

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, 2020
(for Fiscal 2021 Employer Reporting)

FINAL - 9-29-2021



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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September 30, 2021

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Representative Christopher R. Blazejewski

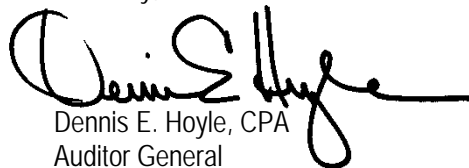
Representative Blake A. Filippi

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, 2020. 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, 2019, which was used as the basis for the actuarial valuation of the plan at that date rolled forward to June 30, 2020 – **the plan measurement date for fiscal 2021 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

Multiple-Employer Defined Benefit Agent Plan

GASB STATEMENT No. 68 REPORTS

FISCAL YEAR ENDED JUNE 30, 2020

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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, 2020 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, 2020. 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, 2020 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, 2019 used by the actuary to measure the total pension liability for each MERS participating employer. The June 30, 2019 actuarial data, rolled forward to June 30, 2020, was used as the basis for determining the total pension liability at the measurement date (June 30, 2020). **Our report on the census data is intended to be used by each participating employer and their auditors in meeting the employer's fiscal 2021 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, 2019 for the employers participating in MERS. The data in the 2019 valuations were rolled-forward to June 30, 2020 and used to prepare the GASB Statement No. 68 Accounting Valuation Reports as of June 30, 2020 for the employers participating in MERS. Management's assertions are:

1. The key census data elements as of June 30, 2019 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, 2018 through June 30, 2019. 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, 2019 properly reflects benefit provisions in effect through the measurement date of June 30, 2020 as outlined in Rhode Island General Law Title 45.
3. The census data provided to the actuary as of June 30, 2019 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, 2018 through June 30, 2019.

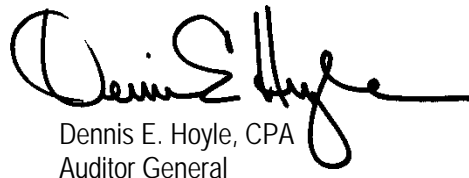
The System's management is responsible for the aforementioned census data assertions. Our responsibility is to express an opinion on these assertions based on our examination.

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

September 30, 2021



Office of the Auditor General

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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, 2020, 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, 2020, 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, 2020, 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, 2020 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, private infrastructure, crisis protection class - trend following investments and emerging markets debt – collective unit trust) representing 32.8% 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.

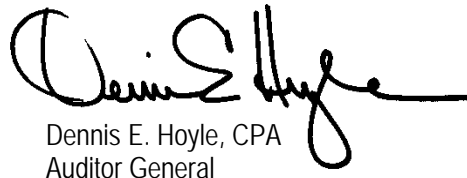
Our opinions are not modified with respect to these matters.

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, 2020, and our report thereon, dated December 29, 2020, 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

September 30, 2021

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<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	\$ 212,463	\$ 193,727	\$ 7,039	\$ 189,591	\$ 155,517	\$ 302,218	\$ 14,993
Employer contributions	840,617	681,914	290,396	198,502	764,102	275,019	34,085
Other (net)	-	-	-	-	497	-	-
Service credit transfers (net)	128,973	-	-	(120,830)	195,196	123,908	-
Net investment income	\$ 1,316,511	396,122	200,520	158,609	689,213	382,282	21,815
Total Additions	2,498,564	1,271,763	497,955	425,872	1,804,525	1,083,427	70,893

Deductions

Retirement benefits and refunds	2,472,911	725,977	784,853	79,873	1,498,597	38,826	17,356
Administrative expense	36,273	10,914	5,525	4,370	18,990	10,533	601
Service credit transfers (net)							
Total Deductions	2,509,184	736,891	790,378	84,243	1,517,587	49,359	17,957

Net Increase

	(10,620)	534,872	(292,423)	341,629	286,939	1,034,068	52,936
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**Net position held in trust
for pension benefits**

Beginning of year	36,071,581	10,315,443	5,784,917	4,002,880	18,591,516	9,437,126	544,599
End of year	\$ 36,060,961	\$ 10,850,315	\$ 5,492,494	\$ 4,344,509	\$ 18,878,455	\$ 10,471,194	\$ 597,535

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<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	\$ 17,637	\$ 111,387	\$ 177,483	\$ 181,895	\$ 4,406	\$ 186,027	\$ 32,673
Employer contributions	-	638,721	484,233	400,713	21,389	544,128	280,306
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	-	(75,256)	(50,784)	-	-	(61,473)	(29,298)
Net investment income	83,428	631,388	1,091,803	425,246	33,071	371,275	191,079
Total Additions	101,065	1,306,240	1,702,735	1,007,854	58,866	1,039,957	474,760

Deductions

Retirement benefits and refunds	101,860	1,635,831	1,852,104	624,061	89,009	838,814	499,970
Administrative expense	2,299	17,396	30,082	11,717	911	10,230	5,265
Service credit transfers (net)							
Total Deductions	104,159	1,653,227	1,882,186	635,778	89,920	849,044	505,235

Net Increase	(3,094)	(346,987)	(179,451)	372,076	(31,055)	190,913	(30,475)
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Net position held in trust

for pension benefits

Beginning of year	2,288,291	17,641,531	30,085,379	11,275,971	936,903	9,978,786	5,264,384
End of year	\$ 2,285,197	\$ 17,294,544	\$ 29,905,928	\$ 11,648,047	\$ 905,848	\$ 10,169,699	\$ 5,233,909

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Central Falls Police and Fire (new)	Central Falls Police and Fire (legacy)	Central Falls School District	Central Falls Housing	Chariho School District	Charlestown	Charlestown
<i>General Employees</i>			•	•	•	•	
<i>Police</i>							•
<i>Fire</i>							
<i>Police and Fire</i>	•	•					
<i>Current Employer Unit Number(s)</i>	1054	1055	1063	1056	1073	1082	1084
<i>Legacy Employer Unit Number</i>	1054	1055	3099	3096	3040	3005	4086

Additions

Contributions

Member contributions	\$ 17,725	\$ 254,057	\$ 105,118	\$ 28,081	\$ 155,074	\$ 96,864	\$ 157,338
Employer contributions	18,895	13,772,194	363,826	162,067	616,836	224,481	499,233
Other (net)	-	-	-	-	1,653	-	-
Service credit transfers (net)	-	-	(3,103)	-	31,812	(29,208)	-
Net investment income	1,386	487,586	596,933	91,853	777,758	321,763	378,067
Total Additions	38,006	14,513,837	1,062,774	282,001	1,583,133	613,900	1,034,638

Deductions

Retirement benefits and refunds	-	1,144,778	943,149	210,883	1,183,374	341,500	785,238
Administrative expense	38	13,434	16,447	2,531	21,429	8,865	10,417
Service credit transfers (net)							
Total Deductions	38	1,158,212	959,596	213,414	1,204,803	350,365	795,655

Net Increase

	37,968	13,355,624	103,178	68,587	378,329	263,535	238,983
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**Net position held in trust
for pension benefits**

Beginning of year	-	-	16,247,594	2,447,385	20,925,474	8,549,973	10,116,766
End of year	\$ 37,968	\$ 13,355,624	\$ 16,350,772	\$ 2,515,972	\$ 21,303,803	\$ 8,813,508	\$ 10,355,749

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Coventry Fire District	Coventry Housing	Coventry Lighting District	Cranston	Cranston	Cranston	Cranston Housing
<i>General Employees</i>		•	•	•			•
<i>Police</i>					•		
<i>Fire</i>	•					•	
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1095	1096	1098	1112 1113	1114	1115	1116
<i>Legacy Employer Unit Number</i>	4098	3079	3045	3007	4104	4105	3051

Additions

Contributions

Member contributions	\$ 68,022	\$ 6,520	\$ 937	\$ 777,209	\$ 1,219,110	\$ 1,535,942	\$ 33,751
Employer contributions	170,701	48,705	-	2,565,916	1,842,074	1,197,397	43,887
Other (net)	-	-	-	126	-	93	-
Service credit transfers (net)	-	-	-	(10,347)	32,218	170,816	-
Net investment income	119,656	55,361	44,547	5,123,806	1,856,896	2,964,386	207,698
Total Additions	358,379	110,586	45,484	8,456,710	4,950,298	5,868,634	285,336

Deductions

Retirement benefits and refunds	512,986	38,332	62,823	9,851,548	1,255,070	1,536,674	404,360
Administrative expense	3,297	1,525	1,227	141,173	51,162	81,676	5,723
Service credit transfers (net)							
Total Deductions	516,283	39,857	64,050	9,992,721	1,306,232	1,618,350	410,083

Net Increase	(157,904)	70,729	(18,567)	(1,536,011)	3,644,066	4,250,284	(124,746)
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**Net position held in trust
for pension benefits**

Beginning of year	3,435,435	1,445,686	1,238,762	141,883,812	47,218,765	76,948,155	5,813,881
End of year	\$ 3,277,531	\$ 1,516,415	\$ 1,220,195	\$ 140,347,801	\$ 50,862,831	\$ 81,198,439	\$ 5,689,135

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Cumberland	Cumberland Fire District	Cumberland Housing	Cumberland Hill Fire District	Cumberland Rescue	East Greenwich	East Greenwich
<i>General Employees</i>	•		•			•	
<i>Police</i>							•
<i>Fire</i>		•		•	•		
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1122 1123	1125	1126	1135	1148	1152 1153	1154
<i>Legacy Employer Unit Number</i>	3008	4106	3056	4095	4091	3009	4054

Additions

Contributions

Member contributions	\$ 183,619	\$ 127,379	\$ 11,800	\$ 76,237	\$ 113,591	\$ 45,891	\$ 229,905
Employer contributions	1,156,696	305,331	41,657	244,799	100,641	69,214	697,082
Other (net)	13	-	15	-	-	-	-
Service credit transfers (net)	(240,089)	-	-	-	(52,967)	183,299	-
Net investment income	1,045,747	193,367	55,425	175,869	283,187	275,746	612,929
Total Additions	2,145,986	626,077	108,897	496,905	444,452	574,150	1,539,916

Deductions

Retirement benefits and refunds	1,909,471	359,792	55,002	406,683	258,563	462,424	1,179,200
Administrative expense	28,813	5,328	1,527	4,846	7,803	7,597	16,888
Service credit transfers (net)							
Total Deductions	1,938,284	365,120	56,529	411,529	266,366	470,021	1,196,088

Net Increase

	207,702	260,957	52,368	85,377	178,087	104,128	343,828
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**Net position held in trust
for pension benefits**

Beginning of year	28,436,692	5,035,622	1,465,795	4,731,917	7,578,781	7,448,916	16,445,109
End of year	\$ 28,644,394	\$ 5,296,579	\$ 1,518,163	\$ 4,817,294	\$ 7,756,868	\$ 7,553,044	\$ 16,788,937

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	East Greenwich	East Greenwich Housing	East Greenwich (COLA)	East Greenwich (Fire)	East Providence	East Providence Housing	East Smithfield Water
<i>General Employees</i>		•	•	•	•	•	•
<i>Police</i>							
<i>Fire</i>	•						
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1155	1156	1157 1158	1159	1162 1163	1166	1177
<i>Legacy Employer Unit Number</i>	4050	3050	3101	3150	3010	3052	3067

Additions

Contributions

Member contributions	\$ 263,803	\$ 11,005	\$ 168,177	\$ 462	\$ 524,371	\$ 15,111	\$ -
Employer contributions	799,057	49,961	266,097	6,461	4,427,400	83,864	9,804
Other (net)	-	-	-	-	77	-	-
Service credit transfers (net)	29,393	-	12,323	-	31,984	-	179,808
Net investment income	562,414	56,812	884,293	5,200	2,429,593	112,083	24,383
Total Additions	1,654,667	117,778	1,330,890	12,123	7,413,425	211,058	213,995

Deductions

Retirement benefits and refunds	1,118,584	90,655	1,151,922	21,409	7,916,412	261,278	51,420
Administrative expense	15,496	1,565	24,364	143	66,941	3,088	672
Service credit transfers (net)							
Total Deductions	1,134,080	92,220	1,176,286	21,552	7,983,353	264,366	52,092

Net Increase	520,587	25,558	154,604	(9,429)	(569,928)	(53,308)	161,903
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**Net position held in trust
for pension benefits**

Beginning of year	14,884,661	1,530,609	24,067,353	151,865	67,119,672	3,123,412	505,979
End of year	\$ 15,405,248	\$ 1,556,167	\$ 24,221,957	\$ 142,436	\$ 66,549,744	\$ 3,070,104	\$ 667,882

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Exeter/West Greenwich School District	Foster	Foster	Foster/Glocester Regional School District	Glocester	Glocester	Greenville Water
<i>General Employees</i>	•	•		•	•		•
<i>Police</i>			•			•	
<i>Fire</i>							
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1183	1192 1193	1194	1203	1212 1213	1214	1227
<i>Legacy Employer Unit Number</i>	3011	3012	4082	3041	3013	4088	3068

Additions

Contributions

Member contributions	\$ 74,586	\$ 27,341	\$ 55,878	\$ 51,278	\$ 77,702	\$ 115,313	\$ 7,328
Employer contributions	398,762	158,232	170,652	252,301	304,988	270,871	7,510
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	(8,547)	(19,312)	-	-	9,291	-	-
Net investment income	401,934	146,934	112,449	284,239	349,079	276,019	52,512
Total Additions	866,735	313,195	338,979	587,818	741,060	662,203	67,350

Deductions

Retirement benefits and refunds	616,123	286,945	247,305	515,752	599,418	434,741	38,386
Administrative expense	11,074	4,048	3,098	7,831	9,618	7,605	1,447
Service credit transfers (net)							
Total Deductions	627,197	290,993	250,403	523,583	609,036	442,346	39,833

Net Increase

	239,537	22,201	88,576	64,235	132,024	219,857	27,518
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**Net position held in trust
for pension benefits**

Beginning of year	10,769,953	4,002,502	2,991,554	7,721,455	9,429,720	7,340,669	1,410,866
End of year	\$ 11,009,490	\$ 4,024,703	\$ 3,080,130	\$ 7,785,690	\$ 9,561,744	\$ 7,560,526	\$ 1,438,384

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Hope Valley - Wyoming Fire District	Hopkins Hill Fire District	Hopkinton	Hopkinton	Jamestown	Johnston	Johnston
<i>General Employees</i>	•		•		•	•	
<i>Police</i>				•			•
<i>Fire</i>		•					
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1242	1255	1262	1264	1272 1273	1282 1283	1284
<i>Legacy Employer Unit Number</i>	3046	4103	3014	4087	3015	3016	1284

Additions

Contributions

Member contributions	\$ 3,286	\$ 85,990	\$ 40,200	\$ 85,753	\$ 135,718	\$ 188,607	\$ 111,688
Employer contributions	-	122,152	63,740	279,542	453,535	1,293,724	111,070
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	-	41,653	-	-	2,799	73,323	4,840
Net investment income	17,660	133,465	221,884	216,076	566,602	1,178,978	51,070
Total Additions	20,946	383,260	325,824	581,371	1,158,654	2,734,632	278,668

Deductions

Retirement benefits and refunds	31,006	52,278	279,313	476,114	789,656	3,179,445	-
Administrative expense	487	3,677	6,113	5,953	15,611	32,484	1,407
Service credit transfers (net)							
Total Deductions	31,493	55,955	285,426	482,067	805,267	3,211,929	1,407

Net Increase	(10,547)	327,305	40,398	99,304	353,386	(477,297)	277,259
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**Net position held in trust
for pension benefits**

Beginning of year	494,270	3,328,483	6,037,308	5,819,306	15,166,582	32,771,056	1,121,601
End of year	\$ 483,723	\$ 3,655,788	\$ 6,077,706	\$ 5,918,610	\$ 15,519,968	\$ 32,293,759	\$ 1,398,860

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Johnston	Johnston Housing	Lime Rock Fire District (Administrative)	Lincoln	Lincoln Rescue	Lincoln Housing	Middletown
<i>General Employees</i>		•	•	•		•	•
<i>Police</i>							
<i>Fire</i>	•				•		
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1285	1286	1293	1302 1303	1305	1306	1322 1323
<i>Legacy Employer Unit Number</i>	4016	3072	3098	3017	4107	3057	3019

Additions

Contributions

Member contributions	\$ 438,449	\$ 4,712	\$ 5,003	\$ 9,767	\$ 90,337	\$ 12,269	\$ 148,479
Employer contributions	516,401	60,026	14,969	117,592	205,154	39,520	566,415
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	32,080	-	-	-	-	-	34,646
Net investment income	421,053	44,921	14,397	102,739	156,139	62,811	745,391
Total Additions	1,407,983	109,659	34,369	230,098	451,630	114,600	1,494,931

Deductions

Retirement benefits and refunds	227,646	121,648	14,541	102,764	322,352	138,156	1,173,418
Administrative expense	11,601	1,238	397	2,831	4,302	1,731	20,537
Service credit transfers (net)							
Total Deductions	239,247	122,886	14,938	105,595	326,654	139,887	1,193,955

Net Increase

	1,168,736	(13,227)	19,432	124,503	124,976	(25,287)	300,976
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Net position held in trust

for pension benefits

Beginning of year	10,364,462	1,243,665	374,931	2,689,647	4,151,883	1,745,761	20,116,278
End of year	\$ 11,533,198	\$ 1,230,438	\$ 394,363	\$ 2,814,150	\$ 4,276,859	\$ 1,720,474	\$ 20,417,254

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Middletown	Narragansett Housing	New Shoreham	New Shoreham	Newport	Newport Housing	Newport Police Department
<i>General Employees</i>		•	•		•	•	
<i>Police</i>				•			•
<i>Fire</i>							
<i>Police and Fire</i>	•						
<i>Current Employer Unit Number(s)</i>	1324	1336	1342 1343	1344	1352 1353 1354	1356	1364
<i>Legacy Employer Unit Number</i>	4109	3043	3022	4108	3021	3069	1364

Additions

Contributions

Member contributions	\$ 438,846	\$ 3,913	\$ 60,859	\$ 43,329	\$ 420,328	\$ 38,296	\$ 118,065
Employer contributions	432,700	6,222	188,836	90,197	3,167,710	306,523	116,360
Other (net)	-	-	-	110	-	11	-
Service credit transfers (net)	(157,980)	-	-	-	(181,902)	79,472	-
Net investment income	394,198	27,701	286,728	66,312	1,878,646	249,991	37,330
Total Additions	1,107,764	37,836	536,423	199,948	5,284,782	674,293	271,755

Deductions

Retirement benefits and refunds	91,278	-	485,564	78,805	5,215,181	785,059	12,512
Administrative expense	10,861	763	7,900	1,827	51,761	6,888	1,029
Service credit transfers (net)							
Total Deductions	102,139	763	493,464	80,632	5,266,942	791,947	13,541

Net Increase	1,005,625	37,073	42,959	119,316	17,840	(117,654)	258,214
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**Net position held in trust
for pension benefits**

Beginning of year	9,791,985	721,697	7,810,898	1,697,063	51,440,754	6,965,228	764,293
End of year	\$ 10,797,610	\$ 758,770	\$ 7,853,857	\$ 1,816,379	\$ 51,458,594	\$ 6,847,574	\$ 1,022,507

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	North Cumberland Fire District	North Kingstown	North Kingstown	North Kingstown	North Providence	North Providence	North Providence Housing
<i>General Employees</i>		•			•		•
<i>Police</i>			•				
<i>Fire</i>	•			•		•	
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1365	1372 1373	1374	1375	1382 1383	1385	1386
<i>Legacy Employer Unit Number</i>	4101	3023	4056	4055	3024	4058	3066

Additions

Contributions

Member contributions	\$ 67,811	\$ 321,010	\$ 405,014	\$ 510,887	\$ 157,359	\$ 551,031	\$ 5,112
Employer contributions	181,532	2,197,677	1,256,756	1,634,322	540,907	1,676,352	66,690
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	-	273,003	-	(200,437)	(1,596)	-	16,002
Net investment income	211,437	1,860,188	905,062	1,311,962	1,094,869	1,336,049	32,518
Total Additions	460,780	4,651,878	2,566,832	3,256,734	1,791,539	3,563,432	120,322

Deductions

Retirement benefits and refunds	301,013	4,349,702	1,584,723	2,534,458	1,879,393	2,889,765	156,403
Administrative expense	5,826	51,253	24,937	36,148	30,166	36,811	896
Service credit transfers (net)							
Total Deductions	306,839	4,400,955	1,609,660	2,570,606	1,909,559	2,926,576	157,299

Net Increase

	153,941	250,923	957,172	686,128	(118,020)	636,856	(36,977)
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**Net position held in trust
for pension benefits**

Beginning of year	5,637,585	50,702,066	23,833,667	35,250,240	30,107,933	35,959,297	927,674
End of year	\$ 5,791,526	\$ 50,952,989	\$ 24,790,839	\$ 35,936,368	\$ 29,989,913	\$ 36,596,153	\$ 890,697

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	North Smithfield	North Smithfield	North Smithfield Fire and Rescue	Northern RI Collaborative	Pawtucket	Pawtucket Housing	Portsmouth
<i>General Employees</i>	•			•	•	•	
<i>Police</i>		•					
<i>Fire</i>			•				•
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1392 1393	1394	1395 1435	1403	1412 1413	1416	1425
<i>Legacy Employer Unit Number</i>	3025	4076	4047	3081	3026	3053	1425

Additions

Contributions

Member contributions	\$ 98,769	\$ 193,369	\$ 146,629	\$ 17,705	\$ 693,054	\$ 105,047	\$ 59,139
Employer contributions	205,452	457,315	251,616	75,028	3,617,451	-	332,208
Other (net)	-	-	-	-	1,060	-	-
Service credit transfers (net)	(425)	-	(171)	(1,311)	(15,847)	-	-
Net investment income	570,995	387,108	317,956	107,579	3,539,355	579,382	14,813
Total Additions	874,791	1,037,792	716,030	199,001	7,835,073	684,429	406,160

Deductions

Retirement benefits and refunds	1,012,744	762,604	431,844	186,948	7,487,406	588,597	-
Administrative expense	15,732	10,666	8,760	2,964	97,518	15,963	408
Service credit transfers (net)							
Total Deductions	1,028,476	773,270	440,604	189,912	7,584,924	604,560	408

Net Increase

	(153,685)	264,522	275,425	9,089	250,149	79,869	405,752
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**Net position held in trust
for pension benefits**

Beginning of year	15,794,002	10,338,881	8,433,806	2,937,630	96,697,443	15,790,172	-
End of year	\$ 15,640,317	\$ 10,603,403	\$ 8,709,231	\$ 2,946,719	\$ 96,947,592	\$ 15,870,041	\$ 405,752

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Richmond	Richmond	Scituate	Scituate	Smithfield	Smithfield	Smithfield
<i>General Employees</i>	•		•			•	
<i>Police</i>		•		•			•
<i>Fire</i>					•		
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1452	1454	1462 1463	1464	1465	1472 1473	1474
<i>Legacy Employer Unit Number</i>	3029	4029	3030	4073	1465	3031	4031

Additions

Contributions

Member contributions	\$ 26,878	\$ 77,565	\$ 93,576	\$ -	\$ 173,951	\$ 84,390	\$ 334,981
Employer contributions	131,748	100,404	577,047	-	154,529	316,970	415,375
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	79	-	-	-	(17,279)	(26,411)	-
Net investment income	95,687	93,160	405,011	9,079	82,681	466,725	695,138
Total Additions	254,392	271,129	1,075,634	9,079	393,882	841,674	1,445,494

Deductions

Retirement benefits and refunds	165,384	26,392	931,924	3,609	-	890,724	353,102
Administrative expense	2,636	2,567	11,159	250	2,278	12,859	19,153
Service credit transfers (net)							
Total Deductions	168,020	28,959	943,083	3,859	2,278	903,583	372,255

Net Increase

	86,372	242,170	132,551	5,220	391,604	(61,909)	1,073,239
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Net position held in trust

for pension benefits

Beginning of year	2,534,626	2,309,608	10,961,223	243,475	1,873,143	12,846,129	17,967,494
End of year	\$ 2,620,998	\$ 2,551,778	\$ 11,093,774	\$ 248,695	\$ 2,264,747	\$ 12,784,220	\$ 19,040,733

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Smithfield Housing	Smithfield (COLA)	Scituate	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>	1476	1478	1484	1492 1493	1494	1496	1505
<i>Legacy Employer Unit Number</i>	3084	3094	1484	3032	4063	3080	4099

Additions

Contributions

Member contributions	\$ 7,032	\$ 143,588	\$ 37,593	\$ 388,409	\$ 382,105	\$ 2,870	\$ 99,722
Employer contributions	961	474,051	33,270	1,616,178	1,045,441	2,181	68,210
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	-	(85,112)	-	266,882	27,119	-	52,967
Net investment income	23,342	609,109	9,525	2,164,426	941,449	19,530	176,331
Total Additions	31,335	1,141,636	80,388	4,435,895	2,396,114	24,581	397,230

Deductions

Retirement benefits and refunds	-	897,480	-	3,917,097	1,859,146	14,262	136,960
Administrative expense	643	16,782	262	59,635	25,939	538	4,858
Service credit transfers (net)							
Total Deductions	643	914,262	262	3,976,732	1,885,085	14,800	141,818

Net Increase

	30,692	227,373	80,126	459,162	511,029	9,781	255,412
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**Net position held in trust
for pension benefits**

Beginning of year	608,682	16,456,913	180,777	58,827,306	25,276,494	525,164	4,574,528
End of year	\$ 639,374	\$ 16,684,286	\$ 260,903	\$ 59,286,468	\$ 25,787,523	\$ 534,945	\$ 4,829,940

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Union Fire District	Tiogue Lighting and Fire District	Tiverton	Tiverton	Tiverton (Local 2670A)	Valley Falls Fire District	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
<i>Legacy Employer Unit Number</i>	3027	3042	3033	4077	3077	4042	3034

Additions

Contributions

Member contributions	\$ 8,801	\$ -	\$ 89,871	\$ 192,658	\$ 22,535	\$ 60,024	\$ 74,120
Employer contributions	30,475	-	113,181	442,149	88,898	135,521	265,003
Other (net)	-	-	-	-	-	-	-
Service credit transfers (net)	-	-	16,685	200,437	-	-	(100,703)
Net investment income	36,218	1,835	528,842	413,687	151,554	140,556	230,934
Total Additions	75,494	1,835	748,579	1,248,931	262,987	336,101	469,354

Deductions

Retirement benefits and refunds	13,383	2,072	744,781	919,974	343,376	282,295	349,066
Administrative expense	998	51	14,571	11,398	4,176	3,873	6,363
Service credit transfers (net)							
Total Deductions	14,381	2,123	759,352	931,372	347,552	286,168	355,429

Net Increase

	61,113	(288)	(10,773)	317,559	(84,564)	49,933	113,926
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**Net position held in trust
for pension benefits**

Beginning of year	930,947	50,549	14,496,440	11,013,874	4,235,841	3,800,071	6,211,672
End of year	\$ 992,060	\$ 50,261	\$ 14,485,667	\$ 11,331,433	\$ 4,151,277	\$ 3,850,004	\$ 6,325,598

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Warren	Warren Housing	West Greenwich	West Greenwich	West Warwick Housing	Westerly	Woonsocket
<i>General Employees</i>		•	•		•	•	•
<i>Police</i>							
<i>Fire</i>							
<i>Police and Fire</i>	•			•			
<i>Current Employer Unit Number(s)</i>	1564 1565	1566	1602	1604	1616	1622 1623	1632 1633
<i>Legacy Employer Unit Number</i>	4062	3071	3037	4089	3083	3036	3039

Additions

Contributions

Member contributions	\$ 239,309	\$ 8,667	\$ 26,897	\$ 110,737	\$ 8,427	\$ -	\$ 333,966
Employer contributions	538,098	10,789	190,952	232,991	65,348	181,261	1,425,827
Other (net)	-	-	-	-	-	-	41
Service credit transfers (net)	-	-	-	-	-	-	255,579
Net investment income	448,491	41,379	119,681	195,250	56,949	24,110	2,280,213
Total Additions	1,225,898	60,835	337,530	538,978	130,724	205,371	4,295,626

Deductions

Retirement benefits and refunds	772,109	112,191	239,469	307,246	146,217	111,759	5,030,171
Administrative expense	12,357	1,140	3,298	5,380	1,569	664	62,825
Service credit transfers (net)							
Total Deductions	784,466	113,331	242,767	312,626	147,786	112,423	5,092,996

Net Increase

	441,432	(52,496)	94,764	226,352	(17,062)	92,948	(797,371)
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**Net position held in trust
for pension benefits**

Beginning of year	11,843,340	1,185,915	3,183,468	5,121,800	1,576,975	567,456	63,255,400
End of year	\$ 12,284,772	\$ 1,133,419	\$ 3,278,232	\$ 5,348,152	\$ 1,559,913	\$ 660,404	\$ 62,458,029

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	Woonsocket	Woonsocket	Albion Fire District	Albion Fire District	Harrisville Fire District	Harrisville Fire District	Pascoag Fire District (Administrative)
<i>General Employees</i>			•		•		•
<i>Police</i>	•						
<i>Fire</i>		•		•		•	
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1634	1635	1702	1705	1712	1715	1802
<i>Legacy Employer Unit Number</i>	4085	4093	3103	4111	3102	4110	1802

Additions

Contributions

Member contributions	\$ 625,400	\$ 700,118	\$ -	\$ 30,765	\$ 10,863	\$ 49,607	\$ -
Employer contributions	1,953,021	974,563	-	57,337	15,116	36,113	-
Other (net)	71	-	-	-	-	-	-
Service credit transfers (net)	(59,337)	(85,135)	-	2,464	-	-	-
Net investment income	1,595,713	1,999,805	5,092	44,815	38,446	76,197	1,494
Total Additions	4,114,868	3,589,351	5,092	135,381	64,425	161,917	1,494

Deductions

Retirement benefits and refunds	2,844,390	2,344,786	9,474	67,417	-	-	-
Administrative expense	43,966	57,600	140	1,235	1,059	2,099	41
Service credit transfers (net)							
Total Deductions	2,888,356	2,402,386	9,614	68,652	1,059	2,099	41

Net Increase	1,226,513	1,186,965	(4,522)	66,729	63,365	159,817	1,453
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**Net position held in trust
for pension benefits**

Beginning of year	42,482,178	53,590,330	143,997	1,160,806	989,707	1,927,314	39,480
End of year	\$ 43,708,691	\$ 54,777,295	\$ 139,475	\$ 1,227,535	\$ 1,053,072	\$ 2,087,131	\$ 40,933

Municipal Employees' Retirement System
Schedule of Changes in Fiduciary Net Position by Employer
Fiscal Year Ended June 30, 2020

<i>Employer Unit Type</i>	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>	1805	1815		
<i>Legacy Employer Unit Number</i>	1805	1815		

Additions

Contributions

Member contributions	\$ 32,197	\$ 15,340	\$ 18,732,373
Employer contributions	79,849	13,823	69,234,091
Other (net)	-	-	3,767
Service credit transfers (net)	-	-	874,191
Net investment income	19,107	2,723	60,747,919
Total Additions	131,153	31,886	149,592,341

Deductions

Retirement benefits and refunds	-	-	109,090,834
Administrative expense	526	75	1,676,254
Service credit transfers (net)	-	-	-
Total Deductions	526	75	110,767,088

Net Increase	130,626	31,811	38,825,253
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**Net position held in trust
for pension benefits**

Beginning of year	392,734	42,764	1,625,140,265
End of year	\$ 523,360	\$ 74,575	\$ 1,663,965,518

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, 2020

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	69
Municipal police and fire departments	<u>49</u>
Total participating units as of the actuarial valuation at June 30, 2019	<u>118</u>

Plan members (as of the June 30, 2019 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	4,827	3,124	3,988	1,983	13,922
Public Safety	863	242	1,181	415	2,701
Total by type	5,690	3,366	5,169	2,398	16,623

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, 2020

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, 2020

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 current indexed amount of \$27,184 is replaced with \$32,621 (indexed as of January 1, 2020) 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 \$27,184).

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, 2020 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, 2020.

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, 2020.

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, 2020

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 and collective unit trusts include institutional international equity index funds and an emerging markets debt fund. The fair value of these 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, private infrastructure investments, Crisis Protection Class – trend following, and emerging markets debt) 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 performance of the issuer, cash flow analysis, recent sales prices, market comparable

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, 2020

4. Summary of Significant Accounting Policies (continued)

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 and emerging markets debt represented 6.8%, 10.8%, 5.7%, 2.5%, 5.0% and 2.0% respectively of the total reported fair value of all pooled trust investments at June 30, 2020.

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.

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, 2020

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 2020 for MERS employers were developed based on actuarial valuations performed as of June 30, 2017. Employee contribution rates are statutorily determined. The table below displays the contribution rates for the year ended June 30, 2020:

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)*	49 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, 2020

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, 2020 totaled \$1.4 billion 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. The System's investments in hedge fund assets are available for redemption either on a monthly, quarterly, semi-annual or annual basis, and are subject to notice periods which vary by fund and range from 30 days to 75 days. Some funds limit redemptions to 25% of invested capital on any one redemption date. At June 30, 2020 \$874,000 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.