

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

**Municipal Employees' Retirement System
Multiple-Employer Defined Benefit Agent Plan**

GASB STATEMENT No. 68 REPORTS

FISCAL YEAR ENDED JUNE 30, 2019
(for Fiscal 2020 Employer Reporting)



Dennis E. Hoyle, CPA, Auditor General

Office of the Auditor General

General Assembly

State of Rhode Island



Office of the Auditor General

State of Rhode Island - General Assembly
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December 22, 2020

JOINT COMMITTEE ON LEGISLATIVE SERVICES:

SPEAKER Nicholas A. Mattiello, Chairman

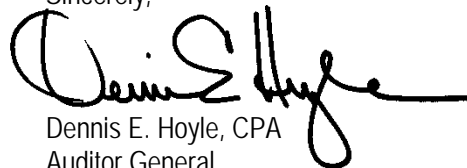
Senator Dominick J. Ruggerio
Senator Dennis L. Algieri
Representative K. Joseph Shekarchi
Representative Blake A. Fillippi

We have completed our audit of the Schedules of Changes in Fiduciary Net Position by Employer - Municipal Employees' Retirement System (MERS) plan for the fiscal year ended June 30, 2019. The Schedules are required for employers participating in the MERS multiple-employer defined benefit agent plan to meet their financial reporting responsibilities under generally 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, 2018, which was used as the basis for the actuarial valuation of the plan at that date rolled forward to June 30, 2019 – **the plan measurement date for fiscal 2020 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

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Municipal Employees' Retirement System

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GASB STATEMENT No. 68 REPORTS

FISCAL YEAR ENDED JUNE 30, 2019

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Municipal Employees' Retirement System

Multiple-Employer Defined Benefit 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, 2019 which includes the MERS plan financial statements. ERSRI has prepared and we have audited the Schedules of Changes in Fiduciary Net Position by Employer (the Schedules) for the fiscal year ended June 30, 2019. The amounts included in the Schedules are used by the actuary to determine the net pension liability or asset for each MERS participating employer at the June 30, 2019 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, 2018 used by the actuary to measure the total pension liability for each MERS participating employer. The June 30, 2018 actuarial data, rolled forward to June 30, 2019, was used as the basis for determining the total pension liability at the measurement date (June 30, 2019). **Our report on the census data is intended to be used by each participating employer and their auditors in meeting the employer's fiscal 2020 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.



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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, 2018 for the employers participating in MERS. The data in the 2018 valuations were rolled-forward to June 30, 2019 and used to prepare the GASB Statement No. 68 Accounting Valuation Reports as of June 30, 2019 for the employers participating in MERS. Management's assertions are:

1. The key census data elements as of June 30, 2018 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, 2017 through June 30, 2018. 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, 2018 properly reflects benefit provisions in effect through the measurement date of June 30, 2019 as outlined in Rhode Island General Law Title 45.
3. The census data provided to the actuary as of June 30, 2018 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, 2017 through June 30, 2018.

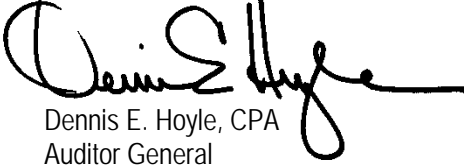
The System's management is responsible for the aforementioned census data assertions. Our responsibility is to express an opinion on these assertions based on our examination.

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.

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

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).

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

December 22, 2020



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INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the fiduciary net position as of June 30, 2019, and the changes in fiduciary net position for the year then ended, included in the accompanying Schedules 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, 2019, 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 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 an opinion on the fiduciary net position and the changes in fiduciary net position included in the Schedules 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. 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 Schedules, 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 Schedules 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 Schedules.

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.

Opinions

In our opinion, the Schedules referred to above presents fairly, in all material respects, the fiduciary net position of the Municipal Employees' Retirement System as of June 30, 2019, 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 Schedules referred to above presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2019 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.

Emphasis of Matters

The fair values of certain investments (hedge funds, private equity, real estate, certain infrastructure, and the crisis protection class - trend following investments) representing 28% of assets within the pooled investment trust, have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or general partners.

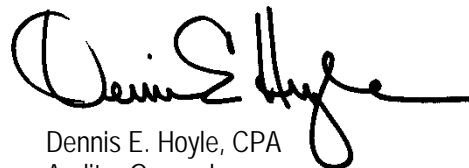
Our opinions are not modified with respect to these matters.

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 Plan within the Employees' Retirement System of Rhode Island as of and for the year ended June 30, 2019, and our report thereon, dated December 31, 2019, expressed an unmodified opinion on those financial statements.

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

December 22, 2020

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

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

| | | | | | | | | | | | | | | |
|-----------------------------------|----|-------------------|----|-------------------|----|------------------|----|------------------|----|-------------------|----|------------------|----|----------------|
| Additions | | | | | | | | | | | | | | |
| Contributions | | | | | | | | | | | | | | |
| Member contributions | \$ | 220,949 | \$ | 177,809 | \$ | 6,874 | \$ | 178,888 | \$ | 157,484 | \$ | 284,331 | \$ | 14,377 |
| Employer contributions | | 737,302 | | 618,778 | | 270,043 | | 141,680 | | 755,836 | | 184,247 | | 38,056 |
| Other (net) | | - | | - | | - | | - | | 60 | | - | | - |
| Net investment income | | 2,253,039 | | 644,305 | | 361,327 | | 250,021 | | 1,161,230 | | 589,445 | | 34,016 |
| Total Additions | | 3,211,290 | | 1,440,892 | | 638,244 | | 570,589 | | 2,074,610 | | 1,058,023 | | 86,449 |
| Deductions | | | | | | | | | | | | | | |
| Retirement benefits and refunds | | 2,368,243 | | 724,303 | | 792,057 | | 55,324 | | 1,496,103 | | 38,341 | | 17,356 |
| Administrative expense | | 35,220 | | 10,072 | | 5,648 | | 3,908 | | 18,152 | | 9,214 | | 532 |
| Service credit transfers (net) | | - | | - | | - | | - | | - | | - | | - |
| Total Deductions | | 2,403,463 | | 734,375 | | 797,705 | | 59,232 | | 1,514,255 | | 47,555 | | 17,888 |
| Net Increase | | 807,827 | | 706,517 | | (159,461) | | 511,357 | | 560,355 | | 1,010,468 | | 68,561 |
| Net position held in trust | | | | | | | | | | | | | | |
| for pension benefits | | | | | | | | | | | | | | |
| Beginning of year | | 35,263,754 | | 9,608,926 | | 5,944,378 | | 3,491,523 | | 18,031,161 | | 8,426,658 | | 476,038 |
| End of year | \$ | 36,071,581 | \$ | 10,315,443 | \$ | 5,784,917 | \$ | 4,002,880 | \$ | 18,591,516 | \$ | 9,437,126 | \$ | 544,599 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | Bristol Housing | Bristol/Warren Regional School | Burrillville | Burrillville | Burrillville Housing | Central Coventry Fire District | Central Falls |
|--|-----------------|--------------------------------|--------------|--------------|----------------------|--------------------------------|---------------|
| <i>General Employees</i> | • | • | • | | • | | • |
| <i>Police</i> | | | | • | | | |
| <i>Fire</i> | | | | | | • | |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1016 | 1023 | 1032 1033 | 1034 | 1036 | 1045 1235 1525 1585 | 1052 |
| <i>Legacy Employer Unit Number</i> | 3059 | 3100 | 3003 | 4090 | 3065 | 4102 | 3004 |

| Additions | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|-------------------|---------------------|---------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 20,165 | \$ 115,786 | \$ 189,728 | \$ 172,427 | \$ 4,265 | \$ 185,086 | \$ 36,423 |
| Employer contributions | - | 671,412 | 489,371 | 367,613 | 15,076 | 495,657 | 294,806 |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 142,927 | 1,101,894 | 1,879,140 | 704,300 | 58,519 | 623,513 | 328,815 |
| Total Additions | 163,092 | 1,889,092 | 2,558,239 | 1,244,340 | 77,860 | 1,304,256 | 660,044 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 85,070 | 1,571,133 | 1,738,151 | 635,158 | 87,079 | 821,902 | 475,542 |
| Administrative expense | 2,234 | 17,225 | 29,375 | 11,010 | 915 | 9,746 | 5,140 |
| Service credit transfers (net) | - | - | (42,749) | - | - | (98,424) | 15,105 |
| Total Deductions | 87,304 | 1,588,358 | 1,724,777 | 646,168 | 87,994 | 733,224 | 495,787 |
| Net Increase | 75,788 | 300,734 | 833,463 | 598,172 | (10,134) | 571,031 | 164,257 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 2,212,503 | 17,340,797 | 29,251,916 | 10,677,799 | 947,037 | 9,407,755 | 5,100,127 |
| End of year | \$ 2,288,291 | \$ 17,641,531 | \$ 30,085,379 | \$ 11,275,971 | \$ 936,903 | \$ 9,978,786 | \$ 5,264,384 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <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 | \$ 105,809 | \$ 26,364 | \$ 164,406 | \$ 88,481 | \$ 148,040 | \$ 61,084 | \$ 6,247 |
| Employer contributions | 361,247 | 124,335 | 594,701 | 192,132 | 410,661 | 131,147 | 43,663 |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 1,014,828 | 152,864 | 1,307,010 | 534,034 | 631,896 | 214,578 | 90,297 |
| Total Additions | 1,481,884 | 303,563 | 2,066,117 | 814,647 | 1,190,597 | 406,809 | 140,207 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 955,073 | 167,938 | 1,062,507 | 322,769 | 783,993 | 299,366 | 38,681 |
| Administrative expense | 15,864 | 2,390 | 20,431 | 8,348 | 9,878 | 3,354 | 1,412 |
| Service credit transfers (net) | 194,829 | - | 68,670 | - | - | - | - |
| Total Deductions | 1,165,766 | 170,328 | 1,151,608 | 331,117 | 793,871 | 302,720 | 40,093 |
| Net Increase | 316,118 | 133,236 | 914,508 | 483,530 | 396,727 | 104,089 | 100,114 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 15,931,476 | 2,314,149 | 20,010,966 | 8,066,443 | 9,720,039 | 3,331,346 | 1,345,572 |
| End of year | \$ 16,247,594 | \$ 2,447,385 | \$ 20,925,474 | \$ 8,549,973 | \$ 10,116,766 | \$ 3,435,435 | \$ 1,445,686 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

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

| Additions | | | | | | | |
|--|---------------------|-----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 914 | \$ 787,306 | \$ 1,097,900 | \$ 1,470,003 | \$ 32,276 | \$ 192,684 | \$ 112,394 |
| Employer contributions | - | 2,367,241 | 1,439,364 | 819,835 | 46,847 | 1,138,128 | 262,779 |
| Other (net) | - | 130 | - | 86 | - | 96 | - |
| Net investment income | 77,372 | 8,862,095 | 2,949,293 | 4,806,198 | 363,136 | 1,776,161 | 314,527 |
| Total Additions | 78,286 | 12,016,772 | 5,486,557 | 7,096,122 | 442,259 | 3,107,069 | 689,700 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 61,884 | 9,669,009 | 1,156,667 | 1,071,175 | 403,354 | 1,717,338 | 408,912 |
| Administrative expense | 1,210 | 138,535 | 46,104 | 75,131 | 5,677 | 27,765 | 4,917 |
| Service credit transfers (net) | - | 13,507 | - | - | - | (2,847) | - |
| Total Deductions | 63,094 | 9,821,051 | 1,202,771 | 1,146,306 | 409,031 | 1,742,256 | 413,829 |
| Net Increase | 15,193 | 2,195,721 | 4,283,787 | 5,949,816 | 33,229 | 1,364,813 | 275,871 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 1,223,569 | 139,688,091 | 42,934,978 | 70,998,339 | 5,780,652 | 27,071,879 | 4,759,751 |
| End of year | \$ 1,238,762 | \$ 141,883,812 | \$ 47,218,765 | \$ 76,948,155 | \$ 5,813,881 | \$ 28,436,692 | \$ 5,035,622 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <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 |

| Additions | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 11,616 | \$ 77,077 | \$ 119,069 | \$ 42,791 | \$ 240,278 | \$ 256,817 | \$ 11,042 |
| Employer contributions | 43,039 | 227,145 | 110,734 | 57,052 | 693,687 | 769,371 | 49,136 |
| Other (net) | 15 | - | - | - | - | - | - |
| Net investment income | 91,554 | 295,557 | 473,374 | 465,262 | 1,027,165 | 929,698 | 95,603 |
| Total Additions | 146,224 | 599,779 | 703,177 | 565,105 | 1,961,130 | 1,955,886 | 155,781 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 72,205 | 379,844 | 252,342 | 503,408 | 1,166,550 | 1,146,649 | 89,834 |
| Administrative expense | 1,431 | 4,620 | 7,400 | 7,273 | 16,057 | 14,533 | 1,494 |
| Service credit transfers (net) | - | - | - | 3,733 | 67,798 | - | - |
| Total Deductions | 73,636 | 384,464 | 259,742 | 514,414 | 1,250,405 | 1,161,182 | 91,328 |
| Net Increase | 72,588 | 215,314 | 443,435 | 50,691 | 710,725 | 794,704 | 64,453 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 1,393,207 | 4,516,603 | 7,135,346 | 7,398,225 | 15,734,384 | 14,089,957 | 1,466,156 |
| End of year | \$ 1,465,795 | \$ 4,731,917 | \$ 7,578,781 | \$ 7,448,916 | \$ 16,445,109 | \$ 14,884,661 | \$ 1,530,609 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | East Greenwich (COLA) | 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 |

| Additions | | | | | | | |
|-----------------------------------|----------------------|-------------------|----------------------|---------------------|-------------------|----------------------|---------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 172,225 | \$ - | \$ 540,278 | \$ 16,264 | \$ - | \$ 71,528 | \$ 29,863 |
| Employer contributions | 264,876 | - | 4,572,393 | 119,867 | - | 340,661 | 139,375 |
| Other (net) | - | - | 81 | - | - | - | - |
| Net investment income | 1,503,252 | 9,486 | 4,192,310 | 195,089 | 31,604 | 672,695 | 249,997 |
| Total Additions | 1,940,353 | 9,486 | 9,305,062 | 331,220 | 31,604 | 1,084,884 | 419,235 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 1,072,204 | 21,409 | 7,392,604 | 270,747 | 46,727 | 608,860 | 251,539 |
| Administrative expense | 23,499 | 148 | 65,535 | 3,050 | 494 | 10,516 | 3,908 |
| Service credit transfers (net) | 12,181 | - | (9,808) | - | - | - | (56,886) |
| Total Deductions | 1,107,884 | 21,557 | 7,448,331 | 273,797 | 47,221 | 619,376 | 198,561 |
| Net Increase | 832,469 | (12,072) | 1,856,732 | 57,423 | (15,617) | 465,508 | 220,674 |
| Net position held in trust | | | | | | | |
| for pension benefits | | | | | | | |
| Beginning of year | 23,234,884 | 163,937 | 65,262,940 | 3,065,989 | 521,596 | 10,304,445 | 3,781,828 |
| End of year | \$ 24,067,353 | \$ 151,865 | \$ 67,119,672 | \$ 3,123,412 | \$ 505,979 | \$ 10,769,953 | \$ 4,002,502 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | Foster | Foster/Glocester Regional School District | Glocester | Glocester | Greenville Water | Hope Valley - Wyoming Fire District | Hopkins Hill Fire District |
|--|--------|---|-----------|-----------|------------------|---|-------------------------------|
| <i>General Employees</i> | | • | • | | • | • | |
| <i>Police</i> | • | | | • | | | |
| <i>Fire</i> | | | | | | | • |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1194 | 1203 | 1212 1213 | 1214 | 1227 | 1242 | 1255 |
| <i>Legacy Employer Unit Number</i> | 4082 | 3041 | 3013 | 4088 | 3068 | 3046 | 4103 |

| Additions | | | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 51,692 | \$ 51,765 | \$ 81,269 | \$ 113,988 | \$ 6,805 | \$ 3,174 | \$ 78,995 |
| Employer contributions | 156,831 | 228,062 | 294,649 | 233,562 | 5,671 | - | 100,957 |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 186,853 | 481,801 | 588,393 | 458,040 | 88,035 | 30,841 | 206,097 |
| Total Additions | 395,376 | 761,628 | 964,311 | 805,590 | 100,511 | 34,015 | 386,049 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 274,845 | 458,010 | 609,098 | 389,561 | 37,890 | 31,938 | 35,858 |
| Administrative expense | 2,921 | 7,540 | 9,208 | 7,168 | 1,377 | 483 | 3,252 |
| Service credit transfers (net) | (16,915) | - | (3,540) | - | - | - | - |
| Total Deductions | 260,851 | 465,550 | 614,766 | 396,729 | 39,267 | 32,421 | 39,110 |
| Net Increase | 134,525 | 296,078 | 349,545 | 408,861 | 61,244 | 1,595 | 346,939 |
| Net position held in trust | | | | | | | |
| for pension benefits | | | | | | | |
| Beginning of year | 2,857,029 | 7,425,377 | 9,080,175 | 6,931,808 | 1,349,622 | 492,675 | 2,981,544 |
| End of year | \$ 2,991,554 | \$ 7,721,455 | \$ 9,429,720 | \$ 7,340,669 | \$ 1,410,866 | \$ 494,270 | \$ 3,328,483 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | Hopkinton | Hopkinton | Jamestown | Johnston | Johnston | Johnston | Johnston Housing |
|--|-----------|-----------|-----------|-----------|----------|----------|------------------|
| <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 |
| <i>Legacy Employer Unit Number</i> | 3014 | 4087 | 3015 | 3016 | 1284 | 4016 | 3072 |

| Additions | | | | | | | |
|--|---------------------|---------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 40,941 | \$ 112,614 | \$ 133,376 | \$ 215,773 | \$ 102,536 | \$ 422,066 | \$ 4,567 |
| Employer contributions | 39,871 | 331,873 | 451,879 | 1,361,051 | 78,612 | 358,292 | 48,955 |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 373,825 | 360,327 | 939,102 | 2,029,158 | 69,447 | 641,756 | 77,006 |
| Total Additions | 454,637 | 804,814 | 1,524,357 | 3,605,982 | 250,595 | 1,422,114 | 130,528 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 230,196 | 476,114 | 788,124 | 2,948,308 | - | 161,651 | 121,103 |
| Administrative expense | 5,898 | 5,685 | 14,817 | 32,016 | 1,096 | 10,126 | 1,215 |
| Service credit transfers (net) | 7,881 | - | (4,255) | (838) | - | - | - |
| Total Deductions | 243,975 | 481,799 | 798,686 | 2,979,486 | 1,096 | 171,777 | 122,318 |
| Net Increase | 210,662 | 323,014 | 725,671 | 626,497 | 249,499 | 1,250,337 | 8,210 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 5,826,646 | 5,496,292 | 14,440,911 | 32,144,559 | 872,102 | 9,114,125 | 1,235,455 |
| End of year | \$ 6,037,308 | \$ 5,819,306 | \$ 15,166,582 | \$ 32,771,056 | \$ 1,121,601 | \$ 10,364,462 | \$ 1,243,665 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | Lime Rock Fire District (Administrative) | Lincoln | Lincoln Rescue | Lincoln Housing | Middletown | Middletown | Narragansett Housing |
|--|--|-----------|----------------|-----------------|------------|------------|----------------------|
| <i>General Employees</i> | • | • | | • | • | | • |
| <i>Police</i> | | | | | | | |
| <i>Fire</i> | | | • | | | | |
| <i>Police and Fire</i> | | | | | | • | |
| <i>Current Employer Unit Number(s)</i> | 1293 | 1302 1303 | 1305 | 1306 | 1322 1323 | 1324 | 1336 |
| <i>Legacy Employer Unit Number</i> | 3098 | 3017 | 4107 | 3057 | 3019 | 4109 | 3043 |

| Additions | | | | | | | |
|--|-------------------|---------------------|---------------------|---------------------|----------------------|---------------------|-------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 5,430 | \$ 10,160 | \$ 85,860 | \$ 11,636 | \$ 146,946 | \$ 436,175 | \$ 3,783 |
| Employer contributions | 12,911 | 118,558 | 168,971 | 39,331 | 541,344 | 331,056 | 7,567 |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 23,215 | 166,538 | 257,077 | 108,095 | 1,245,565 | 606,305 | 44,686 |
| Total Additions | 41,556 | 295,256 | 511,908 | 159,062 | 1,933,855 | 1,373,536 | 56,036 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 14,541 | 102,764 | 258,085 | 135,743 | 1,231,566 | 58,369 | 4,366 |
| Administrative expense | 363 | 2,603 | 4,017 | 1,689 | 19,465 | 9,475 | 698 |
| Service credit transfers (net) | - | - | - | - | - | 1,214 | - |
| Total Deductions | 14,904 | 105,367 | 262,102 | 137,432 | 1,251,031 | 69,058 | 5,064 |
| Net Increase | 26,652 | 189,890 | 249,805 | 21,629 | 682,824 | 1,304,478 | 50,972 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 348,279 | 2,499,757 | 3,902,078 | 1,724,132 | 19,433,454 | 8,487,507 | 670,725 |
| End of year | \$ 374,931 | \$ 2,689,647 | \$ 4,151,883 | \$ 1,745,761 | \$ 20,116,278 | \$ 9,791,985 | \$ 721,697 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | New Shoreham | New Shoreham | Newport | Newport Housing | Newport Police Department | North Cumberland Fire District | North Kingstown |
|--|--------------|--------------|----------------|-----------------|---------------------------|--------------------------------|-----------------|
| <i>General Employees</i> | • | | • | • | | | • |
| <i>Police</i> | | • | | | • | | |
| <i>Fire</i> | | | | | | • | |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1342 1343 | 1344 | 1352 1353 1354 | 1356 | 1364 | 1365 | 1372 1373 |
| <i>Legacy Employer Unit Number</i> | 3022 | 4108 | 3021 | 3069 | 1364 | 4101 | 3023 |

| Additions | | | | | | | |
|--|---------------------|---------------------|----------------------|---------------------|-------------------|---------------------|----------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 62,942 | \$ 44,237 | \$ 440,083 | \$ 48,989 | \$ 100,310 | \$ 71,753 | \$ 341,289 |
| Employer contributions | 158,708 | 81,086 | 3,081,050 | 334,836 | 84,819 | 173,712 | 2,123,699 |
| Other (net) | - | 478 | - | - | - | - | - |
| Net investment income | 483,638 | 105,079 | 3,185,124 | 431,275 | 47,381 | 349,068 | 3,139,386 |
| Total Additions | 705,288 | 230,880 | 6,706,257 | 815,100 | 232,510 | 594,533 | 5,604,374 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 416,589 | 78,805 | 5,232,372 | 705,477 | - | 269,185 | 4,133,876 |
| Administrative expense | 7,558 | 1,642 | 49,776 | 6,740 | 740 | 5,455 | 49,061 |
| Service credit transfers (net) | 1,457 | - | (6,024) | - | - | - | 80 |
| Total Deductions | 425,604 | 80,447 | 5,276,124 | 712,217 | 740 | 274,640 | 4,183,017 |
| Net Increase | 279,684 | 150,433 | 1,430,133 | 102,883 | 231,770 | 319,893 | 1,421,357 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 7,531,214 | 1,546,630 | 50,010,621 | 6,862,345 | 532,523 | 5,317,692 | 49,280,709 |
| End of year | \$ 7,810,898 | \$ 1,697,063 | \$ 51,440,754 | \$ 6,965,228 | \$ 764,293 | \$ 5,637,585 | \$ 50,702,066 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | North Kingstown | North Kingstown | North Providence | North Providence | North Providence Housing | North Smithfield | North Smithfield |
|--|-----------------|-----------------|------------------|------------------|--------------------------|------------------|------------------|
| <i>General Employees</i> | | | • | | • | • | |
| <i>Police</i> | • | | | | | | • |
| <i>Fire</i> | | • | | • | | | |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1374 | 1375 | 1382 1383 | 1385 | 1386 | 1392 1393 | 1394 |
| <i>Legacy Employer Unit Number</i> | 4056 | 4055 | 3024 | 4058 | 3066 | 3025 | 4076 |

| Additions | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-------------------|----------------------|----------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 376,483 | \$ 510,489 | \$ 156,714 | \$ 520,878 | \$ 6,858 | \$ 107,390 | \$ 179,988 |
| Employer contributions | 1,038,338 | 1,526,866 | 498,883 | 1,473,508 | 71,688 | 236,973 | 380,133 |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 1,475,740 | 2,182,635 | 1,864,232 | 2,226,538 | 57,440 | 977,938 | 640,166 |
| Total Additions | 2,890,561 | 4,219,990 | 2,519,829 | 4,220,924 | 135,986 | 1,322,301 | 1,200,287 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 1,549,110 | 2,390,625 | 1,886,868 | 2,830,906 | 161,998 | 911,268 | 751,310 |
| Administrative expense | 23,062 | 34,109 | 29,133 | 34,795 | 898 | 15,283 | 10,004 |
| Service credit transfers (net) | - | 101,345 | (177,032) | - | - | 3,124 | 35,507 |
| Total Deductions | 1,572,172 | 2,526,079 | 1,738,969 | 2,865,701 | 162,896 | 929,675 | 796,821 |
| Net Increase | 1,318,389 | 1,693,911 | 780,860 | 1,355,223 | (26,910) | 392,626 | 403,466 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 22,515,278 | 33,556,329 | 29,327,073 | 34,604,074 | 954,584 | 15,401,376 | 9,935,415 |
| End of year | \$ 23,833,667 | \$ 35,250,240 | \$ 30,107,933 | \$ 35,959,297 | \$ 927,674 | \$ 15,794,002 | \$ 10,338,881 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | North Smithfield Fire and Rescue | Northern RI Collaborative | Pawtucket | Pawtucket Housing | Richmond | Richmond | Scituate |
|--|-------------------------------------|------------------------------|-----------|-------------------|----------|----------|-----------|
| <i>General Employees</i> | | • | • | • | • | | • |
| <i>Police</i> | | | | | | • | |
| <i>Fire</i> | • | | | | | | |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1395 1435 | 1403 | 1412 1413 | 1416 | 1452 | 1454 | 1462 1463 |
| <i>Legacy Employer Unit Number</i> | 4047 | 3081 | 3026 | 3053 | 3029 | 4029 | 3030 |

| | | | | | | | | | | | | | | |
|-----------------------------------|----|------------------|----|------------------|----|-------------------|----|-------------------|----|------------------|----|------------------|----|-------------------|
| Additions | | | | | | | | | | | | | | |
| Contributions | | | | | | | | | | | | | | |
| Member contributions | \$ | 141,843 | \$ | 20,585 | \$ | 700,122 | \$ | 100,121 | \$ | 26,464 | \$ | 72,458 | \$ | 89,060 |
| Employer contributions | | 221,700 | | 87,142 | | 3,433,074 | | - | | 99,782 | | 74,712 | | 484,355 |
| Other (net) | | - | | - | | 1,081 | | - | | - | | - | | - |
| Net investment income | | 522,207 | | 181,893 | | 5,987,342 | | 977,701 | | 156,940 | | 143,006 | | 678,700 |
| Total Additions | | 885,750 | | 289,620 | | 10,121,619 | | 1,077,822 | | 283,186 | | 290,176 | | 1,252,115 |
| Deductions | | | | | | | | | | | | | | |
| Retirement benefits and refunds | | 423,807 | | 253,292 | | 7,552,371 | | 556,814 | | 159,437 | | 38,304 | | 892,102 |
| Administrative expense | | 8,161 | | 2,843 | | 93,567 | | 15,279 | | 2,453 | | 2,235 | | 10,606 |
| Service credit transfers (net) | | - | | 292,441 | | (165,752) | | (15,910) | | 12,398 | | - | | (215,523) |
| Total Deductions | | 431,968 | | 548,576 | | 7,480,186 | | 556,183 | | 174,288 | | 40,539 | | 687,185 |
| Net Increase | | 453,782 | | (258,955) | | 2,641,433 | | 521,639 | | 108,898 | | 249,637 | | 564,930 |
| Net position held in trust | | | | | | | | | | | | | | |
| for pension benefits | | | | | | | | | | | | | | |
| Beginning of year | | 7,980,024 | | 3,196,585 | | 94,056,010 | | 15,268,533 | | 2,425,728 | | 2,059,971 | | 10,396,293 |
| End of year | \$ | 8,433,806 | \$ | 2,937,630 | \$ | 96,697,443 | \$ | 15,790,172 | \$ | 2,534,626 | \$ | 2,309,608 | \$ | 10,961,223 |

See notes to schedule.

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | Scituate | Smithfield | Smithfield | Smithfield | Smithfield Housing | Smithfield (COLA) | Scituate |
|--|----------|------------|------------|------------|--------------------|-------------------|----------|
| <i>General Employees</i> | | | • | | • | • | |
| <i>Police</i> | • | | | • | | | • |
| <i>Fire</i> | | • | | | | | |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1464 | 1465 | 1472 1473 | 1474 | 1476 | 1478 | 1484 |
| <i>Legacy Employer Unit Number</i> | 4073 | 1465 | 3031 | 4031 | 3084 | 3094 | 1484 |

| Additions | | | | | | | | | | | | | | |
|-----------------------------------|----|----------------|----|------------------|----|-------------------|----|-------------------|----|----------------|----|-------------------|----|-----------------|
| Contributions | | | | | | | | | | | | | | |
| Member contributions | \$ | - | \$ | 127,266 | \$ | 87,633 | \$ | 331,132 | \$ | 6,739 | \$ | 135,720 | \$ | 35,254 |
| Employer contributions | | - | | 91,123 | | 296,183 | | 305,303 | | - | | 369,074 | | 29,966 |
| Other (net) | | - | | - | | - | | - | | - | | - | | - |
| Net investment income | | 15,077 | | 115,982 | | 795,411 | | 1,112,518 | | 37,688 | | 1,018,984 | | 11,207 |
| Total Additions | | 15,077 | | 334,371 | | 1,179,227 | | 1,748,953 | | 44,427 | | 1,523,778 | | 76,427 |
| Deductions | | | | | | | | | | | | | | |
| Retirement benefits and refunds | | 3,609 | | - | | 845,161 | | 378,031 | | - | | 812,964 | | - |
| Administrative expense | | 236 | | 1,813 | | 12,430 | | 17,386 | | 589 | | 15,924 | | 175 |
| Service credit transfers (net) | | - | | (16,166) | | 132,372 | | - | | - | | (19,759) | | (12,397) |
| Total Deductions | | 3,845 | | (14,353) | | 989,963 | | 395,417 | | 589 | | 809,129 | | (12,222) |
| Net Increase | | 11,233 | | 348,724 | | 189,263 | | 1,353,536 | | 43,838 | | 714,649 | | 88,649 |
| Net position held in trust | | | | | | | | | | | | | | |
| for pension benefits | | | | | | | | | | | | | | |
| Beginning of year | | 232,242 | | 1,524,419 | | 12,656,866 | | 16,613,958 | | 564,844 | | 15,742,264 | | 92,128 |
| End of year | \$ | 243,475 | \$ | 1,873,143 | \$ | 12,846,129 | \$ | 17,967,494 | \$ | 608,682 | \$ | 16,456,913 | \$ | 180,777 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | South Kingstown | South Kingstown | South Kingstown Housing | South Kingstown (EMT) | Union Fire District | Tiogue Lighting and Fire District | Tiverton |
|--|-----------------|-----------------|-------------------------|-----------------------|---------------------|-----------------------------------|-----------|
| <i>General Employees</i> | • | | • | | • | • | • |
| <i>Police</i> | | • | | | | | |
| <i>Fire</i> | | | | • | | | |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1492 1493 | 1494 | 1496 | 1505 | 1515 | 1528 | 1532 1533 |
| <i>Legacy Employer Unit Number</i> | 3032 | 4063 | 3080 | 4099 | 3027 | 3042 | 3033 |

| Additions | | | | | | | |
|--|------------------|------------------|---------------|----------------|---------------|--------------|------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 398,154 | \$ 367,885 | \$ 3,875 | \$ 83,742 | \$ 8,351 | \$ - | \$ 87,046 |
| Employer contributions | 1,574,009 | 819,275 | - | 41,620 | 27,583 | - | 79,518 |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 3,642,487 | 1,565,078 | 32,516 | 283,246 | 57,643 | 3,131 | 897,595 |
| Total Additions | 5,614,650 | 2,752,238 | 36,391 | 408,608 | 93,577 | 3,131 | 1,064,159 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 3,756,129 | 1,787,461 | - | 126,334 | 13,383 | 2,034 | 728,475 |
| Administrative expense | 56,923 | 24,458 | 508 | 4,426 | 901 | 49 | 14,027 |
| Service credit transfers (net) | 246,782 | (92,649) | - | - | - | - | (27,298) |
| Total Deductions | 4,059,834 | 1,719,270 | 508 | 130,760 | 14,284 | 2,083 | 715,204 |
| Net Increase | 1,554,816 | 1,032,968 | 35,883 | 277,848 | 79,293 | 1,048 | 348,955 |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 57,272,490 | 24,243,526 | 489,281 | 4,296,680 | 851,654 | 49,501 | 14,147,485 |
| End of year | \$ 58,827,306 | \$ 25,276,494 | \$ 525,164 | \$ 4,574,528 | \$ 930,947 | \$ 50,549 | \$ 14,496,440 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | Tiverton | Tiverton (Local 2670A) | Valley Falls Fire District | Warren | Warren | Warren Housing | West Greenwich |
|--|----------|------------------------|----------------------------|--------|-----------|----------------|----------------|
| <i>General Employees</i> | | • | | • | | • | • |
| <i>Police</i> | | | | | | | |
| <i>Fire</i> | • | | • | | | | |
| <i>Police and Fire</i> | | | | | • | | |
| <i>Current Employer Unit Number(s)</i> | 1534 | 1538 | 1555 | 1562 | 1564 1565 | 1566 | 1602 |
| <i>Legacy Employer Unit Number</i> | 4077 | 3077 | 4042 | 3034 | 4062 | 3071 | 3037 |

| Additions | | | | | | | | | | | | | | |
|--|----|-------------------|----|------------------|----|------------------|----|------------------|----|-------------------|----|------------------|----|------------------|
| Contributions | | | | | | | | | | | | | | |
| Member contributions | \$ | 185,631 | \$ | 22,563 | \$ | 59,316 | \$ | 72,339 | \$ | 192,428 | \$ | 8,302 | \$ | 26,734 |
| Employer contributions | | 407,090 | | 87,200 | | 122,850 | | 272,398 | | 418,107 | | 1,993 | | 178,359 |
| Other (net) | | - | | - | | - | | - | | - | | - | | - |
| Net investment income | | 681,961 | | 262,276 | | 235,295 | | 384,616 | | 733,320 | | 73,494 | | 197,290 |
| Total Additions | | 1,274,682 | | 372,039 | | 417,461 | | 729,353 | | 1,343,855 | | 83,789 | | 402,383 |
| Deductions | | | | | | | | | | | | | | |
| Retirement benefits and refunds | | 748,021 | | 327,140 | | 280,642 | | 387,981 | | 752,826 | | 110,613 | | 248,087 |
| Administrative expense | | 10,657 | | 4,099 | | 3,677 | | 6,011 | | 11,460 | | 1,148 | | 3,080 |
| Service credit transfers (net) | | - | | - | | - | | 4,412 | | (6,981) | | - | | - |
| Total Deductions | | 758,678 | | 331,239 | | 284,319 | | 398,404 | | 757,305 | | 111,761 | | 251,167 |
| Net Increase | | 516,003 | | 40,800 | | 133,142 | | 330,950 | | 586,550 | | (27,971) | | 151,216 |
| Net position held in trust for pension benefits | | | | | | | | | | | | | | |
| Beginning of year | | 10,497,871 | | 4,195,041 | | 3,666,929 | | 5,880,722 | | 11,256,790 | | 1,213,886 | | 3,032,252 |
| End of year | \$ | 11,013,874 | \$ | 4,235,841 | \$ | 3,800,071 | \$ | 6,211,672 | \$ | 11,843,340 | \$ | 1,185,915 | \$ | 3,183,468 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | West Greenwich | West Warwick Housing | Westerly | Woonsocket | Woonsocket | Woonsocket | Albion Fire District |
|--|----------------|----------------------|-----------|------------|------------|------------|----------------------|
| <i>General Employees</i> | | • | • | • | | | • |
| <i>Police</i> | | | | | • | | |
| <i>Fire</i> | | | | | | • | |
| <i>Police and Fire</i> | • | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1604 | 1616 | 1622 1623 | 1632 1633 | 1634 | 1635 | 1702 |
| <i>Legacy Employer Unit Number</i> | 4089 | 3083 | 3036 | 3039 | 4085 | 4093 | 3103 |

| Additions | | | | | | | |
|--|---------------------|---------------------|-------------------|----------------------|----------------------|----------------------|-------------------|
| Contributions | | | | | | | |
| Member contributions | \$ 108,664 | \$ 7,945 | \$ - | \$ 338,259 | \$ 643,535 | \$ 700,658 | \$ - |
| Employer contributions | 207,547 | 61,413 | 181,261 | 1,407,307 | 1,915,140 | 812,771 | - |
| Other (net) | - | - | - | - | - | - | - |
| Net investment income | 317,414 | 97,729 | 35,167 | 3,920,149 | 2,633,650 | 3,322,291 | 8,927 |
| Total Additions | 633,625 | 167,087 | 216,428 | 5,665,715 | 5,192,325 | 4,835,720 | 8,927 |
| Deductions | | | | | | | |
| Retirement benefits and refunds | 251,747 | 163,646 | 128,647 | 4,855,213 | 2,655,342 | 2,014,998 | 9,474 |
| Administrative expense | 4,956 | 1,526 | 549 | 61,208 | 41,107 | 51,856 | 139 |
| Service credit transfers (net) | - | - | - | 166,962 | (7,631) | (17,657) | - |
| Total Deductions | 256,703 | 165,172 | 129,196 | 5,083,383 | 2,688,818 | 2,049,197 | 9,613 |
| Net Increase | 376,922 | 1,915 | 87,232 | 582,332 | 2,503,507 | 2,786,523 | (686) |
| Net position held in trust for pension benefits | | | | | | | |
| Beginning of year | 4,744,878 | 1,575,060 | 480,224 | 62,673,068 | 39,978,671 | 50,803,807 | 144,683 |
| End of year | \$ 5,121,800 | \$ 1,576,975 | \$ 567,456 | \$ 63,255,400 | \$ 42,482,178 | \$ 53,590,330 | \$ 143,997 |

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2019

| <i>Employer Unit Type</i> | Albion Fire District | Harrisville Fire District | Harrisville Fire District | Pascoag Fire District (Administrative) | Pascoag Fire District | Saylesville Fire District | Total |
|--|----------------------|---------------------------|---------------------------|--|-----------------------|---------------------------|-------|
| <i>General Employees</i> | | • | | • | | | |
| <i>Police</i> | | | | | | | |
| <i>Fire</i> | • | | • | | • | • | |
| <i>Police and Fire</i> | | | | | | | |
| <i>Current Employer Unit Number(s)</i> | 1705 | 1712 | 1715 | 1802 | 1805 | 1815 | |
| <i>Legacy Employer Unit Number</i> | 4111 | 3102 | 4110 | 1802 | 1805 | 1815 | |

Additions

Contributions

| | | | | | | | |
|------------------------|----------------|---------------|----------------|---------------|----------------|---------------|--------------------|
| Member contributions | \$ 30,081 | \$ 11,044 | \$ 46,757 | \$ 993 | \$ 30,565 | \$ 12,349 | \$ 18,056,915 |
| Employer contributions | 51,379 | 11,022 | 18,423 | 6,570 | 59,080 | 11,128 | 50,839,052 |
| Other (net) | - | - | - | - | - | - | 2,027 |
| Net investment income | 71,964 | 61,357 | 119,482 | 2,448 | 24,347 | 2,653 | 101,029,412 |
| Total Additions | 153,424 | 83,423 | 184,662 | 10,011 | 113,992 | 26,130 | 169,927,406 |

Deductions

| | | | | | | | |
|---------------------------------|---------------|------------|--------------|-----------|------------|-----------|--------------------|
| Retirement benefits and refunds | 49,574 | - | - | - | - | - | 103,299,528 |
| Administrative expense | 1,123 | 958 | 1,865 | 38 | 380 | 41 | 1,579,595 |
| Service credit transfers (net) | - | - | - | - | - | - | 364,757 |
| Total Deductions | 50,697 | 958 | 1,865 | 38 | 380 | 41 | 105,243,880 |

| | | | | | | | |
|---------------------|----------------|---------------|----------------|--------------|----------------|---------------|-------------------|
| Net Increase | 102,727 | 82,465 | 182,797 | 9,973 | 113,612 | 26,089 | 64,683,526 |
|---------------------|----------------|---------------|----------------|--------------|----------------|---------------|-------------------|

Net position held in trust

for pension benefits

| | | | | | | | |
|--------------------------|---------------------|-------------------|---------------------|------------------|-------------------|------------------|-------------------------|
| Beginning of year | 1,058,079 | 907,242 | 1,744,517 | 29,507 | 279,122 | 16,675 | 1,560,456,739 |
| End of year | \$ 1,160,806 | \$ 989,707 | \$ 1,927,314 | \$ 39,480 | \$ 392,734 | \$ 42,764 | \$ 1,625,140,265 |

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Municipal Employees' Retirement System - Multiple-Employer Defined Benefit Agent Plan

Notes to Schedules of Changes in Fiduciary Net Position by Employer

Fiscal Year Ended June 30, 2019

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. MERS is a multiple-employer defined benefit agent plan.

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>48</u> |
| Total participating units as of the actuarial valuation at June 30, 2018 | <u>116</u> |

Plan members (as of the June 30, 2018 valuation date):

| | <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 | 4,732 | 2,920 | 4,061 | 1,885 | 13,598 |
| Public Safety | 824 | 212 | 1,198 | 354 | 2,588 |
| Total by type | 5,556 | 3,132 | 5,259 | 2,239 | 16,186 |

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 mirrors 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 - Multiple-Employer Defined Benefit Agent Plan

Notes to Schedules of Changes in Fiduciary Net Position by Employer

Fiscal Year Ended June 30, 2019

2. Plan Membership and Benefit Provisions (continued)

Effective July 1, 2015 general employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 8.25% (9.25% for units with a cost of living adjustment provision) and will participate solely in the defined benefit plan. Members will receive a benefit accrual of 2% per year based on the three or five-year average compensation.

Effective July 1, 2015 general employees are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.

Joint and survivor options are available. For members with 10 years of service as of July 1, 2005, the Service Retirement Allowance (SRA) Plus option 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.

From June 30, 2012 to June 30, 2015, retirement age for police and fire personnel is 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. Effective July 1, 2015, police and fire personnel may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS police and fire personnel will contribute 9.00% (10.00% for units with a cost of living adjustment).

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 will be reviewed in a four-year interval while the plans are less than 80% funded. When the funding level of a plan exceeds 80% funded eligible retirees may receive a COLA annually effective on the date of their retirement plus one month.

The COLA calculation is represented by the following formula: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return – 5.0%, with a max of 4%) and 50% calculated using the increase in the CPI-U from the prior September 30 (max of 3%) for a total maximum COLA of 3.5%.

Municipal Employees' Retirement System - Multiple-Employer Defined Benefit Agent Plan

Notes to Schedules of Changes in Fiduciary Net Position by Employer

Fiscal Year Ended June 30, 2019

2. Plan Membership and Benefit Provisions (continued)

The benefit adjustments are provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. For police and fire employees that retired under the provisions of § 45-21.2-5(b)(1)(A), the benefit adjustment provided shall commence on the later of the third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five (55); or for police and fire employees retiring under the provisions of §45-21.2-5(b)(1)(B), the benefit adjustment shall commence on the later of the third anniversary of the date of retirement or the date on which the retiree reaches age fifty (50). For all present and former employees, active and retired members, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year is equal to the lesser of either the member's retirement allowance or the first \$26,688 (indexed as of January 1, 2019) of retirement allowance, multiplied by the percentage resulting from the COLA calculation as outlined in the preceding paragraph. The retirement amount subject to the COLA calculation is indexed annually in the same percentage as the COLA determination and is run annually regardless of the collective funding status.

For members and/or beneficiaries of members who retired on or before June 30, 2015, the indexed amount of \$26,688 is replaced with \$32,025 (indexed as of January 1, 2019) until the municipal plan's funded ratio, calculated by the system's actuary, exceeds eighty percent (80%). At such time, the benefit adjustments will then be provided on the lower amount (currently indexed at \$26,688).

The actual COLA paid to retirees effective January 1, 2019 within MERS units that had achieved an 80% funding status was 1.86%. Retirees within 50 MERS units received the COLA.

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 each plan and then to each MERS employer unit.

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, 2019 at www.ersri.org.

Certain additions and deductions are presented differently on the Schedules 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, 2019. \$14,437 is reflected as member contributions on the Schedules of Changes in Fiduciary Net Position by Employer and included within employer contributions on the System's audited financial statements.

Rounding results in minor differences between the Schedules of Changes in Fiduciary Net Position by Employer and the System's audited financial statements for the fiscal year ended June 30, 2019.

Municipal Employees' Retirement System - Multiple-Employer Defined Benefit Agent Plan

Notes to Schedules of Changes in Fiduciary Net Position by Employer

Fiscal Year Ended June 30, 2019

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.

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. MERS holds units in the System's Pooled Investment Trust. The number of units held by each plan within the System is a function of each plans' respective contribution to, or withdrawals from, the trust. Investment expense is allocated to each plan based on the plan's units in the Pooled Trust at the end of each month.

Method Used to Value Investments - Investments are recorded in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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.

Commingled funds include institutional 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.

Derivative investments (e.g., futures contracts and credit default swaps) 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, real estate, hedge funds, certain infrastructure investments, and crisis protection class – trend following investments) are valued based on the reported Net Asset Value (NAV) by the fund manager or general partner. 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 following U.S. generally accepted accounting principles. Financial Accounting Standards Board ASC Topic 820, Fair Value Measurements and Disclosures, requires the limited partnership general partners for these investment types to value non-publicly traded assets at current fair value, taking into consideration the financial

Municipal Employees' Retirement System - Multiple-Employer Defined Benefit Agent Plan

Notes to Schedules of Changes in Fiduciary Net Position by Employer

Fiscal Year Ended June 30, 2019

4. Summary of Significant Accounting Policies (continued)

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.

Hedge funds, private equity, real estate, private infrastructure and crisis protection class – trend following investments represented 6.8%, 9.6%, 6.0%, 2.0%, and 3.8% respectively of the total reported fair value of all pooled trust investments at June 30, 2019.

Investment expenses – Investment expenses include investment consultant fees, custodial fees, direct investment expenses paid to managers, and certain indirect expenses allocated by managers to fund or partnership investors. Certain Office of the General Treasurer expenses associated with oversight of the pooled investment trust are also allocated and included as investment expenses. When indirect investment expenses for certain types of investments (e.g., hedge funds, private equity, real estate, infrastructure, and crisis protection class), are not reported separately to System management and the investment custodian, additional information is obtained to allow reporting of the System's share of such indirect investment expenses on a gross fee basis.

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.

Prepaid Assets – These assets represent the amounts paid to a vendor pursuant to a contract to design, transition, and implement new line-of-business, general ledger accounting system, and payroll administration systems. Under the new system development and operations contract, the vendor will supply and operate the system for the contract period. Consequently, no capital asset related to the new system are recognized or depreciated. The amounts paid before the system became operational have been accounted for as prepaid assets items in prior years. Beginning in fiscal year 2017, when system operations fully commenced, that prepaid amount is amortized ratably over the remaining contract period.

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. 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.

Municipal Employees' Retirement System - Multiple-Employer Defined Benefit Agent Plan

Notes to Schedules of Changes in Fiduciary Net Position by Employer

Fiscal Year Ended June 30, 2019

5. Contributions (continued)

(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 7.0 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

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 2019 for MERS employers were developed based on actuarial valuations performed as of June 30, 2016. Employee contribution rates are statutorily determined. The table below displays the contribution rates for the year ended June 30, 2019:

| Plan | Employee | Employer |
|-------------------|--|---|
| General Employees | 1.00% (additional 1% with a cost-of-living adjustment) Effective July 1, 2015, members with 20 or more years of service at June 30, 2012 contribute an additional 7.25% | 69 Municipalities, housing authorities, water and sewer districts contributed various actuarially determined rates. |
| Public Safety | 9.00% (additional 1% with a cost-of-living adjustment)* | 48 Municipal police and fire departments contributed various actuarially determined rates. |

Municipal Employees' Retirement System - Multiple-Employer Defined Benefit Agent Plan

Notes to Schedules of Changes in Fiduciary Net Position by Employer

Fiscal Year Ended June 30, 2019

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 net investment income (loss) on the Schedule of Changes in Fiduciary Net Position by Employer.

7. Commitments

The State Investment Commission has committed to fund certain private equity, real estate, and infrastructure investment managers at a predetermined subscription amount. Outstanding unfunded investment commitments at June 30, 2019 totaled \$847.5 million for the pooled investment trust. 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. 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. At June 30, 2019 \$1.1 million was in liquidation.

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 2025. Total payments over the contract period are estimated at \$22 million.