



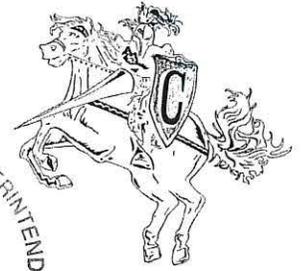
ENCLOSURE II

Chariho Regional School District
Office of the Director of Administration & Finance

455A Switch Road
Wood River Junction, Rhode Island 02894

All Kids. All of the Time.

OFFICE OF THE SUPERINTENDENT
JAN 23 REC'D



CATHERINE GIUSTI
School Committee Chairperson

EDWARD DRAPER
Director of Administration & Finance

GINA M. PICARD
Superintendent of Schools

JODI BROCK
Asst. Director of Administration & Finance

To: Gina Picard
From: Ned Draper
Date: January 20, 2023
Subject: Audit for FY22

Per FY22 Financial Statements for the year ended June 30, 2022 (Audit) the report of Marcum Accountants is to be enclosed in the Audit topic of the January 26th, 2023 meeting.

The Audit Subcommittee met at 6pm on Thursday January 19th with Ben Wilkinson and via phone Jim Wilkinson, Partner of Marcum Accountants to review the draft report, receive an explanation of results, and update the Committee on any anticipated edits prior to delivery of the final draft. The Audit Subcommittee accepted the report unanimously.

I recommend accepting the results contingent upon your approval and that of the School Committee.

Thank you.

FYI

DRAFT
CHARIHO AUDIT SUBCOMMITTEE
Thursday, January 19, 2023

Meeting minutes of the Chariho Audit Subcommittee held on Thursday, January 19, 2023 at the Chariho Administration Conference Room, 455A Switch Rd., Wood River Junction, RI 02894.

In attendance were committee members: Deb Carney, Ken Mott and Steve Parente.
Chariho Staff members: Ned Draper, and Jodi Brock.
Auditor from Marcum Accountants & Advisors: Ben Wilkinson.
In Virtual Attendance: Jim Wilkinson from Marcum Accountants
Absent: Tyler Champlin

The meeting was called to order at 5:56 pm by Chairman Steve Parente.

Motion by Deb Carney, second by Ken Mott to APPROVE THE MINUTES OF AUGUST 30, 2022
Vote 3-0. IN FAVOR : CARNEY, MOTT AND PARENTE
MOTION CARRIED

Ben Wilkinson reviewed the audit and answered questions regarding significant risks under SAS 134, Financial Statements, auditor opinions, findings under Governmental Auditing Standards, the General Fund, Bond Sinking Fund, and the lunch fund. Ned Draper answered additional questions.

Motion by Deb Carney, second by Ken Mott to ACCEPT THE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND FORWARD TO THE SCHOOL COMMITTEE
Vote 3-0. IN FAVOR : CARNEY, MOTT AND PARENTE
MOTION CARRIED

MOTION TO ADJOURN by Deb Carney, second by Steve Parente .
Vote 3-0. IN FAVOR : CARNEY, MOTT AND PARENTE
MOTION CARRIED

Meeting adjourned at 6:30

Submitted by, Deb Carney,
Secretary, CHARIHO Audit Subcommittee

CHARIHO REGIONAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page(s)</u>
Independent Auditors' Report		1 - 4
Management's Discussion and Analysis		5 - 11
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A-1	12
Statement of Activities	A-2	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (B-2) to the Statement of Activities (A-2).....	B-3	16
Proprietary Funds:		
Statement of Net Position	C-1	17
Statement of Revenues, Expenses and Changes in Net Position.....	C-2	18
Statement of Cash Flows	C-3	19
Notes to Basic Financial Statements		20 - 69
Required Supplementary Information:		
Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budgetary Basis)	D-1	70
Schedule of Chariho Regional School District's Proportionate Share of the Net Pension Liability - Employees' Retirement System (ERS)	D-2	71
Schedule of Chariho Regional School District's Contributions - Employees' Retirement System (ERS).....	D-3	72
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Municipal Employees' Retirement System (MERS)	D-4	73
Schedule of Chariho Regional School District's Contributions - Municipal Employees' Retirement System (MERS)	D-5	74
Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	D-6	75
Notes to Required Supplementary Information – Pensions (ERS & MERS) and OPEB.....	D-7	76 - 80

DRAFT FOR MANAGEMENT AND AUDIT SUBCOMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page(s)</u>
Other Supplementary Information:		
Non-major Governmental Funds:		
Combining Balance Sheet	E-1	81 - 89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	90 - 98
Non-major Proprietary Funds:		
Combining Statement of Net Position	F-1	99
Combining Statement of Revenues, Expenses, and Changes in Net Position	F-2	100
Combining Statement of Cash Flows	F-3	101
State Required Reports:		
Annual Supplemental Transparency Report	G-1	102 - 104
Notes to Annual Supplemental Transparency Report	G-2	105 - 106

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

INDEPENDENT AUDITORS' REPORT

To the Members of the School Committee
Chariho Regional School District

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chariho Regional School District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Chariho Regional School District 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 Chariho Regional School District'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 auditor's 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 District'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 District'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, the Schedule of District's Proportionate Share of the Net Pension Liability-Employees' Retirement System (ERS), the Schedule of District's Contributions-Employees' Retirement System (ERS), the Schedule of Changes in the District's Net Pension Liability and Related Ratios-Municipal Employees' Retirement System (MERS), and the Schedule of District's Contributions-Municipal Employees' Retirement System (MERS), and the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on pages 5-11 and 70-75 be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chariho Regional School District's basic financial statements. The combining and individual nonmajor fund financial statements and the annual supplemental transparency report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the annual supplemental transparency report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the annual supplemental transparency report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January XX, 2023 on our consideration of the Chariho Regional School District'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 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 Chariho Regional School District'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 Chariho Regional School District's internal control over financial reporting and compliance.

Providence, RI
January XX, 2023

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

**CHARIHO REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2022**

As management of the CHARIHO Regional School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

CORONAVIRUS IMPACT

The District opened the 2021-2022 school year with full in-person learning. The District continues to operate under the guidelines of the novel coronavirus (COVID-19) pandemic responses issued by the Rhode Island Department of Health (RIDOH) and the Rhode Island Department of Education (RIDE) which in turn follow the Centers for Disease Control and Prevention (CDC) protocols.

The District continued its response to the pandemic in accordance with RIDE guidance and requirements. The facilities staff continued to follow the CDC's guidelines for additional cleaning and disinfecting of all school buildings. The traditional school lunch program continued to be suspended and replaced with federal "Summer Food Service" and "Emergency Operational Cost Reimbursement" programs providing all students with meals at no cost.

The District provided RIDE with its Back to School Plan that was required to align with the State plan. The plan is periodically updated as required by RIDE and as a condition for receiving Federal Coronavirus Aid, Relief, and Economic Security Act ("CARES ACT") funding in response to the pandemic.

In addition, the District received the following grants in FY2022 related to pandemic responses:

The CARES Act ESSER II grant for \$1,199,194 to purchase RIDE mandated curriculum, technology equipment for students and facilities capital improvements related to air quality and school opening. We anticipate ESSER II will be fully spent in FY23. The ESSER III grant for \$2,639,343 is to meet federal performance and finance goals with a focus on academic achievement to overcome distance learning gaps. The ESSER III grant has been approved by RIDE and majority of programming will be applied in FY23 and FY24.

The School Committee re-assigned the remaining \$1,415,615 of FY21 Covid funds to a commitment for capital projects as approved by the School Committee in April 2021. This adjustment is applied to the FY22 results.

Operational influences include:

- Provide lunches in classrooms or congregate settings when safe to do so
- Reduced health care utilization by employees due to healthcare system limitations
- Expansion of the federal school lunch program through FY2022
- Adjust to unforeseen labor shortages, supply chain disruptions, and resource constrictions as necessary
- Close schools to in-person learning if necessary due to RIDOH or staffing level requirements
- Reduce classroom and hallway building occupancy. Use windows for ventilation, move to HEPA filters when outside air temperature is too low for comfort of learning environment
- Train and equip custodial staff for CDC recommended cleaning processes
- School year 2021-2022 moved primarily to in-person learning and programs district wide
- In school year 2021-2022, students are no longer offered a DL option except in isolated instances or when district selected per RIDE requirements
- Adjust campus and district bus schedules to accommodate large volume of parent/students driving to school on their own. In FY23 this has diminished to typical volumes as the pandemic restrictions have lifted.
- Lunch fund balance has grown during suspension of paid lunch program. Due to reimbursement levels we expect lunch fund balance to decrease in FY23 as inflation impact upon community gains traction.
- Revenues came in under expectations as neighboring communities realized declines in enrollment, this in turn negatively impacted overall CTC tuitions.
- Revenue for Categorical Transportation aid and Medicaid billing was below budgeted expectations.

FINANCIAL HIGHLIGHTS

- General Fund revenues were \$62.5 million in fiscal year 2022, compared to \$61.4 million in fiscal year 2021.
- The District had approximately \$65.1 million in expenses related to governmental activities; of which \$13.1 million of these expenses were offset by program specific charges for services or grants and contributions. A decrease from \$70.5 million in expenses from fiscal year 2021 of which \$12.2 million of expenses were offset by program specific charges for services or grants and contributions.
- The District had business-type activity in several major and non-major proprietary funds. The Lunch fund's operating and non-operating revenues totaled \$1,609,139 and operating expenses totaled \$1,219,010 (including depreciation of \$1,030) leaving net income of \$390,129 for 2022. Operating and non-operating revenues totaled \$812,848 and operating expenses totaled \$760,238 (including depreciation of \$675), leaving net income of \$52,610 for 2021.
- Among major funds, the General Fund had \$62.5 million in fiscal year 2022 revenues compared to \$61.4 million in 2021, which primarily consisted of contributions from the Towns of Charlestown, Richmond, and Hopkinton, and \$64.0 million in expenditures (including transfers) in 2022 compared to \$60.6 million (including transfers) in 2021. The General Fund's fund balance decreased from \$9.9 million to \$8.4 million during fiscal 2022.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees and earned but unused compensated absences).

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The government-wide financial statements outline functions of the District that are principally supported by contributions from the Towns of Charlestown, Richmond, and Hopkinton, vocational tuitions, and other intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, instructional support, operations, and community services.

Fund financial statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains many individual Governmental Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund (considered a major fund) and all remaining non-major governmental funds. Detail of the funds, which comprise the non-major governmental funds, can be found in the combining schedules, which are located in supplementary information.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds.

Proprietary Funds. Proprietary Funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the government-wide statements for the Business-type activities. The District operates a Lunch Fund that is classified as a major fund and six other funds that are considered non-major enterprise funds. The details for these non-major enterprise funds can be found in the supplementary information.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the General Fund. A budgetary comparison statement has been provided for the General Fund and is reported in required supplementary information.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the CHARIHO Regional School District, liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources by \$17,497,374 at June 30, 2022.

**CHARIHO Regional School District
Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$23,822,537	\$22,998,991	\$829,622	\$434,386	\$24,652,159	\$23,433,377
Capital assets	26,897,548	28,130,000	9,272		26,906,820	28,130,000
Total assets	50,720,085	51,128,991	838,894	434,386	51,558,979	51,563,377
Deferred outflows of resources	9,700,906	11,519,727			9,700,906	11,519,727
Total assets and deferred outflows of resources	60,420,991	62,648,718	838,894	434,386	61,259,885	63,083,104
Current liabilities	7,573,111	7,598,078	144,651	126,469	7,717,762	7,724,547
Long-term liabilities	54,128,573	72,253,782			54,128,573	72,253,782
Total liabilities	61,701,684	79,851,860	144,651	126,469	61,846,335	79,978,329
Deferred inflows of resources	16,910,924	6,080,700			16,910,924	6,080,700
Total liabilities and deferred inflows of resources	78,612,608	85,932,560	144,651	126,469	78,757,259	86,059,029
Net position:						
Net investment in capital assets	8,198,219	8,532,004	9,272		8,207,491	8,532,004
Restricted	6,076,197	5,537,508			6,076,197	5,537,508
Unrestricted	(32,466,033)	(37,353,354)	684,971	307,917	(31,781,062)	(37,045,437)
Total net position	(\$18,191,617)	(\$23,283,842)	\$694,243	\$307,917	(\$17,497,374)	(\$22,975,925)

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS (Continued)

The change in net position for the fiscal year ended June 30, 2022 was an increase of \$5,478,551 which included an increase from governmental activities of \$5,092,225 and an increase in business-type activities of \$386,326. Details of the changes in net position are presented below.

**CHARIHO Regional School District
Statement of Activities**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Charges for services	\$ 3,390,781	\$ 3,488,722	\$ 97,183	\$ 83,550	\$ 3,487,964	\$ 3,572,272
Operating grants and contributions	9,672,096	8,342,816	1,592,522	791,850	11,264,618	9,087,500
Capital grants and contributions		373,794				373,794
General Revenue:						
Town contributions	53,886,976	52,314,071			53,886,976	52,314,071
Intergovernmental	3,084,147	6,459,974			3,084,147	6,459,974
Loss on disposal of assets						
Investment earnings	45,231	20,694			45,231	20,694
Miscellaneous	66,467	56,912			66,467	56,912
Total revenues	70,145,698	71,056,983	1,689,705	875,400	71,835,403	71,885,217
Expenses:						
Educational services	61,343,269	66,806,318			61,343,269	66,806,318
Unallocated depreciation	2,803,472	2,780,054			2,803,472	2,780,054
Interest and amortization Expense	906,732	957,559			906,732	957,559
Lunch fund			1,219,010	760,238	1,219,010	713,072
Non-major enterprise funds			84,369	51,228	84,369	51,228
Total expenses	65,053,473	70,543,931	1,303,379	811,466	66,356,852	71,308,231
Change in net position before transfers	5,092,225	513,052	386,326	63,934	5,478,551	576,986
Transfers						
Change in net position	5,092,225	513,052	386,326	63,934	5,478,551	576,986
Net position – beginning	(23,283,842)	(23,796,894)	307,917	243,983	(22,975,925)	(23,552,911)
Net position – ending	\$(18,191,617)	\$(23,283,842)	\$694,243	\$307,917	\$(17,497,374)	\$(22,975,925)

As any major changes to our objectives and programs, and as a result our financial position and results of operations, are the results of initiatives adopted through our budgetary process we direct the reader to the section of this analysis labeled General Fund Budgetary Highlights on pages 9 and 10 for information regarding these matters.

REVENUE SOURCES

Local Contributions: The largest percentage of revenues comes from contributions from the Towns of Charlestown, Richmond, and Hopkinton. Per the enabling legislation of the regional school District (The CHARIHO Act), "Operating expenses for each fiscal year or portion thereof shall be apportioned among the member towns in proportion to the relationship of their respective pupil enrollment in the said District school system on October 1 of the previous calendar year to the total pupil enrollment in the said school system on said date". The enrollment numbers for calculation of the apportionment for the last five years are as follows:

	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22
Charlestown	856	795	778	754	767
	27.02%	25.38%	24.82%	24.61%	24.79%
Richmond	1,179	1,184	1,179	1,157	1,171
	37.22%	37.79%	37.61%	37.76%	37.85%
Hopkinton	1,133	1,154	1,178	1,153	1,156
	35.76%	36.83%	37.57%	37.63%	37.36%
TOTAL	3,168	3,133	3,135	3,064	3,094

REVENUE SOURCES (Continued)

Housing Aid: In accordance with RI General Law 16-7-35 to 16-7-47, districts that undertake school housing projects for maintenance, renovation or new construction supported by general obligation bonds, and certain lease revenue bonds, capital leases, and capital reserve funds, are eligible for state housing aid reimbursement. Housing aid by law has a one year reference which results in the first payment of the construction entitlement being made in the fiscal year following the completion of the project. Housing aid received from the State in FY22 totaled \$419,646.

Intergovernmental Grants: Revenues in this category are proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenues are derived principally from federal and state governments and private foundations. These funds are detailed in the financial statements under the caption of Grant Programs.

EXPENDITURES BY FUNCTION – The expenditures of governmental activities are categorized by function in the ten areas as listed below:

Employee Compensation - Amounts paid to District employees, including personnel substituting for those in permanent positions. This includes gross salary for services rendered while on the payroll of the District and other forms of compensation.

Employee Benefits - Amounts paid by the District on behalf of employees (amounts not included in gross salary but in addition to that amount). Such payments are fringe benefit payments and, although not paid directly to employees, nevertheless are part of the cost of personnel services.

Purchased Professional and Technical Services - Services that by their nature can be performed only by persons or firms with specialized skills and knowledge. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, and accountants. A separate account should be established for each type of service provided to the District.

Purchased Property Services - Services purchased to operate, repair, maintain, and rent property owned or used by the District. These services are performed by persons other than District employees. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

Other Purchased Services - Amounts paid for services rendered by organizations or professionals not on the payroll of the District (separate from Professional and Technical Services or Property Services). Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

Supplies - Amounts paid for items that are consumed, are worn out, or have deteriorated through use or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

Capital Outlays - Expenditures for acquiring capital assets, including land, existing buildings, existing infrastructure assets, and equipment.

Debt Service and Miscellaneous - Amounts paid for goods and services not otherwise classified above.

Other Items - Used to classify transactions that are not properly recorded as expenditures/expenses but require control and reporting by the District.

Contra Account - This series is used so that those dollars will not be uploaded to the data warehouse.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were minor differences between expenditures in the District's original budget and the final amended budget. There were no additional appropriations necessary during the fiscal year.

Actual revenues and other financing sources were \$804,227 lower than budgeted amounts. This was primarily attributable to the District receiving less than anticipated intergovernmental revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

Actual expenditures and other financing uses were less than budgeted amounts by \$2,542,772. Positive budget variances occurred in the Employee Benefits category (\$1,748,763 primarily due to favorable healthcare claim experience, labor contract pending, and lower pension and payroll costs), in the Purchased Services categories (\$585,100 primarily due to lower than anticipated costs related to professional purchased services, conferences and workshops, other purchased technical services, maintenance and repairs, and rental expenditures), and the Supplies, Property, and Debt Service categories (\$330,766 primarily due to savings in general supplies and equipment purchases).

These positive budget variances are offset by \$121,857 (0.36%) in Employee Compensation as a result of overtime overages. The Schedule of Revenues and Expenditures - Budget and Actual is presented on Exhibit D-1, following the Notes to the Financial Statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2022, the District's capital assets for its governmental activities was \$68,267,080 less accumulated depreciation of \$41,369,532 for a net capital assets total of \$26,897,548. These capital assets include land, buildings and building improvements, equipment and vehicles. Capital assets of the business-type activities include capital assets of \$129,722 less accumulated depreciation of \$120,450. Details of the capital assets can be found in Note 4 to the financial statements.

CAPITAL RESERVE FUND

The District maintains a Capital Reserve Fund for costs incurred for capital projects. The RI law was changed in 1998 to allow Housing Aid reimbursement of non-bonded capital projects paid for out of the District's capital reserve Fund. However, the District must document that projects reimbursed under this provision of the law are indeed supported by properly constituted capital reserve funds. The District, therefore, maintains a separate fund for this specific purpose. The funds to support these projects come from contributions from participating Towns. See Exhibit E-2 on Page 98 for details on these funds' activities.

LONG-TERM LIABILITIES

At June 30, 2022, the District had long-term liabilities, all related to governmental activities, totaling \$21,265,117 which includes bonds and notes payable, bonds premiums, and compensated absences. Estimated amounts due within one year total \$1,925,966. In addition to these long-term debt obligations, the District also had long-term liabilities related to the estimated pollution remediation costs (\$64,000), the net pension liability (\$34,023,634), the net OPEB obligation (\$630,017), and the lease liability (\$121,989). All of these long-term obligations are recorded in the Government-wide Statement of Net Position. Details of the long-term debt obligations can be found in Notes 6, 7, 10, 12, 13, and 15.

NEXT YEAR'S BUDGET (FY 2023)

- \$2,068,975 of the General Fund's fund balance was appropriated for spending in the 2022-23 budget
- An additional \$1,415,615 was reassigned by the School Committee from the General Fund's fund balance for capital projects
- In the aggregate, budgeted member Town contributions to the District were level funded at prior year amounts
- Level funding in FY23 has resulted in significant budget strain due to inflation pressure on expenses

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the CHARIHO Regional School District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Director of Administration and Finance
CHARIHO Regional School District
455A Switch Road
Wood River Junction, RI 02894

BASIC FINANCIAL STATEMENTS

DRAFT FOR MANAGEMENT AND AUDIT SUBCOMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

A - 1

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 11,443,355	\$ 637,812	\$ 12,081,167
Accounts receivable (net)	829,658	--	829,658
Due from federal and state grants	1,234,011	119,026	1,353,037
Internal balances	(72,784)	72,784	--
Prepaid expenses	161,615	--	161,615
Total Current Assets	13,595,855	829,622	14,425,477
Noncurrent Assets			
Investments on deposit for sinking fund payments	6,076,197	--	6,076,197
Capital assets, net of accumulated depreciation, including capital assets not being depreciated of \$538,543	26,897,548	272	26,906,820
Lease asset	119,654	--	119,654
Claims deposit	4,030,831	--	4,030,831
Total Noncurrent Assets	37,124,230	9,272	37,133,502
Deferred Outflows of Resources			
Deferred outflows of resources - pension related	9,193,696	--	9,193,696
Deferred outflows of resources - OPEB related	33,710	--	33,710
Deferred charge on refunding	473,500	--	473,500
Total Deferred Outflows of Resources	9,700,906	--	9,700,906
Total Assets and Deferred Outflows of Resources	60,420,991	838,894	61,259,885
Liabilities			
Current Liabilities			
Accounts payable	473,581	104,834	578,415
Accrued expenses	5,118,322	--	5,118,322
Unearned revenue	5,024	39,817	44,841
Current portion of lease liability	50,218	--	50,218
Current portion of long-term liabilities	1,925,966	--	1,925,966
Total Current Liabilities	7,573,111	144,651	7,717,762
Noncurrent Liabilities			
Pollution remediation obligation	64,000	--	64,000
Net pension liability	34,023,634	--	34,023,634
OPEB liability	630,017	--	630,017
Lease liability, net of current portion	71,771	--	71,771
Long-term liabilities	19,339,151	--	19,339,151
Total Noncurrent Liabilities	54,128,573	--	54,128,573
Deferred inflows of resources - pension related	16,703,433	--	16,703,433
Deferred inflows of resources - OPEB related	207,491	--	207,491
Total Deferred Inflows of Resources	16,910,924	--	16,910,924
Total Liabilities and Deferred Inflows of Resources	78,612,608	144,651	78,757,259
Net Position			
Net investment in capital assets	8,198,219	9,272	8,207,491
Restricted for debt service	6,076,197	--	6,076,197
Unrestricted	(32,466,033)	684,971	(31,781,062)
Total Net Position	\$ (18,191,617)	\$ 694,243	\$ (17,497,374)

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

A - 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Educational services	\$ 61,343,269	\$ 3,390,781	\$ 7,118,827	\$ --	\$ (50,833,661)	\$ --	\$ (50,833,661)
Unallocated depreciation	2,803,472	--	--	--	(2,803,472)	--	(2,803,472)
Interest and amortization expense	906,732	--	2,553,269	--	1,646,537	--	1,646,537
Total Governmental Activities	<u>65,053,473</u>	<u>3,390,781</u>	<u>9,672,096</u>	<u>--</u>	<u>(51,990,596)</u>	<u>--</u>	<u>(51,990,596)</u>
Business-type activities:							
Non-major enterprise funds	84,369	80,566	--	--	--	(3,803)	(3,803)
Lunch fund	1,219,010	16,617	1,592,522	--	--	390,129	390,129
Total Business-Type Activities	<u>1,303,379</u>	<u>97,183</u>	<u>1,592,522</u>	<u>--</u>	<u>--</u>	<u>386,326</u>	<u>386,326</u>
Totals	<u>\$ 66,356,852</u>	<u>\$ 3,487,964</u>	<u>\$ 11,264,618</u>	<u>\$ --</u>	<u>(51,990,596)</u>	<u>386,326</u>	<u>(51,604,270)</u>
General Revenues:							
Town contributions, includes amount for capital and debt service					53,886,976	--	53,886,976
Intergovernmental revenue					3,084,147	--	3,084,147
Investment earnings					45,231	--	45,231
Miscellaneous					66,467	--	66,467
Total General Revenues					<u>57,082,821</u>	<u>--</u>	<u>57,082,821</u>
Change in Net Position					5,092,225	386,326	5,478,551
Net Position - Beginning					(23,283,842)	307,917	(22,975,925)
Net Position - Ending					<u>\$ (18,191,617)</u>	<u>\$ 694,243</u>	<u>\$ (17,497,374)</u>

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

B - 1

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Debt Service Bond Sinking Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,466,390	\$ --	\$ 3,976,965	\$ 11,443,355
Restricted cash on deposit for sinking fund payments	--	6,076,197	--	6,076,197
Accounts receivable (net)	829,658	--	--	829,658
Due from federal and state	45,565	--	1,188,446	1,234,011
Due from other funds	1,163,448	--	173,476	1,336,924
Claims deposit	4,030,831	--	--	4,030,831
Prepaid expenses	161,615	--	--	161,615
Total Assets	\$ 13,697,507	\$ 6,076,197	\$ 5,338,887	\$ 25,112,591
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 247,909	\$ --	\$ 162,007	\$ 409,916
Accrued expenses	5,046,376	--	71,946	5,118,322
Unearned revenue	--	--	5,024	5,024
Due to other funds	--	13,608	1,396,100	1,409,708
Total Liabilities	5,294,285	13,608	1,635,077	6,942,970
Fund Balances				
Non-spendable	4,192,446	--	--	4,192,446
Restricted	--	6,062,589	994,645	7,057,234
Committed	89,668	--	2,709,165	5,198,833
Unassigned	1,721,108	--	--	1,721,108
Total Fund Balances	8,403,222	6,062,589	3,703,810	18,169,621
Total Liabilities and Fund Balances	\$ 13,697,507	\$ 6,076,197	\$ 5,338,887	\$ 25,112,591

Amounts reported for governmental activities in the statement of net position differ because:

Fund Balance of Total Governmental Funds	\$ 18,169,621
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds	26,897,548
Pension and OPEB related deferred outflows of resources are a consumption of net position not applicable to the current period therefore are not reported in the governmental funds	9,227,406
Deferred charge on refunding of bonds is deferred and amortized over the life of related debt in the governmental activities, but is reported as other financing use in the year of issuance in the governmental funds	473,500
Long-term liabilities and related items are not due and payable in the current period and therefore are not reported in the governmental funds	(21,265,117)
Net effect of right of use leases due to implementation of GASB 87	(2,335)
The following liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Net pension and OPEB liabilities	(34,653,651)
Pollution remediation obligation	(64,000)
Accrued interest on long-term debt obligations	(63,665)
Deferred inflows of resources are acquisitions of net position that are not applicable to the current period and therefore are not reported in the governmental funds	(16,910,924)
Net Position of Governmental Activities (A-1)	\$ (18,191,617)

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

B - 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Debt Service Bond Sinking Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Contributions of participating towns	\$ 53,886,976	\$ --	\$ 817,372	\$ 54,704,348
Intergovernmental	1,770,827	--	5,655,848	7,426,675
Tuition	3,390,781	--	--	3,390,781
Interest income	42,104	3,127	--	45,231
Contributions and donations	1,458	--	259,854	261,312
Miscellaneous	66,467	--	--	66,467
Non-public transportation offset	253,478	--	--	253,478
Intergovernmental pension contribution	3,115,088	--	--	3,115,088
Total Revenues	<u>62,527,179</u>	<u>3,127</u>	<u>6,733,074</u>	<u>69,263,380</u>
Expenditures				
Current:				
Employee compensation	34,407,019	--	1,023,089	35,430,108
Employee benefits	16,000,315	--	418,355	16,418,670
Purchased professional and technical services	1,599,200	--	473,434	2,072,667
Purchased property services	666,265	--	--	666,265
Other purchased services	7,619,127	--	96,695	7,715,822
Supplies	1,537,367	--	340,191	1,877,558
Miscellaneous	86,873	--	144,363	231,236
Capital Outlays	273,042	--	1,544,413	1,817,455
Debt Service:				
Principal	378,452	--	1,045,000	1,423,452
Interest expense	29,600	--	966,666	996,266
Total Expenditures	<u>62,597,293</u>	<u>--</u>	<u>6,052,206</u>	<u>68,649,499</u>
Excess of Revenues Over Expenditures				
Before Other Financing Sources (Uses)	<u>(70,114)</u>	<u>3,127</u>	<u>680,868</u>	<u>613,881</u>
Other Financing Sources (Uses)				
Transfers in	--	535,563	1,468,567	2,004,130
Transfers out	<u>(1,424,712)</u>	<u>--</u>	<u>(579,418)</u>	<u>(2,004,130)</u>
Net Other Financing Sources (Uses)	<u>(1,424,712)</u>	<u>535,563</u>	<u>889,149</u>	<u>--</u>
Net Change in Fund Balance	<u>(1,494,826)</u>	<u>538,690</u>	<u>1,570,017</u>	<u>613,881</u>
Fund Balance - Beginning of Year	<u>9,898,048</u>	<u>5,523,899</u>	<u>2,133,793</u>	<u>17,555,740</u>
Fund Balance - End of Year	<u>\$ 8,403,222</u>	<u>\$ 6,062,589</u>	<u>\$ 3,703,810</u>	<u>\$ 18,169,621</u>

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

B - 3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (B-2)
TO THE STATEMENT OF ACTIVITIES (A-2)**

FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds (B-2)	\$ 613,881
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(1,232,452)
The issuance of long-term debt provides current financial resources to governmental funds, while the principal repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the government-wide statement of activities. This amount is the net effect of these differences.	1,499,460
Amortization of bond premium and deferred charge on refunding is reported in the government-wide statement of activities, but is not reported in the governmental funds.	82,857
The change in accrued interest on long-term debt obligations is reported in the government-wide statement of activities, but is not reported in the governmental funds.	6,677
Differences in reporting of right of use leases in accordance with GASB 87.	(2,335)
The change in OPEB liability as well as claims and judgments recorded in the government-wide statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	34,350
Net effect of GASB 68 provisions on the government-wide financial statements.	<u>4,089,787</u>
Change in Net Position of Governmental Activities (A-2)	<u><u>\$ 5,092,225</u></u>

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

C - 1

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2022

	Business-type Activities		
	Lunch Fund	Non-Major Proprietary Funds	Total Proprietary Funds
Assets			
Current Assets			
Cash	\$ 412,168	\$ 225,644	\$ 637,812
Due from federal and state grants	119,026	--	119,026
Due from other funds	129,927	8,208	138,135
Total Current Assets	<u>661,121</u>	<u>233,852</u>	<u>894,973</u>
Capital Assets, Net of Accumulated Depreciation	<u>9,272</u>	<u>--</u>	<u>9,272</u>
Total Assets	<u>670,393</u>	<u>233,852</u>	<u>904,245</u>
Current Liabilities			
Accounts payable	104,754	80	104,834
Unearned revenue	39,817	--	39,817
Due to other funds	--	65,351	65,351
Total Current Liabilities	<u>144,571</u>	<u>65,431</u>	<u>210,002</u>
Total Liabilities	<u>144,571</u>	<u>65,431</u>	<u>210,002</u>
Net Position			
Investment in capital assets	9,272	--	9,272
Unrestricted	516,550	168,421	684,971
Total Net Position	<u>\$ 525,822</u>	<u>\$ 168,421</u>	<u>\$ 694,243</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

C - 2

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Business-type Activities		
	Lunch Fund	Non-Major Proprietary Funds	Total Proprietary Funds
Operating Revenues			
Charges for usage and service	\$ 16,617	\$ 80,566	\$ 97,183
Intergovernmental	1,592,522	--	1,592,522
Total Operating Revenues	<u>1,609,139</u>	<u>80,566</u>	<u>1,689,705</u>
Operating Expenses			
Instruction	--	57,318	57,318
Operations	1,217,980	24,837	1,242,817
Fringe benefits		2,214	2,214
Depreciation	1,030	--	1,030
Total Operating Expenses	<u>1,219,010</u>	<u>84,369</u>	<u>1,303,379</u>
Change in Net Position	390,129	(3,803)	386,326
Net Position - Beginning of Year	<u>135,693</u>	<u>172,224</u>	<u>307,917</u>
Net Position - End of Year	<u>\$ 525,822</u>	<u>\$ 168,421</u>	<u>\$ 694,243</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

C - 3

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-type Activities		
	Lunch Fund	Non-Major Proprietary Funds	Total Proprietary Funds
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,587,110	\$ 80,566	\$ 1,667,676
Cash paid to employees	--	(60,861)	(60,861)
Cash paid to suppliers	(1,198,490)	(24,757)	(1,223,247)
Net Cash Provided by (Used in) Operating Activities	<u>388,620</u>	<u>(5,052)</u>	<u>383,568</u>
Cash Flows from Noncapital Financing Activities			
Advances to other funds	(67,696)	(156)	(67,852)
Net Cash Used in Noncapital Financing Activities	<u>(67,696)</u>	<u>(156)</u>	<u>(67,852)</u>
Cash Flows from Capital Financing Activities			
Acquisition of fixed assets	(10,320)	--	(10,320)
Net Cash Used in Capital Financing Activities	<u>(10,320)</u>	<u>--</u>	<u>(10,320)</u>
Net Increase (Decrease) in Cash	310,604	(5,208)	315,716
Cash - Beginning of Year	<u>101,564</u>	<u>230,852</u>	<u>332,416</u>
Cash - End of Year	<u>\$ 412,168</u>	<u>\$ 225,644</u>	<u>\$ 637,812</u>
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities			
Change in net position	\$ 390,129	\$ (3,803)	\$ 386,326
Adjustments to reconcile:			
Depreciation	1,030	--	1,030
(Increase) in due from federal and state grants	(21,985)	--	(21,985)
Increase in accounts payable	19,475	80	19,555
(Decrease) in accrued expenses	--	(1,329)	(1,329)
(Decrease) in unearned revenue	(29)	--	(29)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 388,620</u>	<u>\$ (5,052)</u>	<u>\$ 383,568</u>

The accompanying notes are an integral part of these financial statements.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Chariho Regional School District (the District) conform to accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The following notes to the basic financial statements are an integral part of the District's basic financial statements.

REPORTING ENTITY

The Chariho Regional School District was formed through enabling legislation of the State of Rhode Island for the purpose of operating elementary and secondary schools within the Towns of Charlestown, Richmond and Hopkinton. The District is governed by an elected School Committee.

As required by accounting principles generally accepted in the United States of America, these basic financial statements present the financial position and results of operations of the Chariho Regional School District.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization's resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c. The primary government is obligated in some manner for the debt of the organization.

The financial statements do not include any component units.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual, governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c) Management may also designate a fund as major if it believes the fund is particularly important to the users of the financial statements.

GOVERNMENTAL FUNDS

The funds of a financial reporting entity are described below:

General Fund

The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are committed or restricted to expenditures for specific purposes other than debt service or capital projects.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds

The Permanent Funds account for assets held by the District pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue. Proprietary Funds include Enterprise and Internal Service Funds. During the year ended June 30, 2022 the District maintained seven Enterprise Funds. The District does not have Internal Service Funds.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS (CONTINUED)

Fiduciary Funds (Not Included in Government-wide Statements)

Fiduciary Funds

The District does not have Fiduciary Funds.

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major:	
General Fund:	See above for description.
Debt Service Fund:	Debt Service Bond Sinking Fund is considered a major fund and is used to accumulate funds for the future retirement of the Qualified School Construction Bonds.
Proprietary Fund:	Lunch fund accounts for the operation of the school breakfast and lunch program of the Chariho Regional School District. This fund did not meet the criteria for reporting as a major fund however, management has elected to present the fund as a major fund.
Non-Major:	
Special Revenue:	Grant programs including federal grants, state grants, and private grants. The District currently maintains fifty-three (53) special revenue funds.
Debt Service:	Member Towns Debt Service Fund.
Capital Projects:	Capital Projects Housing Aid Fund, Capital Projects Member Towns Contributions Fund and RYSE Capital Project Fund.
Proprietary:	Night School Remedial, Adult Education Program, Adult Continuing Education, Athletics Program, CTC Programs, and Before School Program.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS

On the Government-wide Statement of Net Position and the Statement of Activities both governmental and business-type activities (proprietary funds) are presented using the economic resources measurement focus as defined in item (b) below.

In the fund financial statements, the current financial resources measurement focus (modified accrual) or the economic resources measurement focus (full accrual) is used as appropriate:

- (a) All governmental funds utilize a current financial resources measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- (b) The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

BASIS OF ACCOUNTING

In the Government-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets, and deferred outflows of resources, and liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Proprietary funds also utilize the full accrual basis of accounting.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within a reasonable time thereafter to pay current liabilities. The District has determined available to mean within 60 days. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for debt principal and interest and compensated absences which are recognized when due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise funds are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as nonoperating revenues and expenses.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash Equivalents

For purposes of the cash flow statement, all investments with original maturities of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable

In the Government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include intergovernmental receivables, tuition and Medicaid reimbursements.

In the fund financial statements, receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are reported as unearned in the fund financial statements in accordance with modified accrual, but recognized as earned in the Government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds.

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year-end.

Investments

The District may invest in various types of investments, which are stated at 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. Realized and unrealized gains and losses are reported as investment income.

Compensated Absences

Under the terms of various contracts and policies, District employees are granted paid time off based on length of service. The District's policy is to recognize the cost of sick leave and personal days in governmental funds when paid and on the accrual basis in proprietary funds. The amount of earned but unpaid sick leave and personal days relating to governmental fund employees is recorded in long-term liabilities in the Government-wide financial statements.

Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the Government-wide or fund financial statements.

Government-wide Statements

In the Government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Historical cost was used to value the majority of the assets recorded.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Government-wide Statements (Continued)

Capital assets for capitalization are defined by the District, as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Depreciation of all exhaustible capital assets is recorded, as an unallocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings.....	50 - 50 years
Building improvements.....	10 - 15 years
Land improvements.....	15 years
Vehicles.....	5 - 7 years
Equipment.....	5 - 15 years

The District reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Should the expected cash flows be less than the carrying value, an impairment loss would be recognized to reduce the carrying value. No impairment losses were recognized during the June 30, 2022 year-end.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the Government-wide statements.

Bond Premiums and Issuance Costs

In the governmental funds, bond premiums and issuance costs are treated as period costs in the year the bonds are issued. Bond issuance costs are included in debt service expenditures and bond premiums are reflected as other financing sources in the governmental funds financial statements.

In the Government-wide statement of net position, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds payable.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2022 the District reported \$9,227,406 of deferred outflows related to pension and OPEB in the Government-wide statement of net position. The deferred outflows of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. This amount is deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees). At June 30, 2022 the District also reported \$473,500 of deferred outflows related to a deferred charge on refunding in the Government-wide statement of net position. The deferred charge on refunding is the unamortized balance of the difference between the carrying value of the refunded debt and the new debt. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2022 the District reported \$16,910,924 of deferred inflows related to pension and OPEB in the Government-wide statement of net position. The deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. This amount is deferred and will be recognized as an inflow of resources in the years in which the amounts become available.

Interfund Transactions

Interfund activity within and among the funds of the District have been classified and reported as follows:

Reciprocal interfund activities:

- Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
- Interfund services are reported as revenues in the seller fund and as expenditures on expenses in the purchasing fund.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Interfund Transactions (Continued)

Non-reciprocal interfund activities:

- Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.
- Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Net Position/Fund Balance

Government-wide Statements

Net position is classified and displayed in the following three components:

- (a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - The remaining net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Statements

Fund balance is classified in the governmental funds in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned as described below:

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Net Position/Fund Balance (Continued)

Fund Statements (Continued)

- Non-Spendable – the amount of fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact. “Not in spendable form” includes items that are not expected to be converted to cash within one year.
- Restricted – includes amounts that are restricted for specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Chariho Regional School Committee is considered the highest decision-making authority and therefore imposes constraints by a formal action by vote. This constraint must be imposed prior to the year-end, but the specific amount may be determined at a later date.
- Assigned – the amount of fund balance that includes the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purposes assigned by information operational planning. The assigned fund balance represents a plan for spending the amount, but it is not restricted or committed. The authority to assign fund balance is designated to the Chariho Regional School Committee.
- Unassigned – the amount of fund balance that is in the General Fund and includes all spendable amounts that are not otherwise contained in the classifications listed above, and therefore, not subject to any constraints or intended use. Unassigned amounts are available for any purpose. These are current resources available for which there are no external or self-imposed limitations or set spending plan. Although there is generally no set spending plan for the unassigned portion, there is a need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received. At the end of each year, the Director of Administration and Finance shall maintain an unassigned fund balance of a minimum of two percent (2%) and a maximum of four percent (4%) of general fund actual expenditures from the previous year. The School Committee shall strive to maintain an unassigned fund balance of three percent (3%) of general fund actual expenditures from the previous year.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Net Position/Fund Balance (Continued)

The District maintains a spending policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This policy states the District shall, when possible, expend funds beginning with those funds that have the highest level of restriction first, and will spend those funds with the lowest level of restriction last. It shall be the Director of Administration and Finance's responsibility to ensure the District's expenditures are appropriately classified based on the restrictions (both external and internal) of the revenue and fund balance(s) in accordance with the above policy.

Proprietary fund net position is classified the same as in the Government-wide statements.

Governmental Expenditures

In the fund financial statements, the operating expenditures are broken out into nine functional categories. Below is a description of these categories and related activity charged to them:

- Employee Compensation – Amounts paid to District employees, including personnel substituting for those in permanent positions.
- Employee Benefits – Amounts paid by the District on behalf of employees (amounts not included in gross salary but in addition to that amount). Such payments are fringe benefits and, although not paid directly to employees, nevertheless are part of the cost of personnel services.
- Purchased Professional and Technical Services – Services that by their nature can be performed only by persons or firms with specialized skills and knowledge.
- Purchased Property Services – Services purchased to operate, repair, maintain, and rent property owned or used by the District. These services are performed by persons other than District employees.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Governmental Expenditures (Continued)

- Other Purchased Services – Amounts paid for services rendered by organizations or professionals not on the payroll of the District (separate from professional and technical services or property services).
- Supplies – Amounts paid for items that are consumed, are worn out, or have deteriorated through use or items that lose their identity through fabrication or incorporation into different or more complex units or substances.
- Capital Outlays – Property – Expenditures for acquiring capital assets, including land, existing buildings, existing infrastructure assets, and equipment. Amounts recorded here may not necessarily meet the definition for recording as a capital asset in the Government-wide financial statements.
- Miscellaneous – Amounts for goods and services not otherwise classified into one of the above categories.
- Debt Service – Amounts paid for the principal or interest on debt obligations.

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 plan (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.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

In fiscal year 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources.

Recently Issued Accounting Standards

The following are recently issued governmental accounting standards which may be applicable in future years:

- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the District's fiscal year ending June 30, 2023.
- GASB Statement No. 94 – *Public-Private and Public-Private Partnerships and Availability Payment Agreements*, effective for the District's fiscal year ending June 30, 2023.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements ("SBITA")*, effective for the District's fiscal year ending June 30, 2023.
- GASB Statement No. 99 – *Omnibus 2022*, effective for the District's fiscal year ending June 30, 2023.
- GASB Statement No. 100 – *Accounting for Changes and Error Corrections*, effective for the District's fiscal year ending June 30, 2024.
- GASB Statement No. 101 – *Compensated Absences*, effective for the District's fiscal year ending June 30, 2025.

The impact of these pronouncements on the District's financial statements has not been determined.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 that affect the reported amounts of assets, deferred outflows of resources, and liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

The governmental balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the Government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities and related items are not due and payable in the current period and therefore are not reported in the governmental funds.” The details of the difference are as follows:

Bonds payable	\$ (17,444,000)
Notes payable	(279,466)
Bond premiums, net of accumulated amortization	(973,528)
Compensated absences	<u>(2,568,123)</u>
Net adjustment	<u>\$ (21,265,117)</u>

Another element of the reconciliation states that “net pension and OPEB liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.” The details of the difference are as follows:

Net pension liability	\$ (34,023,634)
OPEB liability	<u>(630,017)</u>
Net adjustment	<u>\$ (34,653,651)</u>

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the Government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The details of the difference are as follows:

Capital outlays	\$ 1,571,020
Depreciation expense	<u>(2,803,472)</u>
Net adjustment	<u>\$ (1,232,452)</u>

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the principal repayment of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on the government-wide statement of activities.” The details of the difference are as follows:

Decrease in bonds payable (excluding leased debt)	\$ 1,045,000
Decrease in notes payable obligations	378,452
Decrease in compensated absences	<u>76,008</u>
Net adjustment	<u>\$ 1,499,460</u>

NOTE 2 - BUDGETARY DATA

The School District requires an annual budget for the General Fund. The practices used in preparation of the 2022 budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The actual results of operations, for purposes of the Statement of Revenues and Expenditures, Budget and Actual on a Budgetary Basis - General Fund, have been adjusted to a basis consistent with the School District's budget for 2022.

Amendments to the operating budget that do not result in additional appropriations may be made by means of a transfer. The Director of Administration and Finance has authority to make such transfers within departments as well as any transfers up to \$1,500. Transfers over \$1,500 must be approved by the School Committee.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

The District maintains deposits at local financial institutions. At year-end, the carrying amount of such deposits was \$12,081,167. The bank balance of these funds was \$12,827,315, of which \$7,845,691 was covered by federal depository insurance and the remaining balance of \$4,981,624 was fully collateralized.

INVESTMENTS

The District follows the guidance for fair value measurements and disclosures in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, an accounting standard adopted by the District in the current year.

In determining fair value, the District uses various valuation approaches, as appropriate in the circumstances. GASB Statement No. 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the District are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the District are deemed to be actively traded.

The District has established legal restrictions as to the types of investments that may be held by the District. The District may invest in U.S. Treasury Bills, Short-term obligations of U.S. Government agencies, Federally Insured or collateralized certificates of deposit, Repurchase agreements collateralized by U.S. Treasury securities, State investment pools and Money Market mutual funds whose portfolios consist of U.S. Government securities.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The following table summarizes the investments of the District, at fair value, as of June 30, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level				
Mutual Fund - First American Government Obligation Fund Class V	\$ 6,076,197	\$ --	\$ --	\$ 6,076,197

The average rating comprising the mutual fund above as determined by Standard & Poor's is AAA.

Custodial Credit Risk – Deposits and Investments. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The collateralization of certificates of deposit or repurchase agreements must be in an amount of at least 102% of fair market value to the amount of the deposit is the District's investment policy for custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. It is the policy of the District to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates.

Credit Risk. Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure.

Concentration of Credit Risk. The District places the following limits on the maximum percent of portfolio it may invest in any one specific instrument: the portfolio shall at all times comprise of at least three separate investment instruments; with no one instrument holding more than 50% of total fund principal. Furthermore, at least 30% of the invested funds shall be in instruments that can be redeemed by the District on demand within one day.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance <u>7/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>6/30/2022</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 538,543	\$ --	\$ --	\$ 538,543
Total Capital Assets Not Being Depreciated	<u>538,543</u>	<u>--</u>	<u>--</u>	<u>538,543</u>
Capital Assets Being Depreciated				
Buildings and improvements	59,883,057	206,541	--	60,089,598
Equipment	2,400,596	1,171,511	--	3,572,107
Land improvements	3,490,731	92,968	--	3,683,699
Vehicles	383,133	--	--	383,133
Total Capital Assets Being Depreciated	<u>66,157,517</u>	<u>1,571,020</u>	<u>--</u>	<u>67,728,537</u>
Less: Accumulated Depreciation For				
Buildings and improvements	34,488,660	2,606,697	--	37,095,357
Equipment	1,647,850	71,799	--	1,719,649
Land improvements	2,240,630	111,865	--	2,352,495
Vehicles	188,920	13,111	--	202,031
Total Accumulated Depreciation	<u>38,566,060</u>	<u>2,803,472</u>	<u>--</u>	<u>41,369,532</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,130,000</u>	<u>\$ (1,232,452)</u>	<u>\$ --</u>	<u>\$ 26,897,548</u>
Business-Type Activities:				
Capital Assets Being Depreciated				
Equipment	\$ 119,420	\$ 10,302	\$ --	\$ 129,722
Total Capital Assets Being Depreciated	<u>119,420</u>	<u>10,302</u>	<u>--</u>	<u>129,722</u>
Less: Accumulated Depreciation For				
Equipment	119,420	1,030	--	120,450
Total Accumulated Depreciation	<u>119,420</u>	<u>1,030</u>	<u>--</u>	<u>120,450</u>
Business-Type Activities Capital Assets, Net	<u>\$ --</u>	<u>\$ 9,272</u>	<u>\$ --</u>	<u>\$ 9,272</u>

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental Activities:

Depreciation is for all educational activities presented separately on the Statement of Activities as unallocated depreciation totaling \$2,803,472.

Business-Type Activities:

School lunch	\$ 1,030
Total Business-Type Activities Depreciation Expense	\$ 1,030

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

The District had interfund transfers totaling \$2,004,130 during the year ended June 30, 2022. The composition of these interfund transfers was as follows:

	Transfers In	Transfers Out
General Fund	\$ --	\$ 1,424,712
Debt Service Bond Sinking Fund	535,563	--
Capital Project Funds	1,461,068	36,356
Special Revenue Funds	7,499	7,499
Member Towns - Debt Service Funds	--	535,563
Total	\$ 2,004,130	\$ 2,004,130

Interfund balances represent short-term advances from one fund to another fund. The advances may represent balances resulting from operating advances or simply be the result of pooling of financial resources to maximize investment income. The composition of interfund balances at June 30, 2022 was as follows:

	Due From	Due To
General Fund	\$ 1,163,448	\$ --
Debt Service Bond Sinking Fund	--	13,608
Non-Major Governmental Funds	173,476	1,396,100
Proprietary Funds	138,135	65,351
Total	\$ 1,475,059	\$ 1,475,059

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS

(a) Employees' Retirement System (ERS) – Teachers

General Information about the Pension Plan

Plan Description - Certain employees of the Chariho Regional School District participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System (ERS) plan - administered by the Employees' Retirement System of the State of Rhode Island (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 employer's 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 report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit Provisions - The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 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 but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

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

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(a) Employees' Retirement System (ERS) – Teachers (Continued)

General Information about the Pension Plan (Continued)

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2022, Chariho Regional School District teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the Chariho Regional School District are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the Chariho Regional School District; the rates were 10.75% and 14.50% of annual covered payroll for the fiscal year ended June 30, 2022 for the state and the Chariho Regional School District, respectively. The Chariho Regional School District contributed \$4,360,477, \$4,177,221 and \$4,024,537 for the fiscal years ended June 30, 2022, 2021 and 2020, respectively, equal to 100% of the required contributions for each year. The State's share of contribution for fiscal 2022 was \$3,003,221 and is reported as on-behalf payments and included in both revenue and expenditures on the financial statements.

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

At June 30, 2022, the Chariho Regional School District reported a liability of \$33,870,264 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Chariho Regional School District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Chariho Regional School District were as follows:

Chariho Regional School District proportionate share of the net pension liability	\$ 33,870,264
State's proportionate share of the net pension liability associated with the Chariho Regional School District	<u>25,117,837</u>
Total Net Pension Liability	<u>\$ 58,988,101</u>

The net pension liability was measured as of June 30, 2021, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021. The Chariho Regional School District's proportion of the net pension liability was based on a projection of the Chariho Regional School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2021 the Chariho Regional School District's proportion was 1.44%.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(a) Employees' Retirement System (ERS) – Teachers (Continued)

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

For the year ended June 30, 2022 the Chariho Regional School District recognized gross pension expense of \$1,882,264 and revenue of \$882,318 for support provided by the State. At June 30, 2022 the Chariho Regional School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Contributions subsequent to the measurement date	\$ 4,360,477
Difference between expected and actual experience	339,967
Changes in assumptions	1,418,338
Net difference between projected and actual earnings on pension plan investments	1,136,510
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>734,673</u>
Total	<u>\$ 7,989,965</u>

Deferred Inflows of Resources

Difference between expected and actual experience	\$ (1,094,030)
Changes in assumptions	(744,843)
Net difference between projected and actual earnings on pension plan investments	(9,064,248)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>(1,881,950)</u>
Total	<u>\$ (12,785,071)</u>

The \$4,360,477 reported as deferred outflows of resources related to pensions resulting from the Chariho Regional School District contributions in fiscal year 2022 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(a) Employees' Retirement System (ERS) – Teachers (Continued)

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

	Year Ended June 30,
2023	\$ (2,335,502)
2024	(2,015,429)
2025	(2,090,511)
2026	(2,494,420)
2027	(177,942)
Thereafter	(42,079)
 Total	 \$ (9,155,583)

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

Inflation	2.5%
Salary increases	3.0% to 13.0%
Investment rate of return	7.0%

Mortality – variants of the **POB (10)** Tables for Healthy and Disabled Retirees projected with Scale Ultimate MP16.

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. The June 30, 2021 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(a) Employees' Retirement System (ERS) – Teachers (Continued)

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

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
<i>GROWTH</i>		
Global Equity:		
U.S. Equity	23.20%	5.83%
International Developed Equity	11.80%	6.35%
Emerging Markets Equity	5.00%	8.04%
Sub-Total	40.00%	
Private Growth:		
Private Equity	11.25%	9.47%
Non-Core Real Estate	2.25%	5.32%
OPP Private Credit	1.50%	9.47%
Sub-Total	15.00%	
<i>INCOME</i>		
High Yield Infrastructure	1.00%	3.19%
REITS	1.00%	5.32%
Equity Options	2.00%	5.59%
EMD (50/50 Blend)	2.00%	1.96%
Liquid Credit	2.80%	3.19%
Private Credit	3.20%	3.19%
Sub-Total	12.00%	
<i>STABILITY</i>		
Crisis Protection Class:		
Treasury Duration	5.00%	-0.32%
Systematic Trend	5.00%	3.39%
Sub-Total	10.00%	
Inflation Protection:		
Core Real Estate	3.60%	5.32%
Private Infrastructure	2.40%	5.81%
TIPs	2.00%	0.30%
Sub-Total	8.00%	
Volatility Protection:		
IG Corp Credit	3.25%	1.14%
Securitized Credit	3.25%	1.14%
Absolute Return	6.50%	3.39%
Cash	2.00%	-0.32%
Sub-Total	15.00%	
Total	100.00%	

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(a) Employees' Retirement System (ERS) – Teachers (Continued)

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

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

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 42,775,550	\$ 33,870,264	\$ 22,504,575

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS)

General Information about the Pension Plan

Plan Description - The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at <http://www.ersri.org>.

Benefits Provided - General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary – Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service – Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC) – Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

General Information about the Pension Plan (Continued)

General Employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

General Information about the Pension Plan (Continued)

General Employees (Continued)

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2015 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Other Benefit Provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA. When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA D (covering current retired members as well as current and future active members).

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

General Information about the Pension Plan (Continued)

Other Benefit Provisions (Continued)

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Employees Covered by Benefit Terms

At the June 30, 2021 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	79
Inactive, Nonretired Members	94
Active Members	160
Total	333

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. The Chariho Regional School District contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Chariho Regional School District contributed \$626,695 in the year ended June 30, 2022 which was 11.72% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2020 and rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2021 measurement date (June 30, 2020 valuation rolled forward to June 30, 2021)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll - Closed
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.25%
Inflation	2.5%
Mortality	Mortality - variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
Cost of Living Adjustments	The known COLA for certain MERS units in calendar years 2019 and 2020 were 1.86% and 1.56%, respectively, and this was reflected in the June 30, 2019 valuation. All future COLAs were assumed to be 2.1% per annum for all MERS units with the COLA provision

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. The June 30, 2021 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
<i>GROWTH</i>		
Global Equity:		
U.S. Equity	23.20%	5.83%
International Developed Equity	11.80%	6.35%
Emerging Markets Equity	5.00%	8.04%
Sub-Total	40.00%	
Private Growth:		
Private Equity	11.25%	9.47%
Non-Core Real Estate	2.00%	5.32%
OPP Private Credit	1.50%	9.47%
Sub-Total	15.00%	
<i>INCOME</i>		
High Yield Infrastructure	1.00%	3.19%
REITS	1.00%	5.32%
Equity Options	2.00%	5.59%
EMD (50/50 Blend)	2.00%	1.96%
Liquid Credit	2.80%	3.19%
Private Credit	3.20%	3.19%
Sub-Total	12.00%	
<i>STABILITY</i>		
Crisis Protection Class:		
Treasury Duration	5.00%	-0.32%
Systematic Trends	5.00%	3.39%
Sub-Total	10.00%	
Inflation Protection:		
Core Real Estate	3.60%	5.32%
Private Infrastructure	2.40%	5.81%
Natural Resources	2.00%	0.30%
Sub-Total	8.00%	
Volatility Protection:		
IG Corp Credit	3.25%	1.14%
Securitized Credit	3.25%	1.14%
Absolute Return	6.50%	3.39%
Cash	2.00%	-0.32%
Sub-Total	15.00%	
Total	100.00%	

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

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

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

	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2020	\$ 25,952,223	\$ 21,303,803	\$ 4,648,420
Changes for the year			
Service cost	448,352	--	448,352
Interest on the total pension liability	1,786,189	--	1,786,189
Difference between expected and actual experience	(286,652)	--	(286,652)
Changes in assumptions	--	--	--
Employer contributions	--	612,732	(612,732)
Employee contributions	--	149,681	(149,681)
Pension plan net investment income	--	5,715,991	(5,715,991)
Benefit payments	(1,318,824)	(1,318,824)	--
Pension plan administrative expense	--	(21,779)	21,779
Other changes	--	(13,686)	13,686
Net changes	<u>629,065</u>	<u>5,124,115</u>	<u>(4,495,050)</u>
Balances as of June 30, 2021	<u>\$ 26,581,288</u>	<u>\$ 26,427,918</u>	<u>\$ 153,370</u>

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$2,448,100	\$153,370	\$(2,745,703)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022 the employer recognized pension income of \$226,121. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 626,695	\$ --
Difference between expected and actual experience	28,498	327,837
Changes in assumptions	112,701	155,329
Net difference between projected and actual earnings on pension plan investments	<u>435,837</u>	<u>3,435,196</u>
Total	<u>\$ 1,203,731</u>	<u>\$ 3,918,362</u>

\$626,695 reported as deferred outflows of resources related to pensions resulting from the Chariho Regional School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System (MERS) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year Ended June 30,	Net Deferred Outflows (Inflows) of Resources
2023	(773,898)
2024	(821,648)
2025	(808,604)
2026	(912,499)
2027	(24,677)
Total	<u>\$ (3,341,326)</u>

Summary of Pension Expense, Deferred Outflows/Inflows of Resources Related to All Pensions of the District

	MERS General Plan	ERS Teachers Plan	Total
Deferred outflows	\$ 1,203,731	\$ 7,989,965	\$ 9,193,696
Deferred inflows	3,918,362	12,785,071	16,703,433
Net pension liability	153,370	33,870,264	34,023,634
Pension (income) expense	(226,121)	1,882,264	1,656,143

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN

Defined Contribution Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012 as described above, also participate in a defined contribution plan 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. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of July 1, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Chariho Regional School District recognized pension expense of \$165,450 for certified staff and \$39,069 for municipal staff for the fiscal year ended June 30, 2022.

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

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Contracts

The School District has publicly bid and contracted with a private contractor to have in-district bussing services provided for students through the last day of school June 2024. The School Committee awarded the private contractor a three-year contract with two one-year extension options by mutual consent through the last day of school in June 2026. Due to extremely high costs incurred by the District in FY19 while utilizing statewide transportation (as required by legislation), the District requested a variance from the RI Department of Education to transport most of the District's out-of-district special education students using a private contractor. This variance is still in effect for FY21. The District also requested FY22 variances related to grade five bus monitors and kindergarten stops; both of which were approved. A request for variance for out-of-district private school transportation was denied by the RI Department of Education during the Chariho transportation bid process in Spring 2021 and on September 20, 2021. The projected annual payment for Ocean State Transit for FY23 is estimated at approximately \$5 million, consistent with actual FY22 expenditures due to the full reinstatement of normal post-Covid operations.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The State of Rhode Island publicly bid and awarded a one-year contract to Chartwells for school nutrition services with four one-year extension options by mutual consent. On May 24, 2022 the School Committee approved the District's participation in year two (FY23) of the contract with the option to renew years three (FY24) through five (FY26).

Grants

The District has received federal and state grants for specific purposes that are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The District officials believe such disallowances, if any, would be immaterial.

Litigation

There are various lawsuits pending against the District. Although the outcome of most of these lawsuits is not presently determinable, any probable claims, as determined by the District officials and counsel, have been appropriately provided for.

NOTE 9 - RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of the pandemic. The extent to which COVID-19 may impact the District's financial condition or results of operations is uncertain.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6 and 7, the District administers a single-employer, defined benefit Other Post-Employment Benefit (OPEB) plan in accordance with the District teachers' contract, effective September 1, 2002. Under the provisions of the contract, any teacher who retires within the first three years of their eligibility to collect retirement benefits from the State's Teacher Retirement System will be entitled to the following District contributions toward the teacher's cost of health insurance: \$2,000 maximum per year for family plan coverage, and \$850 maximum per year for individual coverage. The District's obligation to these retirees shall continue until the retiree reaches age 65. The retiree may not receive benefits under the plan if covered by a spouse's family plan, but may opt to participate once coverage under a spouse's plan ceases. The plan may only be amended by the School Committee, subject to the terms of the teacher contract. Effective July 1, 2012, the School Committee elected to amend the stipend benefit subsidy.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Plan Description (Continued)

The stipend subsidy for District teachers has been discontinued and current active teachers will no longer be eligible to elect the benefit with subsidy within the first three years of eligibility. Administrators are still eligible for the stipend benefit and monthly stipend amounts as defined above. Existing retirees currently receiving the stipend benefit will continue to receive this benefit until they reach age 65. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided

Eligibility: Certified teachers and support staff are eligible for retiree health benefits until Medicare eligibility once they meet the retirement eligibility requirements under Rhode Island State Employees Retirement System (RI ERS) or Rhode Island Municipal Employees Retirement System (RI MERS).

RI ERS – Employees with less than five years of contributing service credit on June 30, 2012 may retire at the Social Security normal retirement age (not higher than 67). For employees with at least five years of contributing service credit on June 30, 2012, minimum retirement age is 62 with “proportional downward adjustment” toward an earlier retirement date based on years of service prior to July 1, 2012, but not earlier than 59. Employees with at least 10 years of contributing service credit on June 30, 2012 and 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, if they continue to work and contribute until that date. If they are within five years of reaching the Rhode Island Retirement Security Act (RIRSA) retirement eligibility date and have at least 20 years of service, they may retire at any time. Effective on July 1, 2015, employees are also eligible to retire upon attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with at least 33 years of service. These are additional eligibility requirements, which means that if employees are eligible to retire under the current eligibility requirements, they may do so.

RI MERS – Employees eligible to retire as of July 1, 2012 are not impacted by the new eligibility requirements described below. Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. For employees who are not eligible to retire as of July 1, 2012:

- a) Members with less than five years of contributing service credit on June 30, 2012 may retire at their Social Security normal retirement age.
- b) Members with at least five years of contributing service credit on June 30, 2012 may retire at an individually determined age, which is the result of interpolating the member’s prior Retirement Date and the retirement age applicable to members hired after June 30, 2012.
- c) Members with at least ten years of contributing service credit on June 30, 2012 may retire at their prior Retirement Date if they continue to work and contribute until that date.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Benefits Provided (Continued)

All members who are within five years of reaching their retirement eligibility date may retire at any time if they have at least 20 years of service. Effective on July 1, 2015, employees are also eligible to retire upon attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with at least 33 years of service. These are additional eligibility requirements, which means that if employees are eligible to retire under the current eligibility requirements, they may do so.

Employees Covered by Benefit Terms

As of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	2
Active employees	458
Total	469

Total OPEB Liability

The District's total OPEB liability of \$630,017 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Valuation Date:** June 30, 2022 with no adjustment to get to the June 30, 2022 measurement date. Liabilities as of July 1, 2021 are based on an actuarial valuation date of July 1, 2020 projected to July 1, 2021 on a "no loss/no gain" basis.
- Discount Rate:** 4.09% as of June 30, 2022 and 2.19% as of July 1, 2021 for accounting disclosure purposes.
- Payroll Growth:** 3.00% (2.50% general inflation and 0.50% real wage inflation).
- Inflation Rate:** 2.50% per year.
- Cost Method:** Entry Age Normal Level % Salary.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (Continued)

Health Care Trend Rates: 7.5% for 2023, decreasing by 0.5% per year to an ultimate rate of 4.0% for 2029 and later years.

Spouse Coverage: Spousal coverage for current retirees is based on actual data. 70% of employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives.

Mortality: MERS – SOA Pub-2020 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. RI ERS – SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving Spouses – SOA Pub 2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Changes in the Total OPEB Liability

Changes in the total OPEB liability for the year ended June 30, 2022 consisted of the following:

	Total OPEB Liability
	<u> </u>
Balance at June 30, 2021	\$ 845,967
Changes for the year:	
Service cost	37,331
Interest	18,864
Changes in assumptions	(66,123)
Differences between expected and actual experience	(161,965)
Benefit payments	<u>(44,057)</u>
Net changes	<u>(215,950)</u>
Balance at June 30, 2022	<u><u>\$ 630,017</u></u>

Changes in assumptions reflect a change in the discount rate from 2.19% for fiscal year ended June 30, 2021 to 4.09% as of June 30, 2022.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19%) or 1-percentage-point higher (3.19%) than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 669,381	\$ 630,017	\$ 591,805

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 3.5%) or 1-percentage-point higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 3.5%)	Current Health Care Trend Rates (7.5% Decreasing to 4.5%)	1% Increase (8.5% Decreasing to 5.5%)
Total OPEB liability	\$ 573,876	\$ 630,017	\$ 694,213

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

For the year ended June 30, 2022, the District recognized OPEB income of \$17,350 in the Government-wide Statement of Activities. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 154,593
Changes in assumptions	33,710	52,898
Total	<u>\$ 33,710</u>	<u>\$ 207,491</u>

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>		
2023	\$	(41,813)
2024		(39,131)
2025		(47,221)
2026		(45,616)
	\$	<u>(173,781)</u>

NOTE 11 - RISK MANAGEMENT ACTIVITIES

For its employer health insurance coverage, the District has chosen to participate in the Health Benefits Project provided by the WB Community Health, an independent, non-profit organization (the Collaborative). The District is also self-insured for dental insurance coverage through the Collaborative. Deposits made to the Collaborative are treated as expenditures when it is probable that a claim has been incurred, and include estimated amounts for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim and health care trends, and other economic and social factors.

An analysis of claims activity is presented below:

	Net Position Balance at Beginning of Year	Current Year Claims and Expenses, Including IBNR	Actual Plan Deposits	Net Position Balance at Year End
June 30, 2022	\$ 3,264,500	\$ 5,564,915	\$ 6,331,246	\$ 4,030,831
June 30, 2021	\$ 2,788,487	\$ 6,437,647	\$ 6,913,660	\$ 3,264,500

The Plan is covered by excess loss insurance coverage to cover annual per person claims in excess of \$175,000.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - RISK MANAGEMENT ACTIVITIES (CONTINUED)

Other types of insurance coverage purchased through private insurers are as follows: public officials and employee liability, flood and earthquake insurance, boiler and machinery coverage, general liability, property and casualty, garage liability, oceans and marine liability and fiduciary coverage. There have been no significant reductions in insurance coverage during the year ended June 30, 2022 as compared to the previous year. Claims incurred on these other types of insurance did not exceed insurance coverage during the years ended June 30, 2022, 2021 and 2020.

NOTE 12 - POLLUTION REMEDIATION OBLIGATION

The District is currently involved in the operation and maintenance of the Groundwater Remediation System at the Middle School and continued implementation of a Rhode Island Department of Environmental Management (RIDEM) approved Full-Scale Soil Washing Program. The District initially retained non-professional and professional consulting services to achieve the initial design of the recovery system. The initial design of the recovery system included the use of total fluids recovery technology which involved pumping a combination of groundwater and free product and running it through an oil/water separator. From its original installation in 1999 through 2005, it is estimated that approximately 4,000 gallons of free product were recovered. Consulting services are being utilized to achieve compliance with the applicable RIDEM regulations with regard to the remediation of No. 2 fuel from a former leaking underground storage tank. Using RIDEM's target cleanup goal, the District anticipates ongoing operation of the system in substantially the same configuration that exists today for one to three more years. The District will monitor the system operation and product recovery rates over the next year to assess when the free product thickness will meet the target goal. When appropriate, the District will shut down the system and observe the free product thickness at several locations. The consultant and management believe the cleanup can be terminated within three years at a total remaining estimated cost ranging from \$47,000 to \$64,000. The District has recorded the estimated remaining liability of \$64,000 in the Government-wide statement of net position as of June 30, 2022.

NOTE 13 - RIGHT OF USE ASSETS – GASB 87 IMPLEMENTATION

As described in Note 1, lease changes were incorporated into the District's fiscal year 2022 financial statements and did not have an effect on opening net position. The District has entered into various leases as a lessee for office equipment with maturity dates through fiscal year 2025.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 – RIGHT OF USE ASSETS – GASB 87 IMPLEMENTATION (CONTINUED)

Annual requirements to amortize the lease liability and related interest are as follows:

2023	\$	50,218
2024		48,599
2025		23,172
Total	\$	<u>121,989</u>

NOTE 14 - FUND BALANCES

(a) Fund Balances

As stated in Note 1, Fund Balance may be classified as one of five categories: Non-Spendable, Restricted, Committed, Assigned, or Unassigned. See Note 1 for definitions of these five Fund Balance categories. The detail of the composition of the Non-Spendable, Restricted, and Committed Fund Balance at June 30, 2022 is as follows:

Non-Spendable:

Deposit held for health and dental benefits	\$	4,030,831
Prepaid expenses		<u>161,615</u>
Total Non-Spendable	\$	<u>4,192,446</u>

The deposits held for health and dental benefits are maintained by WB Community Health and are not readily available as cash to the District. The deposits may be used to fund future self-insured health and dental claims should the monthly premiums not be sufficient to cover the actual claims incurred. As a result, these deposits net of the estimated IBNR claims payable are considered to be non-spendable fund balance as of June 30, 2022.

CHARIHO REGIONAL SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 14 - FUND BALANCES (CONTINUED)

(a) Fund Balances (Continued)

Restricted:

Bond sinking fund requirements	\$ 6,062,589
Restricted for future debt service – Member Town Fund	136,574
Title I	270
Race to the Top Early Learning Challenge	127
RI Department of Human Services Rising Stars	141
Student Activities	23,263
Categorical	470,314
RI Foundation	8,539
RI Foundation SPARK Grant	676
RI Foundation Professional Development	40
RI State Arts Council	841
Community 2000 Foundation	9,768
AMGEN Grant	244
GenYouth Foundation	884
Westerly Credit Union	21
Clark Foundation	163
Champlin Foundation	24,230
Rotary Club	6,680
NAESP Crayola	1,548
Providence Engineering Society Robotics	500
National FFA Foundation	233
Lovett Foundation	198
Donations - Field Trips	1,591
Donations - Private	41,754
Family Educational Programs	1,374
School Building Authority Capital	22,186
American Council International Travel	2,405
Various Educational Program	108
RYSE Capital Project	37,973
Total Restricted Fund Balance	\$ 7,057,234

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 14 - FUND BALANCES (CONTINUED)

(a) Fund Balances (Continued)

Committed:

Re-appropriate to fiscal 2022-2023 operating budget	\$ 2,089,668
COVID-19 related expenses	150,000
Potential contingencies	250,000
Capital projects awarded but not completed – Member Town Contribution Fund	1,522,811
Capital projects awarded but not completed – Capital Projects Housing Aid Fund	2,186,354
Total Committed Fund Balance	<u><u>\$ 5,198,833</u></u>

At June 30, 2022, the District's unassigned fund balance was \$1,721,108 (all related to its general fund), which falls within the District's target, per its fund balance policy, of 2% to 4% of the general fund's actual expenditures from the previous year.

(b) Fund Deficits

The following individual funds incurred operating deficits for the year ended June 30, 2022:

Governmental Funds:

Special Revenue Funds:

RI Foundation	\$ 2,239
Community 2000 Foundation	7,626
Clark Foundation	4,648
Categorical Funding	8,151
Donations Field Trips	3,281
Development Donations	5,000
School Building Authority Capital	33,860
Total Operating Deficits - Governmental Funds	<u><u>\$ 64,805</u></u>

Proprietary Funds:

Non-Major Proprietary Funds:

Night School Remedial	\$ 4,911
Adult Education Program	634
Athletics Program	1,084
Total Operating Deficits - Proprietary Funds	<u><u>\$ 6,629</u></u>

There were no funds with cumulative deficits as of June 30, 2022.

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 15 - LONG-TERM LIABILITIES

Payments on all long-term debt and other long-term liabilities that pertain to the District's governmental activities are made by the general fund or debt service funds. Long-term liabilities consist of the long-term liabilities that are not recorded as fund liabilities. Amounts are as follows:

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding June 30, 2021	Additions	Retirements	Balance Outstanding June 30, 2022	Due Within One Year
Bonds Payable:									
\$4.8M QSCB Construction Revenue Bond	6/15/2010	\$ 4,812,000	0.46%	5/15/2027	\$ 4,812,000	\$ --	\$ --	\$ 4,812,000	\$ --
\$3.8M QSCB Construction Revenue Bond	12/2/2010	\$ 3,757,000	0.726%	5/15/2027	3,757,000	--	--	3,757,000	--
\$4.975M RIHEBC Revenue Bond	11/16/2017	\$ 4,975,000	2.50%-5%	5/15/2027	3,675,000	--	535,000	3,040,000	560,000
\$6.345M RIHEBC Refunding Revenue Bond	11/16/2017	\$ 6,345,000	3%-5%	5/15/2031	18,345,000	--	510,000	5,835,000	535,000
Bonds Payable Total					<u>18,489,000</u>	<u>--</u>	<u>1,045,000</u>	<u>17,444,000</u>	<u>1,095,000</u>
Bond Premiums:									
	11/16/2017	\$ 614,219	N/A	5/15/2031	368,531	--	61,422	307,109	--
	11/16/2017	\$ 1,036,649	N/A	5/15/2031	740,465	--	74,046	666,419	--
					<u>1,108,996</u>	<u>--</u>	<u>135,468</u>	<u>973,528</u>	<u>--</u>
Compensated Absences:									
					<u>2,644,131</u>	<u>2,486,234</u>	<u>2,562,242</u>	<u>2,568,123</u>	<u>642,031</u>
Note Payable Obligation:									
	8/5/2018	\$ 599,012	3.99%	8/5/2021	153,217	--	153,217	--	--
	10/1/2018	\$ 171,064	7.18%	10/1/2021	44,186	--	44,186	--	--
	8/1/2019	\$ 92,872	7.09%	8/1/2022	46,021	--	22,197	23,824	23,824
	8/5/2019	\$ 397,999	3.59%	8/5/2022	153,904	--	75,595	78,309	78,309
	7/5/2020	\$ 228,046	2.84%	7/5/2023	168,618	--	54,639	113,979	56,191
	8/1/2020	\$ 126,994	6.75%	8/1/2023	91,972	--	28,618	63,354	30,611
Note Payable Total					<u>657,918</u>	<u>--</u>	<u>378,452</u>	<u>279,466</u>	<u>188,935</u>
Total Long-Term Debt					<u>\$ 22,900,045</u>	<u>\$ 2,486,234</u>	<u>\$ 4,121,162</u>	<u>\$ 21,265,117</u>	<u>\$ 1,925,966</u>

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 15 - LONG-TERM LIABILITIES (CONTINUED)

Total interest expense paid on long-term debt for the year ended June 30, 2022 was approximately \$1,000,000. The District has been approved for housing aid reimbursement on the principal and interest, on all construction revenue bonds issued, throughout the life of the bonds.

The proceeds from the bonds were used to finance the acquisition, construction, furnishing and equipping of schools and school facilities, including but not limited to various school renovation projects, and to pay the cost of issuance. The \$4,812,000 bond and \$3,757,000 bond require sinking fund deposits to be held on deposit by the trustee and will be paid to the bondholders in full in May 2027 for both bonds. As of June 30, 2022 the balance held in the bond sinking fund totaled \$6,076,197.

Debt Maturity

The Sinking Fund principal deposits and annual interest payments required on the \$4,812,000 and \$3,757,000 Revenue Bonds are as follows:

Year Ended June 30,	Principal	Interest	Deposits to Sinking Fund as of June 30, 2022
2012	300,750	\$ 22,134	\$ 300,750
2013	300,750	22,134	300,750
2014	300,750	22,134	300,750
2015	300,750	22,134	300,750
2016	300,750	22,134	300,750
2017	300,750	22,134	300,750
2018	300,750	22,134	300,750
2019	300,750	22,134	300,750
2020	300,750	22,134	300,750
2021	300,750	22,134	300,750
2022	300,750	22,134	300,750
2023	300,750	22,134	--
2024	300,750	22,134	--
2025	300,750	22,134	--
2026	300,750	22,134	--
2027	300,750	22,134	--
Total	<u>\$ 4,812,000</u>	<u>\$ 354,144</u>	<u>\$ 3,308,250</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 15 - LONG-TERM LIABILITIES (CONTINUED)

Debt Maturity (Continued)

Year Ended June 30,	Principal	Interest	Deposits to Sinking Fund as of June 30, 2022
2012	\$ 234,813	\$ 27,275	\$ 234,813
2013	234,813	27,275	234,813
2014	234,813	27,275	234,813
2015	234,813	27,275	234,813
2016	234,813	27,275	234,813
2017	234,813	27,275	234,813
2018	234,813	27,275	234,813
2019	234,813	27,275	234,813
2020	234,812	27,275	234,813
2021	234,812	27,275	234,813
2022	234,812	27,275	234,813
2023	234,812	27,275	--
2024	234,812	27,275	--
2025	234,812	27,275	--
2026	234,812	27,275	--
2027	234,812	27,275	--
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,757,000</u>	<u>\$ 436,400</u>	<u>\$ 2,582,943</u>

DRAFT FOR MANAGEMENT AND AUDIT SUBCOMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 15 - LONG-TERM LIABILITIES (CONTINUED)

Debt Maturity (Continued)

The future maturities of bond and notes outstanding for years subsequent to June 30, 2022 are as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 1,283,935	\$ 463,188
2024	1,235,531	406,406
2025	1,190,000	352,234
2026	1,270,000	306,459
2027	** 9,874,000	244,459
2028-2031	2,900,000	317,650
Total	<u>17,723,466</u>	<u>\$ 2,090,396</u>

** The year ending June 30, 2027 includes the full payment of the QSCB Revenue Bonds totaling \$8,569,000. The annual principal payments on these QSCB Revenue Bonds have been placed in a Sinking Fund commencing with the 2012 payments. Total amounts expected to be placed in the Sinking Fund through the year ending June 30, 2026 are \$8,635,438. Therefore the principal debt service payment on these QSCB Revenue Bonds required from operations for 2027 will be \$535,563 with the remaining amount paid from the Sinking Fund deposits.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January XX, 2023, which is the date the financial statements were available.

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

D-1

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
(UNAUDITED)**

FOR THE YEAR ENDED JUNE 30, 2022

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
Revenues				
Contributions from participating Towns	\$ 53,886,976	\$ 53,886,976	\$ 53,886,976	\$ --
Intergovernmental revenue	2,432,773	2,432,773	1,770,827	(661,946)
Tuition	3,537,609	3,537,609	3,390,781	(146,828)
Investment income	34,000	34,000	42,104	8,104
Miscellaneous	68,168	71,482	67,925	(3,557)
Total Revenues	<u>59,959,526</u>	<u>59,962,840</u>	<u>59,158,613</u>	<u>(804,227)</u>
Expenditures				
Employee compensation	34,425,875	34,285,162	34,407,019	(121,857)
Employee benefits	14,778,078	14,633,990	12,885,227	1,748,763
Purchased professional and technical services	1,799,497	1,890,390	1,599,233	291,157
Purchased property services	1,309,977	1,303,635	1,074,317	229,318
Other purchased services	7,460,865	7,430,274	7,365,649	64,625
Supplies	544,048	1,694,781	1,537,367	157,414
Property	198,686	421,230	273,042	148,188
Debt service and other	110,616	112,037	86,873	25,164
Total Expenditures	<u>61,627,282</u>	<u>61,771,499</u>	<u>59,228,727</u>	<u>2,542,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,667,756)</u>	<u>(1,808,659)</u>	<u>(70,114)</u>	<u>1,738,545</u>
Other Financing Sources (Uses)				
Transfer to capital project fund	--	(1,424,712)	(1,424,712)	--
Use of accumulated fund balance - prior year designation	1,667,756	3,233,371	3,233,371	--
Total Other Financing Sources	<u>1,667,756</u>	<u>1,808,659</u>	<u>1,808,659</u>	<u>--</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,738,545</u>	<u>\$ 1,738,545</u>

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Net
Statement of Revenues and Expenditures – Budgetary Basis	\$ 62,391,984	\$ 60,653,439	\$ 1,738,545
On-behalf pension contribution by State of Rhode Island	3,115,088	3,115,088	--
Non-public transportation offset	253,478	253,478	--
Use of accumulated fund balance	(3,233,371)	--	(3,233,371)
Statement of Revenues and Expenditures – GAAP Basis (B-2)	<u>\$ 62,527,179</u>	<u>\$ 64,022,005</u>	<u>\$ (1,494,826)</u>

CHARIHO REGIONAL SCHOOL DISTRICT

D-2

**REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

**4 SCHEDULE OF CHARIHO REGIONAL SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Employees' Retirement System (ERS)

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.44%	1.44%	1.42%	1.44%	1.45%	1.57%	1.67%	1.53%
Employer's proportionate share of the net pension liability	\$ 33,870,264	\$ 45,862,835	\$ 45,389,783	\$ 45,614,052	\$ 45,767,309	\$ 46,970,949	\$ 46,097,184	\$ 37,261,942
State's proportionate share of the net pension liability associated with the school district	<u>25,117,837</u>	<u>34,077,210</u>	<u>34,001,648</u>	<u>34,024,806</u>	<u>34,589,089</u>	<u>32,168,203</u>	<u>31,492,149</u>	<u>25,552,230</u>
Total	<u>\$ 58,988,101</u>	<u>\$ 79,940,045</u>	<u>\$ 79,391,431</u>	<u>\$ 79,638,858</u>	<u>\$ 80,356,398</u>	<u>\$ 79,139,152</u>	<u>\$ 77,589,333</u>	<u>\$ 62,814,172</u>
Employer's covered employee payroll	\$ 30,072,255	\$ 28,808,421	\$ 28,502,387	\$ 27,957,019	\$ 27,472,477	\$ 27,566,533	\$ 26,749,403	\$ 25,718,673
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	113%	159%	159%	163%	167%	170%	172%	145%
Plan fiduciary net position as a percentage of the total pension liability	66.50%	64.30%	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

Note:

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

DRAFT FOR MANAGEMENT AND AUDIT SUBCOMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

D-3

REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

SCHEDULE OF CHARIHO REGIONAL SCHOOL DISTRICT'S CONTRIBUTIONS

Employees' Retirement System (ERS)

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,360,477	\$ 4,177,221	\$ 4,024,537	\$ 3,760,219	\$ 3,637,356	\$ 3,633,269	\$ 3,672,693	\$ 3,448,874
Contributions in relation to the actuarially determined contribution	<u>4,360,477</u>	<u>4,177,221</u>	<u>4,024,537</u>	<u>3,760,219</u>	<u>3,637,356</u>	<u>3,633,269</u>	<u>3,672,693</u>	<u>3,448,874</u>
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 30,072,255	\$ 28,808,421	\$ 28,802,887	\$ 27,937,019	\$ 27,472,477	\$ 27,566,533	\$ 26,749,403	\$ 25,718,673
Contributions as a percentage of covered- employee payroll	14.50%	14.50%	14.12%	13.45%	13.24%	13.18%	13.73%	13.41%

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

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

D-4

REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

Municipal Employees' Retirement System (MERS)

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
A. Total pension liability								
1. Service cost	\$ 448,352	\$ 481,337	\$ 507,604	\$ 501,779	\$ 467,245	\$ 468,099	\$ 467,912	\$ 505,798
2. Interest on the total pension liability	1,786,189	1,734,121	1,664,882	1,666,680	1,561,175	1,515,095	1,413,219	1,340,630
3. Changes of benefit terms	--	--	--	--	--	--	283,863	--
4. Difference between expected and actual experience	(286,652)	45,848	(47,286)	(253,612)	(33,369)	(371,047)	145,416	--
5. Changes of assumptions	--	(249,889)	--	--	1,108,291	--	--	15,429
6. Benefit payments, including refunds of employee contributions	(1,318,824)	(1,183,374)	(1,062,507)	(990,074)	(977,355)	(1,017,261)	(887,070)	(863,058)
7. Net change in total pension liability	629,065	828,043	1,082,693	864,773	2,125,987	594,886	1,423,340	998,799
8. Total pension liability - beginning	25,952,223	25,124,180	24,061,487	23,196,714	21,070,727	20,475,841	19,052,501	18,053,702
9. Total pension liability - ending (a)	\$ 26,581,288	\$ 25,952,223	\$ 25,124,180	\$ 24,061,487	\$ 23,196,714	\$ 21,070,727	\$ 20,475,841	\$ 19,052,501
B. Plan fiduciary net position								
1. Contributions - employer	\$ 612,732	\$ 616,456	\$ 594,701	\$ 573,539	\$ 607,582	\$ 578,340	\$ 595,128	\$ 555,047
2. Contributions - employee	149,681	149,074	164,406	166,419	175,612	179,233	107,812	108,246
3. Net investment income	5,715,991	777,757	1,307,009	1,497,381	1,987,979	(5,884)	401,793	2,256,666
4. Benefit payments, including refunds of employee contributions	(1,318,824)	(1,183,374)	(1,062,507)	(990,074)	(977,355)	(1,017,261)	(887,070)	(863,058)
5. Pension plan administrative expense	(21,777)	(21,429)	(20,431)	(19,934)	(18,782)	(15,830)	(16,117)	(14,131)
6. Other	(13,688)	33,465	(68,670)	63,827	(8,429)	89,696	3	(5,509)
7. Net change in plan fiduciary net position	5,142,115	378,329	914,508	1,291,158	1,766,607	(191,706)	201,549	2,037,261
8. Plan fiduciary net position - beginning	20,903,803	20,925,474	20,010,966	18,719,808	16,953,201	17,144,907	16,943,358	14,906,097
9. Plan fiduciary net position - ending (b)	\$ 26,045,918	\$ 21,303,803	\$ 20,925,474	\$ 20,010,966	\$ 18,719,808	\$ 16,953,201	\$ 17,144,907	\$ 16,943,358
C. Net pension liability - ending (a) - (b)	\$ 153,370	\$ 4,648,420	\$ 4,198,706	\$ 4,050,521	\$ 4,476,906	\$ 4,117,526	\$ 3,330,934	\$ 2,109,143
D. Plan fiduciary net position as a percentage of the total pension liability	99.42%	82.09%	83.29%	83.17%	80.70%	80.46%	83.73%	88.93%
E. Covered employee payroll	\$ 5,461,043	\$ 5,623,102	\$ 5,632,607	\$ 5,520,120	\$ 5,503,470	\$ 5,374,273	\$ 5,390,690	\$ 5,415,397
F. Net pension liability as a percentage of covered payroll	2.81%	82.67%	74.28%	73.38%	81.35%	76.62%	61.79%	38.95%

CHARIHO REGIONAL SCHOOL DISTRICT

D-5

REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

SCHEDULE OF CHARIHO REGIONAL SCHOOL DISTRICT'S CONTRIBUTIONS

Municipal Employees' Retirement System (MERS)

	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Actuarially determined contribution	\$ 612,732	\$ 616,836	\$ 594,701	\$ 573,539	\$ 607,582	\$ 578,340	\$ 595,128	\$ 555,047
Contributions in relation to the actuarially determined contribution	612,732	616,836	594,701	573,539	607,582	578,340	595,128	555,047
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 5,461,043	\$ 5,623,102	\$ 5,652,666	\$ 5,520,120	\$ 5,503,470	\$ 5,374,273	\$ 5,390,690	\$ 5,415,397
Contributions as a percentage of covered-employee payroll	11.22%	10.97%	10.52%	10.39%	11.04%	10.76%	11.04%	10.25%

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

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

D-6

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
(UNAUDITED)**

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	\$ 37,331	\$ 34,536	\$ 29,788	\$ 28,292	\$ 34,567
Interest	18,864	22,804	28,785	33,600	32,616
Changes of benefit terms	--	--	--	(4,595)	(74,904)
Changes in assumptions	(66,123)	22,553	41,869	17,152	25,341
Differences between expected and actual experience	(161,965)	(30,568)	(1,415)	(30,571)	36,285
Benefit payments	(44,057)	(51,903)	(80,849)	(105,882)	(75,380)
Net change in total OPEB liability	(215,950)	(2,578)	18,178	(62,004)	(21,475)
Total OPEB liability - beginning	845,997	848,545	830,367	892,371	913,846
Total OPEB liability - ending	\$ 630,047	\$ 845,967	\$ 848,545	\$ 830,367	\$ 892,371
Covered-employee payroll	\$ 32,716,046	\$ 33,218,510	\$ 32,071,836	\$ 31,870,460	\$ 30,867,274
Total OPEB liability as a percentage of covered-employee payroll	1.9%	2.5%	2.6%	2.6%	2.9%

Notes:

The information in this schedule is intended to show 100 years - additional years will be displayed as they become available.

DRAFT FOR MANAGEMENT AND AUDIT COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

D-7

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

(A) Budgetary Process

In accordance with the CHARIHO Act, the District has formally established budgetary accounting control for its General Fund. The General Fund is subject to an annual operating budget that is prepared by the administration of the District Superintendent and submitted to the Regional School Committee for approval. The Regional School Committee shall approve a proposed budget which it believes will efficiently operate the Regional School District for the ensuing year not later than the fifteenth day of February in each year. Not later than the third Tuesday in March of each year, and subsequent to the public hearing at the annual regional district meeting on the proposed budget, the District School Committee shall adopt a final budget. Within thirty days after the Regional School Committee adopts its final proposed budget for the ensuing year, a budget approval referendum must be held in each of the member towns on a single day to be determined by the Regional School Committee. The vote at referendum shall be for the purpose of approving or rejecting the overall total district budget as proposed by the Regional School Committee, and for approving or rejecting any special warrant items proposed by the Regional School Committee.

The School District requires an annual budget for the General Fund. The practices used in preparation of the 2022 budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The actual results of operations, for purposes of the Statement of Revenues and Expenditures, Budget and Actual on a Budgetary Basis - General Fund, have been adjusted to a basis consistent with the School District's budget for 2022.

Amendments to the operating budget that do not result in additional appropriations may be made by means of a transfer. The Director of Administration and Finance has authority to make such transfers within departments as well as any transfers up to \$1,500. Transfers over \$1,500 must be approved by the School Committee.

(B) Employees' Retirement System (ERS) and Municipal Employees' Retirement System (MERS) Plans

General Information

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

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

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.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

CHARIHO REGIONAL SCHOOL DISTRICT

D-7 (Continued)

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

(B) Employees' Retirement System (ERS) and Municipal Employees' Retirement System (MERS) Plans (Continued)

June 30, 2021 measurement date-

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

June 30, 2020 measurement date –

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

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

June 30, 2019 measurement date

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2018 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;

CHARIHO REGIONAL SCHOOL DISTRICT

D-7 (Continued)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

(B) Employees' Retirement System (ERS) and Municipal Employees' Retirement System (MERS) Plans (Continued)

- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

June 30, 2015 measurement date –

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

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – 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 RIRSA date is earlier or are eligible under a transition rule.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.

CHARIHO REGIONAL SCHOOL DISTRICT

D-7 (Continued)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

(B) Employees' Retirement System (ERS) and Municipal Employees' Retirement System (MERS) Plans (Continued)

- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective January 1, 2016, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

(C) Other Post-Employment Benefits (OPEB)

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	July 1, 2022
Discount Rate:	4.09% as of June 30, 2022 and 2.19% as of July 1, 2021 for accounting disclosure purposes.
Payroll Growth:	3.00% (2.50% general inflation and 0.50% real wage inflation).
Inflation Rate:	2.50% per year.
Cost Method:	Entry Age Normal Level % Salary.
Health Care Trend Rates:	7.5% for 2022, decreasing by 0.5% per year to an ultimate rate of 4.5% for 2029 and later years.
Spouse Coverage:	Spousal coverage for current retirees is based on actual data. 70% of employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives.

CHARIHO REGIONAL SCHOOL DISTRICT

D-7 (Continued)

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

(C) Other Post-Employment Benefits (OPEB) (Continued)

Mortality: MERS – SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. RI ERS – SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving Spouses – SOA Pub 2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

NON-MAJOR GOVERNMENTAL FUNDS

- *Non-Major Special Revenue Funds*
- *Non-Major Debt Service Funds*
- *Non-Major Capital Project Funds*

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

**CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

E-1

	Special Revenue Funds						
	IDEA Part B	IDEA Preschool	Title I	Title IV Personal Learning	Title I School Improvement 1003(a) Support	ARP ELC Epidemic Lab	Title II
Assets							
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Due from other governments	281,459	11,432	159,572	7,717	31,651	47,891	40,189
Due from other funds	--	--	--	--	--	--	--
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	<u>\$ 281,459</u>	<u>\$ 11,432</u>	<u>\$ 159,572</u>	<u>7,717</u>	<u>\$ 31,651</u>	<u>\$ 47,891</u>	<u>\$ 40,189</u>
Liabilities							
Accounts payable	--	--	--	--	635	--	--
Accrued payroll and benefits	28,998	2,733	23,727	--	523	--	5,543
Unearned Revenue	--	--	--	--	--	--	--
Due to other funds	252,461	8,699	135,575	7,717	30,493	47,891	34,646
Total Liabilities	<u>281,459</u>	<u>11,432</u>	<u>159,302</u>	<u>7,717</u>	<u>31,651</u>	<u>47,891</u>	<u>40,189</u>
Fund Balances							
Restricted	--	--	270	--	--	--	--
Committed	--	--	--	--	--	--	--
Total Fund Balances	<u>--</u>	<u>--</u>	<u>270</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 281,459</u>	<u>\$ 11,432</u>	<u>\$ 159,572</u>	<u>\$ 7,717</u>	<u>\$ 31,651</u>	<u>\$ 47,891</u>	<u>\$ 40,189</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

E-1 (Continued)

	Special Revenue Funds						
	Title III Language Acquisition	Long Term Plan Even Year	Perkins Secondary	Pandemic EBT Local	Race to the Top Early Learning Challenge	RI Department of Human Services Rising Stars	RI State Council for the Arts
Assets							
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ 942	\$ 127	\$ 141	\$ 841
Due from other governments	1,021	36,791	--	5,024	--	--	--
Due from other funds	--	--	--	--	--	--	--
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	<u>\$ 1,021</u>	<u>\$ 36,791</u>	<u>\$ --</u>	<u>\$ 9,936</u>	<u>\$ 127</u>	<u>\$ 141</u>	<u>\$ 841</u>
Liabilities							
Accounts payable	--	--	--	--	--	--	--
Accrued payroll and benefits	--	1,884	--	--	--	--	--
Unearned Revenue	--	--	--	5,024	--	--	--
Due to other funds	1,021	34,907	--	4,912	--	--	--
Total Liabilities	<u>1,021</u>	<u>36,791</u>	<u>--</u>	<u>9,936</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances							
Restricted	--	--	--	--	127	141	841
Committed	--	--	--	--	--	--	--
Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>127</u>	<u>141</u>	<u>841</u>
Total Liabilities and Fund Balances	<u>\$ 1,021</u>	<u>\$ 36,791</u>	<u>\$ --</u>	<u>\$ 9,936</u>	<u>\$ 127</u>	<u>\$ 141</u>	<u>\$ 841</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

E-1 (Continued)

	Special Revenue Funds						
	CTC Categorical Odd Year	CTC Categorical Even Year	Gates Foundation	Categorical Funding	RI Foundation	RI Foundation Professional Dev.	RI Foundation SPARK Grant
Assets							
Cash and cash equivalents	\$ 117,924	\$ 231,568	\$ --	\$ 142,860	\$ --	\$ 40	\$ 676
Due from other governments	--	--	--	--	--	--	--
Due from other funds	--	--	300	--	8,539	--	--
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	\$ 117,924	\$ 231,568	\$ 300	\$ 142,860	\$ 8,539	\$ 40	\$ 676
Liabilities							
Accounts payable	16,857	--	--	6,332	--	--	--
Accrued payroll and benefits	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to other funds	--	2,017	292	--	--	--	--
Total Liabilities	16,857	2,017	292	6,332	--	--	--
Fund Balances							
Restricted	101,067	229,551	8	136,528	8,539	40	676
Committed	--	--	--	--	--	--	--
Total Fund Balances	101,067	229,551	8	136,528	8,539	40	676
Total Liabilities and Fund Balances	\$ 117,924	\$ 231,568	\$ 300	\$ 142,860	\$ 8,539	\$ 40	\$ 676

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

**CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

E-1 (Continued)

	Special Revenue Funds						
	Community 2000 Foundation	AMGEN Grant	GenYouth Foundation	Westerly Credit Union	Culinary Foundation	Clark Foundation	Champlin Foundation
Assets							
Cash and cash equivalents	\$ 29,768	\$ 244	\$ 884	\$ 25	\$ 3	\$ 163	\$ 59,380
Due from other governments	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	\$ 29,768	\$ 244	\$ 884	\$ 25	\$ 3	\$ 163	\$ 59,380
Liabilities							
Accounts payable	--	--	--	4	--	--	--
Accrued payroll and benefits	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to other funds	20,000	--	--	--	--	--	35,150
Total Liabilities	20,000	--	--	4	--	--	35,150
Fund Balances							
Restricted	9,768	244	884	21	3	163	24,230
Committed	--	--	--	--	--	--	--
Total Fund Balances	9,768	244	884	21	3	163	24,230
Total Liabilities and Fund Balances	\$ 29,768	\$ 244	\$ 884	\$ 25	\$ 3	\$ 163	\$ 59,380

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

E-1 (Continued)

	Special Revenue Funds						
	Student Activities	Walmart Grant	Title IV	Rotary Club	EL Categorical Funding	National FFA Foundation	CTC Categorical Welding
Assets							
Cash and cash equivalents	\$ 225,670	\$ 39	\$ --	\$ 6,680	\$ --	\$ 233	\$ 1,066
Due from other governments	--	--	11,528	--	256	--	--
Due from other funds	--	--	--	--	--	--	--
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	<u>\$ 225,670</u>	<u>\$ 39</u>	<u>\$ 11,528</u>	<u>6,680</u>	<u>\$ 256</u>	<u>\$ 233</u>	<u>\$ 1,066</u>
Liabilities							
Accounts payable	222	--	--	--	--	--	--
Accrued payroll and benefits	--	--	162	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to other funds	185	--	11,366	--	256	--	--
Total Liabilities	<u>407</u>	<u>--</u>	<u>11,528</u>	<u>--</u>	<u>256</u>	<u>--</u>	<u>--</u>
Fund Balances							
Restricted	225,263	39	--	6,680	--	233	1,066
Committed	--	--	--	--	--	--	--
Total Fund Balances	<u>225,263</u>	<u>39</u>	<u>--</u>	<u>6,680</u>	<u>--</u>	<u>233</u>	<u>1,066</u>
Total Liabilities and Fund Balances	<u>\$ 225,670</u>	<u>\$ 39</u>	<u>\$ 11,528</u>	<u>\$ 6,680</u>	<u>\$ 256</u>	<u>\$ 233</u>	<u>\$ 1,066</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

E-1 (Continued)

	Special Revenue Funds						
	Family Emergency Funds	Lynch Scholarship	NAESP Crayola	STEM Mini Grant	CTC Categorical	NEA Foundation	Donations Field Trips
Assets							
Cash and cash equivalents	\$ 1,374	\$ --	\$ 1,548	\$ --	\$ 2,102	\$ --	\$ 1,591
Due from other governments	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	\$ 1,374	\$ --	\$ 1,548	\$ --	\$ 2,102	\$ --	\$ 1,591
Liabilities							
Accounts payable	--	--	--	--	--	--	--
Accrued payroll and benefits	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--	--
Total Liabilities	--	--	--	--	--	--	--
Fund Balances							
Restricted	1,374	--	1,548	--	2,102	--	1,591
Committed	--	--	--	--	--	--	--
Total Fund Balances	\$ 1,374	\$ --	\$ 1,548	\$ --	\$ 2,102	\$ --	\$ 1,591
Total Liabilities and Fund Balances	\$ 1,374	\$ --	\$ 1,548	\$ --	\$ 2,102	\$ --	\$ 1,591

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

**CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

E-1 (Continued)

	Special Revenue Funds						
	Donations Private	Providence Engineering Society Robotics	Lovett Foundation	American Council Intl Travel	National Society American Revolution	School Building Authority Capital COVID	School Building Authority Capital
Assets							
Cash and cash equivalents	\$ 41,710	\$ 500	\$ 198	\$ 2,405	\$ 3	\$ 16,273	\$ 24,156
Due from other governments	--	--	--	--	--	--	--
Due from other funds	44	--	--	--	--	--	--
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	\$ 41,754	\$ 500	\$ 198	2,405	\$ 3	\$ 16,273	\$ 24,156
Liabilities							
Accounts payable	--	--	--	--	--	--	1,970
Accrued payroll and benefits	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	16,273	--
Total Liabilities	--	--	--	--	--	16,273	1,970
Fund Balances							
Restricted	41,754	500	198	2,405	3	--	22,186
Committed	--	--	--	--	--	--	--
Total Fund Balances	41,754	500	198	2,405	3	--	22,186
Total Liabilities and Fund Balances	\$ 41,754	\$ 500	\$ 198	\$ 2,405	\$ 3	\$ 16,273	\$ 24,156

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

E-1 (Continued)

	Special Revenue Funds				
	ESSER II	ESSER III	RI Trust Safety Grant	Development Donations	Total Special Revenue Funds
Assets					
Cash and cash equivalents	\$ 8,178	\$ --	\$ --	\$ 30	\$ 923,337
Due from other governments	99,982	453,933	--	--	1,188,446
Due from other funds	--	--	--	--	8,883
Accounts receivable (net)	--	--	--	--	--
Total Assets	\$ 108,160	\$ 453,933	25	\$ 30	\$ 2,120,666
Liabilities					
Accounts payable	78,980	41,126	--	--	146,126
Accrued payroll and benefits	3,069	5,307	--	--	71,946
Unearned Revenue	--	--	--	--	5,024
Due to other funds	26,111	407,500	--	--	1,077,472
Total Liabilities	108,160	453,933	--	--	1,300,568
Fund Balances					
Restricted	--	--	25	30	820,098
Committed	--	--	--	--	--
Total Fund Balances	--	--	25	30	820,098
Total Liabilities and Fund Balances	\$ 108,160	\$ 453,933	\$ 25	\$ 30	\$ 2,120,666

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

E-1 (Concluded)

	Debt Service Funds			Capital Project Funds			Total Non-major Governmental Funds
	Member Towns Debt Service Fund	Total Debt Service Funds	Capital Projects Housing Aid Fund	Capital Projects Member Towns Contributions Fund	RYSE Capital Project Fund	Total Capital Project Funds	
Assets							
Cash and cash equivalents	\$ --	\$ --	\$ 1,520,863	\$ 1,519,841	\$ 12,954	\$ 3,053,628	\$ 3,976,965
Due from other governments	--	--	--	--	--	--	1,188,446
Due from other funds	136,574	136,574	--	3,000	25,019	28,019	173,476
Accounts receivable (net)	--	--	--	--	--	--	--
Total Assets	\$ 136,574	\$ 136,574	\$ 1,520,863	1,522,811	\$ 37,973	\$ 3,081,647	\$ 5,338,887
Liabilities							
Accounts payable	--	--	15,881	--	--	15,881	162,007
Accrued payroll and benefits	--	--	--	--	--	--	71,946
Unearned Revenue	--	--	--	--	--	--	5,024
Due to other funds	--	--	318,628	--	--	318,628	1,396,100
Total Liabilities	--	--	334,509	--	--	334,509	1,635,077
Fund Balances							
Restricted	136,574	136,574	--	--	37,973	37,973	994,645
Committed	--	--	1,186,354	1,522,811	--	2,709,165	2,709,165
Total Fund Balances	136,574	136,574	1,186,354	1,522,811	37,973	2,747,138	3,703,810
Total Liabilities and Fund Balances	\$ 136,574	\$ 136,574	\$ 1,520,863	\$ 1,522,811	\$ 37,973	\$ 3,081,647	\$ 5,338,887

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2

	Special Revenue Funds						
	IDEA Part B	IDEA Preschool	Title I	Title IV Personal Learning	Title I School Improvement 1003(a) Support	ARP ELC Epidemic Lab	Title II
Revenues							
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	850,436	26,314	378,981	7,717	82,606	102,814	82,470
Contributions and donations	--	--	--	--	--	--	--
Total Revenues	<u>850,436</u>	<u>26,314</u>	<u>378,981</u>	<u>7,717</u>	<u>82,606</u>	<u>102,814</u>	<u>82,470</u>
Expenditures							
Employee compensation	461,926	23,797	246,314	--	48,759	95,771	59,328
Employee benefits	245,886	1,820	121,623	--	3,523	7,043	16,527
Purchased professional and technical services	72,230	--	--	6,000	9,196	--	3,745
Purchased property services	--	--	--	--	--	--	--
Other purchased services	50,619	--	--	--	981	--	--
Supplies	16,983	--	1,843	1,717	20,066	--	7,499
Miscellaneous	2,792	697	1,496	--	--	--	2,870
Capital outlays	--	--	--	--	81	--	--
<i>Debt services:</i>							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Expenditures	<u>850,436</u>	<u>26,314</u>	<u>371,482</u>	<u>7,717</u>	<u>82,606</u>	<u>102,814</u>	<u>89,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)			7,499				(7,499)
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	7,499
Transfers out	--	--	(7,499)	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(7,499)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,499</u>
Net Changes in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - Beginning of Year	<u>--</u>	<u>--</u>	<u>270</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 270</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

	Special Revenue Funds						
	Title III Language Acquisition	Long Term Plan Even Year	Perkins Secondary	Pandemic EBT Local	Race to the Top Early Learning Challenge	RI Department of Human Services Rising Stars	RI State Council for the Arts
Revenues							
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	1,021	58,710	7,391	4,912	--	--	756
Contributions and donations	--	--	--	--	--	--	--
Total Revenues	<u>1,021</u>	<u>58,710</u>	<u>7,391</u>	<u>4,912</u>	<u>--</u>	<u>--</u>	<u>756</u>
Expenditures							
Employee compensation	--	19,257	--	2,661	--	--	--
Employee benefits	--	10,139	--	2,251	--	--	--
Purchased professional and technical services	30	3,199	7,391	--	--	--	--
Purchased property services	--	--	--	--	--	--	--
Other purchased services	39	--	--	--	--	--	--
Supplies	622	16,171	--	--	--	--	--
Miscellaneous	--	1,920	--	--	--	--	--
Capital outlays	330	8,020	--	--	--	--	--
<i>Debt service:</i>							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Expenditures	<u>1,021</u>	<u>58,710</u>	<u>7,391</u>	<u>4,912</u>	<u>--</u>	<u>--</u>	<u>751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)	--	--	--	--	--	--	5
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5</u>
Fund Balances - Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>127</u>	<u>141</u>	<u>836</u>
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 127</u>	<u>\$ 141</u>	<u>\$ 841</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

	Special Revenue Funds						
	CTC	CTC	Gates Foundation	Categorical Funding	Rt Foundation	RI Foundation Professional Dev.	RI Foundation SPARK Grant
	Categorical Odd Year	Categorical Even Year					
Revenues							
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	222,630	203,415	--	186,597	--	--	--
Contributions and donations	--	--	--	--	--	--	--
Total Revenues	<u>222,630</u>	<u>203,415</u>	<u>--</u>	<u>186,597</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures							
Employee compensation	--	1,000	--	--	2,080	--	--
Employee benefits	--	74	--	--	159	--	--
Purchased professional and technical services	22,317	19,603	--	--	--	--	--
Purchased property services	--	--	--	--	--	--	--
Other purchased services	12,229	27,428	--	--	--	--	--
Supplies	80,747	9,080	--	3,612	--	--	--
Miscellaneous	--	5,236	--	--	--	--	--
Capital outlays	27,597	--	--	59,116	--	--	--
<i>Debt service:</i>							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Expenditures	<u>142,890</u>	<u>63,194</u>	<u>--</u>	<u>62,728</u>	<u>2,239</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)	<u>79,740</u>	<u>140,221</u>	<u>--</u>	<u>123,869</u>	<u>(2,239)</u>	<u>--</u>	<u>--</u>
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>79,740</u>	<u>140,221</u>	<u>--</u>	<u>123,869</u>	<u>(2,239)</u>	<u>--</u>	<u>--</u>
Fund Balances - Beginning of Year	<u>21,327</u>	<u>89,330</u>	<u>8</u>	<u>12,659</u>	<u>10,778</u>	<u>40</u>	<u>676</u>
Fund Balances - End of Year	<u>\$ 101,067</u>	<u>\$ 229,551</u>	<u>\$ 8</u>	<u>\$ 136,528</u>	<u>\$ 8,539</u>	<u>\$ 40</u>	<u>\$ 676</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

	Special Revenue Funds						
	Community 2000 Foundation	AMGEN Grant	Gen Youth Foundation	Wosterly Credit Union	Culinary Foundation	Clark Foundation	ChAMPLIN Foundation
Revenues							
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--	--	--	67,305
Contributions and donations	31,748	--	--	983	--	58,696	--
Total Revenues	<u>31,748</u>	<u>--</u>	<u>--</u>	<u>983</u>	<u>--</u>	<u>58,696</u>	<u>67,305</u>
Expenditures							
Employee compensation	--	--	--	--	--	--	--
Employee benefits	--	--	--	--	--	--	--
Purchased professional and technical services	13,799	--	--	--	--	63,344	--
Purchased property services	--	--	--	--	--	--	--
Other purchased services	1,634	--	--	--	--	--	--
Supplies	21,258	--	--	983	--	--	16,218
Miscellaneous	2,683	--	--	--	--	--	--
Capital outlays	--	--	--	--	--	--	27,268
<i>Debt service:</i>							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Expenditures	<u>39,374</u>	<u>--</u>	<u>--</u>	<u>983</u>	<u>--</u>	<u>63,344</u>	<u>43,486</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)	(7,626)	--	--	--	--	(4,648)	23,819
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	(7,626)	--	--	--	--	(4,648)	23,819
Fund Balances - Beginning of Year	<u>17,394</u>	<u>244</u>	<u>884</u>	<u>21</u>	<u>3</u>	<u>4,811</u>	<u>411</u>
Fund Balances - End of Year	<u>\$ 9,768</u>	<u>\$ 244</u>	<u>\$ 884</u>	<u>\$ 21</u>	<u>\$ 3</u>	<u>\$ 163</u>	<u>\$ 24,230</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

Special Revenue Funds							
	Student Activities	Walmart Grant	Title IV	Rotary Club	BL Categorical Funding	National FFA Foundation	CTC Categorical Welding
Revenues							
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	34,764	--	256	--	--
Contributions and donations	122,313	--	--	2,486	--	--	--
Total Revenues	<u>122,313</u>	<u>--</u>	<u>34,764</u>	<u>4,386</u>	<u>256</u>	<u>--</u>	<u>--</u>
Expenditures							
Employee compensation	--	--	24,911	--	--	--	--
Employee benefits	--	--	--	--	--	--	--
Purchased professional and technical services	--	--	713	--	--	--	3,211
Purchased property services	--	--	--	--	--	--	--
Other purchased services	--	--	654	--	--	--	--
Supplies	--	--	1,651	2,465	256	--	--
Miscellaneous	121,938	--	944	--	--	--	--
Capital outlays	--	--	--	--	--	--	--
<i>Debt service:</i>							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Expenditures	<u>121,938</u>	<u>--</u>	<u>34,764</u>	<u>2,465</u>	<u>256</u>	<u>--</u>	<u>3,211</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)	75	--	--	1,921	--	--	(3,211)
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	375	--	--	1,921	--	--	(3,211)
Fund Balances - Beginning of Year	<u>224,888</u>	<u>39</u>	<u>--</u>	<u>4,759</u>	<u>--</u>	<u>233</u>	<u>4,277</u>
Fund Balances - End of Year	<u>\$ 225,263</u>	<u>\$ 39</u>	<u>\$ --</u>	<u>\$ 6,680</u>	<u>\$ --</u>	<u>\$ 233</u>	<u>\$ 1,066</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

	Special Revenue Funds						
	Family Emergency Funds	Lynch Scholarship	NAESP Crayola	STEM Mini Grant	CTC Categorical	NEA Foundation	Donations Field Trips
Revenues							
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intragovernmental	--	--	--	--	--	--	--
Contributions and donations	--	1,000	--	--	--	4,209	512
Total Revenues	<u>--</u>	<u>1,000</u>	<u>--</u>	<u>4,796</u>	<u>--</u>	<u>4,209</u>	<u>512</u>
Expenditures							
Employee compensation	--	--	--	--	--	--	--
Employee benefits	--	--	--	--	--	--	--
Purchased professional and technical services	--	1,000	--	--	--	2,142	--
Purchased property services	--	--	--	--	--	--	--
Other purchased services	--	--	--	--	--	2,067	--
Supplies	--	--	--	4,796	--	--	--
Miscellaneous	--	--	--	--	--	--	3,793
Capital outlays	--	--	--	--	4,940	--	--
<i>Debt service:</i>							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>1,000</u>	<u>--</u>	<u>4,796</u>	<u>4,940</u>	<u>4,209</u>	<u>3,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(4,940)</u>	<u>--</u>	<u>(3,281)</u>
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(4,940)</u>	<u>--</u>	<u>(3,281)</u>
Fund Balances - Beginning of Year	<u>1,374</u>	<u>--</u>	<u>1,548</u>	<u>--</u>	<u>7,042</u>	<u>--</u>	<u>4,872</u>
Fund Balances - End of Year	<u>\$ 1,374</u>	<u>\$ --</u>	<u>\$ 1,548</u>	<u>\$ --</u>	<u>\$ 2,102</u>	<u>\$ --</u>	<u>\$ 1,591</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

	Special Revenue Funds						
	Donations Private	Providence Engineering Society Robotics	Lovett Foundation	American Council Intl Travel	National Society American Revolution	School Building Authority Capital COVID	School Building Authority Capital
Revenues							
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--	--	--	--
Contributions and donations	27,131	500	--	2,382	--	--	--
Total Revenues	<u>27,131</u>	<u>500</u>	<u>--</u>	<u>2,382</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures							
Employee compensation	1,120	--	--	--	--	--	--
Employee benefits	85	--	--	--	--	--	--
Purchased professional and technical services	--	--	--	--	--	--	33,860
Purchased property services	--	--	--	--	--	--	--
Other purchased services	293	--	--	--	--	--	--
Supplies	12,269	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	--	--
Capital outlays	--	--	--	--	--	--	--
<i>Debt service:</i>							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Expenditures	<u>13,767</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)	13,364	500	--	2,382	--	--	(33,860)
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	13,364	500	--	2,382	--	--	(33,860)
Fund Balances - Beginning of Year	28,390	--	198	23	3	--	56,046
Fund Balances - End of Year	<u>\$ 41,754</u>	<u>\$ 500</u>	<u>\$ 198</u>	<u>\$ 2,405</u>	<u>\$ 3</u>	<u>\$ --</u>	<u>\$ 22,186</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

	Special Revenue Funds				
	ESSER II	ESSER III	RI Trust Safety Grant	Development Donations	Total Special Revenue Funds
Revenues					
Contributions of participating towns	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	715,921	453,933	--	--	3,493,745
Contributions and donations	--	--	998	200	255,058
Total Revenues	<u>715,921</u>	<u>453,933</u>	<u>998</u>	<u>200</u>	<u>3,748,803</u>
Expenditures					
Employee compensation	35,147	1,016	--	--	1,023,089
Employee benefits	7,259	--	--	--	418,355
Purchased professional and technical services	117,845	6,609	--	5,000	473,434
Purchased property services	--	--	--	--	--
Other purchased services	--	--	--	--	96,695
Supplies	20,890	99,892	973	200	340,191
Miscellaneous	--	--	--	--	144,363
Capital outlays	534,280	268,345	--	--	931,260
<i>Debt service:</i>					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures	<u>715,921</u>	<u>453,933</u>	<u>973</u>	<u>5,200</u>	<u>3,427,387</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Before Other Financing Sources (Uses)	--	--	25	(5,000)	321,416
Other Financing Sources (Uses)					
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--
Transfers in	--	--	--	--	7,499
Transfers out	--	--	--	--	(7,499)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>--</u>	<u>--</u>	<u>25</u>	<u>(5,000)</u>	<u>321,416</u>
Fund Balances - Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,030</u>	<u>498,682</u>
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 25</u>	<u>\$ 30</u>	<u>\$ 820,098</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

E-2 (Continued)

	Debt Service Funds			Capital Project Funds			Total Non-major Governmental Funds
	Member Towns Debt Service Fund	Total Debt Service Funds	Capital Projects Housing Aid Fund	Capital Projects Member Towns Contributions Fund	RYSE Capital Project Fund	Total Capital Project Funds	
Revenues							
Contributions of participating towns	\$ 817,372	\$ 817,372	\$ --	\$ --	\$ --	\$ --	\$ 817,372
Intergovernmental	1,735,897	1,735,897	431,002	--	--	431,002	5,660,644
Contributions and donations	--	--	--	--	--	--	255,058
Total Revenues	<u>2,553,269</u>	<u>2,553,269</u>	<u>431,002</u>	<u>--</u>	<u>--</u>	<u>431,002</u>	<u>6,733,074</u>
Expenditures							
Employee compensation	--	--	--	--	--	--	1,023,089
Employee benefits	--	--	--	--	--	--	418,355
Purchased professional and technical services	--	--	--	--	--	--	473,434
Purchased property services	--	--	--	--	--	--	--
Other purchased services	--	--	--	--	--	--	96,695
Supplies	--	--	--	--	--	--	340,191
Miscellaneous	--	--	--	--	--	--	144,363
Capital outlays	--	--	145,470	467,683	--	613,153	1,544,413
<i>Debt service:</i>							
Principal	1,045,000	1,045,000	--	--	--	--	1,045,000
Interest	966,666	966,666	--	--	--	--	966,666
Total Expenditures	<u>2,011,666</u>	<u>2,011,666</u>	<u>145,470</u>	<u>467,683</u>	<u>--</u>	<u>613,153</u>	<u>6,052,206</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Before Other Financing Sources (Uses)	<u>541,603</u>	<u>541,603</u>	<u>285,532</u>	<u>(467,683)</u>	<u>--</u>	<u>(182,151)</u>	<u>680,868</u>
Other Financing Sources (Uses)							
Issuance of bonds, notes and lease purchase obligations	--	--	--	--	--	--	--
Transfers in	--	--	--	1,461,068	--	1,461,068	1,468,567
Transfers out	(535,563)	(535,563)	(36,356)	--	--	(36,356)	(579,418)
Total Other Financing Sources (Uses)	<u>(535,563)</u>	<u>(535,563)</u>	<u>(36,356)</u>	<u>1,461,068</u>	<u>--</u>	<u>1,424,712</u>	<u>889,149</u>
Net Changes in Fund Balances	6,040	6,040	249,176	993,385	--	1,242,561	1,570,017
Fund Balances - Beginning of Year	<u>130,534</u>	<u>130,534</u>	<u>937,178</u>	<u>529,426</u>	<u>37,973</u>	<u>1,504,577</u>	<u>2,133,793</u>
Fund Balances - End of Year	<u>\$ 136,574</u>	<u>\$ 136,574</u>	<u>\$ 1,186,354</u>	<u>\$ 1,522,811</u>	<u>\$ 37,973</u>	<u>\$ 2,747,138</u>	<u>\$ 3,703,810</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

NON-MAJOR PROPRIETARY FUNDS

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

F-1

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities						Total Non-Major Proprietary Funds
	Night School Remedial	Adult Education Program	Adult Continuing Education	Athletics Program	CTC Programs	Before School Program	
Assets							
Cash	\$ 30,986	\$ 112,436	\$ 2,515	\$ 1,108	48,399	\$ 30,200	\$ 225,644
Accounts receivable	--	--	--	--	--	--	--
Due from other funds	1,211	--	6,997	--	--	--	8,208
Total Assets	<u>32,197</u>	<u>112,436</u>	<u>9,512</u>	<u>1,108</u>	<u>48,399</u>	<u>30,200</u>	<u>233,852</u>
Liabilities							
Accounts payable	--	--	--	80	--	--	80
Due to other funds	--	14,701	--	--	20,450	30,200	65,351
Total Liabilities	<u>--</u>	<u>14,701</u>	<u>--</u>	<u>80</u>	<u>20,450</u>	<u>30,200</u>	<u>65,431</u>
Net Position							
Unrestricted	32,197	97,735	9,512	1,028	27,949	--	168,421
Total Net Position	<u>\$ 32,197</u>	<u>\$ 97,735</u>	<u>\$ 9,512</u>	<u>\$ 1,028</u>	<u>\$ 27,949</u>	<u>\$ --</u>	<u>\$ 168,421</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

F-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities						
	Night School Remedial	Adult Education Program	Adult Continuing Education	Athletics Program	CTC Programs	Before School Program	Total Non-Major Proprietary Funds
Operating Revenue							
Charges for usage and service	\$ 250	\$ 25,700	\$ --	\$ 9,861	\$ 16,718	\$ 28,037	\$ 80,566
Total Operating Revenue	<u>250</u>	<u>25,700</u>	<u>--</u>	<u>9,861</u>	<u>16,718</u>	<u>28,037</u>	<u>80,566</u>
Operating Expenses							
Instruction	4,800	24,481	--	--	--	28,037	57,318
Operations	--	--	--	10,945	13,892	--	24,837
Fringe benefits	361	1,853	--	--	--	--	2,214
Total Operating Expenses	<u>5,161</u>	<u>26,334</u>	<u>--</u>	<u>10,945</u>	<u>13,892</u>	<u>28,037</u>	<u>84,369</u>
Changes in Net Position	(4,911)	(634)	--	(1,084)	2,826	--	(3,803)
Net Position - Beginning of Year	<u>37,108</u>	<u>98,369</u>	<u>9,512</u>	<u>2,112</u>	<u>25,123</u>	<u>--</u>	<u>172,224</u>
Net Position - End of Year	<u>\$ 32,197</u>	<u>\$ 97,735</u>	<u>\$ 9,512</u>	<u>\$ 1,028</u>	<u>\$ 27,949</u>	<u>\$ --</u>	<u>\$ 168,421</u>

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

CHARIHO REGIONAL SCHOOL DISTRICT

F-3

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities						Total Non-Major Proprietary Funds
	Night School Remedial	Adult Education Program	Adult Continuing Education	Athletics Program	CTC Programs	Before School Program	
Cash Flows from Operating Activities							
Cash received from customers	\$ 250	\$ 25,700	\$ --	\$ 9,861	\$ 16,718	\$ 28,037	\$ 80,566
Cash paid to employees	(6,086)	(26,738)	--	--	--	(28,037)	(60,861)
Cash paid to suppliers	--	--	--	(10,865)	(13,892)	--	(24,757)
Net Cash (Used in) Provided by Operating Activities	(5,836)	(1,038)	--	(1,004)	2,826	--	(5,052)
Cash Flows from Noncapital Financing Activities							
Advances (to) from other funds	(5,926)	(17,529)	(2,316)	--	(1)	25,616	(156)
Net Cash (Used in) Provided By Noncapital Financing Activities	(5,926)	(17,529)	(2,316)	--	(1)	25,616	(156)
Net (Decrease) Increase in Cash	(11,762)	(18,567)	(2,316)	(1,004)	2,825	25,616	(30,824)
Cash - Beginning of Year	42,748	131,000	4,831	2,112	45,574	4,584	230,852
Cash - End of Year	\$ 30,986	\$ 112,436	\$ 2,515	\$ 1,108	\$ 48,399	\$ 30,200	\$ 225,644
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities							
Change in net position	\$ (4,914)	\$ (634)	\$ --	\$ (1,084)	\$ 2,826	\$ --	\$ (3,803)
Adjustments to reconcile:							
Increase in accounts payable	--	--	--	80	--	--	80
(Decrease) in accrued expenses	(925)	(404)	--	--	--	--	(1,329)
Net Cash (Used in) Provided by Operating Activities	(5,836)	(1,038)	\$ --	\$ (1,004)	\$ 2,826	\$ --	(5,052)

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

STATE REQUIRED REPORTS

DRAFT FOR MANAGEMENT AND AUDIT SUB-COMMITTEE REVIEW

To the School Committee, Audit Committee and Management of
Chariho Regional School District

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chariho Regional School District (the District) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Chariho Regional School District'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 Chariho Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chariho Regional School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency in Chariho Regional School District's internal control to be a material weakness:

Untimely Removal of Authorized Signor on District Bank Account

During our audit of the District we found a former employee who was an authorized signor on a District cash account during their tenure was not timely removed from the account upon separation from the District. Not removing the employee in a timely manner left the District susceptible to potential asset misappropriation of District funds.

We recommend the District establish policies and internal controls that put in place a process to update and remove separated employees who were authorized signors from all relevant financial and non-financial accounts immediately upon separation.

This communication is intended solely for the information and use of management, school committee and audit committee, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Providence, RI
January XX, 2023

CHARIHO REGIONAL SCHOOL DISTRICT

LETTER OF OBSERVATIONS AND RECOMMENDATIONS

FOR THE YEAR ENDED

JUNE 30, 2022

DRAFT

January XX, 2023

To the Members of the School Committee and
the Audit Committee
Chariho Regional School District

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chariho Regional School District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Chariho Regional School District'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 Chariho Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Chariho Regional School District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January XX, 2023, on the financial statements of Chariho Regional School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the School Committee, Audit Committee, and management of Chariho Regional School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Marcum LLP

Risk Assessment/Management Programs and Accounting Policies and Procedures

A formal risk assessment/management program will help management identify, manage, and reduce various risks throughout the District. In addition, maintaining an updated accounting policies and procedures manual will not only aid in the training of new employees and help ensure that the procedures used are proper, but will also help reduce misunderstandings, errors, inefficient effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records.

Recommendation:

We recommend that the District continue work on formalization of their risk assessment/management programs to help identify risks within the District and develop procedures to mitigate or eliminate potential issues. We also recommend that the District continue to review and update their current accounting policies and procedures manual. This manual should identify the controls that are in place to help reduce the risk of fraud, errors, or irregularities from occurring and going undetected by management. In the process of the comprehensive review of existing accounting policies and procedures for the purpose of updating the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

Information Technology Training/Environment Assessment

Robust annual training of employees in the area of cybersecurity is a critical element for safeguarding the District's private personal information in addition to its financial information. Studies continually demonstrate that social engineering and personal failure to adhere to an organization's policies and procedures are leading factors in cybersecurity attacks and network breaches. The District has made various improvements over the past year including updated back up systems, a Cybersecurity and Infrastructure Security Agency (CISA) assessment and continuing implementation of the Written Implementation and Security Policy (WISP) enacted in FY2021. Regular assessments and testing provides several benefits, such as identifying vulnerabilities, provision of recommendations for enhancements to keep pace with trends in the methods and sophistication of attacks and breaches, and assistance with security system planning and budgeting to ensure risks are appropriately minimized.

Recommendation:

We recommend that the District develop and implement policies and procedures for cybersecurity education and training for all employees, to be completed on at least an annual basis, with focus on District policies and procedures as well as general training on how to identify and appropriately respond to current security threats. Further, we recommend the District further consider the implementation of additional periodic, independent IT security assessments and system testing to evaluate the IT infrastructure and security protocols in place and provide recommendations for pro-active enhancements.

Settling of Due to/Due from Accounts through Pooled Cash

The District utilizes pooled cash arrangement to manage its main cash account across the majority all funds. In conjunction with this arrangement, various due to/due from accounts are maintained to track activity when one fund is deemed to have funded an expenditure on behalf of another fund, which primarily occurs when grant expenditures are paid and the District is awaiting reimbursement from the grantor for such costs.. It was noted in our audit that the District does not have a formal policy of settling these due to/due from accounts across funds throughout the year. This resulted in year-end adjustments to reflect such inter-fund reimbursements and properly reflect individual fund cash positions in the pooled cash account.

Recommendation:

We recommend that the District amend its accounting procedures manual to include a step to evaluate due to/from accounts as part of its monthly reconciliation and financial reporting process to ensure the allocation of the pooled cash account balance is proper amongst all funds.

Fund Balance Commitments and Budgetary Reappropriations

In accordance with its policy on General Fund fund balance, the District commits and reappropriates a portion of the unassigned fund balance for the next fiscal year as part of the budgetary process to allocate funding and reduce annual member town contributions. The District also appropriately approves the commitment of fund balance for specific programmatic purposes with School Committee approval. During our audit we observed that the School Committee action to commit funds for designated purposes at June 30, 2021 was also the same approval used to support the actual appropriation and transfer of such funds for expenditure during the fiscal year ended June 30, 2022.

Recommendation:

While legal counsel has concluded that this is not a violation of the CHARIHO Act or other applicable regulations, we recommend the District amend its budget and accounting policies to be explicit when presenting commitment and reappropriation requests to the school committee that there be a separate authorization to commit funds and then to reappropriate them in the fiscal budget.