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**EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF RHODE ISLAND**

**Employees' Retirement System  
Cost-Sharing Plan**

**Schedules of Employer Allocations**

**Schedules of Pension Amounts by Employer**

**June 30, 2014 Measurement Date**

Dennis E. Hoyle, CPA  
Auditor General

State of Rhode Island and Providence Plantations  
General Assembly  
Office of the Auditor General

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## Office of the Auditor General

State of Rhode Island and Providence Plantations - General Assembly

**Dennis E. Hoyle, CPA - Auditor General**

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September 29, 2015

JOINT COMMITTEE ON LEGISLATIVE SERVICES:

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Representative John J. DeSimone  
Representative Brian C. Newberry

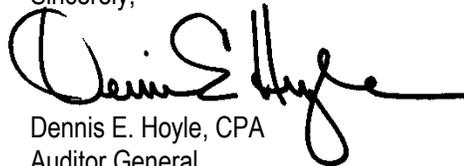
We have completed our audit of the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer for the Employees' Retirement System (ERS) Cost-Sharing Plan of the State of Rhode Island for the fiscal year ended June 30, 2014.

These Schedules will be used by employers participating in the ERS cost-sharing defined benefit plan to meet their fiscal 2015 financial reporting responsibilities under general accepted accounting principles – specifically the requirements of Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions*.

Other reports containing similar information for the Teachers' Survivors Benefits Plan and the Municipal Employees' Retirement System Plan will be issued under separate cover.

Our report is contained herein as outlined in the Table of Contents.

Sincerely,



Dennis E. Hoyle, CPA  
Auditor General

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**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
I. INTRODUCTION	1
II. INDEPENDENT AUDITOR'S REPORT	2
III. <b>Schedule A</b> - SCHEDULE OF EMPLOYER ALLOCATIONS – STATE EMPLOYEES	4
IV. <b>Schedule B</b> - SCHEDULE OF EMPLOYER AND OTHER NONEMPLOYER ENTITY ALLOCATIONS – TEACHERS	5
V. <b>Schedule C</b> - SCHEDULE OF PENSION AMOUNTS BY EMPLOYER - STATE EMPLOYEES	6
VI. <b>Schedule D</b> - SCHEDULE OF PENSION AMOUNTS BY EMPLOYER – TEACHERS	11
VII. NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER	21

**EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

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**Schedules of Employer Allocations**

**Schedules of Pension Amounts by Employer**

**June 30, 2014 Measurement Date**

**INTRODUCTION**

The Employees' Retirement System (ERS) Plan covers state employees, certain employees of quasi-public agencies, and teachers employed by local educational agencies, collaboratives and certain charter schools. ERS is a cost-sharing plan with a special funding situation related to teacher members. Separate actuarial valuations are made for state employee and teacher members; however, separate valuations are not made for individual employers participating in the plan.

For employers with teacher members in ERS, due to the "special funding" situation, the State will report approximately 40% of the net pension liability in its financial statements and the remaining 60% will be reported as a liability in the financial statements of the employer with teacher members in the plan.

As a cost-sharing plan – the net pension liability is apportioned based on proportionate contributions – see Schedules A and B.

The measurement date is June 30, 2014 – the information included herein is intended for use in Fiscal 2015 financial reporting by employers participating in the ERS cost-sharing plan. These include the State of Rhode Island, certain component units of the State of Rhode Island and municipalities, regional school districts, and collaboratives that have teachers participating in the plan.

The net pension liability and other measures included herein have been developed consistent with the requirements of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*. Such amounts are intended for accounting and financial reporting by governments which prepare their financial statements in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. These amounts may and will likely differ from amounts reported in actuarial valuations used to measure actuarially determined contribution amounts consistent with the plan's adopted funding policies.



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## **INDEPENDENT AUDITOR'S REPORT**

JOINT COMMITTEE ON LEGISLATIVE SERVICES, GENERAL ASSEMBLY  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS:

RETIREMENT BOARD OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE  
STATE OF RHODE ISLAND:

### ***Report on Schedules***

We have audited the accompanying Schedules of Employer Allocations (state employees and teachers and other nonemployer entity) of the Employees' Retirement System Plan (the Plan) as of and for the year ended June 30, 2014, and the related notes. We have also audited the total for all entities of the columns titled beginning net pension liability, ending net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying Schedules of Pension Amounts by Employer of the Plan (state employees and teachers) as of and for the year ended June 30, 2014, and the related notes.

### ***Management's Responsibility for the Schedules***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on the Schedules of Employer Allocations and the specified column totals included in the Schedules of Pension Amounts by Employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of employer allocations and specified column totals included in the schedules of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules of employer allocations and specified column totals included in the schedules of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules of employer allocations and specified column totals included in the schedules of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedules of employer allocations and specified column totals included in the schedules of pension amounts by employer 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedules of employer allocations and specified column totals included in the schedules of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

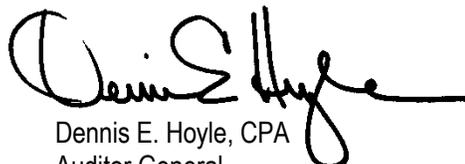
In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations for state employees and teachers and other nonemployer entity, and beginning net pension liability, ending net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating state employee and teacher entities for the Employees' Retirement System Plan as of and for the year ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Employees' Retirement System Plan within the Employees' Retirement System of the State of Rhode Island as of and for the year ended June 30, 2014, and our report thereon, dated December 18, 2014, expressed an unmodified opinion on those financial statements. Our report dated December 18, 2014 made reference to the schedule of employer allocations for state employees and the schedule of employer and other nonemployer entity allocations for teachers which were included as supplementary information in the System's financial statements. Those schedules have been subsequently restated as included herein.

**Restriction on Use**

Our report is intended solely for the information and use of the Employees' Retirement System of the State of Rhode Island's management, the Retirement Board of the Employees' Retirement System of the State of Rhode Island, the Employees' Retirement System employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.



Dennis E. Hoyle, CPA  
Auditor General

September 23, 2015

## EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

## EMPLOYEES' RETIREMENT SYSTEM COST-SHARING PLAN

## Schedule of Employer Allocations - State Employees

State, proprietary fund, or component unit	Fiscal 2014 employer contribution	
	Amount	Percent
State of Rhode Island	\$ 134,265,071	88.98606003%
University of Rhode Island	8,493,953	5.62948655%
Rhode Island College	3,016,206	1.99903273%
Community College of RI	2,220,527	1.47168564%
Rhode Island Lottery	1,127,463	0.74724193%
RI Higher Education Assistance Authority	252,733	0.16750232%
Narragansett Bay Commission	1,317,046	0.87289096%
RI Commerce Corporation	23,188	0.01536839%
RI Airport Corporation	167,075	0.11073145%
Total	<u>\$ 150,883,263</u>	<u>100.00000000%</u>

See notes to Schedules

**EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**  
**EMPLOYEES' RETIREMENT SYSTEM COST-SHARING PLAN**

*Schedule of Employer and Other Nonemployer Entity Allocations - Teachers*

Employer Unit	Employer Contributions at shared rate	Federally Funded - 100% local contributions	Fiscal 2014 total actual contributions	Adjustment - equivalent contributions all at shared rate	Adjusted Total	Percent
State of Rhode Island			\$ 76,700,915	\$ 3,400,737	\$ 80,101,652	40.67908451%
School District or Charter School						
Barrington	\$ 2,691,113	\$ 47,512	\$ 2,738,625	\$ (19,345)	\$ 2,719,280	1.38096816%
Bristol/Warren	2,594,308	196,820	2,791,128	(80,137)	2,710,992	1.37675883%
Burrillville	1,714,909	180,572	1,895,481	(73,521)	1,821,960	0.92527010%
Central Falls	1,918,515	333,011	2,251,526	(135,588)	2,115,938	1.07456482%
Charlho	2,937,647	129,633	3,067,280	(52,781)	3,014,499	1.53089304%
Coventry	4,204,583	270,023	4,474,606	(109,942)	4,364,664	2.21656528%
Cranston	8,585,931	525,050	9,110,981	(213,778)	8,897,203	4.51838480%
Cumberland	3,160,894	221,297	3,382,191	(90,103)	3,292,089	1.67186503%
East Greenwich	1,912,807	36,318	1,949,124	(14,787)	1,934,338	0.98234027%
East Providence	3,679,059	194,590	3,873,649	(79,229)	3,794,420	1.92697069%
Exeter-West Greenwich	1,859,365	81,767	1,941,132	(33,292)	1,907,840	0.96888373%
Foster	241,385	10,957	252,342	(4,461)	247,881	0.12588445%
Foster-Glocester	1,030,209	29,973	1,060,182	(12,204)	1,047,978	0.53220866%
Glocester	437,365	15,103	452,468	(6,149)	446,319	0.22666009%
Jamestown	528,638	34,548	563,185	(14,066)	549,119	0.27886639%
Johnston	2,478,022	134,489	2,612,511	(54,758)	2,557,752	1.29893738%
Lincoln	3,112,738	189,761	3,302,499	(77,262)	3,225,237	1.63791472%
Little Compton	372,381	-	372,381	-	372,381	0.18911110%
Middletown	2,084,704	104,811	2,189,515	(42,675)	2,146,841	1.09025855%
Narragansett	1,386,598	48,175	1,434,773	(19,615)	1,415,159	0.71867874%
New Shoreham	237,543	1,577	239,120	(642)	238,478	0.12110929%
Newport	1,890,386	236,431	2,126,818	(96,265)	2,030,553	1.03120272%
North Kingstown	3,309,707	135,478	3,445,185	(55,161)	3,390,024	1.72160099%
North Providence	2,249,172	262,418	2,511,590	(106,846)	2,404,745	1.22123336%
North Smithfield	1,371,761	19,250	1,391,011	(7,838)	1,383,174	0.70243536%
Northern RI Collaborative	310,172	-	310,172	-	310,172	0.15751862%
Pawtucket	5,918,011	1,064,858	6,982,869	(433,564)	6,549,305	3.32602042%
Portsmouth	2,301,804	28,880	2,330,685	(11,759)	2,318,926	1.17765085%
Providence	17,671,645	1,788,314	19,459,960	(728,125)	18,731,835	9.51283619%
Scituate	1,458,070	26,829	1,484,900	(10,924)	1,473,976	0.74854868%
Smithfield	1,801,478	95,202	1,896,681	(38,762)	1,857,919	0.94353141%
South Kingstown	3,160,816	115,594	3,276,410	(47,065)	3,229,345	1.64000108%
Tiverton	1,323,008	25,502	1,348,510	(10,383)	1,338,127	0.67955856%
Urban Collaborative	116,864	-	116,864	-	116,864	0.05934843%
Warwick	9,417,773	731,983	10,149,757	(298,032)	9,851,725	5.00313203%
West Bay Collaborative	97,636	-	97,636	-	97,636	0.04958399%
West Warwick	2,727,947	237,879	2,965,826	(96,854)	2,868,972	1.45698799%
Westerly	3,091,562	88,537	3,180,099	(36,049)	3,144,051	1.59668496%
Woonsocket	3,983,276	505,432	4,488,708	(205,790)	4,282,918	2.17505093%
Highlander Charter School	240,225	7,364	247,589	(2,998)	244,591	0.12421365%
Paul Cuffee Charter School	600,533	108,340	708,873	(44,111)	664,762	0.33759476%
Kingston Hill Charter School	103,639	-	103,639	-	103,639	0.05263222%
International Charter School	235,397	18,290	253,687	(7,447)	246,240	0.12505138%
Compass School Charter School	108,314	-	108,314	-	108,314	0.05500659%
Blackstone Academy Charter School	83,996	-	83,996	-	83,996	0.04265663%
Beacon Charter School	117,788	-	117,788	-	117,788	0.05981774%
Learning Community Charter School	361,869	65,839	427,708	(26,807)	400,901	0.20359498%
Segue Institute Charter School	147,380	-	147,380	-	147,380	0.07484586%
Greene Charter School	111,154	3,989	115,144	(1,624)	113,519	0.05765004%
Trinity Academy Charter School	104,212	-	104,212	-	104,212	0.05292358%
RI Nurses Charter School	123,301	-	123,301	-	123,301	0.06261754%
Village Green Charter School	71,404	-	71,404	-	71,404	0.03626195%
Sheila Nowell Charter School	78,819	-	78,819	-	78,819	0.04002789%
	\$ 111,857,835	\$ 8,352,398	\$ 120,210,233	\$ (3,400,737)	\$ 116,809,496	59.32091549%
			\$ 196,911,148	\$ -	\$ 196,911,148	100.00000000%

See notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - State Employees

Schedule C

Participating Employer	FY 2014 Contributions	Proportionate Share	Net Pension Liability Beginning of Year	Total Pension Expense
State of Rhode Island	\$ 134,265,071	88.98606003%	\$ 1,741,705,503	\$ 117,060,528
University of Rhode Island	8,493,953	5.62948655%	110,184,760	7,405,549
Rhode Island College	3,016,206	1.99903273%	39,126,649	2,629,713
Community College of RI	2,220,527	1.47168564%	28,804,995	1,935,992
Lottery	1,127,463	0.74724193%	14,625,610	982,991
RI Higher Education Assistance Authority	252,733	0.16750232%	3,278,488	220,348
Narragansett Bay Commission	1,317,046	0.87289096%	17,084,912	1,148,282
RI Commerce Corporation	23,188	0.01536839%	300,802	20,217
RI Airport Corporation	167,075	0.11073145%	2,167,323	145,666
<b>Totals</b>	<b>\$ 150,883,263</b>	<b>100.00000000%</b>	<b>\$ 1,957,279,042</b>	<b>\$ 131,549,286</b>

See notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - State Employees

Schedule C

Participating Employer	Collective Deferred Outflows for Plan as a Whole Unrecognized Current Year Deferred Outflow of Resources					Total Deferred Outflows of Resources
	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		
State of Rhode Island	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of Rhode Island	-	-	-	-	-	-
Rhode Island College	-	-	-	-	-	-
Community College of RI	-	-	-	-	-	-
Lottery	-	-	-	-	-	-
RI Higher Education Assistance Authority	-	-	-	-	-	-
Narragansett Bay Commission	-	-	-	-	-	-
RI Commerce Corporation	-	-	-	-	-	-
RI Airport Corporation	-	-	-	-	-	-
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - State Employees

Schedule C

Participating Employer	Collective Deferred Inflows for Plan as a Whole Unrecognized Current Year Deferred Inflow of Resources					Total Deferred (Inflows) and Outflows of Resources	Ending Net Pension Liability
	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources		
State of Rhode Island	\$ -	\$ 17,221,992	\$ 121,631,952	\$ -	\$ 138,853,945	\$ (138,853,945)	\$ 1,585,647,015
University of Rhode Island	-	1,089,508	7,694,749	-	8,784,257	(8,784,257)	100,312,100
Rhode Island College	-	386,885	2,732,408	-	3,119,293	(3,119,293)	35,620,863
Community College of RI	-	284,824	2,011,596	-	2,296,420	(2,296,420)	26,224,039
Lottery	-	144,618	1,021,379	-	1,165,997	(1,165,997)	13,315,141
RI Higher Education Assistance Authority	-	32,418	228,953	-	261,371	(261,371)	2,984,732
Narragansett Bay Commission	-	168,936	1,193,124	-	1,362,060	(1,362,060)	15,554,087
RI Commerce Corporation	-	2,974	21,007	-	23,981	(23,981)	273,850
RI Airport Corporation	-	21,431	151,355	-	172,785	(172,785)	1,973,129
<b>Totals</b>	<b>\$ -</b>	<b>\$ 19,353,586</b>	<b>\$ 136,686,523</b>	<b>\$ -</b>	<b>\$ 156,040,109</b>	<b>\$ (156,040,109)</b>	<b>\$ 1,781,904,956</b>

See notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - State Employees

Schedule C

Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Plan Years Ending in
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Participating Employer	2015	2016	2017	2018	2019	Thereafter
State of Rhode Island	\$ (34,330,636)	\$ (34,330,636)	\$ (34,330,636)	\$ (34,330,636)	\$ (1,531,402)	\$ 0
University of Rhode Island	(2,171,844)	(2,171,844)	(2,171,844)	(2,171,844)	(96,880)	-
Rhode Island College	(771,223)	(771,223)	(771,223)	(771,223)	(34,402)	-
Community College of RI	(567,773)	(567,773)	(567,773)	(567,773)	(25,327)	-
Lottery	(288,284)	(288,284)	(288,284)	(288,284)	(12,860)	-
RI Higher Education Assistance Authority	(64,622)	(64,622)	(64,622)	(64,622)	(2,883)	-
Narragansett Bay Commission	(336,760)	(336,760)	(336,760)	(336,760)	(15,022)	-
RI Commerce Corporation	(5,929)	(5,929)	(5,929)	(5,929)	(264)	-
RI Airport Corporation	(42,720)	(42,720)	(42,720)	(42,720)	(1,906)	-
<b>Totals</b>	<b>\$ (38,579,791)</b>	<b>\$ (38,579,791)</b>	<b>\$ (38,579,791)</b>	<b>\$ (38,579,791)</b>	<b>\$ (1,720,946)</b>	<b>\$ 0</b>

See notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - State Employees

Schedule C

Participating Employer	Discount Rate Sensitivity		
	Ending Net Pension Liability		
	1% Lower 6.50%	7.50%	1% Higher 8.50%
State of Rhode Island	\$ 1,958,415,030	\$ 1,585,647,015	\$ 1,205,236,074
University of Rhode Island	123,894,361	100,312,100	76,246,327
Rhode Island College	43,994,933	35,620,863	27,075,099
Community College of RI	32,389,020	26,224,039	19,932,657
Lottery	16,445,383	13,315,141	10,120,719
RI Higher Education Assistance Authority	3,686,409	2,984,732	2,268,668
Narragansett Bay Commission	19,210,681	15,554,087	11,822,522
RI Commerce Corporation	338,229	273,850	208,151
RI Airport Corporation	2,436,990	1,973,129	1,499,758
<b>Totals</b>	<b>\$ 2,200,811,036</b>	<b>\$ 1,781,904,956</b>	<b>\$ 1,354,409,975</b>

See notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	FY 2014 Contributions	Proportionate Share	Net Pension Liability Beginning of Year	Total Pension Expense
State of Rhode Island	\$ 80,101,652	40.67908451%	\$ 1,121,733,800	\$ 68,829,880
Barrington	2,719,280	1.38096816%	38,080,470	2,336,628
Bristol/Warren	2,710,992	1.37675883%	37,964,397	2,329,505
Burrillville	1,821,960	0.92527010%	25,514,506	1,565,577
Central Falls	2,115,938	1.07456482%	29,631,338	1,818,187
Chariho	3,014,499	1.53089304%	42,214,679	2,590,304
Coventry	4,364,664	2.21656528%	61,122,226	3,750,476
Cranston	8,897,203	4.51838480%	124,595,355	7,645,204
Cumberland	3,292,089	1.67186503%	46,102,009	2,828,831
East Greenwich	1,934,338	0.98234027%	27,088,227	1,662,141
East Providence	3,794,420	1.92697069%	53,136,598	3,260,476
Exeter-West Greenwich	1,907,840	0.96888373%	26,717,161	1,639,372
Foster	247,881	0.12588445%	3,471,289	212,999
Foster-Glocester	1,047,978	0.53220866%	14,675,759	900,508
Glocester	446,319	0.22666009%	6,250,197	383,514
Jamestown	549,119	0.27886639%	7,689,796	471,848
Johnston	2,557,752	1.29893738%	35,818,455	2,197,830
Lincoln	3,225,237	1.63791472%	45,165,823	2,771,387
Little Compton	372,381	0.18911110%	5,214,776	319,980
Middletown	2,146,841	1.09025855%	30,064,095	1,844,741
Narragansett	1,415,159	0.71867874%	19,817,708	1,216,020
New Shoreham	238,478	0.12110929%	3,339,613	204,920
Newport	2,030,553	1.03120272%	28,435,619	1,744,817
North Kingstown	3,390,024	1.72160099%	47,473,488	2,912,986
North Providence	2,404,745	1.22123336%	33,675,752	2,066,353
North Smithfield	1,383,174	0.70243536%	19,369,794	1,188,536
Northern RI Collaborative	310,172	0.15751862%	4,343,607	266,525

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	FY 2014 Contributions	Proportionate Share	Net Pension Liability Beginning of Year	Total Pension Expense
Pawtucket	6,549,305	3.32602042%	91,715,671	5,627,698
Portsmouth	2,318,926	1.17765085%	32,473,955	1,992,610
Providence	18,731,835	9.51283619%	262,318,340	16,095,923
Scituate	1,473,976	0.74854868%	20,641,378	1,266,560
Smithfield	1,857,919	0.94353141%	26,018,065	1,596,475
South Kingstown	3,229,345	1.64000108%	45,223,354	2,774,917
Tiverton	1,338,127	0.67955856%	18,738,962	1,149,828
Urban Collaborative	116,864	0.05934843%	1,636,545	100,419
Warwick	9,851,725	5.00313203%	137,962,355	8,465,407
West Bay Collaborative	97,636	0.04958399%	1,367,288	83,897
West Warwick	2,868,972	1.45698799%	40,176,732	2,465,255
Westerly	3,144,051	1.59668496%	44,028,903	2,701,625
Woonsocket	4,282,918	2.17505093%	59,977,460	3,680,233
Highlander Charter School	244,591	0.12421365%	3,425,216	210,172
Paul Cuffee Charter School	664,762	0.33759476%	9,309,242	571,218
Kingston Hill Charter School	103,639	0.05263222%	1,451,344	89,055
International Charter School	246,240	0.12505138%	3,448,317	211,590
Compass School Charter School	108,314	0.05500659%	1,516,818	93,072
Blackstone Academy Charter School	83,996	0.04265663%	1,176,265	72,176
Beacon Charter School	117,788	0.05981774%	1,649,486	101,213
Learning Community Charter School	400,901	0.20359498%	5,614,172	344,487
Segue Institute Charter School	147,380	0.07484586%	2,063,889	126,641
Greene Charter School	113,519	0.05765004%	1,589,711	97,545
Trinity Academy Charter School	104,212	0.05292358%	1,459,378	89,548
RI Nurses Charter School	123,301	0.06261754%	1,726,691	105,950
Village Green Charter School	71,404	0.03626195%	999,930	61,356
Sheila Nowell Charter School	78,819	0.04002789%	1,103,777	67,728
<b>Totals</b>	<b>\$ 196,911,148</b>	<b>100.00000000%</b>	<b>\$ 2,757,519,781</b>	<b>\$ 169,202,143</b>

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Collective Deferred Outflows for Plan as a Whole Unrecognized Current Year Deferred Outflow of Resources				
	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
State of Rhode Island	\$ -	\$ -	\$ -	\$ -	\$ -
Barrington	-	-	-	-	-
Bristol/Warren	-	-	-	-	-
Burrillville	-	-	-	-	-
Central Falls	-	-	-	-	-
Chariho	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Glocester	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
New Shoreham	-	-	-	-	-
Newport	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	-	-	-	-	-
Northern RI Collaborative	-	-	-	-	-

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Collective Deferred Outflows for Plan as a Whole Unrecognized Current Year Deferred Outflow of Resources				
	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Urban Collaborative	-	-	-	-	-
Warwick	-	-	-	-	-
West Bay Collaborative	-	-	-	-	-
West Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
Woonsocket	-	-	-	-	-
Highlander Charter School	-	-	-	-	-
Paul Cuffee Charter School	-	-	-	-	-
Kingston Hill Charter School	-	-	-	-	-
International Charter School	-	-	-	-	-
Compass School Charter School	-	-	-	-	-
Blackstone Academy Charter School	-	-	-	-	-
Beacon Charter School	-	-	-	-	-
Learning Community Charter School	-	-	-	-	-
Segue Institute Charter School	-	-	-	-	-
Greene Charter School	-	-	-	-	-
Trinity Academy Charter School	-	-	-	-	-
RI Nurses Charter School	-	-	-	-	-
Village Green Charter School	-	-	-	-	-
Sheila Nowell Charter School	-	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -	\$ -

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Collective Deferred Inflows for Plan as a Whole Unrecognized Current Year Deferred Inflow of Resources					Total Deferred (Inflows) and Outflows of Resources	Ending Net Pension Liability
	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources		
State of Rhode Island	\$ -	\$ 35,072,257	\$ 85,260,705	\$ -	\$ 120,332,963	\$ (120,332,963)	\$ 990,129,069
Barrington	-	1,190,628	2,894,419	-	4,085,048	(4,085,048)	33,612,770
Bristol/Warren	-	1,186,999	2,885,597	-	4,072,596	(4,072,596)	33,510,315
Burrillville	-	797,739	1,939,306	-	2,737,045	(2,737,045)	22,521,078
Central Falls	-	926,457	2,252,218	-	3,178,675	(3,178,675)	26,154,912
Chariho	-	1,319,889	3,208,652	-	4,528,541	(4,528,541)	37,261,942
Coventry	-	1,911,055	4,645,776	-	6,556,831	(6,556,831)	53,951,207
Cranston	-	3,895,613	9,470,240	-	13,365,853	(13,365,853)	109,977,503
Cumberland	-	1,441,431	3,504,120	-	4,945,551	(4,945,551)	40,693,201
East Greenwich	-	846,944	2,058,921	-	2,905,865	(2,905,865)	23,910,166
East Providence	-	1,661,375	4,038,805	-	5,700,180	(5,700,180)	46,902,474
Exeter-West Greenwich	-	835,342	2,030,717	-	2,866,059	(2,866,059)	23,582,634
Foster	-	108,534	263,846	-	372,379	(372,379)	3,064,028
Foster-Glocester	-	458,854	1,115,475	-	1,574,329	(1,574,329)	12,953,961
Glocester	-	195,419	475,065	-	670,484	(670,484)	5,516,907
Jamestown	-	240,430	584,486	-	824,916	(824,916)	6,787,609
Johnston	-	1,119,904	2,722,488	-	3,842,392	(3,842,392)	31,616,141
Lincoln	-	1,412,160	3,432,962	-	4,845,122	(4,845,122)	39,866,851
Little Compton	-	163,046	396,365	-	559,410	(559,410)	4,602,965
Middletown	-	939,987	2,285,111	-	3,225,098	(3,225,098)	26,536,897
Narragansett	-	619,623	1,506,304	-	2,125,927	(2,125,927)	17,492,643
New Shoreham	-	104,417	253,837	-	358,254	(358,254)	2,947,801
Newport	-	889,071	2,161,334	-	3,050,405	(3,050,405)	25,099,478
North Kingstown	-	1,484,312	3,608,363	-	5,092,675	(5,092,675)	41,903,775
North Providence	-	1,052,910	2,559,625	-	3,612,535	(3,612,535)	29,724,825
North Smithfield	-	605,618	1,472,259	-	2,077,877	(2,077,877)	17,097,279
Northern RI Collaborative	-	135,808	330,149	-	465,956	(465,956)	3,834,004

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Collective Deferred Inflows for Plan as a Whole Unrecognized Current Year Deferred Inflow of Resources				Total Deferred Inflows of Resources	Total Deferred (Inflows) and Outflows of Resources	Ending Net Pension Liability
	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions			
Pawtucket	-	2,867,593	6,971,122	-	9,838,715	(9,838,715)	80,955,350
Portsmouth	-	1,015,334	2,468,279	-	3,483,614	(3,483,614)	28,664,026
Providence	-	8,201,676	19,938,284	-	28,139,960	(28,139,960)	231,542,469
Scituate	-	645,376	1,568,909	-	2,214,285	(2,214,285)	18,219,678
Smithfield	-	813,484	1,977,580	-	2,791,064	(2,791,064)	22,965,558
South Kingstown	-	1,413,959	3,437,335	-	4,851,294	(4,851,294)	39,917,633
Tiverton	-	585,895	1,424,310	-	2,010,205	(2,010,205)	16,540,458
Urban Collaborative	-	51,168	124,390	-	175,559	(175,559)	1,444,541
Warwick	-	4,313,547	10,486,238	-	14,799,785	(14,799,785)	121,776,253
West Bay Collaborative	-	42,750	103,925	-	146,675	(146,675)	1,206,874
West Warwick	-	1,256,170	3,053,752	-	4,309,922	(4,309,922)	35,463,093
Westerly	-	1,376,613	3,346,547	-	4,723,160	(4,723,160)	38,863,318
Woonsocket	-	1,875,262	4,558,765	-	6,434,027	(6,434,027)	52,940,748
Highlander Charter School	-	107,093	260,344	-	367,437	(367,437)	3,023,361
Paul Cuffee Charter School	-	291,064	707,577	-	998,640	(998,640)	8,217,058
Kingston Hill Charter School	-	45,378	110,314	-	155,692	(155,692)	1,281,068
International Charter School	-	107,815	262,100	-	369,915	(369,915)	3,043,751
Compass School Charter School	-	47,425	115,290	-	162,715	(162,715)	1,338,861
Blackstone Academy Charter School	-	36,777	89,406	-	126,183	(126,183)	1,038,262
Beacon Charter School	-	51,573	125,374	-	176,947	(176,947)	1,455,964
Learning Community Charter School	-	175,533	426,722	-	602,255	(602,255)	4,955,503
Segue Institute Charter School	-	64,530	156,872	-	221,402	(221,402)	1,821,748
Greene Charter School	-	49,704	120,831	-	170,535	(170,535)	1,403,202
Trinity Academy Charter School	-	45,629	110,924	-	156,553	(156,553)	1,288,160
RI Nurses Charter School	-	53,987	131,242	-	185,229	(185,229)	1,524,111
Village Green Charter School	-	31,264	76,003	-	107,267	(107,267)	882,616
Sheila Nowell Charter School	-	34,511	83,896	-	118,407	(118,407)	974,279
<b>Totals</b>	<b>\$ -</b>	<b>\$ 86,216,932</b>	<b>\$ 209,593,476</b>	<b>\$ -</b>	<b>\$ 295,810,408</b>	<b>\$ (295,810,408)</b>	<b>\$ 2,434,000,378</b>

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Collective Deferred Outflows for Plan as a Whole - Recognition of Existing (Inflows) of Resources for Deferred Outflows Future Plan Years Ending in					
	2015	2016	2017	2018	2019	Thereafter
State of Rhode Island	\$ (26,280,812)	\$ (26,280,812)	\$ (26,280,812)	\$ (26,280,812)	\$ (4,965,631)	\$ (10,244,098)
Barrington	(892,177)	(892,177)	(892,177)	(892,177)	(168,573)	(347,765)
Bristol/Warren	(889,458)	(889,458)	(889,458)	(889,458)	(168,059)	(346,705)
Burrillville	(597,773)	(597,773)	(597,773)	(597,773)	(112,946)	(233,008)
Central Falls	(694,225)	(694,225)	(694,225)	(694,225)	(131,170)	(270,605)
Chariho	(989,037)	(989,037)	(989,037)	(989,037)	(186,874)	(385,520)
Coventry	(1,432,017)	(1,432,017)	(1,432,017)	(1,432,017)	(270,573)	(558,191)
Cranston	(2,919,112)	(2,919,112)	(2,919,112)	(2,919,112)	(551,552)	(1,137,852)
Cumberland	(1,080,112)	(1,080,112)	(1,080,112)	(1,080,112)	(204,082)	(421,021)
East Greenwich	(634,643)	(634,643)	(634,643)	(634,643)	(119,913)	(247,380)
East Providence	(1,244,923)	(1,244,923)	(1,244,923)	(1,244,923)	(235,222)	(485,264)
Exeter-West Greenwich	(625,949)	(625,949)	(625,949)	(625,949)	(118,270)	(243,991)
Foster	(81,328)	(81,328)	(81,328)	(81,328)	(15,367)	(31,701)
Foster-Glocester	(343,835)	(343,835)	(343,835)	(343,835)	(64,966)	(134,025)
Glocester	(146,434)	(146,434)	(146,434)	(146,434)	(27,668)	(57,079)
Jamestown	(180,162)	(180,162)	(180,162)	(180,162)	(34,041)	(70,226)
Johnston	(839,181)	(839,181)	(839,181)	(839,181)	(158,559)	(327,108)
Lincoln	(1,058,178)	(1,058,178)	(1,058,178)	(1,058,178)	(199,938)	(412,471)
Little Compton	(122,176)	(122,176)	(122,176)	(122,176)	(23,084)	(47,623)
Middletown	(704,364)	(704,364)	(704,364)	(704,364)	(133,086)	(274,557)
Narragansett	(464,304)	(464,304)	(464,304)	(464,304)	(87,728)	(180,983)
New Shoreham	(78,243)	(78,243)	(78,243)	(78,243)	(14,784)	(30,499)
Newport	(666,211)	(666,211)	(666,211)	(666,211)	(125,877)	(259,685)
North Kingstown	(1,112,244)	(1,112,244)	(1,112,244)	(1,112,244)	(210,153)	(433,546)
North Providence	(788,980)	(788,980)	(788,980)	(788,980)	(149,074)	(307,540)
North Smithfield	(453,810)	(453,810)	(453,810)	(453,810)	(85,745)	(176,892)
Northern RI Collaborative	(101,765)	(101,765)	(101,765)	(101,765)	(19,228)	(39,667)

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Collective Deferred Outflows for Plan as a Whole - Recognition of Existing (Inflows) of Resources for Deferred Outflows Future Plan Years Ending in					
	2015	2016	2017	2018	2019	Thereafter
Pawtucket	(2,148,783)	(2,148,783)	(2,148,783)	(2,148,783)	(406,002)	(837,582)
Portsmouth	(760,824)	(760,824)	(760,824)	(760,824)	(143,754)	(296,564)
Providence	(6,145,788)	(6,145,788)	(6,145,788)	(6,145,788)	(1,161,217)	(2,395,591)
Scituate	(483,601)	(483,601)	(483,601)	(483,601)	(91,374)	(188,505)
Smithfield	(609,570)	(609,570)	(609,570)	(609,570)	(115,175)	(237,607)
South Kingstown	(1,059,526)	(1,059,526)	(1,059,526)	(1,059,526)	(200,192)	(412,997)
Tiverton	(439,030)	(439,030)	(439,030)	(439,030)	(82,953)	(171,131)
Urban Collaborative	(38,342)	(38,342)	(38,342)	(38,342)	(7,245)	(14,946)
Warwick	(3,232,284)	(3,232,284)	(3,232,284)	(3,232,284)	(610,724)	(1,259,925)
West Bay Collaborative	(32,034)	(32,034)	(32,034)	(32,034)	(6,053)	(12,487)
West Warwick	(941,290)	(941,290)	(941,290)	(941,290)	(177,852)	(366,909)
Westerly	(1,031,542)	(1,031,542)	(1,031,542)	(1,031,542)	(194,905)	(402,089)
Woonsocket	(1,405,196)	(1,405,196)	(1,405,196)	(1,405,196)	(265,505)	(547,737)
Highlander Charter School	(80,248)	(80,248)	(80,248)	(80,248)	(15,163)	(31,280)
Paul Cuffee Charter School	(218,104)	(218,104)	(218,104)	(218,104)	(41,210)	(85,016)
Kingston Hill Charter School	(34,003)	(34,003)	(34,003)	(34,003)	(6,425)	(13,254)
International Charter School	(80,790)	(80,790)	(80,790)	(80,790)	(15,265)	(31,491)
Compass School Charter School	(35,537)	(35,537)	(35,537)	(35,537)	(6,715)	(13,852)
Blackstone Academy Charter School	(27,558)	(27,558)	(27,558)	(27,558)	(5,207)	(10,742)
Beacon Charter School	(38,645)	(38,645)	(38,645)	(38,645)	(7,302)	(15,064)
Learning Community Charter School	(131,533)	(131,533)	(131,533)	(131,533)	(24,853)	(51,271)
Segue Institute Charter School	(48,354)	(48,354)	(48,354)	(48,354)	(9,136)	(18,848)
Greene Charter School	(37,245)	(37,245)	(37,245)	(37,245)	(7,037)	(14,518)
Trinity Academy Charter School	(34,191)	(34,191)	(34,191)	(34,191)	(6,460)	(13,328)
RI Nurses Charter School	(40,454)	(40,454)	(40,454)	(40,454)	(7,644)	(15,769)
Village Green Charter School	(23,427)	(23,427)	(23,427)	(23,427)	(4,426)	(9,132)
Sheila Nowell Charter School	(25,860)	(25,860)	(25,860)	(25,860)	(4,886)	(10,080)
Totals	\$ (64,605,212)	\$ (64,605,212)	\$ (64,605,212)	\$ (64,605,212)	\$ (12,206,843)	\$ (25,182,717)

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Discount Rate Sensitivity - Ending Net Pension Liability		
	1% Lower	7.50%	1% Higher
	6.50%		8.50%
State of Rhode Island	\$ 1,240,014,298	\$ 990,129,069	\$ 735,116,435
Barrington	42,095,841	33,612,770	24,955,635
Bristol/Warren	41,967,528	33,510,315	24,879,568
Burrillville	28,204,867	22,521,078	16,720,663
Central Falls	32,755,795	26,154,912	19,418,585
Chariho	46,665,978	37,261,942	27,664,945
Coventry	67,567,220	53,951,207	40,055,807
Cranston	137,733,231	109,977,503	81,652,253
Cumberland	50,963,206	40,693,201	30,212,466
East Greenwich	29,944,528	23,910,166	17,751,984
East Providence	58,739,552	46,902,474	34,822,510
Exeter-West Greenwich	29,534,334	23,582,634	17,508,810
Foster	3,837,316	3,064,028	2,274,872
Foster-Glocester	16,223,235	12,953,961	9,617,604
Glocester	6,909,245	5,516,907	4,096,001
Jamestown	8,500,641	6,787,609	5,039,427
Johnston	39,595,309	31,616,141	23,473,247
Lincoln	49,928,303	39,866,851	29,598,946
Little Compton	5,764,645	4,602,965	3,417,448
Middletown	33,234,184	26,536,897	19,702,188
Narragansett	21,907,374	17,492,643	12,987,326
New Shoreham	3,691,756	2,947,801	2,188,580
Newport	31,433,995	25,099,478	18,634,983
North Kingstown	52,479,299	41,903,775	31,111,250
North Providence	37,226,669	29,724,825	22,069,049
North Smithfield	21,412,229	17,097,279	12,693,790
Northern RI Collaborative	4,801,616	3,834,004	2,846,537

See Notes to Schedules

Employees' Retirement System - Schedule of Pension Amounts by Employer - Teachers

Schedule D

Participating Employer	Discount Rate Sensitivity - Ending Net Pension Liability		
	1% Lower 6.50%	7.50%	1% Higher 8.50%
Pawtucket	101,386,571	80,955,350	60,104,899
Portsmouth	35,898,150	28,664,026	21,281,465
Providence	289,978,327	231,542,469	171,907,561
Scituate	22,817,895	18,219,678	13,527,110
Smithfield	28,761,523	22,965,558	17,050,665
South Kingstown	49,991,902	39,917,633	29,636,649
Tiverton	20,714,879	16,540,458	12,280,381
Urban Collaborative	1,809,109	1,444,541	1,072,492
Warwick	152,509,707	121,776,253	90,412,177
West Bay Collaborative	1,511,461	1,206,874	896,038
West Warwick	44,413,141	35,463,093	26,329,398
Westerly	48,671,503	38,863,318	28,853,878
Woonsocket	66,301,744	52,940,748	39,305,596
Highlander Charter School	3,786,386	3,023,361	2,244,679
Paul Cuffee Charter School	10,290,849	8,217,058	6,100,714
Kingston Hill Charter School	1,604,380	1,281,068	951,123
International Charter School	3,811,922	3,043,751	2,259,818
Compass School Charter School	1,676,757	1,338,861	994,030
Blackstone Academy Charter School	1,300,295	1,038,262	770,853
Beacon Charter School	1,823,415	1,455,964	1,080,973
Learning Community Charter School	6,206,154	4,955,503	3,679,188
Segue Institute Charter School	2,281,515	1,821,748	1,352,548
Greene Charter School	1,757,337	1,403,202	1,041,801
Trinity Academy Charter School	1,613,261	1,288,160	956,388
RI Nurses Charter School	1,908,761	1,524,111	1,131,569
Village Green Charter School	1,105,367	882,616	655,294
Sheila Nowell Charter School	1,220,164	974,279	723,349
Totals	\$ 3,048,284,669	\$ 2,434,000,378	\$ 1,807,111,545

See Notes to Schedules

# **EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

## ***Employees' Retirement System Cost-Sharing Plan***

### **NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER**

#### **1. Plan Description and Governance**

The Employees' Retirement System of the State of Rhode Island (the System) acts as a common investment and administrative agent for pension benefits to be provided through various defined benefit and defined contribution retirement plans. The System is administered by the State of Rhode Island Retirement Board which was authorized, created and established as an independent retirement board to hold and administer, in trust, the funds of the retirement system.

Each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan, in accordance with the terms of that plan.

The Employees' Retirement System (ERS) Plan (the Plan) was established and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, of Title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of Title 16 of the Rhode Island General Laws.

The Plan covers most State employees other than certain personnel at the State colleges and university (principally faculty and administrative personnel). The plan also covers teachers, including superintendents, principals, school nurses, and certain other school officials in the public schools in the cities and towns. Membership in the plan is mandatory for all covered state employees and teachers. Elected officials may become members on an optional basis and legislators may participate if elected to office prior to January 1, 1995.

Certain employees of the Rhode Island Airport Corporation (hired before July 1, 1993), the Rhode Island Commerce Corporation (active contributing members and employees of the Department of Economic Development before October 31, 1995 who elected to continue membership) and, the Narragansett Bay Water Quality District Commission (members of a collective bargaining unit) are also covered and have the same benefits as State employees.

#### **2. Schedules of Employer Allocations**

The Schedules of Employer Allocations reflect employer contributions recognized for the fiscal year ended June 30, 2014 consistent with contributions reflected within the Plan's financial statements. Contribution classification and presentation differences are reconciled on the next page.

The Schedule of Employer and Other Nonemployer Entity Allocations for Teachers reflects a special funding situation wherein the State of Rhode Island, by statute, has assumed responsibility to fund 40% of the required employer contribution for teachers. The actual proportionate share of employer contributions as shown in the Schedule and to be borne by the State varies slightly from 40% due to local education agency employers not participating in a component of the actuarially determined contribution that relates to interest on certain contributions withdrawn, but subsequently restored, to the Plan.

The Schedule of Employer Allocations and Other Nonemployer Entity Allocations for Teachers also includes an adjustment to determine equivalent contributions from local educational agencies if all had been shared on a consistent basis. The employer contribution for certain teachers funded by federal programs is borne 100% by the local education agency using federal funds and consequently there is no State share. The adjustment converts the actual contribution amounts by local educational agency employers to an equivalent basis for the purpose of determining each employer's proportionate share of the net pension liability, pension expense and deferred inflows and outflows of resources.

**EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

**Employees' Retirement System Cost-Sharing Plan**

**NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER**

**2. Schedules of Employer Allocations (continued)**

	State employees	Teachers Local Share	Teachers State share	Total ERS Plan
Employer Contributions included in the Schedules of Employer Allocations	\$ 150,883,263	\$ 116,809,496	\$ 80,101,652	\$ 347,794,411
Adjustment for equivalent contributions if all shared at same rate		3,400,737	(3,400,737)	-
Other contribution related additions included in financial reporting amounts	193,879	958,556		1,152,435
Employer contributions reported on ERS Plan Fiscal 2014 financial statements	\$ 151,077,142	\$ 121,168,789	\$ 76,700,915	\$ 348,946,846
per ERSRI fiscal 2014 financial statements		Employer contributions		\$ 272,245,931
		State contributions for teachers		76,700,915
		Total employer contributions		\$ 348,946,846

The percentages included in the Schedules of Employer Allocations have been rounded to 8 decimal places.

**3. Schedules of Pension Amounts by Employer**

The Schedules of Pension Amounts by Employer were prepared by the Plan's actuary using amounts from (1) the Plan's fiscal 2014 financial statements, (2) Required Supplementary Information Schedules prepared in accordance with the requirements of GASB Statement No. 67, and (3) certain data from the actuarial valuation of the Plan performed at June 30, 2013 rolled-forward to June 30, 2014. These schedules utilize the proportionate employer contribution schedules detailed in the Schedules of Employer Allocations to apportion each employer's amounts for the cost-sharing plan.

The Schedules of Pension Amounts by Employer include the sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' 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.

**EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

**Employees' Retirement System Cost-Sharing Plan**

**NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER**

**3. Schedules of Pension Amounts by Employer (continued)**

**Net Pension Liability – Sensitivity Analysis**

	<b>1.00% Decrease (6.50%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.00% Increase (8.50%)</b>
<b>ERS - State employees</b>	\$ 2,200,811,036	\$ 1,781,904,957	\$ 1,354,409,975
<b>ERS - Teachers</b>	\$ 3,048,284,669	\$ 2,434,000,378	\$ 1,807,111,545

**4. Relationship to the Plan financial statements**

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position as reflected for the ERS Plan in the System's financial statements and consistent with the requirements of GASB Statements No. 67 and 68.

The Schedules of Employer Allocations as included herein have been restated compared to the schedules originally included as supplementary information in the System's fiscal 2014 audited financial statements. See note 2 which more fully describes the how employer contribution amounts are utilized in the Schedules of Employer Allocations.

**5. Summary of Significant Accounting Policies**

**Basis of Accounting** – The underlying information to prepare the allocation schedules is based on the System's financial statements as of and for the year ended June 30, 2014. The financial statements of the System are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the wages, subject to required contributions, are earned for the performance of duties for covered employment. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions.

**6. Net Pension Liability**

The components of the net pension liability of the employers participating in the ERS Plan at June 30, 2014 were as follows:

	<b>ERS</b>	
	<b>State Employees</b>	<b>Teachers</b>
<b>Fiscal year ended June 30, 2014</b>		
<b>Total pension liability</b>	\$ 4,302,186,206	\$ 6,309,901,411
<b>Plan Fiduciary net position</b>	2,520,281,249	3,875,901,033
<b>Employers' Net Pension Liability</b>	\$ 1,781,904,957	\$ 2,434,000,378
<b>Plan Fiduciary Net Position as a percentage of total pension liability</b>	58.6%	61.4%

## EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

### Employees' Retirement System Cost-Sharing Plan

#### NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

##### 7. Actuarial methods and assumptions

The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

The actuarial assumptions used in the June 30, 2013 valuations and the calculation of the total pension liability at June 30, 2014 (**measurement date**) were consistent with the results of an actuarial experience study performed as of June 30, 2013.

Actuarial Cost Method - Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.

Amortization Method - Level Percent of Payroll – Closed

Equivalent Single Remaining Amortization Period - 21 years at June 30, 2014

Investment Rate of Return - 7.50%

Projected Salary Increases – state employees - 3.50% to 6.50%

Projected Salary Increases – teachers - 3.50% to 13.5%

Mortality – state employees:

- Male Employees, 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
- Female Employees: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

Mortality – teachers: Male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

Inflation - 2.75%

Cost of Living Adjustments: COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement.

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 forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms.

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

# **EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

## ***Employees' Retirement System Cost-Sharing Plan***

### **NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER**

#### **8. Discount rate**

The discount rate used to measure the total pension liability of the ERS plan was 7.5 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.

#### **9. Deferred Outflows and Inflows of Resources**

Consistent with the requirements of GASB Statement No. 68, differences between expected and actual experience and changes in assumptions are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

Changes in assumptions which resulted in deferred inflows of resources as of the June 30, 2014 measurement date resulted from an experience study performed for the six-year period ended June 30, 2013. The changes in actuarial assumptions primarily related to reductions in wage inflation, salary increases for individual members, and the overall payroll growth assumptions.

For state employees, the average of the expected remaining service lives for purposes of recognizing the applicable deferred inflows of resources established in fiscal 2014 is 5.3904 years.

For teachers, the average of the expected remaining service lives for purposes of recognizing the applicable deferred inflows of resources established in fiscal 2014 is 8.063 years.

Additionally, differences between projected and actual earnings on pension plan investments are to be recognized in pension expense using a systematic and rational method over a closed five-year period. Projected earnings of the plan reflect the plan's investment return assumption or discount rate of 7.5%.

#### **10. Subsequent events**

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.

**EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**

***Employees' Retirement System Cost-Sharing Plan***

**NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER**

**10. Subsequent events (continued)**

- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for state employees (determined on a funding basis) decreased from 57.4% to 56.1%. The funded ratio for teachers (also determined on a funding basis) decreased from 59.6% to 58.2%.