University collaboration and new technology ventures for economic growth and job creation. The Research Foundation's unique private, not-for-profit status allows it to support a broad range of technology transfer activities, including licensing, startup company formation, equity investments, and intellectual property protection. The Research Foundation is affiliated with the University by sharing research support including employees and space; however, each organization has its own independent board of trustees/directors. The Research Foundation obtains significant managerial and financial support from the University, including the provision of operational costs. Because of this relationship, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the year ended June 30, 2024, the Foundation distributed \$17,758,493 to the University for both restricted and unrestricted purposes.

As of June 30, 2024, the component units have a liability to the University of \$2,829,300 which is reflected in other current liabilities. The University has an offsetting receivable recorded for the same amount included in accounts receivable.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

The University has a fundraising agreement with the Foundation and recognized expense of \$7,233,000. The University has a support agreement with the Research Foundation and recognized expense of \$118,500.

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

The condensed statements of net position of the Foundation and the Research Foundation as of June 30, 2024 are as follows:

	Foundation	Research Foundation	Eliminations	Total
Current assets	\$ 32,486,589	\$ 3,075,324	\$ (956,181)	\$ 34,605,732
Noncurrent assets	287,522,667	3,708,199	-	291,230,866
Total assets	<u>320,009,256</u>	<u>6,783,523</u>	<u>(956,181)</u>	<u>325,836,598</u>
Current liabilities	5,264,442	1,527,567	(956,181)	5,835,828
Noncurrent liabilities	1,489,352	760,241	-	2,249,593
Total liabilities	<u>6,753,794</u>	<u>2,287,808</u>	<u>(956,181)</u>	<u>8,085,421</u>
Net position:				
Net investment in capital assets	1,628,796	1,531,418	-	3,160,214
Restricted:				
Expendable	160,562,387	-	-	160,562,387
Nonexpendable	139,125,523	315,821	-	139,441,344
Unrestricted	11,938,756	2,648,476	-	14,587,232
Total net position	<u>\$ 313,255,462</u>	<u>\$ 4,495,715</u>	<u>\$ -</u>	<u>\$ 317,751,177</u>

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

The condensed statements of revenues, expenses and changes in net position of the Foundation and the Research Foundation for the year ended June 30, 2024 are as follows:

	Foundation	Research Foundation	Total
Operating Revenues:			
Federal, state, local, and private grants and contracts \$	-	\$ 9,170,437	\$ 9,170,437
Other sources	-	1,311,746	1,311,746
Total Operating Revenues	-	10,482,183	10,482,183
Operating Expenses:			
Research	-	9,961,127	9,961,127
Operation and maintenance of plant	-	953,151	953,151
Depreciation	138,678	155,125	293,803
Institutional support	5,671,051	-	5,671,051
Total Operating Expenses	5,809,729	11,069,403	16,879,132
Net Operating Loss	(5,809,729)	(587,220)	(6,396,949)
Nonoperating Revenues (Expenses):			
Net investment income (loss)	2,620,547	165,065	2,785,612
Endowment income	25,541,886	-	25,541,886
Private gifts	24,454,374	8,000	24,462,374
Gifts from (to) the University	(14,486,908)	360,441	(14,126,467)
Miscellaneous receipts	1,076,113	172,214	1,248,327
Net Nonoperating Revenues	39,206,012	705,720	39,911,732
Increase in Net Position Before Capital Gifts	33,396,283	118,500	33,514,783
Capital Gifts	(3,334,104)	-	(3,334,104)
Increase in Net Position	30,062,179	118,500	30,180,679
Net Position, at Beginning of Year,	283,193,283	4,377,215	287,570,498
Net Position, at End of Year	\$ 313,255,462	\$ 4,495,715	\$ 317,751,177

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

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

Net Position

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

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

Restricted – Nonexpendable: The portion of net position subject to externally imposed conditions requiring that they be maintained in perpetuity.

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

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

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

Cash and Equivalents

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

Investments

The University has investments in certificates of deposits are stated at fair value.

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value in three levels based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for assets or liabilities categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Allowance for Doubtful Accounts

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

Inventories

Inventories are stated at the lower of cost (first-in, first-out, and retail inventory method) or market, and consist primarily of bookstore, dining, health, and residential life services items. Inventory for the year ended June 30, 2024 totaled \$3,190,433.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

Capital Assets

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

Leases - Lessee

The University determines if an arrangement is a lease at inception. Leases are included in right-of-use assets and other current and noncurrent liabilities in the Statement of Net Position.

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

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

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

The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the Statement of Net Position.

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

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

The University accounts for contracts containing both lease and non-lease components as separate contracts.

Leases – Lessor

The University determines if an arrangement is a lease at inception. Leases are included in other current and noncurrent assets and deferred inflows of resources related to leases in the Statement of Net Position.

Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The University 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 of resources related to leases on the Statement of Net Position.

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

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For the Year Ended June 30, 2024

Subscription-Based Information Technology Arrangements (SBITAs)

The University determines if a subscription arrangement is a SBITA at inception. SBITAs are included in right-of-use assets and other current and noncurrent liabilities in the Statement of Net Position.

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

SBITA liabilities represent the University's obligation to make subscription payments arising from the arrangement. SBITA liabilities are recognized at the commencement date based on the present value of expected subscription payments over the subscription term. Interest expense is recognized ratably over the subscription term.

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

The University has elected to recognize payments for short-term SBITAs with a term of 12 months or less as expenses as incurred, and these SBITAs are not included as SBITA liabilities or right-to-use SBITA assets on the Statement of Net Position.

The individual subscription arrangements do not provide information about the discount rate implicit in the arrangement. Therefore, the University has elected to use its incremental borrowing rate to calculate the present value of expected subscription payments.

The University accounts for subscriptions containing both subscription and non-subscription components as separate arrangements.

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For the Year Ended June 30, 2024

Compensated Absences

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

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

Pensions

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

Post-employment Benefits

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

Health Insurance

The State offers various State paid health plans to each of its participating agencies. The premiums for these plans are divided among the agencies based upon the number of eligible employees. All employees share in healthcare costs. Employee contributions ranged from 15% to 25% of healthcare premiums for non-classified and classified staff. Part-time employee contributions are based on part-time salary. The costs are automatically deducted through the payroll system on a biweekly basis. The University pays the balance of the healthcare costs. Expenses incurred by the University for the 2024 healthcare premiums amounted to \$48,628,652. Employee contributions for the 2024 fiscal year were \$9,355,599.

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For the Year Ended June 30, 2024

Assessed Fringe Benefit Administrative Fund

In July 2000, the State established the Assessed Fringe Benefit Administrative Fund. This fund is used to make all payments relating to workers' compensation charges, unemployment compensation payments, and payments to employees for unused vacation and sick leave at the time of retirement or termination from State service. The State funds this account by assessing a charge based on biweekly payrolls of all State agencies. The weighted average fringe benefit assessment rates for 2024 were 3.95% for non-faculty and 3.30% for faculty. The assessed fringe benefit cost for the University was approximately \$8,416,146 for fiscal 2024.

Student Deposits and Unearned Revenue

Student deposits and advance payments received for tuition and fees for the following academic year are recorded as unearned revenue in the current year and as earned revenue in the following year. Additionally, revenue related to certain summer session terms are recorded as unearned revenue in the current year and as earned revenue in the following year.

Student Fees

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

Tax Status

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

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Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

Use of Estimates

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

Risk Management

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

The University is insured for general liability with policy limits of \$1 million per claim and \$2 million in the aggregate with a \$500,000 deductible and Excess Liability Coverage with limits of \$20 million. Coverage under the General Liability Policy extends to faculty, staff, students, and volunteers acting within the scope of their duties on behalf of the University. Employed healthcare providers are covered under an institutional medical malpractice policy, including a separate policy covering physicians. This policy does not apply to actions relating to federal/civil rights, eminent domain, and breach of employment contract. Such claims are covered under the Educator's Legal Liability policy which provides \$10 million of coverage to directors, officers and the Board of Trustees, and covers claims of discrimination, wrongful termination, and failure to grant tenure.

Crime coverage for University employees is carried with a limit of \$10 million and a deductible of \$100,000.

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For the Year Ended June 30, 2024

Buildings and contents are insured against fire, theft, and natural disaster to the extent that losses exceed \$200,000 per incident and do not exceed \$260 million. A separate inland marine policy insures specifically listed property items such as computer equipment, valuable papers, fine arts, contractors' equipment, and miscellaneous property at various limits of insurance and deductibles. The University also maintains Hull, Property & Indemnity coverage on a specific schedule of watercraft. This policy has a limit of \$14 million. The hull limits vary by vessel with various deductibles and includes the University's 184-foot research vessel.

All vehicles are insured for liability through a State run insurance program. Automobile coverage consists of a \$500,000 deductible and a \$500,000 excess policy, providing a total of \$1 million of coverage. Claims within the \$500,000 deductible are paid for by the University and adjusted by a third party administrator. Workers' compensation, unemployment, and employee health and life insurance claims are self-insured and managed by the State.

The amount of settlements has not exceeded insurance coverage in the years ended June 30, 2022, 2023, or 2024.

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

Cash and Equivalents

The University's policy is in accordance with Chapter 35-10.1 of the Rhode Island General Laws dealing with the Public Finance, which states that any depository institution holding public deposits shall insure or pledge eligible collateral equal to one hundred percent (100%) with any time deposit with maturities greater than sixty (60) days. If any depository institution does not meet its minimum capital standards as prescribed by its federal regulator, they shall insure or pledge eligible collateral equal to one hundred percent (100%) of all public deposits.

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For the Year Ended June 30, 2024

The University does not have a policy for custodial credit risk associated with deposits. At June 30, 2024, the carrying amount of the University's cash deposits was \$154,641,342, and the bank balance was \$156,828,528. Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are:

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

Of the bank balance, \$100,461,954 was covered by federal depository insurance ("FDIC"), and \$56,309,274 was collateralized with securities held by the pledging financial institution in the University's name as of June 30, 2024. The remaining amount, \$57,300, was uninsured and uncollateralized. The insured balance reflects FDIC insurance and guarantee programs in effect during 2024.

At June 30, 2024, the University had investments (cash equivalents) consisting of \$73,636,423 in the Ocean State Investment Pool Trust ("OSIP"), an investment pool established by the State General Treasurer. The University's investment accounted for 4.62% of the total investment in OSIP at June 30, 2024. Agencies, authorities, commissions, boards, municipalities, political subdivisions, and other public units of the State may invest in OSIP. OSIP has met the criteria outlined in GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*, to permit election to report its investments at amortized cost which approximates fair value. The OSIP is not rated, and the weighted average maturity of investments held in the pool, by policy, is not to exceed 60 days. OSIP transacts with its participants at a stable net asset value ("NAV") per share. Investments reported at the NAV are not subject to the leveling categorization. There are no participant withdrawal limitations. OSIP issues a publicly available financial report that can be obtained by writing to the Office of the General Treasurer, Finance Department, 50 Service Avenue – 2nd Floor, Warwick, RI 02886.

Investments

The University fund holds investments exclusively in negotiable certificates of deposit (CDs). These CDs have maturities of less than one year, ensuring liquidity and minimizing interest rate risk.

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Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy mitigates credit risk by limiting investments to certificates of deposit issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) and ensuring that the value of an investment in any single issuer does not exceed the FDIC insurance limit.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's policy to limit this risk includes investing in multiple CDs across different federally insured depository institutions.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Since all CDs held by the University have maturities of less than one year, interest rate risk is minimized.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a financial institution failure, the proprietary University's deposits may not be returned. This risk is mitigated as all CDs are held with institutions insured by the FDIC and within insured limits.

Fair Value Measurements

The University measures its negotiable CDs at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The CDs are valued using observable inputs such as interest rates and yield curves observable at commonly quoted intervals.

	Fair Value Measurement Using		
	Quoted Prices in Active Markets	Significant Other Observable Inputs	Unobservable Inputs Based on Best Information Available
Investment Type:	Level 1	Level 2	Level 3
Certificates of deposit	\$ -	\$ 12,901,006	\$ -

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Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

Funds on Deposit with Bond Trustee

The deposit with bond trustee is invested in money market funds with First American Treasury Obligations Fund. These funds are uninsured but invest exclusively in short-term U.S. Treasury obligations, including repurchase agreements secured by U.S. Treasury obligations. As of June 30, 2024, the First American Treasury Obligations Fund had a rating of AAAM by Standard and Poor's and Aaa-mf by Moody's.

Component Units

The Foundation and the Research Foundation's investments at June 30, 2024 are reported at fair market value and are composed of the following:

	Foundation	Research Foundation	Total
Equity Securities	\$ 135,485,617	\$ -	\$ 135,485,617
Fixed Income	67,637,989	-	67,637,989
Capital Funds	27,762,546	-	27,762,546
Hedge Funds	51,682,367	-	51,682,367
Real Assets Funds	54,263	-	54,263
Equity Investment in Private Company	-	1,416,540	1,416,540
	<u>\$ 282,622,782</u>	<u>\$ 1,416,540</u>	<u>\$ 284,039,322</u>

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

Note 3 - **Accounts Receivable**

Accounts receivable, which are anticipated to be collected within one year, include the following at June 30, 2024:

Student accounts receivable	\$	13,329,863
Grants receivable		10,787,041
Unbilled grants receivables		23,452,667
Other receivables		12,386,435
		59,956,006
Less: allowance for doubtful accounts		(6,253,153)
	\$	53,702,853

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For the Year Ended June 30, 2024

Note 4 - **Loans Receivable**

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

Loans receivable include the following at June 30, 2024:

Perkins loans	\$	693,800
Nursing loans		1,607,320
Health profession loans		2,064,938
Other		<u>348,525</u>
		4,714,583
Less: allowance for doubtful accounts		<u>(248,685)</u>
	\$	<u><u>4,465,898</u></u>

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

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For the Year Ended June 30, 2024

Note 5 - **Capital Assets**

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

	Estimated lives (in years)	Beginning balance	Additions	Reductions	Reclassifi- cations	Ending balance
Capital assets not depreciated:						
Land		\$ 2,187,121	\$ -	\$ -	\$ -	\$ 2,187,121
Construction in progress		43,140,995	42,580,261	-	(39,628,726)	46,092,530
Total not depreciated		<u>45,328,116</u>	<u>42,580,261</u>	<u>-</u>	<u>(39,628,726)</u>	<u>48,279,651</u>
Capital assets depreciated:						
Land improvements	15-25	96,888,944	-	-	21,538,823	118,427,767
Buildings, including improvements	10-50	1,236,529,238	-	(97,600)	18,089,903	1,254,521,541
Furnishings and equipment	5-15	137,280,019	8,324,827	(4,387,443)	-	141,217,403
Right of use assets amortized:						
Land	20	97,827	3,208	(7,441)	-	93,594
Buildings	3-35	8,373,079	226,129	(80,265)	-	8,518,943
Equipment	2-6	274,127	153,528	(486)	-	427,169
SBITAs	1-17	15,682,824	11,082,874	(1,614,903)	-	25,150,795
Total depreciated		<u>1,495,126,058</u>	<u>19,790,566</u>	<u>(6,188,138)</u>	<u>39,628,726</u>	<u>1,548,357,212</u>
Less accumulated depreciation:						
Land improvements		52,492,549	4,070,357	-	-	56,562,906
Building, including improvements		516,710,910	37,068,089	(52,460)	-	553,726,539
Furnishings and equipment		99,604,625	8,001,013	(3,924,493)	-	103,681,145
Right of use assets amortized:						
Land		21,740	594,005	(586,517)	-	29,228
Buildings		1,820,247	712,699	(7,246)	-	2,525,700
Equipment		110,823	93,345	(12,123)	-	192,045
SBITAs		5,628,346	7,403,641	(159,989)	-	12,871,998
Total accumulated depreciation		<u>676,389,240</u>	<u>57,943,149</u>	<u>(4,742,828)</u>	<u>-</u>	<u>729,589,561</u>
Capital assets, net		<u>\$ 864,064,934</u>	<u>\$ 4,427,678</u>	<u>\$ (1,445,310)</u>	<u>\$ -</u>	<u>\$ 867,047,302</u>

Note 6 - **Leases and SBITAs**

Leases

The University leases land and equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2034.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years Ending June 30:			
2025	\$ 699,068	\$ 216,427	\$ 915,495
2026	708,568	191,932	900,500
2027	704,653	167,233	871,886
2028	665,502	143,612	809,114
2029	657,282	120,261	777,543
2030-2034	3,141,189	254,947	3,396,136
Total minimum lease payments	<u>\$ 6,576,262</u>	<u>\$ 1,094,412</u>	<u>\$ 7,670,674</u>

The University, acting as lessor, leases building space under long-term, non-cancelable lease agreements. The leases expire at various dates through 2037 and certain leases provide for renewal options of up to five years. During the year ended June 30, 2024, the University recognized \$226,361 and \$71,865 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received by the University as rental income under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years Ending June 30:			
2025	\$ 83,510	\$ 46,307	\$ 129,817
2026	87,530	43,280	130,810
2027	90,644	40,129	130,773
2028	93,817	36,966	130,783
2029	104,518	33,251	137,769
2030-2034	620,509	104,586	725,095
2035 and thereafter	286,501	14,606	301,107
Total minimum lease payments	<u>\$ 1,367,029</u>	<u>\$ 319,125</u>	<u>\$ 1,686,154</u>

SBITAs

The University has entered into various SBITAs under long-term, non-cancelable subscription arrangements. The SBITAs expire at various dates through 2029.

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Total future minimum SBITA payments under subscription arrangements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years Ending June 30:			
2025	\$ 5,921,887	\$ 192,723	\$ 6,114,610
2026	2,131,606	87,637	2,219,243
2027	1,143,182	39,632	1,182,814
2028	484,794	17,962	502,756
2029	<u>502,267</u>	<u>50</u>	<u>502,317</u>
Total minimum SBITA payments	<u>\$ 10,183,736</u>	<u>\$ 338,004</u>	<u>\$ 10,521,740</u>

Note 7 - **Long-Term Liabilities**

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Leases, subscriptions and bonds payable:					
Lease obligations	\$ 7,012,022	\$ 302,711	\$ 738,471	\$ 6,576,262	\$ 699,068
SBITA obligations	8,562,587	10,073,795	8,452,646	10,183,736	5,921,887
Due to primary government					
Certificate of participation (COP)	15,785,000	-	1,665,000	14,120,000	1,790,000
Revenue bonds payable	248,479,546	-	11,314,546	237,165,000	13,855,000
Premium on bonds payable	14,902,917	-	1,958,695	12,944,222	1,759,092
Loans payable - direct borrowing	<u>148,642</u>	<u>306,057</u>	<u>100,464</u>	<u>354,235</u>	<u>125,632</u>
Total leases, SBITAs and bonds payable	<u>294,890,714</u>	<u>10,682,563</u>	<u>24,229,822</u>	<u>281,343,455</u>	<u>24,150,679</u>
Other long-term liabilities:					
Compensated absences	24,262,690	3,363,480	1,936,045	25,690,125	2,385,495
Grant refundable	3,873,176	-	621,602	3,251,574	-
Net pension liability	95,757,748	-	5,944,038	89,813,710	-
Net OPEB liability	<u>21,377,051</u>	<u>-</u>	<u>7,334,901</u>	<u>14,042,150</u>	<u>-</u>
Total Other long-term liabilities	<u>145,270,665</u>	<u>3,363,480</u>	<u>15,836,586</u>	<u>132,797,559</u>	<u>2,385,495</u>
Total long-term liabilities	<u>\$ 440,161,379</u>	<u>\$ 14,046,043</u>	<u>\$ 40,066,408</u>	<u>\$ 414,141,014</u>	<u>\$ 26,536,174</u>

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For the Year Ended June 30, 2024

Bonds Payable

The revenue bonds consist of the following:

Series 2008 B University of Rhode Island Auxiliary Enterprise Revenue Issue, 8%, interest due semiannually through 2024, all principal is due 2024	\$ 3,830,000
Series 2009 B University of Rhode Island Auxiliary Revenue Issue, 3% to 5.25%, due semiannually through 2029	8,490,000
Series 2010 A University of Rhode Island Educational and General Revenue Issue, 3% to 5%, due semiannually through 2031	8,650,000
Series 2013 C University of Rhode Island Auxiliary Revenue Issue, 2% to 5%, due semiannually through 2025	2,485,000
Series 2016 A University of Rhode Island Educational and General Revenue Refunding Issue, 3% to 5%, due semiannually through 2036	20,055,000
Series 2016 B University of Rhode Island Auxiliary Revenue Issue, 4% to 5%, due semiannually through 2035	45,595,000
Series 2017 A University of Rhode Island Auxiliary Revenue Issue, 4% to 5%, due semiannually through 2047	76,895,000
Series 2017 B University of Rhode Island Auxiliary Revenue Refunding Issue, 4% to 5%, due semiannually through 2040	32,640,000
Series 2017 C University of Rhode Island Educational and General Revenue Issue, 3% to 3.5%, due semiannually through 2047	3,835,000
Series 2017 D University of Rhode Island Educational and General Revenue Refunding Issue, 3% to 5%, due semiannually through 2024	2,810,000
Series 2018 A University of Rhode Island Educational and General Revenue Issue, 4% to 5%, due semiannually through 2039	14,555,000
Series 2018 B University of Rhode Island Auxiliary Revenue Issue, 3% to 5%, due semiannually through 2039	1,885,000
Series 2023 University of Rhode Island Educational and General Revenue Issue, 4.125% to 5.250%, due semiannually through 2044	15,440,000
	\$ 237,165,000

The bonds issued by the Rhode Island Health and Education Building Corporation (the "Corporation") are special limited obligations of the BOE acting on behalf of the University. Bond Series 2023 issued by the Corporation are special limited obligations of the URI Board of Trustees. The refunding and general and educational bonds are secured by all available revenues of the BOE derived from the University and State appropriations for the University. The auxiliary enterprise revenue bonds are secured by all auxiliary enterprise revenue of the University.

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For the Year Ended June 30, 2024

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

On June 18, 2009, the Corporation issued the University of Rhode Island Auxiliary Enterprise Revenue Issue, Series 2009 B Bonds with a par amount of \$18,205,000. The proceeds of the Series 2009 B Bonds were used to finance fire protection and life safety improvements.

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

On June 18, 2013, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Refunding Issue, Series 2013 C Bonds with a par amount of \$23,695,000. The proceeds of the Series 2013 C Bonds were used to advance refund all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2004 A bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense.

On September 28, 2016, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Refunding Issue, Series 2016 A with a par amount of \$35,155,000. The proceeds of the Series 2016 A Bonds were used to finance and refinance the design, construction, renovation, improvement, and equipping of certain utility systems and other infrastructure, including wastewater, electrical, telecommunications, natural gas connections, and storm water management systems, as well as roadways, walkways, and parking facilities of the University. The University refunded all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2005 A, B, F, and G bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense.

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On September 28, 2016, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Refunding Issue, Series 2016 B with a par amount of \$53,355,000. The proceeds of the Series 2016 B Bonds were used to refund all Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2005 C and D Bonds, and Series 2008 A Bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense.

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

On October 17, 2017, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Auxiliary Enterprise Revenue Refunding Issue, Series 2017 B with a par amount of \$35,560,000. The proceeds of the Series 2017 B Bonds were used to refund the Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2010 B bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense.

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

On October 17, 2017, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Refunding Issue, Series 2017 D with a par amount of \$6,525,000. The proceeds of the Series 2017 D Bonds were used to refund the Higher Education Facility Revenue Bonds, University of Rhode Island, Series 2009 A Bonds. The University entered into the bond refunding with the goal to achieve cost savings primarily through the reduction of interest expense.

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

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

On June 15, 2023, the Corporation issued the Higher Education Facility Revenue Bonds, University of Rhode Island Educational and General Revenue Issue, Series 2023 with a par amount of \$15,440,000. The proceeds of the Series 2023 Bond were used for engineering and construction of upgrades and component replacements to five municipal-level utility systems on the University's Kingston Campus.

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

	Fixed-Rate Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2025	\$ 13,855,000	\$ 10,302,956	\$ 24,157,956
2026	11,825,000	9,608,384	21,433,384
2027	13,825,000	8,969,706	22,794,706
2028	14,535,000	8,261,494	22,796,494
2029	15,270,000	7,518,544	22,788,544
2030-2034	61,630,000	27,794,172	89,424,172
2035-2039	47,320,000	16,577,378	63,897,378
2040-2044	35,370,000	8,086,356	43,456,356
2045-2048	23,535,000	1,920,800	25,455,800
	<u>\$ 237,165,000</u>	<u>\$ 99,039,790</u>	<u>\$ 336,204,790</u>

Amortization of the bond premium and deferred loss on debt refunding are included with interest expense. Interest costs on all debt for the year ended June 30, 2024 were \$9,269,178.

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For the Year Ended June 30, 2024

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

The Certificate of Participation consists of the following:

Certificate of participation (COP) Energy Conservation - 2011 A payable to the State of Rhode Island. Original amount of debt issued - \$5,590,000, 2% to 4.5% due annually through 2026	\$ 1,400,000
Certificate of participation (COP) Energy Conservation - 2017 B payable to the State of Rhode Island. Original amount of debt issued - \$6,910,000, 3% to 5% due annually through 2032	4,755,000
Certificate of participation (COP) Energy Conservation Refunding - 2018 A payable to the State of Rhode Island. Original amount of debt issued - \$10,195,000 5% due annually through 2034	7,965,000
	\$ 14,120,000

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

	Principal	Interest	Total
Years ending June 30:			
2025	\$ 1,790,000	\$ 648,500	\$ 2,438,500
2026	1,930,000	563,075	2,493,075
2027	1,250,000	469,400	1,719,400
2028	1,310,000	406,025	1,716,025
2029	1,375,000	339,650	1,714,650
2030-2034	6,465,000	663,525	7,128,525
	\$ 14,120,000	\$ 3,090,175	\$ 17,210,175

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For the Year Ended June 30, 2024

Loans Payable-Direct Borrowing

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

Principal and interest of loans payable are as follows:

	Principal	Interest	Total
Years ending June 30:			
2025	\$ 125,632	\$ 213	\$ 125,845
2026	94,475	-	94,475
2027	85,964	-	85,964
2028	24,082	-	24,082
2029	24,082	-	24,082
	\$ 354,235	213	\$ 354,448

Note 8 - **Pension**

Plan Description

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

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

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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, twenty-five percent (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.

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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 2024, University 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 University 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 University contributed \$11,104,533, \$10,611,339, and \$10,586,937 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2024, the University reported a liability of \$89,813,710 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 University'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 University's proportion was 4.66%, a decrease of 0.19% from the University's proportion of 4.85%, at the June 30, 2022 measurement date.

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For the Year Ended June 30, 2024

For the year ended June 30, 2024, the University recognized pension expense of \$2,685,971. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Difference between expected and actual experience	\$ 2,145,640
Contributions subsequent to measurement date	11,104,533
	<hr/>
Total Deferred Outflows of Resources	\$ 13,250,173
	<hr/> <hr/>

Deferred Inflows of Resources

Changes in assumptions	\$ 620,854
Difference between expected and actual experience	26,474
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,211,444
Net difference between projected and actual investment earnings	733,992
	<hr/>
Total Deferred Inflows of Resources	\$ 8,592,764
	<hr/> <hr/>

Contributions of \$11,104,533 are reported as deferred outflows of resources related to pensions resulting from the University'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.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflows (Inflows) of Resources:
2025	\$ (3,873,376)
2026	(3,563,522)
2027	1,409,218
2028	(419,444)
	<u>\$ (6,447,124)</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 - 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 based on the 2023 Actuarial Experience Investigation Study for the six year period ended June 30, 2022 as approved by the System's Board on May 17, 2023.

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Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

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. The June 30, 2023 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
GROWTH		
Global Equity		
U.S. Equity	25.10%	6.46%
International Developed Equity	10.70%	6.91%
Emerging Markets Equity	4.20%	8.92%
<i>Sub-total</i>	40.00%	
Private Growth		
Private Equity	12.50%	10.30%
Non-Core Real Estate	2.50%	5.01%
<i>Sub-total</i>	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%
<i>Sub-total</i>	12.00%	

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Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.76%
Systematic Trend	5.00%	4.07%
<i>Sub-total</i>	10.00%	
 Inflation Protection		
Core Real Estate	4.00%	5.01%
Private Infrastructure	4.00%	5.91%
<i>Sub-total</i>	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%
<i>Sub-total</i>	15.00%	
Total	100.00%	

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

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Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, 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

Net Pension Liability		
1% Decrease		1% Increase
<u>(6.0% Discount Rate)</u>	<u>(7.0% Discount Rate)</u>	<u>(8.0% Discount Rate)</u>
\$ 112,251,354	\$ 89,813,710	\$ 69,426,526

Pension Plan Fiduciary Net Position

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

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For the Year Ended June 30, 2024

Pension Benefit Changes Subsequent to the 2023 Measurement Date

The State's fiscal year 2025 Appropriation Act enacted the following ERS retirement benefit changes:

- 1.) The Final Average Salary (FAS) Formula for ERS members changed from the average highest five consecutive years of compensation to the average highest three consecutive years of compensation for employees with retirement dates on or after July 1, 2024.
- 2.) The full Cost of Living Adjustments (COLAs) for retired ERS members who retired on or before June 30, 2012 was provided rather than the 0.25% of the COLA calculation. Additionally, the minimum funded requirement for COLA restoration is reduced from 80% to 75%, effective July 1, 2024, for members retiring on or after July 1, 2012.

Note 9 - **Other Post-Employment Benefits**

Plan Description

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

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

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

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

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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

SEP

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. The University is required to contribute at an actuarially determined rate; the rate was 4.52% of annual covered payroll for the fiscal year ended June 30, 2024. The University contributed \$1,849,911, \$1,708,728 and \$2,005,676 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

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

BOEP

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. The University is required to contribute at an actuarially determined rate; the rate was 2.15% of annual covered payroll for the fiscal year ended June 30, 2024. The University contributed \$1,507,733, \$1,170,495, and \$2,065,183 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

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

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

At June 30, 2024, the University reported liabilities of \$9,727,663 and \$4,314,487 for its proportionate share of the net OPEB liability related to its participation in the SEP and BOEP, respectively. The net OPEB liability was measured as of June 30, 2023, the measurement date, and the total OPEB liability used to calculate the net OPEB liability was determined for each plan by a separate actuarial valuation as of June 30, 2022, rolled forward to the June 30, 2023 measurement date.

The University's proportion of the net OPEB liability 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 University's proportion was 4.67% and 45.84% for the SEP and the BOEP, respectively, a decrease of 0.17% and an increase of 1.71% for the SEP and the BOEP, respectively, from the prior year's proportions of 4.84% and 44.13%, respectively.

For the year ended June 30, 2024, the University recognized an OPEB credit of \$896,197 and \$1,037,541 for the SEP and the BOEP, respectively. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SEP	BOEP	Total
Deferred Outflows of Resources Related to OPEB			
Changes in assumptions	\$ 83,840	\$ 619,266	\$ 703,106
Difference between expected and actual experience	99,314	2,339,782	2,439,096
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	710,438	710,438
Contributions subsequent to measurement date	1,849,911	1,507,733	3,357,644
Total Deferred Outflows of Resources	\$ 2,033,065	\$ 5,177,219	\$ 7,210,284
 Deferred Inflows of Resources Related to OPEB			
Changes in assumptions	\$ 1,465,837	\$ 3,686,993	\$ 5,152,830
Difference between expected and actual experience	3,777,583	4,998,974	8,776,557
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,133,347	36,014	2,169,361
Net difference between projected and actual investment earnings	300,234	457,395	757,629
Total Deferred Inflows of Resources	\$ 7,677,001	\$ 9,179,376	\$ 16,856,377

Contributions of \$3,357,644 are reported as deferred outflows of resources related to OPEB expense resulting from the University'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.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Net Deferred Outflows (Inflows) of Resources:

Year Ended						
June 30:	SEP		BOEP		Total	
2025	\$	(2,119,284)	\$	(1,693,469)	\$	(3,812,753)
2026		(1,970,038)		(1,705,104)		(3,675,142)
2027		(1,160,715)		(496,592)		(1,657,307)
2028		(1,305,162)		(1,342,796)		(2,647,958)
2029		(545,414)		(98,155)		(643,569)
Thereafter		(393,234)		(173,774)		(567,008)
	\$	(7,493,847)	\$	(5,509,890)	\$	(13,003,737)

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2022, valuation and the calculation of total OPEB liability at the June 30, 2023 measurement date were consistent with the Actuarial Experience Review performed as of June 30, 2017. Most of the demographic assumptions are based on the 2020 Experience Study of the Employees' Retirement System of Rhode Island. The total OPEB liability was determined using the following significant actuarial methods and assumptions:

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Actuarial cost method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used
Amortization method	Level Percent of Payroll - Closed
Inflation	2.50%
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 2023 decreasing annually to 3.5% in fiscal year 2033 and later

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

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 (27 of which provided long-term assumptions).

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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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Growth		
Global Equity / Public Growth	40.0%	6.84%
Private Growth	5.0%	9.24%
Income		
Equity Options	4.0%	6.20%
Liquid Credit	4.0%	4.56%
Emerging Market Debt	4.0%	4.53%
Collateralized Loan Obligations	4.0%	4.56%
Private Credit	5.0%	4.56%
Stability		
Inflation Protection		
Core Real Estate	4.0%	5.01%
Private Real Assets	4.0%	5.91%
Volatility Protection		
U.S. Aggregate Bond	26.0%	1.78%
	<u>100.0%</u>	

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.

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Discount Rate

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

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

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

		Net OPEB Liability		
		Discount Rate Sensitivity		
		1 % Decrease		1 % Increase
		(4.0% Discount Rate)	(5.0% Discount Rate)	(6.0% Discount Rate)
SEP	\$	13,365,245	\$ 9,727,663	\$ 6,711,652
BOEP	\$	9,541,464	\$ 4,314,487	\$ 48,181

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

The following table presents the net OPEB liability calculated using the health care cost trend rate baseline (defined in the actuarial assumptions table above), as well as what the employers' net OPEB liability would be if they were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

		Net OPEB Liability		
		Health Care Trend Rate Sensitivity		
		1 % Lower	Baseline	1 % Higher
SEP	\$	5,696,168	\$ 9,727,663	\$ 14,808,914
BOEP	\$	(1,232,196)	\$ 4,314,487	\$ 11,427,911

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OPEB Plan Fiduciary Net Position

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

Note 10 - **Other Retirement Plans**

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

Plan Description

Certain employees participating in the defined benefit plan (those with less than 20 years of service as of July 1, 2012), as described in Note 8, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. The Retirement Board is the plan administrator and plan trustee. The employees may choose among various investment options available to plan participants. The State Investment Commission is responsible for implementing the investment policy of the plan and selecting the investment options available to members.

Contributions

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

<u>Years of Service</u> <u>As of 7/1/2012</u>	<u>Employer</u> <u>Contribution Rate</u>
15 - 20 Years	1.50%
10 - 15 Years	1.25%
0 - 10 Years	1.00%

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

The University contributed and recognized as pension expense \$355,207 for the fiscal year ended June 30, 2024, equal to 100% of the required contributions for that year.

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Plan Vesting and Contribution Forfeiture Provisions

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

Retirement Benefits

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

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

Rhode Island Council on Postsecondary Education (COPE) Joint Alternate Retirement Plan

Plan Description

Certain eligible COPE and University of Rhode Island Board of Trustees' employees (principally non-classified faculty and administrative personnel) are covered by individual annuity contracts under a defined contribution retirement plan, Joint Alternate Retirement Plan, established by the COPE, which is also responsible for amending it. Eligible employees who have reached the age of 30 and who have two (2) years of service are required to participate in the Teachers' Insurance and Annuity Association ("TIAA"). The COPE 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.

Funding Policy

The University contributes 9% of the employee's gross biweekly earnings. Total expenditures by the University for such 403(b) annuity contracts amounted to \$15,507,897 during 2024. The employee contribution amounted to \$8,615,498, during 2024.

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For the Year Ended June 30, 2024

Note 11 - **Restricted Net Position**

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. The balance of restricted-expendable funds at June 30, 2024 is \$3,671,571 and consist of federal and institutional funds designated for student loans.

Note 12 - **Contingencies**

Environmental Remediation

Hazardous waste found at a former drum storage site on property owned by the University polluted the ground and water in the area. The University entered into a "Consent Decree" agreement with the United States District Court on behalf of the U.S. Environmental Protection Agency (the "EPA"), the U.S. Justice Department, and the Rhode Island Department of Environmental Management (the "RIDEM") on July 2, 2008 with regards to the West Kingston Town Dump/URI Disposal Area Superfund Site (the "Site"). A cap was placed to cover the Site and parties are now monitoring the ground water over an extended period of time through a system of monitoring wells. The University shares fiscal responsibility with the towns of South Kingstown and Narragansett. The University has accrued a liability of \$803,319 relating to the remediation project, operation and maintenance costs, and site reviews. The related costs for the year ended June 30, 2024 were \$71,640.

Other

Various lawsuits are pending or threatened against the University that arose from the ordinary course of operations. In the opinion of management, no other litigation is now pending, or threatened, that has a probability of materially affecting the University's financial position.

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

Note 13 - **Operating Expenses**

The University's operating expenses, as presented on a natural classification basis, are as follows for the year ended June 30, 2024:

Compensation and benefits	\$ 377,897,095
Supplies and services	187,928,432
Depreciation and amortization	57,943,149
Scholarships and fellowships	35,682,718
	<u>\$ 659,451,394</u>

Note 14 - **State Appropriation**

Direct Appropriations

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

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For the Year Ended June 30, 2024

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 reserved 3% of its general revenues to fund a Budget Reserve and Cash Stabilization Fund. Once the fund reaches a maximum threshold (5% of fiscal year financial resources), the balance is transferred to RICAP. RICAP is used for capital expenditures. The technique is a “pay-as-you-go” process that avoids increasing the state’s debt burden. Higher education has received allocations through this program since fiscal year 1995.

The University’s State Capital Plan Allocations are composed of the following for the year ended June 30, 2024:

Fire Protection	\$	2,098,820
Mechanical, Engineering & Plumbing Improvements		1,106,518
Fine Arts Center		7,917,470
Athletic Complex		1,380,211
Narragansett Bay Campus		1,701,409
Stormwater Management		2,731
PFAS Water Treatment Plant		708,322
Asset Protection		13,248,724
	\$	<u>28,164,205</u>

State Contributed Capital

In November 2018, the Rhode Island voters approved the issuance of \$70 million General Obligations Bonds for higher education facilities. The bond provides \$45 million for the new Ocean Technology building and an infrastructure upgrade to the Pier. The bond also provided \$25 million to Rhode Island College for enhancements to Horace Mann Hall. During fiscal year 2024, the University spent \$5.3 million.

In March 2021, the Rhode Island voters approved the issuance of \$57.3 million General Obligations Bonds for higher education facilities. The bond provides funding for the continuing upgrades of the Fine Arts Center. During fiscal year 2024, the University spent \$642,000.

In November 2022, the Rhode Island voters approved the issuance of \$100 million General Obligations Bonds for higher education facilities. The bond provides for the new Ocean Engineering Complex and to replace Horn Laboratory with a new building the Ocean Frontiers Building with modern climate-controlled labs. During fiscal year 2024, the University spent \$239,000.

The expenditures funded from the proceeds of the above-mentioned general obligation bonds and capitalized as fixed assets during fiscal year 2024 totaled \$6.2 million.

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Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

The University’s State appropriations are composed of the following for the year ended June 30, 2024:

Direct Appropriations	\$ 112,812,387
State Capital Plan Funds	28,164,205
State Contributed Capital	<u>6,172,970</u>
	<u>\$ 147,149,562</u>

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

Note 15 - **Related Parties**

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

The Student Senate accounts for various student organizations and receives the student activity fees collected by the University. The Student Senate also operates the Memorial Union Board which generates revenue from its own activities including Ram Tours and the 193 Degrees Coffee House. The University transferred \$1,757,010 to the Student Senate during the 2024 fiscal year representing student fees collected on the Student Senate’s behalf. At June 30, 2024, \$5,027 was due to the Student Senate and no amounts were due from the Student Senate. Revenues of the Student Senate for fiscal year 2024 were \$3,210,203, and expenses totaled \$3,034,709. Net position of the Student Senate at June 30, 2024 totaled \$5,082,376.

Note 16 - **Joint Venture**

Municipal joint ventures pool resources to share the costs, risks, and rewards of providing services to their participants, the general public, or others. The University, in coordination with the Towns of South Kingstown and Narragansett, shares in the maintenance costs of the regional wastewater system, which was constructed during the late 1970s. Each is responsible for its share of the net capital and administrative costs of the project. The University’s fiscal 2024 share of capital expenditures amounted to \$113,564.

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In addition to capital costs, the University is responsible for its proportionate share of the total operating costs of the regional wastewater system. Its share of the operating costs is in proportion to its share of the total flow into the common facilities as determined by metering devices and a predetermined percentage of operating costs of certain other facilities. The University's share of operating costs amounted to \$646,286 in 2024. Financial information may be obtained at the Town of South Kingstown, 180 High Street, Wakefield, Rhode Island 02879.

Note 17 - **Pass-Through Loans**

The University distributed \$85,697,256 during fiscal 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.

Note 18 - **Additional Disclosures – Component Units**

As described in Note 1, the Foundation and the Research Foundation are discretely presented component units. The following is additional information related to the investments and net position of the discretely presented component units.

Investments and Fair Value Measurements
Foundation

The Foundation reports investments at fair value on a recurring basis. These investments are classified as levels 1, 2, respectively, within the fair value hierarchy, as follows:

Level 1 investments owned by the Foundation and listed on a national securities exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

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For the Year Ended June 30, 2024

Level 2 investment values are determined by obtaining non-binding market prices from the Foundation's third-party portfolio managers as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded. Certain level 2 investments are redeemable at the net asset value (NAV) reported by the portfolio managers; therefore, NAV was employed to estimate fair value.

The Foundation's interests in alternative investment funds are generally reported at NAV reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. As of June 30, 2024, the Foundation had no plans or intentions to sell investments at amounts that differ from NAV.

The following table summarizes the Foundation's investments as of June 30, 2024, aggregated by the fair value hierarchy level (if applicable) within which those measurements were made:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Total assets in the fair value hierarchy	\$ 39,455,308	\$ 84,959,237	\$ 124,414,545
Measured at NAV			<u>158,208,237</u>
Total investments at fair value			<u>\$ 282,622,782</u>

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For the Year Ended June 30, 2024

The cost and fair values of investments at June 30, 2024 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Gains (Losses)</u>
<u>Level 1</u>			
Common Stock:			
U.S. Holdings	\$ 14,359,682	\$ 27,353,773	\$ 12,994,091
U.S. Equity Securities	2,625,514	2,789,827	164,313
Foreign Equity Securities	8,263,925	9,311,708	1,047,783
	<u>10,889,439</u>	<u>12,101,535</u>	<u>1,212,096</u>
Total level 1	<u>25,249,121</u>	<u>39,455,308</u>	<u>14,206,187</u>
<u>Level 2</u>			
Fixed Income:			
U.S. Treasuries	29,069,148	27,314,775	(1,754,373)
U.S. Corporate	26,557,447	25,305,677	(1,251,770)
Foreign	7,177,733	6,934,379	(243,354)
Multi-Strategy/Other	9,858,965	8,083,158	(1,775,807)
	<u>72,663,293</u>	<u>67,637,989</u>	<u>(5,025,304)</u>
Equity Securities:			
Domestic Equity Funds	7,071,721	9,350,542	2,278,821
Foreign Equity Funds	6,073,107	7,916,443	1,843,336
	<u>13,144,828</u>	<u>17,266,985</u>	<u>4,122,157</u>
Real Assets	65,633	54,263	(11,370)
Total level 2	<u>85,873,754</u>	<u>84,959,237</u>	<u>(914,517)</u>
Total in fair value hierarchy	111,122,875	124,414,545	13,291,670
<u>Measured at NAV</u>			
Domestic Equity Funds	8,156,271	41,441,141	33,284,870
Foreign Equity Funds	30,528,741	37,322,183	6,793,442
Private Equity/Venture Capital Funds	23,427,543	27,762,546	4,335,003
Hedge Funds	38,821,244	51,682,367	12,861,123
Total measured at NAV	<u>100,933,799</u>	<u>158,208,237</u>	<u>57,274,438</u>
Total Investments	<u>\$ 212,056,674</u>	<u>\$ 282,622,782</u>	<u>\$ 70,566,108</u>

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For the Year Ended June 30, 2024

The Foundation's investment portfolio is managed pursuant to investment guidelines established by the Foundation's Board of Trustees. The investment portfolio includes alternative investments, which consist of interest in various funds that are managed externally by individual domestic and offshore investment managers who trade and invest in various assets, including equities, bonds, options, swaps and equity derivatives, real estate, commodities and distressed debt. These funds invest globally in companies that may or may not be publicly traded.

As of June 30, 2024, the estimated value of certain alternative investments is based on unaudited information provided by the external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Certain alternative investments have limited liquidity with lock-up periods allowing withdrawals daily, monthly, quarterly, or semi-annually with 0 to 95 days prior notice required, as defined in the agreements. Certain managers of the Foundation's investment reserve rights to alter lock-up periods with notice to the Foundation. If the Foundation were to initiate a redemption of certain investments within each investment strategy, the investment advisor reserves the right to temporarily delay withdrawal from the fund in order to ensure that securities liquidations will be carried out in an orderly business manner.

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For the Year Ended June 30, 2024

A summary of the significant categories of investments utilizing the NAV practical expedient and their attributes at June 30, 2024 is as follows:

<u>Asset Class</u>	<u>Investment</u>	<u>Fair Value Determined Using NAV</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Domestic Equities	U.S. Equity Funds	\$ 41,441,141	Bi-monthly - Annually	1-60 Days
Foreign Equities	Foreign Equity Funds	37,322,183	Bi-monthly - Annually	1-60 Days
Private Equity	Venture Capital and Growth-Related Private Equity Funds	27,762,546	None	None
Hedge Funds	Hedge Funds	<u>51,682,367</u>	Monthly - 3 Years	5-95 Days
Total		<u>\$ 158,208,237</u>		

Descriptions follow for each of the investments set forth in the table above:

U.S. Equity Funds

The Foundation's investments include interests in three commingled funds. These funds hold positions of publicly traded United States based common equities.

Foreign Equity Funds

The Foundation's investments include interests in five commingled funds that hold stock in publicly traded foreign market equities.

Private Equity/Venture Capital Funds

The Foundation's investments include interests in twenty-five venture capital and growth-related private equity funds, direct investments into start-up and development stage companies, and all activity related thereto. These investments require an initial capital commitment but are funded over time with ongoing capital calls (unfixed intervals) that typically take several years to fulfill. Unfunded commitments as of June 30, 2024 are approximately \$22,669,900.

Hedge Funds

The Foundation's investments include interests in fourteen hedge funds which invest in a variety of assets with complex portfolio construction.

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For the Year Ended June 30, 2024

Research Foundation

The Research Foundation has obtained equity positions obtained as part of licensing arrangements. The Research Foundation's management utilizes the best available information in measuring fair value of each equity position. Using the fair value hierarchy, the Research Foundation investments are deemed to be Level 3 investments.

When a new business venture licenses the Research Foundation's patent rights to produce and sell their products, the Research Foundation typically takes equity in the startup in lieu of license fees. The Research Foundation's practice is to track equity in the startup, so management is aware of their ownership interest. The fair value of these investments is recorded based upon management's estimate and is re-evaluated on an annual basis.

The Research Foundation presently owns 439,237 shares outstanding of pHLIP, Inc., which management valued at \$491,902 as of June 30, 2024.

On May 3, 2021, \$500,000 cash was invested in Rouge Venture Partners IV, L.P. Additional amounts of \$250,000 (January 18, 2022), \$150,000 (February 15, 2023) and \$100,000 (February 28, 2023) were invested to bring the total funds to \$1,000,000. All Research Foundation Board of Trustees approved payments have been made and the investment was valued at \$924,639 as of June 30, 2024.

Nonexpendable and Expendable Net Position
Foundation

Nonexpendable and expendable net position by purpose consist of funds for general program needs and restricted endowments, which include appreciation and inflation. These assets are held by the Foundation on behalf of the University with the following donor-imposed restrictions:

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Notes to the Financial Statements - Continued
For the Year Ended June 30, 2024

	<u>Available for</u> <u>University</u> <u>Support</u>	<u>Funds Acting</u> <u>as</u> <u>Endowments</u>	<u>Appreciation</u> <u>on</u> <u>Endowments</u>	<u>Total</u> <u>Expendable</u> <u>Net Position</u>	<u>Nonexpendable</u> <u>Net Position</u>
Academic support	\$ 13,227,148	\$ 46,674,079	\$ 17,406,332	\$ 77,307,559	\$ 20,980,165
Administrative and other purposes	1,193,253	-	614,707	1,807,960	1,129,863
Athletics	2,781,258	-	921,701	3,702,959	2,630,031
Buildings and equipment	14,378,305	1,135,315	1,176,725	16,690,345	1,177,391
Faculty chairs	2,245,688	-	5,446,520	7,692,208	19,091,929
Library	2,036,866	-	1,317,870	3,354,736	3,213,896
Outreach programs	2,195,745	11,164	1,354,183	3,561,092	4,703,595
Research support	3,942,098	788,459	795,505	5,526,062	690,976
Scholarship, fellowships and awards	5,847,406	9,260,616	25,110,286	40,218,308	83,556,710
Visiting lecturers	253,218	-	447,940	701,158	1,364,317
Other	-	-	-	-	586,650
Total nonexpendable and expendable net position	<u>\$ 48,100,985</u>	<u>\$ 57,869,633</u>	<u>\$ 54,591,769</u>	<u>\$ 160,562,387</u>	<u>\$ 139,125,523</u>

UNIVERSITY OF RHODE ISLAND
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Schedule of the University's Proportionate Share of the Net Pension Liability (Unaudited)
Employees' Retirement System Plan

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
University's proportion of the net pension liability	4.66%	4.85%	4.97%	5.08%	5.25%	5.50%	5.64%	5.80%	5.69%	5.63%
University's proportionate share of the net pension liability	\$ 89,813,710	\$ 95,757,747	\$ 88,413,739	\$ 115,631,541	\$ 118,982,224	\$ 123,705,037	\$ 127,132,520	\$ 123,019,948	\$ 113,015,599	\$ 100,312,100
University's covered payroll (at measurement date)	\$ 37,884,109	\$ 37,796,990	\$ 36,835,850	\$ 38,444,631	\$ 37,736,267	\$ 38,327,209	\$ 39,083,540	\$ 39,018,501	\$ 38,019,134	\$ 36,798,276
University's proportionate share of the net pension liability as a percentage of its covered payroll	237.07%	253.35%	240.02%	300.77%	315.30%	322.76%	325.28%	315.29%	297.26%	272.60%
Plan fiduciary net position as a percentage of the total pension liability	61.30%	59.60%	63.20%	52.60%	52.80%	52.53%	51.83%	51.88%	55.03%	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.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

See accompanying notes to the required supplemental information.

UNIVERSITY OF RHODE ISLAND
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Schedule of the University's Contributions - Pension (Unaudited)
Employees' Retirement System Plan

For the Years Ended June 30,

Year Ended	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily determined contribution	\$ 11,104,533	\$ 10,611,339	\$ 10,586,937	\$ 10,144,593	\$ 10,145,538	\$ 9,917,091	\$ 9,531,977	\$ 9,903,769	\$ 9,223,974	\$ 8,869,864
Contributions in relation to the statutorily determined contribution	(11,104,533)	(10,611,339)	(10,586,937)	(10,144,593)	(10,145,538)	(9,917,091)	(9,531,977)	(9,903,769)	(9,223,974)	(8,869,864)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 38,331,146	\$ 37,884,109	\$ 37,796,990	\$ 36,835,850	\$ 38,444,631	\$ 37,736,267	\$ 38,327,209	\$ 39,083,540	\$ 39,018,501	\$ 38,019,134
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%	23.33%

Notes:

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

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

See accompanying notes to the required supplemental information.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Pension Required Supplementary Information (Unaudited)
Pension Schedules

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

Measurement Date – June 30, 2023

As part of the 2023 Actuarial Experience Study for the six-year period ending June 30, 2022 as approved by the System Board on May 17, 2023, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2023 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased individual salary increases and projected payroll growth for most groups. These two items mainly offset each other in calculating contribution requirements, especially as dollar amounts, but create a much lower projected annual growth rate in the dollar amounts of contributions.
- Updated the mortality projection scales to the ultimate rates of the most recently published ones, this had no material impact to the liabilities or contributions.
- Modestly increased turnover rates.
- Slight modifications to the retirement rates.
- Modified slightly the rates of disability.

Measurement Date - June 30, 2022

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability 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 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, 2020 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:

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Pension Required Supplementary Information (Unaudited) - Continued
Pension Schedules

- 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 or benefits reflected in the calculation of the net pension liability as of the June 30, 2020, 2019 and 2018 measurement dates compared to the June 30, 2019, 2018 and 2017 measurement dates. Benefits were also unchanged between these measurement dates.

Measurement Date - June 30, 2018

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

Measurement Date - June 30, 2017

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

Measurement Date - June 30, 2016

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

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:

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the Pension Required Supplementary Information (Unaudited) - Continued
Pension Schedules

- 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 and is calculated by taking the previous 5-year average investment return, less the discount rate (5 year return – 7.5%, with a max of 4%) and 50% calculated using the previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. The COLA is calculated on the first \$25,855, effective, 01/01/2016, and indexed as of that date as well.
- Other changes included providing interim cost-of-living increases at four rather than five-year intervals, providing a one-time cost-of-living adjustment of 2% (applied to first \$25,000), two \$500 stipends, and minor adjustments.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Schedule of the University's Proportionate Share of the Net OPEB Liability (Unaudited)
State Employees' and Electing Teachers OPEB System Plan

State Employees' Cost-Sharing OPEB Plan

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
University's proportion of the net OPEB liability	4.67%	4.84%	4.97%	5.09%	5.27%	5.47%	5.63%
University's proportionate share of the net OPEB liability	\$ 9,727,663	\$ 13,256,313	\$ 11,524,843	\$ 18,379,522	\$ 23,020,969	\$ 27,863,116	\$ 29,240,408
University's covered payroll	\$ 35,304,298	\$ 37,986,288	\$ 37,127,923	\$ 38,602,617	\$ 38,681,990	\$ 38,664,465	\$ 40,292,278
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	27.55%	34.90%	31.04%	47.61%	59.51%	72.06%	72.57%
Plan fiduciary net position as a percentage of the total OPEB liability	65.09%	55.09%	60.52%	42.51%	33.57%	26.25%	22.38%

Board of Education OPEB Cost-Sharing Plan

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
University's proportion of the net OPEB liability	45.84%	44.13%	43.94%	43.76%	43.92%	43.65%	41.84%
University's proportionate share of the net OPEB liability	\$ 4,314,487	\$ 8,120,738	\$ 2,614,978	\$ 15,640,310	\$ 16,315,488	\$ 22,067,270	\$ 21,947,067
University's covered payroll	\$ 63,961,475	\$ 59,005,229	\$ 59,103,720	\$ 58,786,324	\$ 56,413,096	\$ 54,963,670	\$ 52,620,675
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.75%	13.76%	4.42%	26.61%	28.92%	40.15%	41.71%
Plan fiduciary net position as a percentage of the total OPEB liability	87.90%	76.58%	91.42%	57.32%	51.60%	38.59%	32.05%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of June 30 measurement date prior to the fiscal year-end.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying notes to the required supplemental information.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Schedule of the University's Contributions - OPEB (Unaudited)
State Employees' and Electing Teachers OPEB System Plan

State Employees' Cost-Sharing OPEB Plan

Year ended	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Statutorily determined contribution	\$ 1,849,911	\$ 1,708,728	\$ 2,005,676	\$ 2,038,323	\$ 2,567,074	\$ 2,313,183	\$ 2,312,135
Contributions in relation to the statutorily determined contribution	<u>(1,849,911)</u>	<u>(1,708,728)</u>	<u>(2,005,676)</u>	<u>(2,038,323)</u>	<u>(2,567,074)</u>	<u>(2,313,183)</u>	<u>(2,312,135)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 40,927,235	\$ 35,304,298	\$ 37,986,288	\$ 37,127,923	\$ 38,602,617	\$ 38,681,990	\$ 38,664,465
Contributions as a percentage of covered payroll	4.52%	4.84%	5.28%	5.49%	6.65%	5.98%	5.98%

Board of Education OPEB Cost-Sharing Plan

Year ended	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Statutorily determined contribution	\$ 1,507,733	\$ 1,170,495	\$ 2,065,183	\$ 1,731,739	\$ 2,398,482	\$ 2,459,611	\$ 2,396,416
Contributions in relation to the statutorily determined contribution	<u>(1,507,733)</u>	<u>(1,170,495)</u>	<u>(2,065,183)</u>	<u>(1,731,739)</u>	<u>(2,398,482)</u>	<u>(2,459,611)</u>	<u>(2,396,416)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 70,127,116	\$ 63,961,475	\$ 59,005,229	\$ 59,103,720	\$ 58,786,324	\$ 56,413,096	\$ 54,963,670
Contributions as a percentage of covered payroll	2.15%	1.83%	3.50%	2.93%	4.08%	4.36%	4.36%

Notes:

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

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

See accompanying notes to the required supplemental information.

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the OPEB Required Supplementary Information (Unaudited)
OPEB Schedules

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

The actuarial methods and assumptions used to calculate the net OPEB liability of the participating employers are described in Note 9 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

Measurement Date - June 30, 2023

There were no changes in actuarial methods reflected in the calculation of the net OPEB liability (asset) of the plans as of the June 30, 2023 measurement date compared to the June 30, 2022 measurement date. Changes in actuarial assumptions were limited to the update of healthcare trend assumptions.

Measurement Date – June 30, 2022

There were no changes in actuarial methods reflected in the calculation of the net OPEB liability (asset) of the plans as of the June 30, 2022 measurement date compared to the June 30, 2021 measurement date. Changes in actuarial assumptions were limited to the update of healthcare trend assumptions.

Measurement Date – June 30, 2021

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

Measurement Date – June 30, 2020

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

Measurement Date - June 30, 2019

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

Measurement Date - June 30, 2018

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

UNIVERSITY OF RHODE ISLAND
(a Component Unit of the State of Rhode Island)
Notes to the OPEB Required Supplementary Information (Unaudited) - Continued
OPEB Schedules

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 based on the June 30, 2022 valuation of the Plans.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
University of Rhode Island
Kingston, 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 the aggregate discretely presented component units of University of Rhode Island (the University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 2, 2024. Our report includes a reference to other auditors who audited the financial statements of the University of Rhode Island Foundation & Alumni Engagement and University of Rhode Island Research Foundation, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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


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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Cranston, Rhode Island
October 2, 2024



THE
UNIVERSITY
OF RHODE ISLAND