

---

EMPLOYEES' RETIREMENT SYSTEM OF THE  
STATE OF RHODE ISLAND

Municipal Employees' Retirement  
System Agent Plan

**GASB STATEMENT No. 68 REPORTS**

**FISCAL YEAR ENDED JUNE 30, 2014**

Dennis E. Hoyle, CPA  
Auditor General

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

---

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

***Municipal Employees' Retirement System Agent Plan***

**GASB STATEMENT No. 68 REPORTS**

**FISCAL YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
I. INTRODUCTION	1
II. INDEPENDENT ACCOUNTANT'S REPORT ON PLAN CENSUS DATA	2
III. INDEPENDENT AUDITOR'S REPORT	4
IV. SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER	6
V. NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER	22



## Office of the Auditor General

State of Rhode Island and Providence Plantations - General Assembly  
**Dennis E. Hoyle, CPA - Auditor General**

[oag.ri.gov](http://oag.ri.gov)

86 Weybosset Street • Providence, RI • 02903-2800  
tel: 401.222.2435 • fax: 401.222.2111

November 4, 2015

JOINT COMMITTEE ON LEGISLATIVE SERVICES:

SPEAKER Nicholas A. Mattiello, Chairman

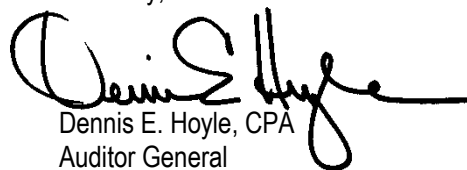
Senator M. Teresa Paiva Weed  
Senator Dennis L. Algieri  
Representative John J. DeSimone  
Representative Brian C. Newberry

We have completed our audit of the Schedule of Changes in Fiduciary Net Position by Employer - Municipal Employees' Retirement System (MERS) plan for the fiscal year ended June 30, 2014. The Schedule is required for employers participating in the MERS agent defined benefit plan to meet their 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*.

We have also included our report on the MERS plan census data as of June 30, 2013 which was used as the basis for the actuarial valuation of the plan at that date rolled forward to June 30, 2014 – the plan measurement date for fiscal 2015 financial reporting by participating employers in the MERS plan.

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

Sincerely,



Dennis E. Hoyle, CPA  
Auditor General

# ***Municipal Employees' Retirement System Agent Plan***

## **GASB STATEMENT No. 68 REPORTS**

### **INTRODUCTION**

The Municipal Employees' Retirement System (MERS) Plan covers certain employees of municipalities, fire districts, housing authorities, water and sewer districts, and municipal police and fire units that have elected to participate. MERS is an agent plan and accordingly separate actuarial valuations are performed for each employer unit.

We have previously audited the financial statements of the Employees' Retirement System of the State of Rhode Island for the year ended June 30, 2014 which includes the MERS plan financial statements. ERSRI has prepared and we have audited the Schedule of Changes in Fiduciary Net Position by Employer (the Schedule) for the fiscal year ended June 30, 2014. The amounts included in the Schedule are used by the actuary to determine the net pension liability or asset for each MERS participating employer at the June 30, 2014 measurement date.

The net pension liability and other measures for each MERS employer unit have been developed consistent with the requirements of GASB 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.

We have also issued our report on the reliability of the MERS census data at June 30, 2013 used by the actuary to measure the total pension liability for each MERS participating employer. The June 30, 2013 actuarial data, rolled forward to June 30, 2014 was used as the basis for determining the total pension liability at the measurement date (June 30, 2014). Our report on the census data is intended to be used by each participating employer and their auditors in meeting the employer's fiscal 2015 financial reporting requirements.

The System's actuary has provided separately issued actuarial valuation reports to each MERS participating employer which contains the beginning net pension liability (asset), ending net pension liability (asset), pension expense and related deferred inflows and outflows. The employer specific actuarial reports also detail actuarial methods and assumptions used by the actuary in measuring the net pension liability (asset) in accordance with the requirements of GASB Statement No. 68.

This audit report and the actuarial valuation reports provided by the actuary will allow employers participating in the MERS agent plan to meet their financial reporting responsibilities pursuant to GASB Statement No. 68.



# Office of the Auditor General

State of Rhode Island and Providence Plantations - General Assembly  
Dennis E. Hoyle, CPA - Auditor General

[oag.ri.gov](http://oag.ri.gov)

86 Weybosset Street • Providence, RI • 02903-2800  
tel: 401.222.2435 • fax: 401.222.2111

## INDEPENDENT ACCOUNTANT'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:

We have examined the Employees' Retirement System of Rhode Island (the System) management assertions related to the census data it maintained for the Municipal Employees' Retirement System (MERS) which was used by the System's actuary to prepare the actuarial valuations as of June 30, 2013 for the employers participating in MERS. The data in the 2013 valuations were rolled-forward to June 30, 2014 and used to prepare the GASB Statement No. 68 Accounting Valuation Reports as of June 30, 2014 for the employers participating in MERS. Management's assertions are:

1. The key census data elements as of June 30, 2013 provided by the System to its actuary are complete and accurate based on the accumulation of census data reported by the participating employers for the period July 1, 2012 through June 30, 2013. Key census data elements include: employer code, member name, gender, date of birth, date of hire, years of service, eligible compensation, date of termination, employment status (active, inactive or retired) and employee class (such as general employee, police, fire) and annual benefit payments for retirees as outlined in Title 45 of the General Laws of the State of Rhode Island.
2. The census data provided to the actuary as of June 30, 2013 properly reflects benefit provisions in effect through the measurement date of June 30, 2014 as outlined in Rhode Island General Law (RIGL) Title 45.
3. The census data provided to the actuary as of June 30, 2013 properly excludes deceased members based on the System's validation of the existence of plan members by cross matching social security numbers of plan members with the Social Security death file maintained by a private vendor (Pension Benefit Information) on a monthly basis for the period July 1, 2012 through June 30, 2013.

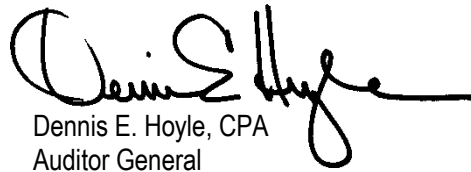
The System's management is responsible for the aforementioned census data assertions. Our responsibility is to express an opinion on these assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertions referred to above are fairly stated, in all material respects, based on the law governing MERS (RIGL Title 45).

Joint Committee on Legislative Services, General Assembly  
Retirement Board of the Employees' Retirement System of the State of Rhode Island

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 Municipal Employees' Retirement System participating 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

November 4, 2015



# Office of the Auditor General

State of Rhode Island and Providence Plantations - General Assembly  
Dennis E. Hoyle, CPA - Auditor General

[oag.ri.gov](http://oag.ri.gov)

86 Weybosset Street • Providence, RI • 02903-2800  
tel: 401.222.2435 • fax: 401.222.2111

## 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:

We have audited the fiduciary net position as of June 30, 2014, and the changes in fiduciary net position for the year then ended, included in the accompanying Schedule of Changes in Fiduciary Net Position by Employer ("Schedule") of the Municipal Employees' Retirement System (MERS), and the related notes. We have also audited the fiduciary net position of each individual employer as of June 30, 2014, and the changes in fiduciary net position of each individual employer for the year then ended, included in the accompanying Schedule and the related notes.

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

Management is responsible for the preparation and fair presentation of the Schedule 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 Schedule that is free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express an opinion on the fiduciary net position and the changes in fiduciary net position included in the Schedule 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 fiduciary net position and the changes in fiduciary net position included in the Schedule are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the fiduciary net position and the changes in fiduciary net position included in the Schedule, 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 fiduciary net position and the changes in fiduciary net position included in the Schedule 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 fiduciary net position and the changes in fiduciary net position included in the Schedule.

Joint Committee on Legislative Services, General Assembly  
Retirement Board of the Employees' Retirement System of the State of Rhode Island

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

**Opinion**

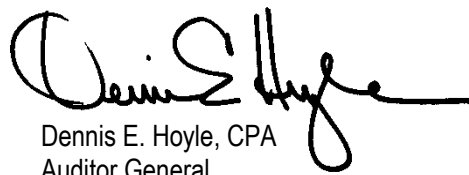
In our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of the Municipal Employees' Retirement System as of June 30, 2014, and the changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2014 and the changes in fiduciary net position of each individual employer for the year then ended, 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 Municipal Employees' Retirement System 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 was updated on November 3, 2015 with respect to Notes 13 and 14 and required supplementary information.

**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 Municipal Employees' Retirement System participating 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

November 4, 2015



**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

Employer Unit Type	Barrington (COLA)	Barrington	Barrington	Barrington	Bristol	Bristol	Bristol
General Employees	•				•		
Police		•				•	
Fire			•	•			•
Police and Fire							
Current Employer Unit Number(s)	1002 1003 1007 1009	1004	1005	1008	1012 1019	1014	1015
Legacy Employer Unit Number	3078	4060	4061	4059	3002	4096	4094

**Additions**

Contributions

Member contributions	\$ 146,647	\$ 118,637	\$ 11,295	\$ 95,814	\$ 94,208	\$ 171,286	\$ 6,717
Employer contributions	579,790	384,906	45,738	106,355	700,353	84,143	15,026
Other (net)	176,341	-	-	-	5,903	-	-
Net investment income	4,422,376	1,091,489	957,004	272,678	2,249,022	755,879	37,161
<b>Total Additions</b>	<u>5,325,154</u>	<u>1,595,033</u>	<u>1,014,036</u>	<u>474,847</u>	<u>3,049,486</u>	<u>1,011,308</u>	<u>58,905</u>

**Deductions**

Retirement benefits and refunds	1,813,185	679,475	802,846	117,467	1,376,683	60,617	17,366
Administrative expense	27,693	6,835	5,993	1,708	14,083	4,733	233
<b>Total Deductions</b>	<u>1,840,878</u>	<u>686,310</u>	<u>808,838</u>	<u>119,175</u>	<u>1,390,766</u>	<u>65,350</u>	<u>17,598</u>

**Net Increase**

	<u>3,484,276</u>	<u>908,723</u>	<u>205,198</u>	<u>355,672</u>	<u>1,658,720</u>	<u>945,958</u>	<u>41,306</u>
--	------------------	----------------	----------------	----------------	------------------	----------------	---------------

**Net position held in trust  
for pension benefits**

Beginning of year	29,719,524	7,286,328	6,980,121	1,691,630	15,227,243	4,729,286	237,705
End of year	<u>\$ 33,203,800</u>	<u>\$ 8,195,050</u>	<u>\$ 7,185,319</u>	<u>\$ 2,047,301</u>	<u>\$ 16,885,963</u>	<u>\$ 5,675,244</u>	<u>\$ 279,011</u>

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

Employer Unit Type	Bristol Housing	Bristol/Warren Regional School	Burrillville	Burrillville	Burrillville Housing	Central Coventry Fire District	Central Falls
General Employees	•	•	•		•		•
Police				•			
Fire						•	
Police and Fire							
Current Employer Unit Number(s)	1016	1023	1032 1033	1034	1036	1045 1235 1525 1585	1052
Legacy Employer Unit Number	3059	3100	3003	4090	3065	4102	3004
<b>Additions</b>							
Contributions							
Member contributions	\$ 40	\$ 83,890	\$ 120,310	\$ 98,864	\$ 3,825	\$ 204,376	\$ 16,471
Employer contributions	-	611,556	476,580	159,913	12,031	374,043	162,612
Other (net)	-	-	(47,579)	-	-	(22,631)	(28,883)
Net investment income	277,146	2,165,218	3,599,161	1,205,386	126,435	1,232,637	665,429
<b>Total Additions</b>	<u>277,186</u>	<u>2,860,665</u>	<u>4,148,471</u>	<u>1,464,162</u>	<u>142,291</u>	<u>1,788,424</u>	<u>815,630</u>
<b>Deductions</b>							
Retirement benefits and refunds	68,179	1,360,825	1,331,179	514,109	56,985	520,932	567,898
Administrative expense	1,735	13,559	22,538	7,548	792	7,719	4,167
<b>Total Deductions</b>	<u>69,914</u>	<u>1,374,384</u>	<u>1,353,717</u>	<u>521,657</u>	<u>57,776</u>	<u>528,651</u>	<u>572,065</u>
<b>Net Increase</b>	<u>207,272</u>	<u>1,486,281</u>	<u>2,794,754</u>	<u>942,505</u>	<u>84,514</u>	<u>1,259,774</u>	<u>243,564</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	1,873,576	14,770,473	24,228,236	8,107,694	864,778	7,995,033	4,752,568
End of year	<u>\$ 2,080,847</u>	<u>\$ 16,256,754</u>	<u>\$ 27,022,990</u>	<u>\$ 9,050,199</u>	<u>\$ 949,292</u>	<u>\$ 9,254,807</u>	<u>\$ 4,996,132</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	Central Falls School District	Central Falls Housing	Chariho School District	Charlestown	Charlestown	Coventry Fire District	Coventry Housing
<i>General Employees</i>	•	•	•	•			•
<i>Police</i>					•		
<i>Fire</i>						•	
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1063	1056	1073	1082	1084	1095	1096
<i>Legacy Employer Unit Number</i>	3099	3096	3040	3005	4086	4098	3079

**Additions**

Contributions

Member contributions	\$ 66,795	\$ 26,212	\$ 108,246	\$ 50,998	\$ 116,698	\$ 81,724	\$ 5,869
Employer contributions	244,755	92,559	555,047	210,455	274,357	175,293	35,745
Other (net)	-	633	(5,510)	3,871	1,707	(10,088)	-
Net investment income	1,935,168	279,559	2,256,666	860,546	1,101,220	467,045	141,338
<b>Total Additions</b>	<u>2,246,717</u>	<u>398,962</u>	<u>2,914,450</u>	<u>1,125,871</u>	<u>1,493,982</u>	<u>713,975</u>	<u>182,953</u>

**Deductions**

Retirement benefits and refunds	780,461	183,751	863,058	223,033	420,969	194,503	52,744
Administrative expense	12,118	1,751	14,131	5,389	6,896	2,925	885
<b>Total Deductions</b>	<u>792,579</u>	<u>185,502</u>	<u>877,189</u>	<u>228,422</u>	<u>427,865</u>	<u>197,427</u>	<u>53,629</u>

**Net Increase**

	<u>1,454,139</u>	<u>213,461</u>	<u>2,037,261</u>	<u>897,449</u>	<u>1,066,117</u>	<u>516,547</u>	<u>129,324</u>
--	------------------	----------------	------------------	----------------	------------------	----------------	----------------

**Net position held in trust  
for pension benefits**

Beginning of year	13,075,363	1,885,503	14,906,097	5,563,650	7,201,991	2,990,092	931,864
End of year	<u>\$ 14,529,501</u>	<u>\$ 2,098,964</u>	<u>\$ 16,943,358</u>	<u>\$ 6,461,099</u>	<u>\$ 8,268,107</u>	<u>\$ 3,506,639</u>	<u>\$ 1,061,188</u>

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

Employer Unit Type	Coventry Lighting District	Cranston	Cranston	Cranston	Cranston Housing	Cumberland	Cumberland Fire District
General Employees	•	•			•	•	
Police			•				
Fire				•			•
Police and Fire							
Current Employer Unit Number(s)	1098	1112 1113	1114	1115	1116	1122 1123	1125
Legacy Employer Unit Number	3045	3007	4104	4105	3051	3008	4106

**Additions**

Contributions

Member contributions	\$ 768	\$ 478,002	\$ 619,646	\$ 933,528	\$ 22,465	\$ 85,199	\$ 55,515
Employer contributions	(223)	2,276,531	687,959	1,006,080	82,036	1,125,835	103,330
Other (net)	-	7,388	-	726	-	190,528	-
Net investment income	162,589	18,017,830	4,119,654	6,811,997	659,943	3,111,659	492,534
<b>Total Additions</b>	<u>163,134</u>	<u>20,779,751</u>	<u>5,427,259</u>	<u>8,752,332</u>	<u>764,444</u>	<u>4,513,221</u>	<u>651,380</u>

**Deductions**

Retirement benefits and refunds	104,593	8,530,234	594,343	444,721	102,425	1,784,047	241,902
Administrative expense	1,018	112,827	25,797	42,657	4,133	19,485	3,084
<b>Total Deductions</b>	<u>105,611</u>	<u>8,643,061</u>	<u>620,140</u>	<u>487,378</u>	<u>106,558</u>	<u>1,803,532</u>	<u>244,987</u>

**Net Increase**

	<u>57,524</u>	<u>12,136,690</u>	<u>4,807,119</u>	<u>8,264,954</u>	<u>657,886</u>	<u>2,709,688</u>	<u>406,393</u>
--	---------------	-------------------	------------------	------------------	----------------	------------------	----------------

**Net position held in trust  
for pension benefits**

Beginning of year	1,163,219	123,143,631	26,123,807	42,880,444	4,297,058	20,653,072	3,291,620
End of year	<u>\$ 1,220,742</u>	<u>\$ 135,280,321</u>	<u>\$ 30,930,926</u>	<u>\$ 51,145,398</u>	<u>\$ 4,954,944</u>	<u>\$ 23,362,761</u>	<u>\$ 3,698,014</u>

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	Cumberland Housing	Cumberland Hill Fire District	Cumberland Rescue	East Greenwich	East Greenwich	East Greenwich	East Greenwich Housing
<i>General Employees</i>	•			•			•
<i>Police</i>					•		
<i>Fire</i>		•	•			•	
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1126	1135	1148	1152 1153	1154	1155	1156
<i>Legacy Employer Unit Number</i>	3056	4095	4091	3009	4054	4050	3050
<b>Additions</b>							
Contributions							
Member contributions	\$ 10,848	\$ 54,774	\$ 75,078	\$ 19,825	\$ 164,093	\$ 184,574	\$ 12,989
Employer contributions	36,395	74,288	65,507	59,487	410,654	455,828	48,837
Other (net)	15	-	2,563	(189,935)	-	2,461	-
Net investment income	176,208	530,637	728,100	1,032,284	1,838,387	1,477,703	168,844
<b>Total Additions</b>	<u>223,467</u>	<u>659,699</u>	<u>871,248</u>	<u>921,661</u>	<u>2,413,134</u>	<u>2,120,567</u>	<u>230,670</u>
<b>Deductions</b>							
Retirement benefits and refunds	75,063	363,076	110,488	503,723	1,063,538	1,060,261	69,898
Administrative expense	1,103	3,323	4,559	6,464	11,512	9,253	1,057
<b>Total Deductions</b>	<u>76,166</u>	<u>366,399</u>	<u>115,047</u>	<u>510,187</u>	<u>1,075,050</u>	<u>1,069,514</u>	<u>70,955</u>
<b>Net Increase</b>	<u>147,301</u>	<u>293,301</u>	<u>756,201</u>	<u>411,474</u>	<u>1,338,084</u>	<u>1,051,053</u>	<u>159,714</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	1,175,696	3,690,797	4,710,473	7,339,055	12,464,778	10,043,743	1,107,990
End of year	<u>\$ 1,322,996</u>	<u>\$ 3,984,097</u>	<u>\$ 5,466,673</u>	<u>\$ 7,750,529</u>	<u>\$ 13,802,863</u>	<u>\$ 11,094,796</u>	<u>\$ 1,267,704</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	East Greenwich	East Greenwich (Fire)	East Providence	East Providence Housing	East Smithfield Water	Exeter/West Greenwich School District	Foster
<i>General Employees</i>	•	•	•	•	•	•	•
<i>Police</i>							
<i>Fire</i>							
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1157 1158	1159	1162 1163	1166	1177	1183	1192 1193
<i>Legacy Employer Unit Number</i>	3101	3150	3010	3052	3067	3011	3012
<b>Additions</b>							
Contributions							
Member contributions	\$ 113,285	\$ 747	\$ 320,779	\$ 14,546	\$ 3,855	\$ 52,046	\$ 11,409
Employer contributions	322,223	4,970	3,440,709	70,097	3,120	292,720	124,478
Other (net)	2,355	-	(161,449)	-	-	(1,483)	(18,760)
Net investment income	2,795,391	43,637	8,364,016	383,260	128,756	1,181,758	451,654
<b>Total Additions</b>	<u>3,233,254</u>	<u>49,355</u>	<u>11,964,055</u>	<u>467,903</u>	<u>135,731</u>	<u>1,525,041</u>	<u>568,781</u>
<b>Deductions</b>							
Retirement benefits and refunds	835,413	21,263	7,186,379	211,636	57,789	418,856	206,446
Administrative expense	17,505	273	52,375	2,400	806	7,400	2,828
<b>Total Deductions</b>	<u>852,917</u>	<u>21,536</u>	<u>7,238,755</u>	<u>214,036</u>	<u>58,595</u>	<u>426,256</u>	<u>209,274</u>
<b>Net Increase</b>	<u>2,380,336</u>	<u>27,819</u>	<u>4,725,300</u>	<u>253,868</u>	<u>77,136</u>	<u>1,098,784</u>	<u>359,507</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	18,607,836	299,814	58,072,873	2,623,703	889,581	7,774,012	3,031,574
End of year	<u>\$ 20,988,173</u>	<u>\$ 327,633</u>	<u>\$ 62,798,173</u>	<u>\$ 2,877,571</u>	<u>\$ 966,717</u>	<u>\$ 8,872,797</u>	<u>\$ 3,391,081</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

Employer Unit Type	Foster	Foster/Glocester Regional School District	Glocester	Glocester	Greenville Water	Hope Valley Wyoming Fire District	Hopkins Hill Fire District
General Employees		•	•		•	•	
Police	•			•			
Fire							•
Police and Fire							
Current Employer Unit Number(s)	1194	1203	1212 1213	1214	1227	1242	1255
Legacy Employer Unit Number	4082	3041	3013	4088	3068	3046	4103
<b>Additions</b>							
Contributions							
Member contributions	\$ 31,684	\$ 36,797	\$ 46,244	\$ 77,420	\$ 5,633	\$ 2,801	\$ 54,816
Employer contributions	46,299	241,194	228,215	150,971	2,197	7,608	81,247
Other (net)	5,471	123,257	(4,808)	480	-	-	-
Net investment income	339,383	857,925	1,097,653	757,189	158,869	78,290	277,270
<b>Total Additions</b>	<u>422,837</u>	<u>1,259,173</u>	<u>1,367,303</u>	<u>986,060</u>	<u>166,699</u>	<u>88,699</u>	<u>413,333</u>
<b>Deductions</b>							
Retirement benefits and refunds	297,710	339,748	422,389	256,354	35,741	19	20,897
Administrative expense	2,125	5,372	6,873	4,742	995	490	1,736
<b>Total Deductions</b>	<u>299,835</u>	<u>345,120</u>	<u>429,262</u>	<u>261,095</u>	<u>36,736</u>	<u>509</u>	<u>22,634</u>
<b>Net Increase</b>	<u>123,002</u>	<u>914,053</u>	<u>938,041</u>	<u>724,965</u>	<u>129,963</u>	<u>88,190</u>	<u>390,699</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	2,425,129	5,527,364	7,303,287	4,960,116	1,062,846	499,624	1,691,083
End of year	<u>\$ 2,548,131</u>	<u>\$ 6,441,417</u>	<u>\$ 8,241,328</u>	<u>\$ 5,685,081</u>	<u>\$ 1,192,810</u>	<u>\$ 587,814</u>	<u>\$ 2,081,783</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	Hopkinton	Hopkinton	Jamestown	Johnston	Johnston	Johnston	Johnston Housing	Limerock Fire District
<i>General Employees</i>	•		•	•			•	
<i>Police</i>		•			•			
<i>Fire</i>						•		•
<i>Police and Fire</i>								
<i>Current Employer Unit Number(s)</i>	1262	1264	1272 1273	1282 1283	1284	1285	1286	1293
<i>Legacy Employer Unit Number</i>	3014	4087	3015	3016	1284	4016	3072	3098

<b>Additions</b>								
Contributions								
Member contributions	\$ 33,423	\$ 70,497	\$ 73,822	\$ 145,488	\$ 35,823	\$ 231,191	\$ 4,181	\$ 858
Employer contributions	106,729	98,125	404,890	1,050,131	35,823	276,573	43,891	9,082
Other (net)	-	-	89,528	253,162	37,680	-	(31,094)	-
Net investment income	684,310	718,132	1,630,134	4,198,765	30,268	681,794	155,873	36,913
<b>Total Additions</b>	<u>824,462</u>	<u>886,754</u>	<u>2,198,374</u>	<u>5,647,546</u>	<u>139,594</u>	<u>1,189,558</u>	<u>172,851</u>	<u>46,853</u>
<b>Deductions</b>								
Retirement benefits and refunds	175,064	465,771	574,826	2,797,073	7	72,130	69,153	14,550
Administrative expense	4,285	4,497	10,208	26,293	190	4,269	976	231
<b>Total Deductions</b>	<u>179,349</u>	<u>470,268</u>	<u>585,034</u>	<u>2,823,365</u>	<u>197</u>	<u>76,399</u>	<u>70,129</u>	<u>14,781</u>
<b>Net Increase</b>	<u>645,113</u>	<u>416,486</u>	<u>1,613,341</u>	<u>2,824,181</u>	<u>139,397</u>	<u>1,113,159</u>	<u>102,722</u>	<u>32,072</u>
<b>Net position held in trust for pension benefits</b>								
Beginning of year	4,492,778	4,975,344	10,625,925	28,700,722	87,857	4,005,841	1,067,597	245,076
End of year	<u>\$ 5,137,891</u>	<u>\$ 5,391,830</u>	<u>\$ 12,239,266</u>	<u>\$ 31,524,902</u>	<u>\$ 227,254</u>	<u>\$ 5,118,999</u>	<u>\$ 1,170,319</u>	<u>\$ 277,148</u>

See notes to Schedule.



**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

Employer Unit Type	Lincoln	Lincoln Rescue	Lincoln Housing	Middletown	Middletown	Narragansett Housing	New Shoreham
General Employees	•		•	•		•	•
Police							
Fire		•					
Police and Fire					•		
Current Employer Unit Number(s)	1302 1303	1305	1306	1322 1323	1324	1336	1342 1343
Legacy Employer Unit Number	3017	4107	3057	3019	4109	3043	3022
<b>Additions</b>							
Contributions							
Member contributions	\$ 9,159	\$ 73,273	\$ 7,509	\$ 113,801	\$ 227,700	\$ 3,570	\$ 41,678
Employer contributions	102,118	144,073	53,566	664,994	100,942	8,238	168,351
Other (net)	212,009	-	-	124	556	-	(8,676)
Net investment income	247,030	417,750	222,621	2,287,085	615,657	67,645	867,957
<b>Total Additions</b>	<u>570,315</u>	<u>635,096</u>	<u>283,696</u>	<u>3,066,004</u>	<u>944,855</u>	<u>79,453</u>	<u>1,069,310</u>
<b>Deductions</b>							
Retirement benefits and refunds	102,825	151,747	105,208	974,316	52,136	5,256	248,780
Administrative expense	1,547	2,616	1,394	14,322	3,855	424	5,435
<b>Total Deductions</b>	<u>104,372</u>	<u>154,363</u>	<u>106,602</u>	<u>988,638</u>	<u>55,991</u>	<u>5,679</u>	<u>254,215</u>
<b>Net Increase</b>	<u>465,943</u>	<u>480,732</u>	<u>177,094</u>	<u>2,077,366</u>	<u>888,865</u>	<u>73,774</u>	<u>815,095</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	1,388,789	2,655,794	1,494,374	15,094,377	3,733,572	434,114	5,701,647
End of year	<u>\$ 1,854,733</u>	<u>\$ 3,136,527</u>	<u>\$ 1,671,469</u>	<u>\$ 17,171,743</u>	<u>\$ 4,622,437</u>	<u>\$ 507,888</u>	<u>\$ 6,516,742</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	New Shoreham	Newport	Newport Housing	North Cumberland Fire District	North Kingstown	North Kingstown	North Kingstown
<i>General Employees</i>		•	•		•		
<i>Police</i>	•					•	
<i>Fire</i>				•			•
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1344	1352 1353 1354	1356	1365	1372 1373	1374	1375
<i>Legacy Employer Unit Number</i>	4108	3021	3069	4101	3023	4056	4055

**Additions**

Contributions

Member contributions	\$ 22,875	\$ 226,656	\$ 30,828	\$ 56,475	\$ 224,417	\$ 226,530	\$ 294,378
Employer contributions	52,664	2,240,214	290,928	105,004	1,737,697	644,767	758,704
Other (net)	8,780	119,179	-	68,883	(7,037)	472	6,333
Net investment income	146,745	6,243,957	886,530	591,786	6,151,942	2,556,525	3,899,709
<b>Total Additions</b>	<b>231,064</b>	<b>8,830,007</b>	<b>1,208,286</b>	<b>822,148</b>	<b>8,107,019</b>	<b>3,428,293</b>	<b>4,959,124</b>

**Deductions**

Retirement benefits and refunds	77,381	4,944,136	552,709	208,505	3,689,223	1,366,622	2,106,121
Administrative expense	919	39,100	5,551	3,706	38,523	16,009	24,420
<b>Total Deductions</b>	<b>78,300</b>	<b>4,983,235</b>	<b>558,260</b>	<b>212,211</b>	<b>3,727,746</b>	<b>1,382,631</b>	<b>2,130,541</b>

**Net Increase**

	<b>152,764</b>	<b>3,846,772</b>	<b>650,026</b>	<b>609,937</b>	<b>4,379,273</b>	<b>2,045,662</b>	<b>2,828,583</b>
--	----------------	------------------	----------------	----------------	------------------	------------------	------------------

**Net position held in trust**

**for pension benefits**

<b>Beginning of year</b>	949,014	43,033,711	6,006,165	3,833,271	41,810,345	17,149,078	26,450,966
<b>End of year</b>	<b>\$ 1,101,779</b>	<b>\$ 46,880,482</b>	<b>\$ 6,656,191</b>	<b>\$ 4,443,208</b>	<b>\$ 46,189,618</b>	<b>\$ 19,194,740</b>	<b>\$ 29,279,549</b>

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	North Providence	North Providence	North Providence Housing	North Smithfield	North Smithfield	North Smithfield Voluntary Fire	Northern RI Collaborative	Pawtucket
<i>General Employees</i>	•		•	•			•	•
<i>Police</i>					•			
<i>Fire</i>		•				•		
<i>Police and Fire</i>								
<i>Current Employer Unit Number(s)</i>	1382 1383	1385	1386	1392 1393	1394	1395 1435	1403	1412 1413
<i>Legacy Employer Unit Number</i>	3024	4058	3066	3025	4076	4047	3081	3026

<b>Additions</b>								
Contributions								
Member contributions	\$ 79,175	\$ 364,178	\$ 5,333	\$ 77,177	\$ 104,549	\$ 98,064	\$ 17,434	\$ 383,778
Employer contributions	482,264	912,444	60,801	193,061	182,437	164,638	55,813	2,748,725
Other (net)	(461,535)	4,946	-	(104,406)	-	2,085	-	(9,184)
Net investment income	3,808,732	4,114,352	113,623	1,880,372	1,177,979	878,607	372,053	12,248,352
<b>Total Additions</b>	<b>3,908,636</b>	<b>5,395,921</b>	<b>179,757</b>	<b>2,046,203</b>	<b>1,464,965</b>	<b>1,143,394</b>	<b>445,300</b>	<b>15,371,671</b>
<b>Deductions</b>								
Retirement benefits and refunds	1,573,501	2,088,125	103,138	776,322	654,847	291,902	185,235	8,289,462
Administrative expense	23,850	25,764	712	11,775	7,376	5,502	2,330	76,699
<b>Total Deductions</b>	<b>1,597,351</b>	<b>2,113,889</b>	<b>103,850</b>	<b>788,097</b>	<b>662,224</b>	<b>297,404</b>	<b>187,564</b>	<b>8,366,161</b>
<b>Net Increase</b>	<b>2,311,285</b>	<b>3,282,032</b>	<b>75,908</b>	<b>1,258,106</b>	<b>802,741</b>	<b>845,989</b>	<b>257,736</b>	<b>7,005,509</b>
<b>Net position held in trust for pension benefits</b>								
Beginning of year	26,285,193	27,609,082	777,186	12,859,982	8,041,682	5,750,708	2,535,690	84,956,788
End of year	<u>\$ 28,596,477</u>	<u>\$ 30,891,114</u>	<u>\$ 853,094</u>	<u>\$ 14,118,088</u>	<u>\$ 8,844,423</u>	<u>\$ 6,596,698</u>	<u>\$ 2,793,426</u>	<u>\$ 91,962,298</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

Employer Unit Type	Pawtucket Housing	Richmond	Richmond	Scituate	Scituate	Smithfield	Smithfield
General Employees	•	•		•			•
Police			•		•		
Fire						•	
Police and Fire							
Current Employer Unit Number(s)	1416	1452	1454	1462 1463	1464	1465	1472 1473
Legacy Employer Unit Number	3053	3029	4029	3030	4073	1465	3031
<b>Additions</b>							
Contributions							
Member contributions	\$ 56,749	\$ 9,770	\$ 60,573	\$ 53,046	\$ -	\$ 37,684	\$ 63,703
Employer contributions	-	96,455	57,398	382,765	-	37,684	239,838
Other (net)	66	59	-	(47,727)	-	22,656	(62,377)
Net investment income	1,847,171	264,216	185,875	1,388,236	27,063	98,832	1,669,363
<b>Total Additions</b>	<u>1,903,986</u>	<u>370,499</u>	<u>303,846</u>	<u>1,776,320</u>	<u>27,063</u>	<u>196,855</u>	<u>1,910,527</u>
<b>Deductions</b>							
Retirement benefits and refunds	384,376	107,897	63,940	850,773	3,615	24	835,313
Administrative expense	11,567	1,655	1,164	8,693	169	619	10,454
<b>Total Deductions</b>	<u>395,943</u>	<u>109,551</u>	<u>65,104</u>	<u>859,466</u>	<u>3,785</u>	<u>643</u>	<u>845,767</u>
<b>Net Increase</b>	<u>1,508,044</u>	<u>260,948</u>	<u>238,743</u>	<u>916,854</u>	<u>23,278</u>	<u>196,212</u>	<u>1,064,760</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	12,360,765	1,722,820	1,156,834	9,506,211	179,911	545,834	11,469,041
End of year	<u>\$ 13,868,809</u>	<u>\$ 1,983,769</u>	<u>\$ 1,395,577</u>	<u>\$ 10,423,065</u>	<u>\$ 203,189</u>	<u>\$ 742,046</u>	<u>\$ 12,533,801</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	Smithfield	Smithfield Housing	Smithfield (COLA)	South Kingstown	South Kingstown	South Kingstown Housing	South Kingstown (EMT)
<i>General Employees</i>		•	•	•		•	
<i>Police</i>	•				•		
<i>Fire</i>							•
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1474	1476	1478	1492 1493	1494	1496	1505
<i>Legacy Employer Unit Number</i>	4031	3084	3094	3032	4063	3080	4099

**Additions**

Contributions

Member contributions	\$ 227,478	\$ 1,419	\$ 66,806	\$ 247,508	\$ 257,164	\$ 3,564	\$ 63,498
Employer contributions	133,929	3,399	289,607	1,298,368	468,675	6,556	33,018
Other (net)	-	-	-	4,318	801	-	154
Net investment income	1,681,302	57,880	1,878,173	6,851,087	2,930,811	48,797	478,328
<b>Total Additions</b>	<u>2,042,709</u>	<u>62,698</u>	<u>2,234,586</u>	<u>8,401,281</u>	<u>3,657,450</u>	<u>58,917</u>	<u>574,999</u>

**Deductions**

Retirement benefits and refunds	215,212	14	684,734	2,713,486	1,630,699	12	72,944
Administrative expense	10,528	362	11,761	42,901	18,353	306	2,995
<b>Total Deductions</b>	<u>225,740</u>	<u>377</u>	<u>696,495</u>	<u>2,756,387</u>	<u>1,649,052</u>	<u>318</u>	<u>75,939</u>

**Net Increase**

	<u>1,816,969</u>	<u>62,321</u>	<u>1,538,091</u>	<u>5,644,894</u>	<u>2,008,398</u>	<u>58,599</u>	<u>499,060</u>
--	------------------	---------------	------------------	------------------	------------------	---------------	----------------

**Net position held in trust  
for pension benefits**

Beginning of year	10,806,475	372,249	12,563,484	45,794,003	19,996,526	307,773	3,092,294
End of year	<u>\$ 12,623,444</u>	<u>\$ 434,570</u>	<u>\$ 14,101,575</u>	<u>\$ 51,438,896</u>	<u>\$ 22,004,925</u>	<u>\$ 366,372</u>	<u>\$ 3,591,354</u>

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	Union Fire District	Tiogue Lighting and Fire District	Tiverton	Tiverton	Tiverton (Local 2670A)	Valley Falls Fire District	Warren	Warren
<i>General Employees</i>	•	•	•		•		•	
<i>Police</i>								
<i>Fire</i>				•		•		
<i>Police and Fire</i>								•
<i>Current Employer Unit Number(s)</i>	1515	1528	1532 1533	1534	1538	1555	1562	1564 1565
<i>Legacy Employer Unit Number</i>	3027	3042	3033	4077	3077	4042	3034	4062

**Additions**

Contributions

Member contributions	\$ 2,881	\$ -	\$ 67,392	\$ 133,465	\$ 18,161	\$ 52,114	\$ 40,521	\$ 111,691
Employer contributions	21,523	-	129,321	164,296	89,438	102,119	270,622	343,729
Other (net)	-	-	24,574	(154)	-	-	-	-
Net investment income	82,535	6,478	1,732,208	1,297,206	525,526	439,591	671,865	1,234,929
<b>Total Additions</b>	<u>106,939</u>	<u>6,478</u>	<u>1,953,494</u>	<u>1,594,813</u>	<u>633,125</u>	<u>593,824</u>	<u>983,008</u>	<u>1,690,349</u>

**Deductions**

Retirement benefits and refunds	13,404	1,870	530,246	653,720	206,525	280,489	453,981	608,108
Administrative expense	517	41	10,847	8,123	3,291	2,753	4,207	7,733
<b>Total Deductions</b>	<u>13,920</u>	<u>1,910</u>	<u>541,093</u>	<u>661,843</u>	<u>209,816</u>	<u>283,242</u>	<u>458,189</u>	<u>615,842</u>

<b>Net Increase</b>	<u>93,018</u>	<u>4,568</u>	<u>1,412,401</u>	<u>932,970</u>	<u>423,309</u>	<u>310,582</u>	<u>524,819</u>	<u>1,074,507</u>
---------------------	---------------	--------------	------------------	----------------	----------------	----------------	----------------	------------------

**Net position held in trust  
for pension benefits**

<b>Beginning of year</b>	526,667	44,071	11,593,250	8,806,631	3,522,415	2,989,928	4,519,637	8,197,511
<b>End of year</b>	<u>\$ 619,685</u>	<u>\$ 48,639</u>	<u>\$ 13,005,651</u>	<u>\$ 9,739,601</u>	<u>\$ 3,945,724</u>	<u>\$ 3,300,510</u>	<u>\$ 5,044,456</u>	<u>\$ 9,272,018</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

<i>Employer Unit Type</i>	Warren Housing	West Greenwich	West Greenwich	West Warwick Housing	Westerly	Woonsocket	Woonsocket
<i>General Employees</i>	•	•		•	•	•	
<i>Police</i>							•
<i>Fire</i>							
<i>Police and Fire</i>			•				
<i>Current Employer Unit Number(s)</i>	1566	1602	1604	1616	1622 1623	1632 1633	1634
<i>Legacy Employer Unit Number</i>	3071	3037	4089	3083	3036	3039	4085
<b>Additions</b>							
Contributions							
Member contributions	\$ 5,466	\$ 19,458	\$ 63,821	\$ 9,320	\$ -	\$ 222,933	\$ 413,635
Employer contributions	18,450	133,678	142,798	51,581	183,142	1,000,863	948,214
Other (net)	31,094	-	-	-	-	(77,808)	(36,501)
Net investment income	175,337	330,414	467,061	230,171	29,732	8,312,035	4,613,983
<b>Total Additions</b>	<u>230,347</u>	<u>483,551</u>	<u>673,680</u>	<u>291,072</u>	<u>212,874</u>	<u>9,458,024</u>	<u>5,939,330</u>
<b>Deductions</b>							
Retirement benefits and refunds	127,562	270,850	229,912	72,970	141,905	4,641,346	2,382,563
Administrative expense	1,098	2,069	2,925	1,441	186	52,050	28,893
<b>Total Deductions</b>	<u>128,660</u>	<u>272,919</u>	<u>232,837</u>	<u>74,412</u>	<u>142,091</u>	<u>4,693,396</u>	<u>2,411,456</u>
<b>Net Increase</b>	<u>101,688</u>	<u>210,631</u>	<u>440,844</u>	<u>216,660</u>	<u>70,783</u>	<u>4,764,628</u>	<u>3,527,874</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	1,214,769	2,270,161	3,065,913	1,511,496	152,446	57,643,266	31,114,536
End of year	<u>\$ 1,316,456</u>	<u>\$ 2,480,792</u>	<u>\$ 3,506,756</u>	<u>\$ 1,728,156</u>	<u>\$ 223,229</u>	<u>\$ 62,407,893</u>	<u>\$ 34,642,410</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedule of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2014**

Employer Unit Type	Woonsocket	Albion Fire District	Albion Fire District	Harrisville Fire District	Harrisville Fire District	Total
General Employees		•		•		
Police						
Fire	•		•		•	
Police and Fire						
Current Employer Unit Number(s)	1635	1702	1705	1712	1715	
Legacy Employer Unit Number	4093	3103	4111	3102	4110	

**Additions**

Contributions

Member contributions	\$ 550,936	\$ -	\$ 17,055	\$ 4,770	\$ 28,265	\$ 11,312,953
Employer contributions	516,516	7,394	43,175	11,687	23,346	37,897,122
Other (net)	-	-	-	-	-	73,530
Net investment income	5,442,627	17,101	94,203	85,978	159,986	185,631,282
<b>Total Additions</b>	<u>6,510,080</u>	<u>24,495</u>	<u>154,432</u>	<u>102,435</u>	<u>211,597</u>	<u>234,914,887</u>

**Deductions**

Retirement benefits and refunds	1,020,514	4	22,833	21	39	89,303,185
Administrative expense	34,082	107	590	538	1,002	1,162,418
<b>Total Deductions</b>	<u>1,054,596</u>	<u>111</u>	<u>23,422</u>	<u>560</u>	<u>1,041</u>	<u>90,465,603</u>

**Net Increase**

	<u>5,455,484</u>	<u>24,384</u>	<u>131,010</u>	<u>101,876</u>	<u>210,556</u>	<u>144,449,284</u>
--	------------------	---------------	----------------	----------------	----------------	--------------------

**Net position held in trust  
for pension benefits**

Beginning of year	35,408,504	104,013	576,281	543,660	990,640	1,249,295,660
End of year	<u>\$ 40,863,988</u>	<u>\$ 128,397</u>	<u>\$ 707,291</u>	<u>\$ 645,535</u>	<u>\$ 1,201,195</u>	<u>\$ 1,393,744,944</u>



# **Municipal Employees' Retirement System Agent Plan**

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION 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 Municipal Employees' Retirement System (MERS) was established by Rhode Island General Law and placed under the management of the Retirement 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.

### **2. Plan Membership and Benefit Provisions**

**Participating employers are summarized below:**

Municipalities, housing authorities, water and sewer districts	68
Municipal police and fire departments	<u>45</u>
Total participating units as of the actuarial valuation at June 30, 2013	<u>113</u>

**Plan members:**

	<i>Retirees and beneficiaries</i>	<i>Terminated plan members entitled to but not yet receiving benefits</i>	<i>Active Vested</i>	<i>Active Non-vested</i>	<i>Total by Plan</i>
MERS					
General Employees	4,393	2,545	3,418	2,483	12,839
Public Safety	<u>678</u>	<u>148</u>	<u>766</u>	<u>689</u>	<u>2,281</u>
Total by type	5,071	2,693	4,184	3,172	15,120

**Plan vesting provisions** – after five years of service.

**Retirement eligibility and plan benefits** – For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member's full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012 the retirement age will mirror the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

# ***Municipal Employees' Retirement System Agent Plan***

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

### **2. Plan Membership and Benefit Provisions (continued)**

Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62).

Prior to June 30, 2012 police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The new retirement age will be 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters, that are at least 45 years old, have 10 or more years of contributing service and are eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52.

As of June 30, 2012 members will continue to have a frozen benefit accrual of 2.0% per year for a standard 25 year with any age and out plan; 2.5% for a standard 20 year with any age and out plan. Effective July 1, 2012 the optional 20 and 25 year with retirement at any age plans have been eliminated. The benefit accrual for all plans will be 2.0% per year based on the five-year average compensation, exclusive of overtime. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit will be calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act.

The plan also provides survivor's benefits; and certain lump sum death benefits.

***Cost of Living Adjustments*** – An optional cost-of-living provision may be elected for police and fire personnel and general employees. The Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80% funded eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. For police and fire units, COLA will be delayed until the later of age 55 or three years after retirement. For general employee units, COLA will be delayed until the later of the Social Security Normal Retirement Age or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

***Disability retirement provisions*** - The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

### **3. Relationship to the Plan Financial Statements**

Contributions, benefits and net position are maintained for each MERS employer unit. Certain costs which are common to the administration of the overall pension system are allocated first to the each plan and then to each MERS employer unit.

# Municipal Employees' Retirement System Agent Plan

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

### 3. Relationship to the Plan Financial Statements (continued)

This report was prepared to provide participating employers with additional information needed to comply with the financial reporting requirements of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Additional financial information for the Employees' Retirement System of Rhode Island (including the MERS plan) is available in the System's audited financial statements for the fiscal year ended June 30, 2014 at [www.ersri.org](http://www.ersri.org).

Certain additions and deductions are presented differently on the Schedule of Changes in Fiduciary Net Position by Employer from the presentation in the System's audited financial statements for the fiscal year ended June 30, 2014 as summarized below.

As presented in the on System's audited financial statements for the fiscal year ended June 30, 2014:	
Interest on service credits purchased	\$69,543
Miscellaneous revenue	16,530
Service credit transfers (net)	(12,543)
As presented in the Schedule of Changes in Fiduciary Net Position by Employer:	
<b>Additions</b> – Other (net)	\$73,530

Rounding results in minor differences between the Schedule of Changes in Fiduciary Net Position by Employer and the System's audited financial statements for the fiscal year ended June 30, 2014.

### 4. Summary of Significant Accounting Policies

**Basis of Accounting** –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.

These financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for defined benefit and defined contribution plans established and administered by governmental entities.

**Cash and Cash Equivalents** - Cash represents cash held in trust in a financial institution. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase.

**Investments** - Investment transactions are recorded on a trade date basis. Gains or losses on foreign currency exchange contracts are included in income consistent with changes in the underlying exchange rates. Dividend income is recorded on the ex-dividend date.

**Method Used to Value Investments** - Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller - that is, other than a forced liquidation sale.

Short-term investments are generally carried at cost or amortized cost, which approximates fair value.

# ***Municipal Employees' Retirement System Agent Plan***

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

### **4. Summary of Significant Accounting Policies (continued)**

The fair value of fixed income securities and domestic and international equity securities is generally based on published market prices and quotations from national security exchanges and securities pricing services. The fair value of mutual fund investments reflects the published closing net asset value as reported by the fund manager.

Commingled funds include institutional domestic equity index and international equity index funds. The fair value of these commingled funds is based on the reported net asset value (NAV) based upon the fair value of the underlying securities or assets held in the fund. The determination of fair value for other commingled funds, which include hedge, private equity, and real estate funds is described in the succeeding paragraphs.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

The System also trades in foreign exchange contracts to manage exposure to foreign currency risks. Such contracts are used to purchase and sell foreign currency at a guaranteed future price. The change in the estimated fair value of these contracts, which reflects current foreign exchange rates, is included in the determination of the fair value of the System's investments.

Other investments that are not traded on a national security exchange (primarily private equity and real estate investments) are generally valued based on audited December 31 net asset values adjusted for (1) cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions), and (2) significant changes in fair value as determined or estimated by the general partners as of June 30. The general partners estimate the fair value of the underlying investments held by the partnership periodically. Publicly traded investments held by the partnerships are valued based on quoted market prices. If not publicly traded, the fair value is determined by the general partner. Financial Accounting Standards Board ASC Topic 820, *Fair Value Measurements and Disclosures*, requires private equity and real estate limited partnership general partners to value non-publicly traded assets at current fair value, taking into consideration the financial performance of the issuer, cash flow analysis, recent sales prices, market comparable transactions, a new round of financing, a change in economic conditions, and other pertinent information. ERSRI management considers the fair values reported by the general partners at June 30 in addition to the audited net asset values at December 31 adjusted for cash flows for the period January 1 to June 30 in determining the fair value of private equity and real estate investments on the financial statements of ERSRI.

Private equity and real estate investments represented 6.6% and 3.1%, respectively of the total reported fair value of all ERSRI investments at June 30, 2014. Of the underlying holdings within private equity investments, approximately 21% were valued based on quoted market prices. The remaining underlying assets were valued generally following the objectives outlined above. Because these fair values were not determined based on quoted market prices, the fair values may differ from the values that would have been determined had a ready market for these investments existed.

Hedge funds are valued based on information provided by the fund manager and as verified by their respective third party administrator. Of the underlying holdings within the hedge funds approximately 69% were valued based on Tier 1 inputs (unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted investments) and 25% as Tier 2 inputs (other significant inputs, either directly or indirectly, at the measurement date such as a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets and liabilities in markets that are not active; c) observable inputs, other than quoted prices, for assets and liabilities; or d) inputs that are derived from or corroborated by observable market data by correlation

# ***Municipal Employees' Retirement System Agent Plan***

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

### **4. Summary of Significant Accounting Policies ( continued)**

or other means). The remaining underlying holdings within the hedge funds approximating 6% were valued based on Tier 3 inputs (unobservable inputs which are developed based on the best information available in the circumstances, which might include the fund's own data).

**Contributions** - Plan member contributions for the defined benefit plans 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 each defined benefit plan are recognized when due and the employer has made a formal commitment to provide the contributions.

**Benefits** - Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Investment expenses** – Certain investment management expenses are presented separately as a component of net investment income and include investment consultants, custodial fees, direct investment expenses allocated by managers, and allocated Office of the General Treasurer expenses associated with oversight of the portfolio. In some instances (hedge funds, private equity, real estate investments, and cash investments), investment related costs are not readily separable from investment income and consequently investment income is recorded net of related expenses.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies. These estimates are subject to a certain amount of uncertainty in the near term, which could result in changes in the values reported for those assets in the statements of fiduciary net position. Because of the inherent uncertainty in the valuation of privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the difference can be material. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from these estimates.

### **5. Contributions**

Contribution requirements for plan members and employers are established pursuant to Rhode Island General Laws. Employers are required to contribute at an actuarially determined rate for the defined benefit plans. Employer contributions for the defined contribution plan are prescribed by statute. Plan member contributions for the defined benefit and defined contribution plans are fixed by statute. Member and employer contribution rates are subject to amendment by the General Assembly.

#### **(a). Funding Policy**

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 45-21-42 provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 7.5 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

# **Municipal Employees' Retirement System Agent Plan**

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

### **5. Contributions (continued)**

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each individual member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. This method is commonly referred to as the Individual Entry Age Actuarial Cost Method.

The unfunded actuarial accrued liability (UAAL) is amortized as a level percent of payroll over a closed period. For underfunded plans, the period is 25 years as measured from June 30, 2010, or 21 years as of the current valuation date for any existing UAAL. Beginning with the June 30, 2014 actuarial valuation, new experience gains and losses for underfunded plans are amortized over individual closed periods of 20 years using the process of "laddering". Overfunded plans will have an amortization rate calculated using a single base amortized over an open period of 20 years.

#### **(b). Contribution rates**

Employer contribution rates for fiscal 2014 for MERS employers were developed based on actuarial valuations performed as of June 30, 2011. Employee contribution rates are statutorily determined. The table below displays the contribution rates for the year ended June 30, 2014:

<b>Plan</b>	<b>Employee</b>	<b>Employer</b>
General Employees	1.00% (additional 1% with a cost-of-living adjustment)	68 Municipalities, housing authorities, water and sewer districts contributed various actuarially determined rates.
Public Safety	7.00% (additional 1% with a cost-of-living adjustment)	45 Municipal police and fire departments contributed various actuarially determined rates.

### **6. Administrative Expenses**

Pursuant to General Law section 36-8-10.1, administrative costs of the System are financed through investment earnings up to a maximum of 0.175% of the average total investments before lending activities as reported in the annual report of the Auditor General for the next preceding five (5) fiscal years. Such amounts are transferred to a restricted receipt account within the State's general fund. Any unencumbered funds on June 30 of any fiscal year are credited to the plans in the same proportion as their contributions to the restricted receipt account.

Administrative expenses of the System, financed as described in the preceding paragraph, include expenses within the Office of General Treasurer related to oversight of the System's investment portfolio. Consistent with generally accepted accounting principles, these expenses have been included with investment expenses on the accompanying financial statements.

# ***Municipal Employees' Retirement System Agent Plan***

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

### **7. Commitments**

The State Investment Commission has committed to fund certain private equity and real estate investment managers at a predetermined subscription amount. Outstanding unfunded investment commitments at June 30, 2014 totaled \$461 million for the System as a whole. These commitments will be funded through cash available within the pooled investment trust generated through investment income and/or liquidation of other investments.

The system's investments in hedge funds are generally subject to "lock-up" provisions that limit (subject to certain exceptions) the ability to withdraw amounts previously invested for a period of one to three years after the initial investment. At June 30, 2014, investments totaling \$175,478,062 are subject to these withdrawal limitation provisions. In addition, assets totaling \$967,109 are held in Indus Asia Pacific Distribution Holding Company II, Ltd., a vehicle managing the liquidation of investments held in private securities. Cash will be distributed as investments are sold. The remainder of hedge fund assets are available for redemption either on a month end or quarter end basis, and are subject to notice periods which vary by fund and range from 2 days to 90 days.

The System is committed under a ten-year development and operating agreement to design, transition, and implement new line-of-business, general ledger accounting system, and payroll administration systems. The contract requires monthly payments through fiscal 2022. Total payments over the contract period are estimated at \$22 million.

### **8. 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.
- 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.
- 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. Actuarial analyses of the pension settlement provisions enacted by the General Assembly and approved by the Court for each MERS employer unit as of June 30, 2014 are available on ERSRI's website at [ersri.org](http://ersri.org).

# ***Municipal Employees' Retirement System Agent Plan***

## NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

### **8. Subsequent events (continued)**

**Central Coventry Fire District** - The Central Coventry Fire District (CCFD), a participating employer in the MERS agent employer pension plan, was under the control of State appointed receiver. The System is an interested party and creditor of CCFD and had filed proof of claim for contributions owed to the System. The System had represented to the Superior Court that, in the event of CCFD's withdrawal from MERS in connection with a potential closure and liquidation of the CCFD, the district would be responsible for having total funds on deposit equal to the actuarial value of retirement and disability allowances in force, the vested rights of employees who have not yet retired and an amount equal to the accumulated contributions of those employees who have not acquired vested rights. CCFD does not have such an amount on deposit which is estimated at approximately \$5.6 million.

The Superior Court has returned, at the State's request, control of the CCFD to a local governing board. Employee contributions are current as of October 31, 2015; employer contributions receivable as of June 30, 2014 totaled \$438,219 and remain outstanding.