

***FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENTS***

*For the Fiscal Year Ended
June 30, 2022*

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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Independent Auditor's Report

To the Members of the Regional School Committee
Foster-Glocester Regional School District
North Scituate, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Foster-Glocester Regional School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foster-Glocester Regional School 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, each major fund, and the aggregate remaining fund information of the Foster-Glocester Regional School 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.

Emphasis of Matter

As discussed in Note 1 and Note 6 to the financial statements, the Foster-Glocester Regional School District implemented GASB Statement No. 87, *Leases*, during fiscal year 2022. Our opinions were not modified with respect to this matter.

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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foster-Glocester 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 the Foster-Glocester 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.

Auditor's 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 Foster-Glocester Regional School 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 Foster-Glocester Regional School 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements,

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foster-Glocester Regional School District's basic financial statements. The combining nonmajor fund financial statements, combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements, combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 April 27, 2023 on our consideration of the Foster-Glocester 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foster-Glocester 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 the Foster-Glocester Regional School District 's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
April 27, 2023

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

As management of the Foster-Glocester 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.

FINANCIAL HIGHLIGHTS

- General Fund revenues accounted for \$26.6 million in revenues, or 79.7 percent of all fiscal year 2022 governmental fund revenues, compared to \$25.2 million, or 79.7 percent for fiscal year 2021. Program specific revenues in the form of specific charges for services, grants and contributions accounted for \$3.6 million or 10.8 percent of total fiscal year 2022 governmental fund revenues, compared to \$2.7 million or 8.5 percent for fiscal year 2021.
- The District had approximately \$33.9 million in expenses related to governmental activities; of which \$3.6 million of these expenses were offset by program specific charges for services or grants and contributions. An increase of \$3.1 million in expenses from fiscal year 2021; of which \$4.3 million of expenses were offset by program specific charges for services or grants and contributions.
- The Debt Service fund had \$3.2 million and \$3.7 million in fiscal year 2022 and 2021 revenues respectively, which primarily consisted of housing aid reimbursement, and \$3.2 and \$3.7 million in expenditures in 2022 and 2021 respectively. During August of 2016 the District refunded the Series 2007A and 2008A loans and entered into a new loan agreement with RI Health and Educational Building Corporation (RIHEBC). The refunding resulted in reduced debt service payments starting in Fiscal Year 2017. During 2022, the District secured a loan with the Rhode Island Infrastructure Bank (RIIB) for projects related to the District's drinking water system.
- The General Fund's fund balance was \$2.8 million at the close of the fiscal year, and consisted of the following:
 - \$ 0 thousand non spendable for prepaid items
 - \$ 67 thousand committed for early retirement
 - \$ 383 thousand committed for Other-Post Employment Benefits
 - \$ 200 thousand committed for capital projects
 - \$ 55 thousand committed for core instructional programs
 - \$ 27 thousand committed for elective instructional programs
 - \$ 632 thousand assigned for Medicaid-eligible purchases
 - \$ 12 thousand assigned for Athletics
 - \$ 163 thousand assigned for the agriculture building
 - \$ 100 thousand assigned for the FY23 budget
 - \$ 1.1 million classified as unassigned

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 outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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).

The government-wide financial statements outline functions of the District that are principally supported by contributions from the Towns of Foster and Gloucester, 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, ESSER II Fund, Cell Tower Fund, and Capital Project Fund, which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation.

Proprietary Funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. They are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees.

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.

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 and the District’s pension and OPEB plans. The District adopts an annual expenditure budget for the General Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - The key elements of the District's net position as of June 30, 2022 are as follows:

	Governmental Activities 2022
Assets:	
Current and other assets	\$ 14,124,710
Capital assets, net	<u>53,811,349</u>
Total Assets	<u>67,936,059</u>
Deferred Outflows of Resources:	
Deferred other post-employment benefit amounts	184,835
Deferred pension amounts	5,253,318
Deferred amounts on refunding	<u>525,145</u>
Total Deferred Outflows of Resources	<u>5,963,298</u>
Liabilities:	
Current	3,317,030
Non-Current	<u>32,316,774</u>
Total Liabilities	<u>35,633,804</u>
Deferred Inflows of Resources:	
Deferred Other Post-Employment Benefit amount	299,645
Deferred Pension amounts	7,373,603
Deferred Other Revenue	<u>278,146</u>
Total Deferred Inflows of Resources	<u>7,951,394</u>
Net Position:	
Net investment in capital assets	35,300,660
Restricted for capital	0
Restricted for specific education programs	1,196,006
Unrestricted	<u>(6,182,507)</u>
Total Net Position	<u>\$ 30,314,159</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS - The key elements of the District's net position as of June 30, 2021 are as follows:

	Governmental Activities 2021
Assets:	
Current and other assets	\$ 11,427,074
Capital assets, net	53,968,242
Total Assets	65,395,316
Deferred Outflows of Resources:	
Deferred other post-employment benefit amounts	240,360
Deferred pension amounts	5,201,928
Deferred amounts on refunding	612,669
Total Deferred Outflows of Resources	6,054,957
Liabilities:	
Current	4,140,206
Non-Current	40,151,225
Total Liabilities	44,291,431
Deferred Inflows of Resources:	
Deferred Other Post-Employment Benefit amount	147,484
Deferred Pension amounts	2,331,956
Deferred Other Revenue	17,561
Total Deferred Inflows of Resources	2,497,001
Net Position:	
Net investment in capital assets	33,476,556
Restricted for capital	40,455
Restricted for specific education programs	1,371,934
Unrestricted	(10,227,104)
Total Net Position	\$ 24,661,841

An overview of the changes in the District’s net position for the year ended June 30, 2022 follows:

	Governmental Activities 2022
Total Revenues	\$ 33,325,821
Total Expenses	\$ 27,673,503
Increase in Net Position	<u>\$ 5,652,318</u>

An overview of the changes in the District’s net position for the year ended June 30, 2021 follows:

	Governmental Activities 2021
Total Revenues	\$ 32,122,475
Total Expenses	\$ 30,229,137
Increase in Net Position	<u>\$ 1,893,338</u>

REVENUE SOURCES

Local Contributions: The largest percentage of revenues comes from contributions from the Towns of Foster and Glocester. Per the enabling legislation of the regional school district (January Session, 1958 – Chapter 109), “The cost of the operation of the regional school district shall be borne by the collective taxpayers of the towns of Foster and Glocester in the same proportion that the average membership of students from each town bears to the average membership of the school. A tentative allocation of the operating budget shall be made at the regional school district financial meeting, based upon the October 1st enrollment of the then current school year. Any difference between the respective town’s tentative proration and the actual proration herein provided shall become debit and credit items to be considered in the preparation and tentative proration of the next annual school district operating budget.” The enrollment numbers for calculation of the apportionment for the last three years are as follows:

	FY 2019-20	FY 2020-21	FY 2021-22
Foster	383	379	387
	33.2%	32.8%	33.5%
Glocester	771	774	768
	66.8%	67.13%	66.5%
TOTAL	1,163	1,153	1,155

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.

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 OBJECT CODE SERIES - The expenditures of governmental funds are categorized by object codes as listed below:

Salaries: Includes the 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: Includes the costs for district provided benefits, primarily employer retirement contributions, social security, medicare, health, dental and life insurance premiums.

Purchased Services: Includes the costs of services rendered by organizations or professionals not on the payroll of the District.

Supplies and Materials: Includes the costs of items that are consumed, are worn out, or have deteriorated through normal use or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

Furniture and Equipment: Includes tangible, nonexpendable property that has a useful life of more than one year.

Fees and Dues: Includes the costs associated with professional organization memberships, charges for licenses, permits and other assessments.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

It should be noted that for 2022, the activity associated with the transportation pass through was accounted for in a special revenue fund, which was combined with the General Fund for financial reporting purposes.

Actual revenues and other sources were higher than budgeted by approximately \$666 thousand. This was attributable to the net impact of an increase in state aid and tuition revenues. For budget purposes, cost-sharing for various Region employees shared by the elementary districts, the reimbursement is shown as a revenue stream.

Actual expenditures were more than budgeted amounts by approximately \$453 thousand. Significant negative budget variances occurred in the following categories: Personal service – compensation & employee

benefits were due to staffing changes. The Schedule of Revenues and Expenditures - Budget and Actual is presented on page 70 following the Notes to the Financial Statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2022, the District's investment in capital assets for its governmental activities was \$53.8 million net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, equipment and vehicles.

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 a district 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.

LONG TERM LIABILITIES

At June 30, 2022, the District had long-term liabilities (including current portion of long-term debt), all related to governmental activities, totaling \$34.9 million consisting of compensated absences, loans, financed purchase obligations, installment purchase obligation, other-post employment benefit liability, and net pension liabilities with the amounts due within one year estimated to be \$2.6 million. Additional information related to the District's long-term liabilities can be found in Note 9 to the Financial Statements.

FACTORS AFFECTING NEXT YEAR'S BUDGET (FY 2023):

- Increase in funding in State Aid due to the state providing "hold harmless" provisions
- Increase in local appropriations of 2%
- Projected increases in compensation of 5.2%
- Projected total benefit increases including healthcare and pension of 10%
- Decrease in educational program purchases of approximately \$113 thousand or a 3.8% decrease related to curriculum purchases for math and English language arts, technology purchases, expansion & enhancement of programs.
- Decrease of approximately \$35 thousand or a 4.61% projected decrease in central office facility operations for administrative costs for Medicaid billing services and property & liability insurance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's financial activity for all those interested in the District's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dr. Renee Palazzo, Superintendent of the Foster-Glocester Regional School District, 91 Anan Wade Road, North Scituate, RI 02857.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,599,724
Accounts and other receivables	759,126
Due from federal and state government	2,107,610
Lease receivable	17,383
Inventory	8,371
Total current assets	<u>6,492,214</u>
Noncurrent assets:	
Lease receivable	260,763
Capital assets: (Note 5)	
Land and other nondepreciable assets	2,011,482
Depreciable buildings, property and equipment (net)	51,799,867
Net pension asset	4,202,320
Other assets	3,169,413
Total noncurrent assets	<u>61,443,845</u>
Total assets	<u>67,936,059</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred other postemployment benefit amounts	184,835
Deferred pension amounts	5,253,318
Deferred amounts on refunding	525,145
Total deferred outflows of resources	<u>5,963,298</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	616,487
Accrued interest payable	95,283
Compensated absences payable	17,473
Financed purchase payable	2,712
Long-term debt - due within one year (Note 9)	2,571,370
Unearned revenue	13,705
Total current liabilities	<u>3,317,030</u>
Noncurrent liabilities:	
Compensated absences payable	659,222
Financed purchase payable	242
Long-term debt - due in more than one year (Note 9)	16,461,510
Net pension liabilities	13,977,072
Other postemployment benefit liability	1,218,728
Total non-current liabilities	<u>32,316,774</u>
Total liabilities	<u>35,633,804</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred other postemployment benefit amounts	299,645
Deferred pension amounts	7,373,603
Deferred lease amounts	278,146
Total deferred inflows of resources	<u>7,951,394</u>
NET POSITION	
Net investment in capital assets	35,300,660
Restricted for specific education programs	1,196,006
Unrestricted	(6,182,507)
Total net position	<u>\$ 30,314,159</u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expenses) Revenue and Changes in Net Position</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Total Governmental Activities</i>
<i>Governmental activities:</i>					
Education	\$ 27,067,167	\$ 4,251,064	\$ 3,551,238	\$ 780,666	\$ (18,484,199)
Interest expense	606,336	-	3,171,375	-	2,565,039
Total	27,673,503	4,251,064	6,722,613	780,666	(15,919,160)
<i>General revenues:</i>					
					15,196,375
					5,768,182
					606,921
					21,571,478
					5,652,318
					24,661,841
					\$ 30,314,159

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2022*

	<u>General Fund</u>	<u>ESSER II Fund</u>	<u>Cell Tower Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash	\$ 2,779,897	\$ -	\$ 167,154	\$ -	\$ 652,673	\$ 3,599,724
Due from state and federal government	21,177	507,169	-	1,385,900	193,364	2,107,610
Accounts and other receivables	757,626	-	-	-	1,500	759,126
Due from other funds	663,201	-	-	331,144	718,630	1,712,975
Lease receivable	-	-	278,146	-	-	278,146
Inventory	-	-	-	-	8,371	8,371
Total assets	<u>\$ 4,221,901</u>	<u>\$ 507,169</u>	<u>\$ 445,300</u>	<u>\$ 1,717,044</u>	<u>\$ 1,574,538</u>	<u>\$ 8,465,952</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ 394,717	\$ -	\$ -	\$ 44,490	\$ 80,271	\$ 519,478
Due to other funds	1,050,138	507,169	29,163	-	126,869	1,713,339
Unearned revenue	-	-	-	-	13,705	13,705
Total liabilities	<u>1,444,855</u>	<u>507,169</u>	<u>29,163</u>	<u>44,490</u>	<u>220,845</u>	<u>2,246,522</u>
Deferred Inflows of Resources						
Deferred inflows lease related	-	-	278,146	-	-	278,146
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>278,146</u>	<u>-</u>	<u>-</u>	<u>278,146</u>
Fund balances						
Nonspendable	-	-	-	-	8,371	8,371
Restricted	-	-	-	-	1,196,006	1,196,006
Committed	732,555	-	137,991	1,672,554	149,316	2,692,416
Assigned	906,565	-	-	-	-	906,565
Unassigned	1,137,926	-	-	-	-	1,137,926
Total fund balances	<u>2,777,046</u>	<u>-</u>	<u>137,991</u>	<u>1,672,554</u>	<u>1,353,693</u>	<u>5,941,284</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,221,901</u>	<u>\$ 507,169</u>	<u>\$ 445,300</u>	<u>\$ 1,717,044</u>	<u>\$ 1,574,538</u>	<u>\$ 8,465,952</u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022*

Total Fund Balances - Total Governmental Funds	\$ 5,941,284
 Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. (Note 5)	53,811,349
Long-term liabilities (including loans payable, financed purchase payable, installment purchase obligation, compensated absences, OPEB liability and net pension liabilities) are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. (Note 9)	(32,450,449)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(95,283)
Internal service fund is recorded as proprietary funds in the fund financial statements but is recorded as governmental activities on the government-wide financial statements.	3,072,768
Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in the Governmental Funds financial statements.	4,202,320
Deferred pension and OPEB amounts are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements as follows:	
Deferred outflows of resources	5,438,153
Deferred inflows of resources	(7,673,248)
Deferred amounts on refunding debt are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements.	525,145
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements.	(2,457,880)
 Net Position of Governmental Activities	 <u><u>\$ 30,314,159</u></u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	<i>General Fund</i>	<i>ESSER II Fund</i>	<i>Cell Tower Fund</i>	<i>Capital Project Fund</i>	<i>Total Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues						
State and federal aid and grants	\$ 5,768,182	\$ 507,169	\$ -	\$ 405,488	\$ 3,759,142	\$ 10,439,981
Local appropriations	15,196,375	-	-	286,400	1,293,932	16,776,707
Tuition	4,005,751	-	-	-	-	4,005,751
Contributions	-	-	-	-	234,642	234,642
Medicaid revenue	105,039	-	-	-	-	105,039
State on-behalf pension contribution	1,282,559	-	-	-	-	1,282,559
Other revenues	262,711	-	21,063	-	285,105	568,879
Total revenues	<u>26,620,617</u>	<u>507,169</u>	<u>21,063</u>	<u>691,888</u>	<u>5,572,821</u>	<u>33,413,558</u>
Expenditures						
<i>Current:</i>						
<i>Education:</i>						
Salaries	14,818,587	317,276	-	-	599,329	15,735,192
Employee benefits	6,873,328	143,203	-	-	186,304	7,202,835
Purchased services	2,840,256	46,690	5,781	-	1,050,984	3,943,711
Supplies and materials	1,121,924	-	4,525	-	163,212	1,289,661
Other	76,601	-	10,360	-	181,237	268,198
<i>Debt Service:</i>						
Principal	-	-	-	-	2,325,000	2,325,000
Interest and other costs	-	-	-	-	880,452	880,452
Capital outlay	671,053	-	-	1,218,219	394,992	2,284,264
Total expenditures	<u>26,401,749</u>	<u>507,169</u>	<u>20,666</u>	<u>1,218,219</u>	<u>5,781,510</u>	<u>33,929,313</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>218,868</u>	<u>-</u>	<u>397</u>	<u>(526,331)</u>	<u>(208,689)</u>	<u>(515,755)</u>
Other financing sources (uses)						
Loan issued	-	-	-	610,000	-	610,000
Transfers in	-	-	-	77,852	34,100	111,952
Transfers out	(77,852)	-	-	(34,100)	-	(111,952)
Total other financing sources (uses)	<u>(77,852)</u>	<u>-</u>	<u>-</u>	<u>653,752</u>	<u>34,100</u>	<u>610,000</u>
Net change in fund balance	141,016	-	397	127,421	(174,589)	94,245
Fund balances - beginning of year	<u>2,636,030</u>	<u>-</u>	<u>137,594</u>	<u>1,545,133</u>	<u>1,528,282</u>	<u>5,847,039</u>
Fund balances - end of year	<u>\$ 2,777,046</u>	<u>\$ -</u>	<u>\$ 137,991</u>	<u>\$ 1,672,554</u>	<u>\$ 1,353,693</u>	<u>\$ 5,941,284</u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022*

Net Change in Fund Balances - Total Governmental Funds	\$ 94,245
Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period.	1,504,832
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements.	(1,661,725)
Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds financial statements. This is the amount of the change in long-term compensated absences in the current period.	209,163
Accrued interest on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year.	10,514
The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements.	1,613,907
Long-term OPEB liabilities are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources or are not available to pay for current period expenditures. Therefore, long-term OPEB liabilities are not reported as expenditures/revenues in Governmental Funds financial statements. This is the amount of the change in the long-term OPEB liability and related deferred OPEB amounts in the current period.	39,426
Long-term net pension liabilities (assets) are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources or are not available to pay for current period expenditures. Therefore, long-term net pension liabilities (assets) are not reported as expenditures/revenues in Governmental Funds financial statements. This is the amount of the change in long-term net pension liabilities (asset) and related deferred pension amounts in the current period.	1,819,300
Loan and financed purchase proceeds provide current financial resources to Governmental Funds, but issuing debt increases the long-term liabilities in the Government-Wide Statement of Net Position. Repayment of loan and financed purchase principal is an expenditure in the Governmental Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. This amount represents loan and financed purchase principal payments. This amount represents loans issued in the current period.	2,327,395 (610,000)
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding debt are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. This amount represents amortization of deferred amounts on refunding debt during the current period. This amount represents amortization of premium on debt during the current period.	(87,524) 351,126
Installment purchase obligations are reported as an expense and long-term liability in the Government-Wide Statements. Payments on an installment purchase obligations is an expenditure in the Governmental Funds, and the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. This amount represents installment purchase obligation payments.	41,659
Change in Net Position of Governmental Activities in the Statement of Activities	\$ 5,652,318

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2022

	<u><i>Governmental Activities Healthcare Management Fund</i></u>
ASSETS	
<i>Noncurrent assets</i>	
Deposits with others	\$ 3,169,413
<i>Total noncurrent assets</i>	<u>3,169,413</u>
 <i>Total assets</i>	 <u>3,169,413</u>
 LIABILITIES	
<i>Current liabilities</i>	
Accrued claims payable	96,645
<i>Total liabilities</i>	<u>96,645</u>
 NET POSITION	
Unrestricted	3,072,768
<i>Total net position</i>	<u>\$ 3,072,768</u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	<i>Governmental Activities</i>
	<i>Healthcare Management Fund</i>
<i>Operating Revenues</i>	
Charges for insurance	\$ 3,492,701
Other revenue	344,210
<i>Total operating revenues</i>	3,836,911
<i>Operating Expenses</i>	
Health and dental insurance claims	1,934,706
Administrative and other fees	288,298
<i>Total operating expenses</i>	2,223,004
Operating income	1,613,907
<i>Change in net position</i>	1,613,907
<i>Net position - beginning</i>	1,458,861
<i>Net position - ending</i>	\$ 3,072,768

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

*Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022*

	<u>Governmental Activities Healthcare Management Fund</u>
<i>Cash flows from operating activities</i>	
Receipts for interfund charges for insurance	\$ 3,492,701
Payments for health and dental insurance claims	(2,745,528)
Payments for other operating expenses	(288,298)
Other receipts	344,210
Increase in deposits with others	(803,085)
<i>Net cash used for operating activities</i>	<u>-</u>
<i>Net increase in cash and cash equivalents</i>	-
<i>Cash and cash equivalents at beginning of year</i>	<u>-</u>
<i>Cash and cash equivalents at end of year</i>	<u>\$ -</u>
<i>Reconciliation of operating income to net cash used for operating activities</i>	
Operating income	\$ 1,613,907
<i>Adjustments to reconcile operating income to net cash used for operating activities:</i>	
Increase in deposits with others	(803,085)
Decrease in accrued claims (IBNR)	(810,822)
<i>Net cash used for operating activities</i>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	<i>Private- Purpose Trust Funds</i>
<i>Assets</i>	
Cash	\$ 861
Due from other funds	364
<i>Total assets</i>	<u>1,225</u>
<i>Net Position</i>	
Restricted for other purposes	<u>\$ 1,225</u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2022

	<i>Private- Purpose Trust Funds</i>
<i>Additions</i>	
Gifts and contributions	\$ -
<i>Total additions</i>	<u>-</u>
<i>Deductions</i>	
Scholarships	-
<i>Total deductions</i>	<u>-</u>
 <i>Change in net position</i>	 -
 <i>Net position - beginning of year</i>	 <u>1,225</u>
 <i>Net position - end of year</i>	 <u>\$ 1,225</u>

The notes to the financial statements are an integral part of this statement.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

The financial statements of the Foster-Glocester Regional School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the School District's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Foster-Glocester Regional School District was founded in 1958 to regionalize the high school and middle school from the Towns of Foster and Glocester. The School District is governed by a School Committee consisting of nine members, six members from Glocester and three members from Foster. Each Town elects its members to the School Committee. The annual costs of the School District are funded by the collective taxpayers of the Towns of Foster and Glocester in the same proportion that the average membership of students from each Town bears to the average membership of the School District.

In evaluating the inclusion of potential component units within its financial reporting entity, the School District applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61 "Financial Reporting Entity Omnibus". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Foster-Glocester Regional School District does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the School District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through local appropriations, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered. The School District has no business-type activities as of June 30, 2022 or for the year ended.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the School District's governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including local appropriations and general state aid are presented as general revenues.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the School District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities, internal service fund transactions have been eliminated.

Fund Financial Statements

Fund Financial Statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary and fiduciary. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the School District are local appropriations, state-aid and grants, and tuitions. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, claim and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

Major Governmental Funds:

General Fund – The General Fund is the general operating fund of the School District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for or reported in another fund.

ESSER II Fund – The ESSER II Fund is used to account for the federal ESSER II grant and related expenditures.

Cell Tower Fund – The Cell Tower Fund is used to account for funds received related to a cell tower lease that have been committed for use as matching funds to encourage, support, and enhance grants, gifts, private donations, and funds obtained from other sources.

Capital Project Fund – The Capital Project Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for School District capital projects.

Proprietary Fund Financial Statements

Proprietary funds are used to account for business-like activities provided to external parties. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District has one Internal Service Fund as follows:

Healthcare Management Fund – The Healthcare Management Fund is used to account for the School District’s self-insured health and dental care programs.

Fiduciary Funds

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as a custodian for individuals, private organizations, or other governments. The School

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

District's fiduciary funds include private purpose trust funds. The fiduciary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The School District has implemented the following new accounting pronouncements:

- GASB Statement No. 87 – *Leases*, effective for the School District's fiscal year ending June 30, 2022.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the School District's fiscal year ending June 30, 2022.
- GASB Statement No. 92 – *Omnibus 2020*, effective for the School District's fiscal year ending June 30, 2022, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3 which were effective upon issuance.
- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, paragraphs 11b, 13 and 14, effective for the School District's fiscal year ending June 30, 2022.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*, effective for the School District's fiscal year ending June 30, 2022, except for paragraphs 4 and 5 which were effective upon issuance.
- GASB Statement No. 98 – *The Annual Comprehensive Financial Report*, effective for the School District's fiscal year ending June 30, 2022.
- GASB Statement No. 99 – *Omnibus 2022*, effective upon issuance, except for requirements related to leases, PPPs and SBITAs which are effective for the School District's fiscal year ending June 30, 2023 and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 which are effective for the School District's fiscal year ending June 30, 2024.

The adoption of GASB Statement Number 87, 89, and 98, and portions of GASB Statement Number 92, 93, 97, and 99 applicable in fiscal year 2022 did not have an impact on the School District's financial position or results of operations.

The School District will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the School District's fiscal year ending June 30, 2023.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the School District's fiscal year ending June 30, 2023.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for the School District's fiscal year ending June 30, 2023.
- GASB Statement No. 99 – *Omnibus 2022*, requirements related to leases, PPPs and SBITAs effective for the School District's fiscal year ending June 30, 2023 and requirements related

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 effective for the School District's fiscal year ending June 30, 2024.

- GASB Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the School District's fiscal year ending June 30, 2024.
- GASB Statement No. 101 – *Compensated Absences*, effective for the School District's fiscal year ending June 30, 2025.

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

D. CASH EQUIVALENTS

The School District considers cash and cash equivalents in the proprietary funds to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

E. ACCOUNTS RECEIVABLE

The significant receivable balances include amounts due from the State of Rhode Island and local municipalities. There is no allowance for uncollectible accounts as receivables are expected to be fully collectible.

F. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

G. INVENTORY

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

H. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position. In the fund financial statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value as of the date received. The School District follows the policy of not capitalizing assets with a cost of less than \$5,000 and a useful life of less than 1 year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

<u>Description</u>	<u>Estimated Useful Lives</u>
Building and improvements	50 years
Land improvements	20-50 years
Office furniture and equipment	3-15 years
Motor vehicles	7 years

I. DEBT PREMIUMS

In the Governmental Fund Financial Statements, debt premiums are reported as an “other financing source”. In the Government-Wide Statements, debt premiums are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable.

J. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Government-Wide Financial Statements, deferred outflows of resources and deferred inflows of resources are reported for amounts related to the School District’s pension plans and other post-employment benefit plan that will be amortized as a component of pension expense and other post-employment benefit expense in future years. Deferred outflows are also reported for deferred amounts related to refunding debt issues which will be amortized as a component of interest expense in future years. In the Government-Wide and Governmental Financial Statements deferred inflows of resources are reported for leases as described in Note K -Leases.

K. LEASES

The School District is lessor for a noncancellable land lease. The School District recognizes a lease receivable and deferred inflow of resources in the Government-Wide and Governmental Fund Financial Statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

- The lease term includes the noncancellable period of the lease and periods covered by the lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

L. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, School District employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned on June 30. Sick leave benefits are based on the sick leave accumulated on June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect on June 30, 2022. The entire compensated absence liability is reported on the Government-Wide Financial Statements. For the Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired.

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from Governmental Funds are reported as a liability in the Governmental Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from Governmental Funds are not recognized as a liability in the Governmental Fund Financial Statements until due.

N. PENSIONS

For purposes of measuring the net pension liabilities (assets), 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, the Teachers' Survivor Benefit plan, and the Municipal Employees' Retirement System plan and the additions to/deductions from each respective plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

O. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH DEPOSITS

Deposits – are in one financial institution and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and Government-Wide Statement of Net Position as “Cash and Cash Equivalents.”

Total Deposits	<i>Carrying Amount</i> <u>\$3,600,585</u>
<i>Total Cash and Cash Equivalents – Reported in the Financial Statements</i>	<u>\$3,600,585</u>

Custodial Credit Risk – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The School District does not have a formal deposit policy for custodial credit risk but is governed by State Laws as described below. As of June 30, 2022, \$4,635,728 of the School District’s bank balance of \$4,886,590 was exposed to custodial credit risk as follows:

Insured (Federal depository insurance funds)	<i>Bank Balance</i> \$250,862
Uninsured and uncollateralized	4,635,728
<i>Total</i>	<u>\$4,886,590</u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies, or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to 100% of the deposits which are time deposits with maturities greater than 60 days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of the deposits, regardless of maturity. On June 30, 2022, the School District’s uninsured, uncollateralized deposits with institutions was \$4,635,728. These deposits are held by an institution that meets the minimum capital standards as prescribed by the federal regulations.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 3 – INVESTMENTS

As of June 30, 2022, the School District had no investments. The School District does not have a formal investment policy.

The School District's General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as certificate of deposits, money market funds, obligations guaranteed by the U.S. Government, etc. with the goal of seeking reasonable income while preserving capital.

Interest Rate Risk – The School District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The School District is governed by State Laws that limit investment choices to short-term investments for its General Fund. The School District does not have a formal policy that limits investment choices.

Concentration of Credit Risk – The School District does not have a formal policy that limits the amount the School District may invest in any one issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for custodial credit risk.

NOTE 4 – FAIR VALUE MEASUREMENTS

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The School District had no recurring or nonrecurring fair value measurements as of June 30, 2022.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Non depreciable assets:				
Land	\$ 769,249	\$ -	\$ -	\$ 769,249
Construction in progress	68,126	1,191,713	17,606	1,242,233
	<u>837,375</u>	<u>1,191,713</u>	<u>17,606</u>	<u>2,011,482</u>
Depreciable assets:				
Land improvements	2,413,648	-	-	2,413,648
Building and improvements	71,765,410	17,500	-	71,782,910
Furniture and equipment	2,880,908	239,066	-	3,119,974
Motor Vehicles	420,927	74,159	-	495,086
	<u>77,480,893</u>	<u>330,725</u>	<u>-</u>	<u>77,811,618</u>
Total capital assets	<u>78,318,268</u>	<u>1,522,438</u>	<u>17,606</u>	<u>79,823,100</u>
Less accumulated depreciation for:				
Land improvements	431,247	99,936	-	531,183
Buildings and improvements	20,974,475	1,391,542	-	22,366,017
Furniture and equipment	2,637,380	139,160	-	2,776,540
Motor vehicles	306,924	31,087	-	338,011
Total accumulated depreciation	<u>24,350,026</u>	<u>1,661,725</u>	<u>-</u>	<u>26,011,751</u>
Governmental activities capital assets, net	<u>\$ 53,968,242</u>	<u>\$ (139,287)</u>	<u>\$ 17,606</u>	<u>\$ 53,811,349</u>

Depreciation expense for the year ended June 30, 2022 was \$1,661,725.

NOTE 6 – LEASE RECEIVABLE

During the current fiscal year, the School District leased land for a cell tower to a third party. The lease term was initially 5 years with a lessee option to extend for 5 additional terms in 5-year increments in accordance with the lease agreement. The School District receives monthly payments of \$1,755 related to the lease. The lease contains increases upon each additional term (3%). The School District recognized \$17,148 in lease revenue and \$3,915 in interest revenue during the fiscal year 2022 related to the lease. As of June 30, 2022, the School District's receivable for lease payments was \$278,146. Also, the School District has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$278,146.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 7 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

Assumptions: The School District disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The School District expects to receive all receivables within the subsequent year.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities on June 30, 2022 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 230,095	\$ 156,302	\$ 8,320	\$ 394,717
Capital Project Fund	44,490	-	-	44,490
Other Governmental Funds	79,334	937	-	80,271
Reconciliation of balances in fund financial statements to government -wide financial statements	-	-	97,009	97,009
	<u>\$ 353,919</u>	<u>\$ 157,239</u>	<u>\$ 105,329</u>	<u>\$ 616,487</u>

NOTE 8 – INTERFUND TRANSACTIONS

The School District reports interfund transactions between many of its funds. The totals of all balances agree with the sum of interfund transactions presented in the fund statements.

Interfund receivable and payables on June 30, 2022 are as follows:

	<u>Due From:</u>				
	<u>General Fund</u>	<u>ESSER II Fund</u>	<u>Cell Tower Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Due To:					
Interfund Balances:					
General Fund	\$ -	\$ 507,169	\$ 29,163	\$ 126,869	\$ 663,201
Capital Project Fund	331,144	-	-	-	331,144
Other Governmental Funds	718,630	-	-	-	718,630
Private Purpose Trust Funds	364	-	-	-	364
Total	<u>\$ 1,050,138</u>	<u>\$ 507,169</u>	<u>\$ 29,163</u>	<u>\$ 126,869</u>	<u>\$ 1,713,339</u>

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

Interfund transfer balances on June 30, 2022 are as follows:

	<u>Transfer From:</u>		
	<u>General</u>	<u>Capital</u>	
	<u>Fund</u>	<u>Project</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Transfer To:			
Capital Project Fund	\$ 77,852	\$ -	\$ 77,852
Nonmajor Governmental Funds	-	34,100	34,100
	<u>\$ 77,852</u>	<u>\$ 34,100</u>	<u>\$ 111,952</u>

NOTE 9 –LONG TERM LIABILITIES

A. LONG-TERM LIABILITIES

The following schedule reflects the changes in long-term liabilities for the year ended June 30, 2022:

	<u>Beginning</u>		<u>Retirements</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>		<u>Balance</u>	<u>One Year</u>
Governmental Activities					
Loans payable:					
Loan payable	\$ 18,290,000	\$ -	\$ 2,325,000	\$ 15,965,000	\$ 2,420,000
Loan from direct borrowing	-	610,000	-	610,000	151,370
Plus unamortized premium on loans	2,809,006	-	351,126	2,457,880	-
Total loans payable	<u>21,099,006</u>	<u>610,000</u>	<u>2,676,126</u>	<u>19,032,880</u>	<u>2,571,370</u>
Other liabilities:					
Compensated absences	885,858	121,122	330,285	676,695	17,473
Financed purchase payable	5,349	-	2,395	2,954	2,712
Installment purchase obligation	41,659	-	41,659	-	-
Other postemployment benefit liability	1,465,840	-	247,112	1,218,728	-
Net pension liabilities	19,038,377	-	5,061,305	13,977,072	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 42,536,089</u>	<u>\$ 731,122</u>	<u>\$ 8,358,882</u>	<u>\$ 34,908,329</u>	<u>\$ 2,591,555</u>

The payments on the loans are paid from the Debt Service Fund. The payments of compensated absences, installment purchase obligation, other postemployment benefit liability and net pension liabilities are paid from the General Fund. The payments on the financed purchase payable are paid from the School Lunch Fund.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2022

B. LOANS PAYABLE

<i>Purpose</i>	<i>Date of Issue</i>	<i>Interest Rate</i>	<i>Date of Maturity</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2021</i>	<i>Additions</i>	<i>Deductions</i>	<i>Outstanding June 30, 2022</i>	
<i>Governmental activities:</i>									
<i>Loan payable:</i>									
RIHEBC Series 2016A	8/10/2016	2.00%-5.00%	5/15/2029	\$ 26,305,000	\$ 18,290,000	\$ -	\$ 2,325,000	\$ 15,965,000	
<i>Loan from direct borrowing:</i>									
RI Infrastructure Bank	2/2/2022	0.63%-0.94%	9/1/2025	810,000	-	610,000	-	610,000	
<i>Total loans payable</i>					<u>\$ 27,115,000</u>	<u>\$ 18,290,000</u>	<u>\$ 610,000</u>	<u>\$ 2,325,000</u>	<u>\$ 16,575,000</u>

On February 2, 2022, the District issued a loan in the amount of \$810,000. The loan agreement includes principal forgiveness in the amount of \$200,000 for a net loan amount of \$610,000 that will be repaid by the District. As of June 30, 2022, a loan payable of \$610,000 is reported in the Governmental Activities. The loan proceeds are drawn down as project costs are incurred and a due from RI Infrastructure Bank of \$775,900 is reported in the Capital Project Fund for project costs paid by the District in fiscal year 2022 that had not been reimbursed by June 30, 2022. The loan agreement requires the District to maintain a debt service reserve equal to the outstanding principal amount not subject to forgiveness which amounted to \$610,000 as of June 30, 2022. The debt service reserve is also reported in the Capital Project Fund as a due from RI Infrastructure Bank as of June 30, 2022. The loan is secured by an appropriation pledge.

C. LOAN DEBT SERVICE REQUIREMENTS

The debt service requirements on June 30, 2022, were as follows:

<u><i>Fiscal Year Ending June 30,</i></u>	<i>Governmental Activities</i>		<i>Governmental Activities</i>	
	<i>Loan</i>		<i>Loan From</i>	
	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2023	\$ 2,420,000	\$ 753,375	\$151,370	\$ 3,389
2024	2,540,000	632,375	152,123	3,124
2025	2,670,000	505,375	152,877	2,040
2026	2,790,000	380,625	153,630	722
2027	2,930,000	241,125	-	-
2028-2029	2,615,000	137,850	-	-
	<u>\$15,965,000</u>	<u>\$ 2,650,725</u>	<u>\$610,000</u>	<u>\$ 9,275</u>

D. FINANCED PURCHASE PAYABLE

The School District acquired equipment valued at \$10,850 with a financed purchase agreement. Obligations of governmental activities under the financed purchase payable as of June 30, 2022 were as follows:

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,712	\$ 217
2024	242	3
	<u>\$ 2,954</u>	<u>\$ 220</u>

NOTE 10 – NET POSITION/FUND BALANCES

The Government-Wide Financial Statements and Proprietary Fund Statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents balances limited to uses specified either externally by creditors, contributors, laws and regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The School District considers restricted resources to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria include items that are not expected to be converted to cash (e.g., prepaid items and inventory).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the School District removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

Assigned Fund Balance – This classification includes amounts constrained by the School District’s intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual fund balance for the General Fund which is the only fund that reports a positive unassigned fund balance amount. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

School District policy states that committed fund balance includes the portion of the spendable fund balance that has constraints on spending that the Regional School Committee or the Regional voters at a Regional Financial Meeting imposed by a formal action of the Regional School Committee.

The School District policy states that the assigned fund balance represents a “plan” for spending the amount but is not restricted or committed. The authority to assign fund balance is designated to the Business Manager.

The School District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The School District considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

The School District has the following minimum unassigned fund balance policy:

General Fund – an amount no less than two months of general operating expenditures, and/or a minimum of 8% of budgeted operating expenditures, whichever is lower.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

At June 30, 2022 restricted fund balance consisted of the following:

Special Revenue Funds:

CTE Categorical - Even Year	\$ 106,184
CTE Categorical - Odd Year	65,351
CTE Categorical	25,496
CTE Agriculture	36,794
Professional Development	685
Nature Trails Fundraising	150
Big Yellow School Bus	400
Student Equity	36,533
Literacy Set Aside	114,540
School Lunch Fund	336,087
EDS Tech Grant	180
US Department of Energy	10,746
RI Foundation XQ+RI Challenge	7,251
New England Dairy Council	435
Scholarship America	43
RI Center for the Arts	935
RI Council on the Humanities	1,700
Perkins Vocational Education Grant	15,480
CAST	2,055
Office of Innovation CS4RI	10,000
Alternative Energy Program	3,900
Henry Ruth Scholarship Fund	1,700
Protium ALT Energy Scholarship Fund	3,000
Sodexo Scholarship Fund	1,000
Future Business Leaders of America	2,506
Ponaganset MS Student Activity Fund	118,674
Ponaganset HS Student Activity Fund	289,337
Champlin Foundation	844
RI Developmental Disabilities Council	4,000
<i>Total restricted fund balance</i>	<u><u>\$ 1,196,006</u></u>

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

At June 30, 2022 committed fund balance consisted of the following:

General Fund:

Early Retirement	\$ 67,495
OPEB Obligation	383,046
School Capital Projects Fund	200,000
Core Instructional Programs	54,676
Elective Instructional Programs	27,338

Special Revenue Funds:

Cell Tower	137,991
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Debt Service Fund

149,316

Capital Project Funds:

Capital Projects Fund	1,672,554
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Total committed fund balance \$ 2,692,416

At June 30, 2022 assigned fund balance consisted of the following:

General Fund

Special Education Programs	\$ 631,813
2023 Budget	100,000
Agriculture Building	163,084
Athletics	11,668

Total assigned fund balance \$ 906,565

NOTE 11 – SUMMARY DISCLOSURE OF CONTINGENCIES AND COMMITMENTS

A. CONTINGENCIES

During the ordinary course of its operations, the School District is a party to various claims, legal actions, and complaints. The potential liability to the School District, if any, or an evaluation of the outcome of these matters cannot be made at the present time.

B. FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The School District participates in various federal financial assistance programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The costs, if any, which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

NOTE 12 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. As a result, the School District has purchased commercial insurance to insure for workers' compensation claims and

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the School District signed a participation agreement which outlines the rights and responsibilities of both the Trust and the School District. The agreement states that for premiums paid by the School District, the Trust will assume financial responsibility for the School District's losses up to the maximum amount of insurance purchased, minus the School District's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

The School District also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns, and school districts. Upon joining WBCH each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The School District is retaining the risk and it recognizes and measures its claims liabilities and related expenditures/expenses in accordance with GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The School District's payments of premiums to WBCH are reported as expenditures in the General Fund and as deposits (other assets) and charges for insurance in the Internal Service Fund – Healthcare Management Fund. The claims paid by WBCH on the School District's behalf and the administrative costs paid to WBCH are reported as expenses in the Healthcare Management Fund and as a reduction of the deposits. The premiums are based on "working rates" determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the School District purchases specific stop loss re-insurance. Under the stop loss re-insurance, the School District is covered for medical claims in excess of \$175,000 per person per contract period.

The claims liability of \$96,645 reported in the Internal Service Fund at June 30, 2022 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the School District's claims liability for the past two fiscal years were:

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

	<u><i>Beginning Fiscal Year Liability</i></u>	<u><i>Current Year Claims and Changes In Estimate</i></u>	<u><i>Claims Payments</i></u>	<u><i>Balance Fiscal Year End</i></u>
2020-2021	\$90,626	\$3,542,804	\$2,725,963	\$907,467
2021-2022	\$907,467	\$1,934,706	\$2,745,528	\$96,645

NOTE 13 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description - The Foster-Glocester Regional School District administers a single-employer, defined benefit OPEB plan. This plan does not include the pension benefits discussed in Note 14. The plan provides medical and dental insurance for eligible retirees through the School District’s group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School District and the respective unions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Plan does not issue a stand-alone financial report.

Benefits Provided - The plan provides the following benefits based on employee group upon retirement:

Certified Employees - Certified teachers and certain administrator positions are eligible for retiree health benefits once they meet the retirement eligibility requirements of the Rhode Island Employees Retirement System (RI ERS) and have 10 years of service with the School District.

The administrator positions that fall in this category are Superintendent, Assistant Superintendent, Business Manager, and Principal.

Duration of coverage for certified teachers and administrator positions (as previously defined) that are tied to certified teachers bargained benefits are as follows:

- Teachers hired prior to July 1, 1992 – individual health benefits are available until the earlier of age sixty-five (65) or Medicare eligibility
- Teachers hired on/after July 1, 1992 but before July 1, 2000 – individual health benefits are available for 8 years, but not past the earlier of age sixty-five (65) or Medicare eligibility
- Teachers hired on/after July 1, 2000 but before July 1, 2011 – individual health benefits are available for 3 years, but not past the earlier of age sixty-five (65) or Medicare eligibility
- Teachers hired on/after July 1, 2011 – not eligible for retiree health benefits

Certified teachers’ contribution requirements vary based on retirement dates as follows:

- Retirement prior to July 1, 2009 – no contributions required

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

- Retirement between July 1, 2009 and June 30, 2011 – 1.5% of base salary (for medical and dental coverage)
- Retirement between July 1, 2011 and June 30, 2012 – 10% of premiums (medical and dental)
- Retirement after July 1, 2012 – 20% of premiums to the maximum limit stated in the union contract (medical and dental)

Certain administrator positions are not covered under a contract but have the same contribution requirements as certified employees. These administrator positions are Superintendent, Assistant Superintendent, Administrative Assistant to the Superintendent, Principal, Vice (or Assistant) Principal, Business Manager, Director of IT, Accountant, Director of Buildings and Grounds, and Data Manager.

Non-Certified Employees - Non-certified employees and certain administrator positions are eligible for retiree health benefits once they meet the retirement eligibility requirements of the Rhode Island Municipal Employees Retirement System (RI MERS). The administrator positions that fall in this category are Director of IT, Accountant, Director of Building and Grounds, Data Manager, Administrative Assistant to Superintendent and Vice (or Assistant) Principal.

Duration of coverage for non-certified employee positions that are tied to non-certified employee bargained benefits are as follows:

Non-certified employees hired prior to July 1, 2012:

- Retirement prior to age 61 - allowed to purchase healthcare coverage at group rates until they reach age 61
- Retirement at age 61 - eligible for individual healthcare coverage until the earlier of age sixty-five (65) or Medicare eligibility

Non-certified employees hired on/after July 1, 2012:

- Not eligible for retiree health benefits

Non-certified employees' contribution requirements are as follows:

- Retirement prior to January 1, 2012 and have reached age of 61 – no contributions required
- Retirement after January 1, 2012 and have reached age of 61 – same co-share of health and dental benefits as current non-certified employees

Certified and Non-Certified Employees - Certified and non-certified retirees must pay the full incremental cost of family coverage if he/she has spousal and/or dependent coverage.

Upon the death of the retired member or when the member reaches Medicare eligibility, spouse coverage converts to COBRA coverage.

Life insurance benefits are available to employees at retirement, but the retiree must pay the full cost of life insurance coverage at retirement.

Employees Covered by Benefit Terms - As of June 30, 2021, the following plan participants were covered by the benefit terms:

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

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Active participants with coverage	122
Active participants with no coverage	8
Retirees	<u>11</u>
Total plan participants	<u><u>141</u></u>

Funding Policy - Contribution requirements are negotiated between the School District and the respective unions. The School District is required to contribute the cost of medical and dental benefits, less the amount of any applicable retiree share of medical or dental premiums. For the year ended June 30, 2022, the plan operated on a “pay as you go basis” and no provision has been made to fund future benefits to be provided to plan members.

Total OPEB Liability

The School District’s total OPEB liability of \$1,218,728 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	General wage inflation of 3.00% for RI ERS employees and 3.25% for RI MERS employees, plus merit and productivity increases
Inflation	3.00% for RI ERS employees; 3.25% for RI MERS employees
Discount Rate	4.09% (prior measurement date - 2.19%)
Mortality	Teachers – Pub-2010 Teacher Headcount-Weighted Mortality Table fully generational using scale MP-2021; General Employees - Pub-2010 General Headcount-Weighted Mortality Table fully generational using scale MP-2021

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

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Health Care Trend Rates	<u>FYE</u>	<u>Medical/Rx</u>	<u>Dental</u>
	2022	8.00%	3.00%
	2023	7.50%	3.00%
	2024	7.00%	3.00%
	2025	6.50%	3.00%
	2026	6.00%	3.00%
	2027	5.50%	3.00%
	2028	5.00%	3.00%
	2029+	4.50%	3.00%

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
	<hr/>
Balance as of June 30, 2021	\$1,465,840
Changes for the Year:	
Service cost	61,346
Interest on the total OPEB liability	32,041
Changes in benefit terms	-
Difference between expected and actual experience	(108,008)
Changes in assumptions and other inputs	(103,551)
Benefit payments	(128,940)
Other changes	-
Net change	<hr/> (247,112) <hr/>
Balance as of June 30, 2022	<hr/> \$1,218,728 <hr/>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (3.09%) and 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(3.09%)</u>	<u>(4.09%)</u>	<u>(5.09%)</u>
Total OPEB Liability	\$1,272,893	\$1,218,728	\$1,165,640

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (6.50% decreasing to 3.50%) and 1-percentage-point higher (8.50% decreasing to 5.50%) than the current healthcare cost trend rates:

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

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	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	(6.50% decreasing to <u>3.50%</u>)	(7.50% decreasing to <u>4.50%</u>)	(8.50% decreasing to <u>5.50%</u>)
Total OPEB Liability	\$1,130,783	\$1,218,728	\$1,317,091

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$89,514. On June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$81,909	\$204,915
Changes in assumptions and other inputs	102,926	94,730
Total	<u>\$184,835</u>	<u>\$299,645</u>

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

Year ended June 30:	
2023	\$(9,422)
2024	(9,424)
2025	(6,437)
2026	(35,066)
2027	(24,240)
Thereafter	(30,221)

NOTE 14 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM PLAN

Defined Benefit Plan

General Information about the Pension Plan

Plan Description - Certain employees of the Foster-Glocester Regional School District participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (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

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pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans administered by the System. 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 on 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.

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, Foster-Glocester 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 Foster-Glocester 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 Foster-Glocester Regional School District; the rates were 10.94% and 14.78% of annual covered payroll for the fiscal year ended June 30, 2022 for the State and the Foster-Glocester Regional School District, respectively. The Foster-Glocester Regional School District contributed \$1,786,060, \$1,627,721 and, \$1,485,609 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 contributions totaling \$1,237,859 for fiscal year 2022 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

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

On June 30, 2022, the Foster-Glocester Regional School District reported a liability of \$13,777,494 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Foster-Glocester 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 Foster-Glocester Regional School District were as follows:

Foster-Glocester Regional School District's proportionate share of the net pension liability	\$13,777,494
State's proportionate share of the net pension liability associated with the Foster-Glocester Regional School District	<u>10,217,247</u>
Total net pension liability	<u>\$23,994,741</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 Foster-Glocester Regional School District's proportion of the net pension liability was based on a projection of the Foster-Glocester 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. On June 30, 2021, the Foster-Glocester Regional School District's proportion was 0.58542979%.

For the year ended June 30, 2022, the Foster-Glocester Regional School District recognized in the Government-Wide financial statements gross pension expense of \$1,518,495 and revenue of \$717,134 for support provided by the State. On June 30, 2022, the Foster Glocester 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	\$1,786,060
Change of assumptions	576,941
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,713,857
Differences between expected and actual experience	<u>138,289</u>
Total	<u>\$4,215,147</u>

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

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Deferred inflows of resources:

Change of assumptions	\$302,982
Changes in proportion and differences between employer contributions and proportionate share of contributions	197,563
Differences between expected and actual experience	445,021
Net difference between projected and actual earnings on pension plan investments	<u>3,224,786</u>
Total	<u>\$4,170,352</u>

\$1,786,060 reported as deferred outflows of resources related to pensions resulting from the Foster-Glocester 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:

Year ended June 30:	
2023	\$(422,407)
2024	(334,111)
2025	(470,033)
2026	(736,012)
2027	135,602
thereafter	85,696

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 PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

The actuarial assumptions used in the June 30, 2020 valuation rolled forward to June 30, 2021 and the calculation of the total pension liability on 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)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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:

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

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

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

1.00% Decrease	Current Discount	1.00% Increase
<u>(6.0%)</u>	<u>Rate</u>	<u>(8.0%)</u>
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$17,399,920	\$13,777,494	\$9,154,243

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

Defined Contribution Plan

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 7% of their annual covered salary and employers contribute between 3% and 3.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. The employer contribution is split between the State and the School District. 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.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

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

The Foster-Glocester Regional School District recognized pension expense of \$318,968 for the fiscal year ended June 30, 2022. For financial reporting purposes, the State's share of contributions totaling \$44,700 for fiscal year 2022 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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

B. TEACHERS' SURVIVOR BENEFIT PLAN

General Information about the Pension Plan

Plan Description - Certain employees of the Foster-Glocester Regional School District participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit (TSB) 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 employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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

Eligibility and Plan Benefits - The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit are subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family, and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child, of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full-time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

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Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouse's Benefit
\$17,000 or less	\$825.00
\$17,001 to \$25,000	\$962.50
\$25,001 to \$33,000	\$1,100.00
\$33,001 to \$40,000	\$1,237.50
\$40,001 and over	\$1,375.00

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$11,500; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Foster-Glocester Regional School District contributed \$16,173, \$15,809, and \$15,410 for the fiscal years ended June 30, 2022, 2021 and 2020, respectively, equal to 100% of the required contributions for each year.

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

On June 30, 2022, the Foster-Glocester Regional School District reported an asset of \$4,202,320 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2021, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021. The Foster-Glocester Regional School District's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2021 relative to the total contributions of all participating employers for that fiscal year. On June 30, 2021, the Foster-Glocester Regional School District's proportion was 2.14740208%.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

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For the year ended June 30, 2022, the Foster-Glocester Regional School District recognized pension expense of \$(524,004) – an increase in the net pension asset. On June 30, 2022, the Foster Glocester 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	\$16,173
Change of assumptions	131,888
Differences between expected and actual experience	155,734
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,586
Total	<u>\$334,381</u>

Deferred inflows of resources:	
Difference between expected and actual experience	\$451,216
Change of assumptions	151,315
Changes in proportion and differences between employer contributions and proportionate share of contributions	250,142
Net difference between projected and actual earnings on pension plan investments	1,038,880
Total	<u>\$1,891,553</u>

\$16,173 reported as deferred outflows of resources related to pensions resulting from the Foster-Glocester Regional School District's contributions in fiscal year 2022 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$(318,082)
2024	(305,110)
2025	(360,130)
2026	(407,237)
2027	(103,728)
Thereafter	(79,058)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

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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 PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

Cost of Living Adjustments – Eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.5% cost of living adjustment is assumed.

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:

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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

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.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

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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 Asset to Changes in the Discount Rate - The following presents the proportionate share of the net pension asset calculated using the discount rate of 7.0 percent as well as what the net pension 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	Current Discount	1.00% Increase
<u>(6.0%)</u>	<u>Rate</u>	<u>(8.0%)</u>
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$3,779,134	\$4,202,320	\$4,742,605

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

C. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plan

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.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the System. 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. Members

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable. The Foster-Glocester Regional School District has only general employees that participate in the MERS Plan.

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.

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.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

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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.

The annual benefit is equal to 2.0% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.0% 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, 2012 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 B (covering current retired members as well as current and future active members). The Foster-Glocester Regional School District has elected the optional cost-of-living provision COLA B.

- 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 3.5%. 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%
- 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.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

Employees Covered by Benefit Terms - At the June 30, 2020 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan
Retirees and Beneficiaries	44
Inactive, Nonretired Members	22
Active Members	57
Total	<u>123</u>

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 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. The Foster-Glocester 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 Foster-Glocester Regional School District contributed \$257,963 for general employees in the year ended June 30, 2022. The School District's contributions represented 10.29% of annual covered payroll.

Net Pension Liability - The total pension liability was determined by an actuarial valuation 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.

Summary of Actuarial Assumptions Used in the Valuation 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 - 3.25% to 7.25%
Inflation	2.50%

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

Mortality	Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
Cost of Living Adjustments	A 2.10% COLA is assumed 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 on 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:

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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

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.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

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June 30, 2022

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.

**General Employees Plan
Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2020	\$9,118,895	\$7,785,691	\$1,333,204
Changes for the Year:			
Service cost	186,888	-	186,888
Interest on the total pension liability	624,456	-	624,456
Changes in benefits	-	-	-
Difference between expected and actual experience	395,820	-	395,820
Changes in assumptions	-	-	-
Employer contributions	-	223,764	(223,764)
Employee contributions	-	47,220	(47,220)
Net investment income	-	2,064,105	(2,064,105)
Benefit payments, including employee refunds	(583,082)	(583,082)	-
Administrative expense	-	(7,865)	7,865
Other changes	-	13,566	(13,566)
Net changes	624,082	1,757,708	(1,133,626)
Balances as of June 30, 2021	\$9,742,977	\$9,543,399	\$199,578

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

Plan	Current Discount Rate		
	1.00% Decrease (6.0%)	Rate (7.0%)	1.00% Increase (8.0%)
General Employees	\$1,049,728	\$199,578	\$(885,406)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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 School District recognized pension expense of \$(30,421) for general employees. The employer 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	\$257,963
Differences between expected and actual experience	417,910
Changes of assumptions	27,917
Total	<u>\$703,790</u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$160,476
Changes of assumptions	75,101
Net difference between projected and actual investment earnings	1,076,121
Total	<u>\$1,311,698</u>

\$257,963 reported as deferred outflows of resources related to pensions resulting from the School District's contributions in fiscal year 2022 subsequent to the measurement date that 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:

Year Ending June 30:	
2023	\$(236,979)
2024	(239,741)
2025	(179,863)
2026	(231,088)
2027	21,800

Defined Contribution Plan

Plan Description

Certain general employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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.

General employees contribute 5% of their annual covered salary and employers contribute 1% to 1.5% of annual covered salary depending on years of service as of June 30, 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 Foster-Glocester Regional School District recognized pension expense of \$26,300 for the fiscal year ended June 30, 2022.

The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>.

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Asset	Net Pension Liability	Pension Expense
Employees’ Retirement System Plan	\$4,215,147	\$4,170,352	\$ -	\$13,777,494	\$1,518,495
Teachers’ Survivor Benefits Plan	334,381	1,891,553	4,202,320	-	(524,004)
General Employees Plan	703,790	1,311,698	-	199,578	(30,421)
Total	\$5,253,318	\$7,373,603	\$4,202,320	\$13,977,072	\$964,070

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Employees' Retirement System Pension Plan
Schedule of the School District's Proportionate Share of the Net Pension Liability (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.58542979%	0.55415151%	0.52869550%	0.52135091%	0.50648631%	0.52875004%	0.52494730%	0.53220866%
School District's proportionate share of the net pension liability	\$ 13,777,494	\$ 17,705,173	\$ 16,869,451	\$ 16,564,612	\$ 15,975,017	\$ 15,775,667	\$ 14,451,813	\$ 12,953,960
State's proportionate share of the net pension liability associated with the School District	<u>10,217,247</u>	<u>13,155,377</u>	<u>12,636,966</u>	<u>12,356,011</u>	<u>12,073,274</u>	<u>10,804,016</u>	<u>9,873,025</u>	<u>8,883,128</u>
Total	<u>\$ 23,994,741</u>	<u>\$ 30,860,550</u>	<u>\$ 29,506,417</u>	<u>\$ 28,920,623</u>	<u>\$ 28,048,291</u>	<u>\$ 26,579,683</u>	<u>\$ 24,324,838</u>	<u>\$ 21,837,088</u>
School District's covered payroll	\$ 11,054,536	\$ 10,485,696	\$ 9,839,740	\$ 9,436,402	\$ 8,946,957	\$ 8,686,235	\$ 8,530,058	\$ 8,540,784
School District's proportionate share of the net pension liability as a percentage of its covered payroll	124.63%	168.85%	171.44%	175.54%	178.55%	181.62%	169.42%	151.67%
Plan fiduciary net position as a percentage of the total pension liability	66.5%	54.3%	54.6%	54.3%	54.0%	54.1%	57.6%	61.4%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Teachers' Survivor Benefit Pension Plan
Schedule of the School District's Proportionate Share of the Net Pension Asset (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension asset	2.14740208%	2.06634790%	1.98943577%	1.94547466%	1.81404824%	1.85441389%	1.81375921%	1.85958611%
School District's proportionate share of the net pension asset	\$ 4,202,320	\$ 2,454,068	\$ 2,256,932	\$ 1,735,933	\$ 1,500,697	\$ 1,846,475	\$ 1,693,246	\$ 2,311,851
School District's covered payroll	\$ 11,054,536	\$ 10,485,696	\$ 9,839,740	\$ 9,436,402	\$ 8,946,957	\$ 8,686,235	\$ 8,530,058	\$ 8,540,784
School District's proportionate share of the net pension asset as a percentage of its covered payroll	38.01%	23.40%	22.94%	18.40%	16.77%	21.26%	19.85%	27.07%
Plan fiduciary net position as a percentage of the total pension liability	185.7%	153.1%	150.2%	137.4%	136.1%	153.3%	146.6%	173.3%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Required Supplementary Information
General Employees Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:								
Service cost	\$ 186,888	\$ 199,760	\$ 206,457	\$ 194,953	\$ 177,613	\$ 172,973	\$ 175,563	\$ 180,312
Interest	624,456	606,375	612,602	581,703	574,182	540,136	514,253	488,198
Changes of benefit terms	-	-	-	-	-	-	136,734	-
Differences between expected and actual experience	395,820	132,432	(417,791)	89,694	(90,857)	150,513	(105,183)	-
Changes of assumptions	-	(124,417)	-	-	396,527	-	-	24,287
Benefits payments, including refunds of member contributions	(583,082)	(515,752)	(458,010)	(403,350)	(420,351)	(403,637)	(346,298)	(339,748)
Net change in total pension liability	<u>624,082</u>	<u>298,398</u>	<u>(56,742)</u>	<u>463,000</u>	<u>637,114</u>	<u>459,985</u>	<u>375,069</u>	<u>353,049</u>
Total pension liability - beginning	<u>9,118,895</u>	<u>8,820,497</u>	<u>8,877,239</u>	<u>8,414,239</u>	<u>7,777,125</u>	<u>7,317,140</u>	<u>6,942,071</u>	<u>6,589,022</u>
Total pension liability - ending (a)	<u>\$ 9,742,977</u>	<u>\$ 9,118,895</u>	<u>\$ 8,820,497</u>	<u>\$ 8,877,239</u>	<u>\$ 8,414,239</u>	<u>\$ 7,777,125</u>	<u>\$ 7,317,140</u>	<u>\$ 6,942,071</u>
Plan fiduciary net position:								
Contributions - employer	\$ 223,764	\$ 252,301	\$ 228,062	\$ 217,338	\$ 220,685	\$ 223,341	\$ 223,952	\$ 241,194
Contributions - employee	47,220	51,278	51,765	52,625	52,656	51,445	35,977	36,797
Net investment income	2,064,105	284,239	481,801	555,626	744,195	(2,209)	152,358	857,925
Benefits payments, including refunds of member contributions	(583,082)	(515,752)	(458,010)	(403,350)	(420,351)	(403,637)	(346,298)	(339,748)
Administrative expense	(7,865)	(7,831)	(7,540)	(7,397)	(7,031)	(5,943)	(6,112)	(5,372)
Other	13,566	-	1	2,817	53,272	-	1	123,257
Net change in plan fiduciary net position	<u>1,757,708</u>	<u>64,235</u>	<u>296,079</u>	<u>417,659</u>	<u>643,426</u>	<u>(137,003)</u>	<u>59,878</u>	<u>914,053</u>
Plan fiduciary net position - beginning	<u>7,785,691</u>	<u>7,721,456</u>	<u>7,425,377</u>	<u>7,007,718</u>	<u>6,364,292</u>	<u>6,501,295</u>	<u>6,441,417</u>	<u>5,527,364</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,543,399</u>	<u>\$ 7,785,691</u>	<u>\$ 7,721,456</u>	<u>\$ 7,425,377</u>	<u>\$ 7,007,718</u>	<u>\$ 6,364,292</u>	<u>\$ 6,501,295</u>	<u>\$ 6,441,417</u>
School District's net pension liability - ending (a) - (b)	<u>\$ 199,578</u>	<u>\$ 1,333,204</u>	<u>\$ 1,099,041</u>	<u>\$ 1,451,862</u>	<u>\$ 1,406,521</u>	<u>\$ 1,412,833</u>	<u>\$ 815,845</u>	<u>\$ 500,654</u>
Plan fiduciary net position as a percentage of the total pension liability								
	97.95%	85.38%	87.54%	83.65%	83.28%	81.83%	88.85%	92.79%
Covered payroll	\$ 2,243,551	\$ 2,267,420	\$ 2,175,517	\$ 2,034,999	\$ 2,006,921	\$ 1,896,629	\$ 1,798,805	\$ 1,757,428
Net pension liability as a percentage of covered payroll	8.90%	58.80%	50.52%	71.34%	70.08%	74.49%	45.35%	28.49%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Required Supplementary Information - Pension Plans

Schedule of School District Contributions (1)

"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Employees' Retirement System Plan</i>								
Actuarially determined contribution	\$ 1,786,060	\$ 1,627,721	\$ 1,485,609	\$ 1,330,334	\$ 1,256,102	\$ 1,195,663	\$ 1,203,084	\$ 1,153,736
Contributions in relation to the actuarially determined contribution	1,786,060	1,627,721	1,485,609	1,330,334	1,256,102	1,195,663	1,203,084	1,153,736
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 11,757,073	\$ 11,054,536	\$ 10,485,696	\$ 9,839,740	\$ 9,436,402	\$ 8,946,957	\$ 8,686,235	\$ 8,530,058
Contributions as a percentage of covered payroll	15.19%	14.72%	14.17%	13.52%	13.31%	13.36%	13.85%	13.53%
<i>Teachers' Survivor Benefit Plan</i>								
Statutorily determined contribution	\$ 16,173	\$ 15,809	\$ 15,410	\$ 14,838	\$ 14,475	\$ 10,701	\$ 11,910	\$ 10,944
Contributions in relation to the statutorily determined contribution	16,173	15,809	15,410	14,838	14,475	10,701	11,910	10,944
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 11,757,073	\$ 11,054,536	\$ 10,485,696	\$ 9,839,740	\$ 9,436,402	\$ 8,946,957	\$ 8,686,235	\$ 8,530,058
Contributions as a percentage of covered payroll	0.14%	0.14%	0.15%	0.15%	0.15%	0.12%	0.14%	0.13%
<i>General Employees Plan</i>								
Actuarially determined contribution	\$ 257,963	\$ 223,764	\$ 252,301	\$ 228,062	\$ 217,338	\$ 220,685	\$ 223,341	\$ 223,952
Contributions in relation to the actuarially determined contribution	257,963	223,764	252,301	228,062	217,338	220,685	223,341	223,952
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 2,506,926	\$ 2,243,551	\$ 2,267,420	\$ 2,175,517	\$ 2,034,999	\$ 2,006,921	\$ 1,896,629	\$ 1,798,805
Contributions as a percentage of covered payroll	10.29%	9.97%	11.13%	10.48%	10.68%	11.00%	11.78%	12.45%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Other Postemployment Benefit (OPEB) Plan
Schedule of Changes in the Total OPEB Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:						
Service cost	\$ 61,346	\$ 61,168	\$ 55,072	\$ 60,452	\$ 61,271	\$ 63,452
Interest	32,041	38,510	54,161	53,351	51,454	42,361
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(108,008)	(53,025)	(130,307)	191,121	-	6,676
Changes of assumptions or other inputs	(103,551)	94,900	54,544	9,268	(20,897)	26,618
Benefits payments	(128,940)	(123,787)	(145,499)	(143,083)	(172,318)	(238,929)
Net change in total OPEB liability	<u>(247,112)</u>	<u>17,766</u>	<u>(112,029)</u>	<u>171,109</u>	<u>(80,490)</u>	<u>(99,822)</u>
Total OPEB liability - beginning	<u>1,465,840</u>	<u>1,448,074</u>	<u>1,560,103</u>	<u>1,388,994</u>	<u>1,469,484</u>	<u>1,569,306</u>
Total OPEB liability - ending	<u>\$ 1,218,728</u>	<u>\$ 1,465,840</u>	<u>\$ 1,448,074</u>	<u>\$ 1,560,103</u>	<u>\$ 1,388,994</u>	<u>\$ 1,469,484</u>
Covered employee payroll	\$ 8,311,130	\$ 8,155,650	N/A	\$ 9,222,243	\$ 10,599,634	\$ 10,241,192
Total OPEB liability as a percentage of covered employee payroll	14.66%	17.97%	N/A	16.92%	13.10%	14.35%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay for OPEB.

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund - Budgetary Basis
For the Year Ended June 30, 2022

	General Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
Revenues				
State and federal aid and grants	\$ 4,829,877	\$ 4,829,877	\$ 5,249,455	\$ 419,578
Local appropriations	15,196,375	15,196,375	15,196,375	-
Tuition	3,814,748	3,814,748	4,005,751	191,003
Medicaid revenue	105,000	105,000	105,039	39
Other revenues	191,500	191,500	246,969	55,469
Total revenues	24,137,500	24,137,500	24,803,589	666,089
Expenditures				
Personnel service - compensation	14,328,431	14,328,431	14,818,587	(490,156)
Personnel services - employee benefits	5,444,715	5,444,715	5,590,769	(146,054)
Purchased services	2,199,339	2,199,339	2,321,529	(122,190)
Supplies and materials	995,366	995,366	1,113,677	(118,311)
Capital outlay	1,068,928	1,068,928	671,053	397,875
Other	100,721	100,721	75,240	25,481
Total expenditures	24,137,500	24,137,500	24,590,855	(453,355)
Excess of revenues over expenditures				
before other financing uses	-	-	212,734	212,734
Other financing uses				
Transfers to other funds	-	-	(77,852)	(77,852)
Total other financing uses	-	-	(77,852)	(77,852)
Net change in fund balance-budgetary basis	\$ -	\$ -	\$ 134,882	\$ 134,882

The notes to the required supplementary information are an integral part of this schedule.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service - Budgetary Basis
For the Year Ended June 30, 2022

	Debt Service Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local appropriations	\$ 1,293,932	\$ 1,293,932	\$ 1,293,932	\$ -
State aid	1,877,443	1,877,443	1,877,443	-
Total revenues	3,171,375	3,171,375	3,171,375	-
Expenditures				
Debt service payments	3,171,375	3,171,375	3,171,352	23
Total expenditures	3,171,375	3,171,375	3,171,352	23
Net change in fund balance-budgetary basis	\$ -	\$ -	\$ 23	\$ 23

The notes to the required supplementary information are an integral part of this schedule.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2022

NOTE 1 – PENSION PLANS

The net pension liability (asset) amounts presented as of the June 30, 2022 were determined as part of actuarial valuations performed as of June 30, 2020 and rolled forward to June 30, 2021, the measurement date. Additional information, including actuarial methods and assumptions, is presented in Note 14 A, B, and C to the financial statements.

The net pension liability (asset) amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The following summarizes the more significant changes in assumptions and benefits and were reflected in the determination of the net pension liability (asset) as of the:

June 30, 2020 measurement date –

- 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, 2017 measurement date –

- Decreased the general inflation assumption from 2.75% to 2.50%.
- Decreased the nominal investment return assumption from 7.50% to 7.00%.
- Decreased the general wage growth assumption from 3.25% to 3.00%.
- Decreased salary increase assumptions.
- 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, 2015 measurement date –

The net pension liability for the ERS and MERS plans reflects changes in benefits 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.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2022

- 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.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9% (10% for units with a COLA provision).
- Employees with more than 10 but less than 20 years of service on 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.
- Members who retired from a COLA eligible plan before July 1, 2012 will receive 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 maximum of 4%) and 50% calculated using previous year's CPI-U (maximum of 3%) for a total maximum 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.

The employee and employer contribution rates for the Teachers' Survivors Benefit Plan were applied to the first \$11,500 of member salary for fiscal year 2018. In fiscal year 2017 and prior years, the rate was applied to salary up to \$9,600.

Employers participating in the Employees' 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 Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, 16-16-35. Employers participating in the Municipal Employees' Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2022

NOTE 2 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the District’s Charter, the District has formally established budgetary accounting control for its General Fund. The ESSER II Fund and Cell Tower Fund, which are Special Revenue Funds, are not legally required to adopt a budget. The General Fund is subject to an annual operating budget approved by the Regional School Committee and by the voters at the District’s Annual Financial Meeting held each March. Annually, the Regional School Committee appoints a budget sub-committee which is responsible for establishing a budget that is supported by revenue estimates and that takes into account, when possible, the elimination of accumulated deficits. The budget sub-committee brings forward the final proposed budget to the Regional School Committee for full Committee adoption at the annual public hearing which is held approximately two weeks before the District’s Annual Financial Meeting. Upon a vote at the District’s Annual Financial Meeting, the District’s budget is set and each Town must then fund their respected appropriations as outlined in the adopted Regional District budget. The General Fund operating budget is in conformance with the legally enacted budgetary basis, which is not in conformance with generally accepted accounting principles. The accompanying budgetary comparison schedule is reflected on the budgetary basis. The difference between the budgetary basis and generally accepted accounting principles is explained below.

Explanation of Differences between Budgetary Revenues and Expenditures and Other Financing Sources (Uses) and GAAP Revenues and Expenditures and Other Financing Sources (Uses)

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$24,803,589
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Foster-Glocester Regional School District are not reported as a budgetary revenue, but are a current year revenue for financial reporting purposes.	1,282,559
Transportation categorical aid and athletic gate receipt revenues are not reported as budgetary revenues, but are current year revenues for financial reporting purposes.	534,469
	<hr/>
<i>Total revenues as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$26,620,617</u>

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2022

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$24,668,707
The pension contributions made to the Employees Retirement System by the State on behalf of the Foster-Glocester Regional School District are not reported as a budgetary expenditure, but are a current year expenditure for financial reporting purposes.	1,282,559
Transportation categorical aid passed through to the Towns of Foster and Glocester is not reported as a budgetary expenditure, but is a current year expenditure for financial reporting purposes.	518,727
Athletic Fund expenditures are not reported as budgetary expenditures, but are current year expenditures for financial reporting purposes.	<u>9,608</u>
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$26,479,601</u>

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022*

	<i>Special Revenue Funds</i>					
	<i>Even Year CTE Categorical</i>	<i>Odd Year CTE Categorical</i>	<i>CTE Categorical</i>	<i>CTE Agriculture</i>	<i>Professional Development</i>	<i>Nature Trails Fundraising</i>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from state and federal government	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	106,184	65,351	25,496	36,794	685	150
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 106,184</u>	<u>\$ 65,351</u>	<u>\$ 25,496</u>	<u>\$ 36,794</u>	<u>\$ 685</u>	<u>\$ 150</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	106,184	65,351	25,496	36,794	685	150
Committed	-	-	-	-	-	-
Total fund balances	<u>106,184</u>	<u>65,351</u>	<u>25,496</u>	<u>36,794</u>	<u>685</u>	<u>150</u>
Total liabilities and fund balances	<u>\$ 106,184</u>	<u>\$ 65,351</u>	<u>\$ 25,496</u>	<u>\$ 36,794</u>	<u>\$ 685</u>	<u>\$ 150</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2022

	<i>Special Revenue Funds</i>					
	<i>Big Yellow School Bus</i>	<i>Student Equity</i>	<i>Literacy Set Aside</i>	<i>Title I Part A</i>	<i>Title II Teacher Quality</i>	<i>Title IV</i>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from state and federal government	-	-	-	40,292	-	2,325
Accounts receivable	-	-	-	-	-	-
Due from other funds	400	36,533	114,540	-	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 400</u>	<u>\$ 36,533</u>	<u>\$ 114,540</u>	<u>\$ 40,292</u>	<u>\$ -</u>	<u>\$ 2,325</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 937	\$ -	\$ -
Due to other funds	-	-	-	39,355	-	2,325
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,292</u>	<u>-</u>	<u>2,325</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	400	36,533	114,540	-	-	-
Committed	-	-	-	-	-	-
Total fund balances	<u>400</u>	<u>36,533</u>	<u>114,540</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 400</u>	<u>\$ 36,533</u>	<u>\$ 114,540</u>	<u>\$ 40,292</u>	<u>\$ -</u>	<u>\$ 2,325</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds					
	<i>School Lunch Fund</i>	<i>EDS Tech Grant</i>	<i>US Department of Energy Grant</i>	<i>ELC Supplemental Funding Grant</i>	<i>RI Foundation XQ+RI Challenge</i>	<i>New England Dairy Council</i>
Assets						
Cash	\$ 193,345	\$ -	\$ -	\$ -	\$ -	\$ -
Due from state and federal government	50,388	-	-	64,247	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	170,991	180	10,746	-	7,251	435
Inventory	8,371	-	-	-	-	-
Total assets	\$ 423,095	\$ 180	\$ 10,746	\$ 64,247	\$ 7,251	\$ 435
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ 64,932	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	64,247	-	-
Unearned revenue	13,705	-	-	-	-	-
Total liabilities	78,637	-	-	64,247	-	-
Fund balances						
Nonspendable	8,371	-	-	-	-	-
Restricted	336,087	180	10,746	-	7,251	435
Committed	-	-	-	-	-	-
Total fund balances	344,458	180	10,746	-	7,251	435
Total liabilities and fund balances	\$ 423,095	\$ 180	\$ 10,746	\$ 64,247	\$ 7,251	\$ 435

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2022

	<i>Special Revenue Funds</i>					
	<i>Tribute to 9/11 Fallen</i>	<i>Scholarship America</i>	<i>RI Center for the Arts</i>	<i>RI Council on the Humanities</i>	<i>Perkins Competitive</i>	<i>Perkins Vocational Education Grant</i>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from state and federal government	-	-	-	-	10,498	25,614
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	43	935	1,700	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 935</u>	<u>\$ 1,700</u>	<u>\$ 10,498</u>	<u>\$ 25,614</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	10,498	10,134
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,498</u>	<u>10,134</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	43	935	1,700	-	15,480
Committed	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>43</u>	<u>935</u>	<u>1,700</u>	<u>-</u>	<u>15,480</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 935</u>	<u>\$ 1,700</u>	<u>\$ 10,498</u>	<u>\$ 25,614</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2022

	<i>Special Revenue Funds</i>					
	<i>RI Foundation</i>	<i>Ponaganset Education Foundation</i>	<i>CAST</i>	<i>SBA Capital Fund COVID 19 Projects</i>	<i>Office of Innovation CS4RI</i>	<i>Alternative Energy Program</i>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from state and federal government	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	2,055	-	10,000	3,900
Inventory	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,055</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 3,900</u>
 Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	2,055	-	10,000	3,900
Committed	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>2,055</u>	<u>-</u>	<u>10,000</u>	<u>3,900</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,055</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 3,900</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2022

Special Revenue Funds

	<i>Henry/Ruth Scholarship Fund</i>	<i>Protium ALT Energy Scholarship Fund</i>	<i>Sodexo Scholarship Fund</i>	<i>Future Business Leaders of America</i>	<i>Ponaganset MS Student Activity Fund</i>	<i>Ponaganset HS Student Activity Fund</i>
<i>Assets</i>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 117,601	\$ 266,111
Due from state and federal government	-	-	-	-	-	-
Accounts receivable	-	-	-	1,500	-	-
Due from other funds	1,700	3,000	1,000	13,908	1,073	23,536
Inventory	-	-	-	-	-	-
<i>Total assets</i>	<u>\$ 1,700</u>	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ 15,408</u>	<u>\$ 118,674</u>	<u>\$ 289,647</u>
<i>Liabilities and Fund Balances</i>						
<i>Liabilities</i>						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 12,902	\$ -	\$ -
Due to other funds	-	-	-	-	-	310
Unearned revenue	-	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,902</u>	<u>-</u>	<u>310</u>
<i>Fund balances</i>						
Nonspendable	-	-	-	-	-	-
Restricted	1,700	3,000	1,000	2,506	118,674	289,337
Committed	-	-	-	-	-	-
<i>Total fund balances</i>	<u>1,700</u>	<u>3,000</u>	<u>1,000</u>	<u>2,506</u>	<u>118,674</u>	<u>289,337</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,700</u>	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ 15,408</u>	<u>\$ 118,674</u>	<u>\$ 289,647</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022*

	<u>Special Revenue Funds</u>							
	<i>Lindsay Ann Burke Memorial Fund</i>	<i>Champlin Foundation</i>	<i>DECA</i>	<i>RI Developmental Disabilities Council</i>	<i>IDEA</i>	<i>Total Special Revenue Funds</i>	<i>Debt Service Fund</i>	<i>Total Nonmajor Governmental Funds</i>
Assets								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577,057	\$ 75,616	\$ 652,673
Due from state and federal government	-	-	-	-	-	193,364	-	193,364
Accounts receivable	-	-	-	-	-	1,500	-	1,500
Due from other funds	-	844	1,500	4,000	-	644,930	73,700	718,630
Inventory	-	-	-	-	-	8,371	-	8,371
Total assets	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ 1,500</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 1,425,222</u>	<u>\$ 149,316</u>	<u>\$ 1,574,538</u>
 Liabilities and Fund Balances								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 80,271	\$ -	\$ 80,271
Due to other funds	-	-	-	-	-	126,869	-	126,869
Unearned revenue	-	-	-	-	-	13,705	-	13,705
Total liabilities	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>220,845</u>	<u>-</u>	<u>220,845</u>
 Fund balances								
Nonspendable	-	-	-	-	-	8,371	-	8,371
Restricted	-	844	-	4,000	-	1,196,006	-	1,196,006
Committed	-	-	-	-	-	-	149,316	149,316
Total fund balances	<u>-</u>	<u>844</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>1,204,377</u>	<u>149,316</u>	<u>1,353,693</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ 1,500</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 1,425,222</u>	<u>\$ 149,316</u>	<u>\$ 1,574,538</u>

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2022

	<i>Special Revenue Funds</i>					
	<i>Even Year CTE Categorical</i>	<i>Odd Year CTE Categorical</i>	<i>CTE Categorical</i>	<i>CTE Agriculture</i>	<i>Professional Development</i>	<i>Nature Trails Fundraising</i>
Revenues						
State and federal aid and grants	\$ 174,387	\$ -	\$ -	\$ -	\$ -	\$ -
Local appropriations	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>174,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
<i>Current:</i>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	23,704	-	44,235	73,559	-	-
Supplies and materials	19,508	10,493	97,039	-	-	-
Other	13,952	500	13,262	-	-	-
Debt Service	-	-	-	-	-	-
Capital outlay	11,039	92,834	116,141	-	-	-
Total expenditures	<u>68,203</u>	<u>103,827</u>	<u>270,677</u>	<u>73,559</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	106,184	(103,827)	(270,677)	(73,559)	-	-
Other financing sources						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	106,184	(103,827)	(270,677)	(73,559)	-	-
Fund balances - beginning of year	<u>-</u>	<u>169,178</u>	<u>296,173</u>	<u>110,353</u>	<u>685</u>	<u>150</u>
Fund balances - end of year	<u>\$ 106,184</u>	<u>\$ 65,351</u>	<u>\$ 25,496</u>	<u>\$ 36,794</u>	<u>\$ 685</u>	<u>\$ 150</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2022

	<i>Special Revenue Funds</i>					
	<i>Big Yellow School Bus</i>	<i>Student Equity</i>	<i>Literacy Set Aside</i>	<i>Title I Part A</i>	<i>Title II Teacher Quality</i>	<i>Title IV</i>
Revenues						
State and federal aid and grants	\$ -	\$ -	\$ -	\$ 160,699	\$ 44,987	\$ 8,131
Local appropriations	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,699</u>	<u>44,987</u>	<u>8,131</u>
Expenditures						
<i>Current:</i>						
Salaries	-	-	-	99,198	30,512	6,088
Employee benefits	-	-	-	36,421	14,475	2,043
Purchased services	-	47,450	-	25,048	-	-
Supplies and materials	-	1,113	-	32	-	-
Other	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>48,563</u>	<u>-</u>	<u>160,699</u>	<u>44,987</u>	<u>8,131</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	(48,563)	-	-	-	-
Other financing sources						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(48,563)	-	-	-	-
Fund balances - beginning of year	<u>400</u>	<u>85,096</u>	<u>114,540</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 400</u>	<u>\$ 36,533</u>	<u>\$ 114,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds					
	<u>School Lunch Fund</u>	<u>EDS Tech Grant</u>	<u>US Department of Energy Grant</u>	<u>ELC Supplemental Funding Grant</u>	<u>RI Foundation XQ+RI Challenge</u>	<u>New England Dairy Council</u>
Revenues						
State and federal aid and grants	\$ 843,595	\$ -	\$ -	\$ 64,923	\$ -	\$ -
Local appropriations	-	-	-	-	-	-
Contributions	-	-	-	-	212,500	-
Other revenue	119,211	-	-	-	-	-
Total revenues	<u>962,806</u>	<u>-</u>	<u>-</u>	<u>64,923</u>	<u>212,500</u>	<u>-</u>
Expenditures						
<i>Current:</i>						
Salaries	-	-	-	49,440	104,494	-
Employee benefits	-	-	-	14,811	30,362	-
Purchased services	570,601	-	-	672	100,905	-
Supplies and materials	-	-	-	-	759	-
Other	112	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital outlay	114,406	-	-	-	29,286	-
Total expenditures	<u>685,119</u>	<u>-</u>	<u>-</u>	<u>64,923</u>	<u>265,806</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	277,687	-	-	-	(53,306)	-
Other financing sources						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	277,687	-	-	-	(53,306)	-
Fund balances - beginning of year	<u>66,771</u>	<u>180</u>	<u>10,746</u>	<u>-</u>	<u>60,557</u>	<u>435</u>
Fund balances - end of year	<u>\$ 344,458</u>	<u>\$ 180</u>	<u>\$ 10,746</u>	<u>\$ -</u>	<u>\$ 7,251</u>	<u>\$ 435</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2022

	<i>Special Revenue Funds</i>					<i>Perkins Vocational Education Grant</i>
	<i>Tribute to 9/11 Fallen</i>	<i>Scholarship America</i>	<i>RI Center for the Arts</i>	<i>RI Council on the Humanities</i>	<i>Perkins Competitive</i>	
Revenues						
State and federal aid and grants	\$ -	\$ -	\$ -	\$ 1,800	\$ 10,498	\$ 25,614
Local appropriations	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>10,498</u>	<u>25,614</u>
Expenditures						
<i>Current:</i>						
Salaries	-	-	-	-	-	20,122
Employee benefits	-	-	-	-	-	1,539
Purchased services	-	-	-	100	10,498	3,953
Supplies and materials	2,077	-	-	-	-	-
Other	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,077</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>10,498</u>	<u>25,614</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(2,077)	-	-	1,700	-	-
Other financing sources						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,077)	-	-	1,700	-	-
Fund balances - beginning of year	<u>2,077</u>	<u>43</u>	<u>935</u>	<u>-</u>	<u>-</u>	<u>15,480</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 935</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 15,480</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2022

	<i>Special Revenue Funds</i>					
	<i>RI Foundation</i>	<i>Ponaganset Education Foundation</i>	<i>CAST</i>	<i>SBA Capital Fund COVID 19 Projects</i>	<i>Office of Innovation CS4RI</i>	<i>Alternative Energy Program</i>
Revenues						
State and federal aid and grants	\$ -	\$ -	\$ -	\$ 17,129	\$ -	\$ -
Local appropriations	-	-	-	-	-	-
Contributions	4,995	3,497	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>4,995</u>	<u>3,497</u>	<u>-</u>	<u>17,129</u>	<u>-</u>	<u>-</u>
Expenditures						
<i>Current:</i>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	4,995	-	-	-	-	-
Supplies and materials	-	1,000	-	17,129	-	-
Other	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital outlay	-	2,497	-	-	-	-
Total expenditures	<u>4,995</u>	<u>3,497</u>	<u>-</u>	<u>17,129</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	-	-	-	-
Other financing sources						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-	-
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>2,055</u>	<u>-</u>	<u>10,000</u>	<u>3,900</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,055</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 3,900</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds					
	<i>Henry/Ruth Scholarship Fund</i>	<i>Protium ALT Energy Scholarship Fund</i>	<i>Sodexo Scholarship Fund</i>	<i>Future Business Leaders of America</i>	<i>Ponaganset MS Student Activity Fund</i>	<i>Ponaganset HS Student Activity Fund</i>
Revenues						
State and federal aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local appropriations	-	-	-	-	-	-
Contributions	-	-	-	11,950	-	-
Other revenue	-	-	-	-	30,277	135,617
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,950</u>	<u>30,277</u>	<u>135,617</u>
Expenditures						
<i>Current:</i>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	-	-	-	9,724	-	-
Supplies and materials	-	-	-	3,177	-	-
Other	-	-	-	-	34,140	119,271
Debt Service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,901</u>	<u>34,140</u>	<u>119,271</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	-	(951)	(3,863)	16,346
Other financing sources						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	(951)	(3,863)	16,346
Fund balances - beginning of year	<u>1,700</u>	<u>3,000</u>	<u>1,000</u>	<u>3,457</u>	<u>122,537</u>	<u>272,991</u>
Fund balances - end of year	<u>\$ 1,700</u>	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ 2,506</u>	<u>\$ 118,674</u>	<u>\$ 289,337</u>

(Continued)

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2022

	<u>Special Revenue Funds</u>					<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Lindsay Ann Burke Memorial Fund</u>	<u>Champlin Foundation</u>	<u>DECA</u>	<u>RI Developmental Disabilities Council</u>	<u>IDEA</u>			
Revenues								
State and federal aid and grants	\$ -	\$ -	\$ -	\$ -	\$ 529,936	\$ 1,881,699	\$ 1,877,443	\$ 3,759,142
Local appropriations	-	-	-	-	-	-	1,293,932	1,293,932
Contributions	200	-	1,500	-	-	234,642	-	234,642
Other revenue	-	-	-	-	-	285,105	-	285,105
Total revenues	<u>200</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>529,936</u>	<u>2,401,446</u>	<u>3,171,375</u>	<u>5,572,821</u>
Expenditures								
<i>Current:</i>								
Salaries	-	-	-	-	289,475	599,329	-	599,329
Employee benefits	-	-	-	-	86,653	186,304	-	186,304
Purchased services	-	-	1,500	-	134,040	1,050,984	-	1,050,984
Supplies and materials	200	-	-	-	10,685	163,212	-	163,212
Other	-	-	-	-	-	181,237	-	181,237
Debt Service	-	-	-	-	-	-	3,205,452	3,205,452
Capital outlay	-	19,706	-	-	9,083	394,992	-	394,992
Total expenditures	<u>200</u>	<u>19,706</u>	<u>1,500</u>	<u>-</u>	<u>529,936</u>	<u>2,576,058</u>	<u>3,205,452</u>	<u>5,781,510</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	(19,706)	-	-	-	(174,612)	(34,077)	(208,689)
Other financing sources								
Transfers in	-	-	-	-	-	-	34,100	34,100
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,100</u>	<u>34,100</u>
Net change in fund balance	-	(19,706)	-	-	-	(174,612)	23	(174,589)
Fund balances - beginning of year	-	20,550	-	4,000	-	1,378,989	149,293	1,528,282
Fund balances - end of year	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 1,204,377</u>	<u>\$ 149,316</u>	<u>\$ 1,353,693</u>

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Combining Statement of Fiduciary Net Position

Private-Purpose Trusts

June 30, 2022

	<i>Memorial School Library Fund</i>	<i>Henry & Pepi Silverstien Memorial Fund</i>	<i>Total Private- Purpose Trusts</i>
<i>Assets</i>			
Cash	\$ 861	\$ -	\$ 861
Due from other funds	-	364	364
<i>Total assets</i>	<u>861</u>	<u>364</u>	<u>1,225</u>
<i>Net Position</i>			
Restricted for other purposes	<u>\$ 861</u>	<u>\$ 364</u>	<u>\$ 1,225</u>

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

Combining Statement of Changes in Fiduciary Net Position

Private-Purpose Trusts

For the Fiscal Year Ended June 30, 2022

	<i>Memorial School Library Fund</i>	<i>Henry & Pepi Silverstien Memorial Fund</i>	<i>Total Private- Purpose Trusts</i>
<i>Additions</i>			
Gifts and contributions	\$ -	\$ -	\$ -
<i>Total additions</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deductions</i>			
Scholarships	-	-	-
<i>Total deductions</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net position</i>	-	-	-
<i>Net position - beginning of year</i>	<u>861</u>	<u>364</u>	<u>1,225</u>
<i>Net position - end of year</i>	<u><u>\$ 861</u></u>	<u><u>\$ 364</u></u>	<u><u>\$ 1,225</u></u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Foster Gloucester Regional School District
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2022

<u>REVENUE</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ -
Last Year's Levy Tax Collection	-
Prior Years Property Tax Collection	-
Interest & Penalty	-
PILOT & Tax Treaty (excluded from levy) Collection	-
Other Local Property Taxes	-
Licenses and Permits	-
Fines and Forfeitures	-
Investment Income	-
Departmental	-
Rescue Run Revenue	-
Police & Fire Detail	-
Other Local Non-Property Tax Revenues	-
Tuition	4,005,751
Impact Aid	-
Medicaid	105,039
Federal Stabilization Funds	-
Federal Food Service Reimbursement	834,228
CDBG	-
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	844,787
COVID - ESSER	507,169
COVID - CRF	-
COVID - CDBG	-
COVID - FEMA	-
COVID - Other	-
COVID - ARPA	-
MV Excise Tax Reimbursement	-
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	-
Meals & Beverage Tax / Hotel Tax	-
LEA Aid	5,222,154
Group Home	-
Housing Aid Capital Projects	205,488
Housing Aid Bonded Debt	1,877,443
State Food Service Revenue	9,368
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	220,617
Motor Vehicle Phase Out	-
Other Revenue	1,003,521
Local Appropriation for Education	-
Regional Appropriation for Education	15,482,775
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	1,293,932
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 31,612,272
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	610,000
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	\$ 610,000

Foster Gloucester Regional School District
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2022

<u>EXPENDITURES</u>	<u>Education Department</u>
Compensation- Group A	\$ 11,798,528
Compensation - Group B	1,611,658
Compensation - Group C	2,266,151
Compensation - Volunteer	-
Overtime- Group A	-
Overtime - Group B	-
Overtime - Group C	58,853
Police & Fire Detail	-
Active Medical Insurance - Group A	1,797,444
Active Medical Insurance- Group B	94,084
Active Medical Insurance- Group C	859,932
Active Dental insurance- Group A	87,728
Active Dental Insurance- Group B	12,242
Active Dental Insurance- Group C	40,708
Payroll Taxes	451,933
Life Insurance	39,850
State Defined Contribution- Group A	256,534
State Defined Contribution - Group B	24,731
State Defined Contribution - Group C	19,777
Other Benefits- Group A	45,533
Other Benefits- Group B	40,415
Other Benefits- Group C	9,479
Local Defined Benefit Pension- Group A	-
Local Defined Benefit Pension - Group B	-
Local Defined Benefit Pension - Group C	-
State Defined Benefit Pension- Group A	1,647,789
State Defined Benefit Pension - Group B	214,680
State Defined Benefit Pension - Group C	198,912
Other Defined Benefit / Contribution	-
Purchased Services	2,765,918
Materials/Supplies	545,219
Software Licenses	279,323
Capital Outlays	1,978,622
Insurance	164,561
Maintenance	369,883
Vehicle Operations	46,896
Utilities	797,726
Contingency	-
Street Lighting	-
Revaluation	-
Snow Removal-Raw Material & External Contracts	-
Trash Removal & Recycling	-
Claims & Settlements	-
Community Support	-
Other Operation Expenditures	353,061
Tipping Fees	-
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Municipal Debt- Principal	-
Municipal Debt- Interest	-
School Debt- Principal	2,325,000
School Debt- Interest	846,352
Retiree Medical Insurance- Total	74,876
Retiree Dental Insurance- Total	3,630
OPEB Contribution- Total	-
Rounding	-
Total Expenditures	\$ 32,128,028
Financing Uses: Transfer to Capital Funds	\$ -
Financing Uses: Transfer to Other Funds	-
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
Total Other Financing Uses	\$ -
Net Change in Fund Balance	94,244
Fund Balance - beginning of year	\$5,847,039
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	-
Fund Balance - beginning of year adjusted	5,847,039
Rounding	1
Fund Balance - end of year	\$ 5,941,284

Foster Gloucester Regional School District
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2022

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2021						\$ 5,847,039		\$ 5,847,039	
<i>No misc. adjustments made for fiscal 2021</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted						<u>\$ 5,847,039</u>	\$ -	<u>\$ 5,847,039</u>	
School Unrestricted Fund	\$ 26,620,617	\$ -	\$ 26,401,749	\$ 77,852	\$ 141,016	\$ 2,636,030	\$ -	\$ 2,636,030	\$ 2,777,046
School Lunch	962,806	-	685,119	-	277,687	66,771	-	66,771	344,458
ESSER II Fund	507,169	-	507,169	-	-	-	-	-	-
Cell Tower Fund	21,063	-	20,666	-	397	137,594	-	137,594	137,991
SBA School Capital Project Fund	691,888	687,852	1,218,219	34,100	127,421	1,545,133	-	1,545,133	1,672,554
Debt Service Fund	3,171,375	34,100	3,205,452	-	23	149,293	-	149,293	149,316
School Special Revenue Funds	1,438,640	-	1,890,939	-	(452,299)	1,312,218	-	1,312,218	859,919
Totals per audited financial statements	<u>\$ 33,413,558</u>	<u>\$ 721,952</u>	<u>\$ 33,929,313</u>	<u>\$ 111,952</u>	<u>\$ 94,245</u>	<u>\$ 5,847,039</u>	<u>\$ -</u>	<u>\$ 5,847,039</u>	<u>\$ 5,941,284</u>
<u>Reconciliation from financial statements to MTP2</u>									
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	\$ (1,282,559)	\$ -	\$ (1,282,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation pass through reimbursement	(518,727)	-	(518,727)	-	-	-	-	-	-
Elimination of transfers between funds	-	(111,952)	-	(111,952)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 31,612,272</u>	<u>\$ 610,000</u>	<u>\$ 32,128,027</u>	<u>\$ -</u>	<u>\$ 94,245</u>	<u>\$ 5,847,039</u>	<u>\$ -</u>	<u>\$ 5,847,039</u>	<u>\$ 5,941,284</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Debt proceeds reported as Other Financing Source MTP2	\$ 610,000	(610,000)	\$ -						
Transportation pass thru reimbursement	518,727	-	-						
Town of Foster and Gloucester share of reimbursement	-	-	1,424,992						
Miscellaneous variances between MTP and UCOA	(6)	-	(23)						
Totals per UCOA Validated Totals Report 3/31/23	<u>\$ 32,740,993</u>	<u>\$ -</u>	<u>\$ 33,552,997</u>						

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
*Reportable Government Services with
MTP2 Notes
Fiscal Year Ended June 30, 2022*

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1 - BASIS OF PRESENTATION

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the annual financial statements is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2 - REPORTABLE GOVERNMENT SERVICES

Data consistency and comparability are among the key objectives of the State’s Municipal Transparency portal. Consistent with that goal, the State has defined “reportable government services”, RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality’s general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3 - EMPLOYEE GROUPS - COMPENSATION AND BENEFIT COSTS

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, holiday pay and bonuses.

The Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: Education Department - professional staff providing direct services to students.

Group B: Education Department - executive/mid-level educational administration employees.

Group C: Education Department - administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State’s Municipal Transparency portal website.

NOTE 4 - EDUCATION REVENUE AND EXPENDITURES

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State’s Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Members of the Regional School Committee
Foster-Glocester Regional School District
North Scituate, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Foster-Glocester Regional School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foster-Glocester Regional School District's basic financial statements, and have issued our report thereon dated April 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foster-Glocester 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foster-Glocester Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foster-Glocester Regional School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Foster- Glocester Regional School District's Response to Findings

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

Purpose of This Report

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island
April 27, 2023



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE***

Independent Auditor's Report

To the Members of the Regional School Committee
Foster-Glocester Regional School District
North Scituate, Rhode Island

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Foster-Glocester Regional School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foster-Glocester Regional School District's major federal programs for the year ended June 30, 2022. The Foster-Glocester Regional School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foster-Glocester Regional School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foster-Glocester Regional School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foster-Glocester Regional School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foster-Glocester Regional School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foster-Glocester Regional School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foster-Glocester Regional School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Foster-Glocester Regional School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Foster-Glocester Regional School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foster-Glocester Regional School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Foster-Glocester Regional School District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Foster-Glocester Regional School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
April 27, 2023

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for Major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

CFDA Number
66.468

Name of Program or Cluster
Capitalization Grants for Drinking Water
State Revolving Funds

84.425D

COVID-19 – Elementary and Secondary School
Emergency Relief (ESSER) Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

- Auditee qualified as low-risk auditee? _____ yes X no

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding: 2022-001

FINANCIAL REPORTING AND CLOSING PROCEDURES

Criteria: An entity's system of internal controls should be designed and operate to allow the entity to prepare accurate and timely financial statements in conformance with generally accepted accounting principles and be designed and operate to prevent, detect, and correct misstatements in the financial statements on a timely basis. The system should also be designed and operate to allow the entity to properly monitor the financial position of the entity.

Condition: The School District's monthly and year-end financial reporting and closing procedures are not completed in a timely manner. The School District internal control system also does not include formal review procedures of the monthly and year-end financial account reconciliations, which resulted in proposed audit adjustments for mispostings of revenues, expenditures and to correct year-end accounts receivable, accrual and interfund balances.

Effect: Material misstatements of the financial statements may not be prevented or detected and corrected in a timely manner. Delays in the completion of the audit of the School District's financial statements.

Cause: The School District has not implemented formal monthly and year-end financial statement closing and review procedures. The School District also had some personnel changes in the Business Office in the 2022 fiscal year.

Identification of a Repeat Finding: This is a repeat finding from previous audits 2021-001.

Recommendation: We recommend that the School District implement formal monthly and year-end financial statement closing and review procedures. The procedures should be documented in a detail schedule with expected completion dates. The procedures should include timely reconciliation of all significant accounts and the review and approval of the reconciliations by the Director of Finance and Operations or other appropriate personnel.

Views of Responsible Officials and Corrective Action: The District has lacked formal monthly and yearly close procedures for many years, which has contributed to significant delays in the completion of yearly audits. Further, the District experienced significant central office turnover in FY22. Due to the current employment market, it has taken longer than anticipated to replace the lead finance person. However, the District has recently been able to employ an experienced financial manager who will work toward implementing proper month end and year end controls as part of the District's financial procedures for FY23 forward.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

SIGNIFICANT DEFICIENCY

Finding: 2022-002

PROCUREMENT

Criteria: Rhode Island General Law 45-55 and Foster-Glocester Regional School District policy require competitive sealed bids for purchases that have an anticipated aggregate price in excess of \$5,000. Exceptions exist for emergency and sole source purchases; however, these types of purchases must be properly documented.

Condition: During our test of compliance with procurement requirements, we noted that seven of the ten items in excess of \$5,000 selected for testing had no procurement documentation available. As a result, we were unable to determine if procurement policies and procedures were properly followed and if purchases were properly bid.

Effect: The School District is not properly documenting compliance with procurement laws, policies, and procedures.

Cause: The School District did not follow established procurement policies and procedures.

Recommendation: We recommend that the School District follow established procurement policies and procedures and maintain appropriate procurement documentation on file.

Views of Responsible Officials and Corrective Action: The District often utilizes the State of RI Master Purchasing Agreement for purchases over \$5,000. However, purchasing procedures and School Committee policies have not been properly followed in the past in terms of approvals and will be the responsibility of the new financial manager who will be the main purchasing agent for the District. The District needs to establish policies and guidelines regarding use of the State of RI Master Purchasing Agreement and/or formal bidding procedures. In either situation, documentation for these types of purchases will be properly implemented in FY23 and forward.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

Finding: 2022-003

Agency: U.S. Environmental Protection Agency

Program: Capitalization Grants for Drinking Water State Revolving Funds

Federal Assistance Listing Number: 66.468

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

SUSPENSION AND DEBARMENT

Criteria: When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR Section 180.995 and agency adopting regulations, is not suspended, or debarred or otherwise excluded from participating in the transaction. “Covered transactions” include those procurement contracts for goods and services awarded under non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR Section 180.220.

Foster-Glocester Regional School District has a policy in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded.

Condition: During our test of controls over compliance with suspension and debarment requirements, we selected a contract subject to suspension and debarment requirements that had no documentation on file that the School District verified the entity was not suspended, debarred, or otherwise excluded.

Cause: The School District did not follow established suspension and debarment policies and procedures.

Effect: Contracts for goods and service that were “covered transactions” were entered into prior to verifying that an entity was not suspended, debarred, or otherwise excluded.

Questioned Costs: None

Recommendation: We recommend that the School District follow established verification procedures to ensure that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded.

Corrective Action/Auditee Views: While the District did get signed certification from the vendor that the organization had not been suspended or debarred, the District did not take the further step to check the government website for verification. The District will ensure that this step will be taken in the future. Also, the vendor in question was checked as of 4/18/23 on the government website and did not appear as debarred or suspended.

Anticipated Completion Date: Completed

Contact Person: Amanda Raymond, Director of Finance

SIGNIFICANT DEFICIENCY

Finding: 2022-004

Agency: U.S. Department of Education

Program: Elementary and Secondary School Emergency Relief (ESSER) Fund

Federal Assistance Listing Number: 84.425D

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

ALLOWABLE COSTS/COST PRINCIPLES

Criteria: 2 CFR Part 200 Subpart E, *Cost Principles*, states that compensation for employees engaged in work on Federal awards must be documented as provided in 2 CFR Section 200.430(i).

Although 2 CFR Section 200.430(i) does not specifically require semi-annual certifications, the Foster-Glocester Regional School District has a policy in place for time and effort reporting on Federal grant programs. The policy requires semi-annual certifications for employees charged to Federal grants working on a single cost objective.

Condition: During our test of controls over compliance with allowable costs/cost principles requirements, we noted that the required semi-annual certifications were not completed for employees working on a single cost objective during fiscal year 2022.

Cause: The School District did not follow its established time and effort reporting policies and procedures.

Effect: The School District did not have the required documentation on file for employees charged to a single cost objective in conformance with the School District's policy.

Questioned Costs: None

Recommendation: We recommend that the School District follow established time and effort reporting procedures to ensure that proper documentation is maintained for employees engaged in work on Federal grant programs.

Corrective Action/Auditee Views: The District's payroll process is significantly lacking proper control procedures. With the hiring of a new financial manager, policies, procedures and controls will be implemented immediately, including the proper tracking of time and effort for employees charged to federal grants as required.

Anticipated Completion Date: September 1, 2023

Contact Person: Amanda Raymond, Director of Finance

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

*Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022*

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education			
Pass-through RI Department of Education:			
<i>Special Education Cluster (IDEA):</i>			
Special Education Grants to States (IDEA, Part B)	84.027A	N/A	\$ 529,936
<i>Total Special Education Cluster</i>			<u>529,936</u>
Title I - Grants to Local Education Agencies	84.010A	2725-11702-201	160,699
Title II - Supporting Effective Instruction State Grants	84.367A	2725-16402-201	44,987
Title IV - Student Support and Academic Enrichment Grant Program	84.424A	2725-20802-201	8,131
Career and Technical Education - Basic Grant to States	84.048A	2725-15302-201	36,112
COVID-19 - Education Stabilization Fund	84.425D	4672-60602-101	507,169
Total U.S. Department of Education			<u>1,287,034</u>
 U.S. Department of Agriculture			
Pass-through RI Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program			
Cash assistance	10.555	N/A	567,289
Non-cash assistance (commodities)	10.555	N/A	21,831
School Breakfast Program	10.553	N/A	220,784
Summer Food Service Program for Children	10.559	N/A	46,155
<i>Total Child Nutrition Cluster</i>			<u>856,059</u>
Total U.S. Department of Agriculture			<u>856,059</u>
 U.S. Department of Health and Human Services			
Pass-through RI Department of Health:			
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases - ELC	93.323	N/A	64,923
Total U.S. Department of Health and Human Services			<u>64,923</u>
 U.S. Environmental Protection Agency			
Pass through RI Infrastructure Bank:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	N/A	810,000
Total U.S. Environmental Protection Agency			<u>810,000</u>
 Total Expenditures of Federal Awards			<u><u>\$ 3,018,016</u></u>

The accompanying notes are an integral part of this schedule.

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Foster-Glocester Regional School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foster-Glocester Regional School District, it is not intended to and does not present the financial position and changes in financial position, or cash flows of the Foster-Glocester Regional School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The Foster-Glocester Regional School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.