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**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, 2015**

Dennis E. Hoyle, CPA  
Auditor General

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

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## Office of the Auditor General

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

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October 11, 2016

JOINT COMMITTEE ON LEGISLATIVE SERVICES:

SPEAKER Nicholas A. Mattiello, Chairman

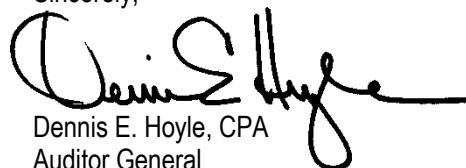
Senator M. Teresa Paiva Weed  
Senator Dennis L. Algieri  
Representative John J. DeSimone  
Representative Brian C. Newberry

We have completed our audit of the Schedules of Changes in Fiduciary Net Position by Employer - Municipal Employees' Retirement System (MERS) plan for the fiscal year ended June 30, 2015. 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, 2014 which was used as the basis for the actuarial valuation of the plan at that date rolled forward to June 30, 2015 – the plan measurement date for fiscal 2016 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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## ***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, 2015 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, 2015. 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, 2015 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, 2014 used by the actuary to measure the total pension liability for each MERS participating employer. The June 30, 2014 actuarial data, rolled forward to June 30, 2015, was used as the basis for determining the total pension liability at the measurement date (June 30, 2015). **Our report on the census data is intended to be used by each participating employer and their auditors in meeting the employer's fiscal 2016 financial reporting requirements.**

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

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



# Office of the Auditor General

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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, 2014 for the employers participating in MERS. The data in the 2014 valuations were rolled-forward to June 30, 2015 and used to prepare the GASB Statement No. 68 Accounting Valuation Reports as of June 30, 2015 for the employers participating in MERS. Management's assertions are:

1. The key census data elements as of June 30, 2014 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, 2013 through June 30, 2014. 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, 2014 properly reflects benefit provisions in effect through the measurement date of June 30, 2015 as outlined in Rhode Island General Law Title 45, inclusive of benefit changes resulting from the settlement of the pension litigation (and the subsequent enactment of those settlement provisions by the General Assembly) as approved by the Court on July 8, 2015.
3. The census data provided to the actuary as of June 30, 2014 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, 2013 through June 30, 2014.

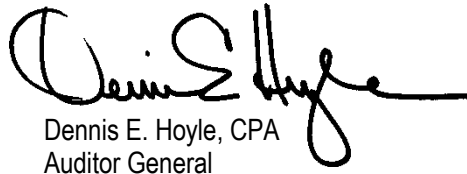
The System's management is responsible for the aforementioned census data assertions. Our responsibility is to express an opinion on these assertions based on our examination.

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

October 6, 2016



# Office of the Auditor General

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

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the fiduciary net position as of June 30, 2015, 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, 2015, 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.

**Opinion**

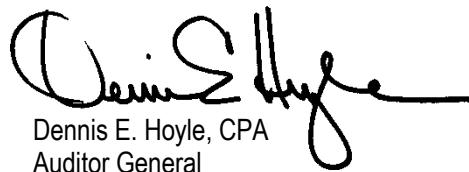
In our opinion, the Schedules referred to above presents fairly, in all material respects, the fiduciary net position of the Municipal Employees' Retirement System as of June 30, 2015, and the changes in fiduciary net position for the year then ended, in accordance with accounting principles generally 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, 2015 and the changes in fiduciary net position of each individual employer for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Municipal Employees' Retirement System as of and for the year ended June 30, 2015, and our report thereon, dated December 17, 2015, 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

October 6, 2016



**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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	\$ 152,118	\$ 127,810	\$ 10,840	\$ 101,015	\$ 103,047	\$ 182,779	\$ 10,320
Employer contributions	638,675	460,023	89,279	118,324	704,196	130,914	24,717
Other (net)	220	1	24	-	9,534	1	374
Net investment income	769,963	193,693	155,918	53,029	389,878	141,307	7,122
<b>Total Additions</b>	<u>1,560,976</u>	<u>781,527</u>	<u>256,061</u>	<u>272,368</u>	<u>1,206,655</u>	<u>455,001</u>	<u>42,533</u>

**Deductions**

Retirement benefits and refunds	1,880,245	703,764	781,942	54,742	1,440,330	94,878	17,357
Administrative expense	29,440	7,774	6,269	2,124	15,778	5,663	286
<b>Total Deductions</b>	<u>1,909,685</u>	<u>711,538</u>	<u>788,211</u>	<u>56,866</u>	<u>1,456,108</u>	<u>100,541</u>	<u>17,643</u>

**Net Increase**

	<u>(348,709)</u>	<u>69,989</u>	<u>(532,150)</u>	<u>215,502</u>	<u>(249,453)</u>	<u>354,460</u>	<u>24,890</u>
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**Net position held in trust  
for pension benefits**

Beginning of year	33,203,800	8,195,051	7,185,320	2,047,301	16,885,963	5,675,244	279,011
End of year	<u>\$ 32,855,091</u>	<u>\$ 8,265,040</u>	<u>\$ 6,653,170</u>	<u>\$ 2,262,803</u>	<u>\$ 16,636,510</u>	<u>\$ 6,029,704</u>	<u>\$ 303,901</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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	\$ 4,153	\$ 84,646	\$ 120,591	\$ 106,479	\$ 4,055	\$ 174,575	\$ 18,326
Employer contributions	-	674,632	501,237	330,750	15,064	385,835	266,285
Other (net)	-	3	48,442	1	-	(14,074)	(144)
Net investment income	48,111	376,660	631,724	215,730	21,846	219,294	114,533
<b>Total Additions</b>	<u>52,264</u>	<u>1,135,941</u>	<u>1,301,994</u>	<u>652,960</u>	<u>40,965</u>	<u>765,630</u>	<u>399,000</u>

**Deductions**

Retirement benefits and refunds	78,436	1,305,070	1,350,801	489,084	57,190	654,130	503,299
Administrative expense	1,769	15,141	17,873	8,656	877	8,793	4,621
<b>Total Deductions</b>	<u>80,205</u>	<u>1,320,211</u>	<u>1,368,674</u>	<u>497,740</u>	<u>58,067</u>	<u>662,923</u>	<u>507,920</u>

<b>Net Increase</b>	<u>(27,941)</u>	<u>(184,270)</u>	<u>(66,680)</u>	<u>155,220</u>	<u>(17,102)</u>	<u>102,707</u>	<u>(108,920)</u>
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**Net position held in trust**

for pension benefits							
Beginning of year	2,080,847	16,256,754	27,022,990	9,050,199	949,292	9,254,807	4,996,132
End of year	<u>\$ 2,052,906</u>	<u>\$ 16,072,484</u>	<u>\$ 26,956,310</u>	<u>\$ 9,205,419</u>	<u>\$ 932,190</u>	<u>\$ 9,357,514</u>	<u>\$ 4,887,212</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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
<b>Additions</b>							
Contributions							
Member contributions	\$ 76,589	\$ 20,076	\$ 107,812	\$ 43,108	\$ 112,078	\$ 80,413	\$ 6,199
Employer contributions	330,474	98,943	595,128	218,126	341,485	220,732	47,481
Other (net)	147	647	3	1	920	1	-
Net investment income	340,202	48,482	401,793	155,713	197,358	85,955	25,566
<b>Total Additions</b>	<u>747,412</u>	<u>168,148</u>	<u>1,104,736</u>	<u>416,948</u>	<u>651,841</u>	<u>387,101</u>	<u>79,246</u>
<b>Deductions</b>							
Retirement benefits and refunds	746,494	196,393	887,070	227,375	490,580	222,487	48,471
Administrative expense	13,650	1,945	16,117	6,244	7,916	3,447	1,025
<b>Total Deductions</b>	<u>760,144</u>	<u>198,338</u>	<u>903,187</u>	<u>233,619</u>	<u>498,496</u>	<u>225,934</u>	<u>49,496</u>
<b>Net Increase</b>	<u>(12,732)</u>	<u>(30,190)</u>	<u>201,549</u>	<u>183,329</u>	<u>153,345</u>	<u>161,167</u>	<u>29,750</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	14,529,501	2,098,964	16,943,359	6,461,099	8,268,107	3,506,639	1,061,188
End of year	<u>\$ 14,516,769</u>	<u>\$ 2,068,774</u>	<u>\$ 17,144,908</u>	<u>\$ 6,644,428</u>	<u>\$ 8,421,452</u>	<u>\$ 3,667,806</u>	<u>\$ 1,090,938</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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	\$ 694	\$ 488,592	\$ 641,751	\$ 943,698	\$ 22,816	\$ 89,142	\$ 58,486
Employer contributions	-	2,479,865	857,531	1,226,727	87,730	1,278,367	160,842
Other (net)	-	176,374	13,000	830	1	(43,003)	1
Net investment income	27,902	3,119,891	763,454	1,266,662	118,907	550,899	88,119
<b>Total Additions</b>	<u>28,596</u>	<u>6,264,722</u>	<u>2,275,736</u>	<u>3,437,917</u>	<u>229,454</u>	<u>1,875,405</u>	<u>307,448</u>

**Deductions**

Retirement benefits and refunds	57,587	8,291,699	598,672	482,813	105,746	1,708,632	241,786
Administrative expense	1,121	124,435	30,599	50,769	4,770	22,128	3,535
<b>Total Deductions</b>	<u>58,708</u>	<u>8,416,134</u>	<u>629,271</u>	<u>533,582</u>	<u>110,516</u>	<u>1,730,760</u>	<u>245,321</u>

<b>Net Increase</b>	<u>(30,112)</u>	<u>(2,151,412)</u>	<u>1,646,465</u>	<u>2,904,335</u>	<u>118,938</u>	<u>144,645</u>	<u>62,127</u>
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**Net position held in trust**

<b>for pension benefits</b>							
Beginning of year	1,220,742	135,280,321	30,930,926	51,145,398	4,954,944	23,362,761	3,698,014
End of year	<u>\$ 1,190,630</u>	<u>\$ 133,128,909</u>	<u>\$ 32,577,391</u>	<u>\$ 54,049,733</u>	<u>\$ 5,073,882</u>	<u>\$ 23,507,406</u>	<u>\$ 3,760,141</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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	\$ 10,412	\$ 59,565	\$ 87,843	\$ 22,842	\$ 173,534	\$ 195,953	\$ 11,148
Employer contributions	37,797	198,869	117,481	78,349	565,061	623,185	55,442
Other (net)	15	1	2,978	(215,977)	(12,993)	15,105	-
Net investment income	31,071	93,010	132,860	171,162	321,983	260,782	30,310
<b>Total Additions</b>	<u>79,295</u>	<u>351,445</u>	<u>341,162</u>	<u>56,376</u>	<u>1,047,585</u>	<u>1,095,025</u>	<u>96,900</u>

**Deductions**

Retirement benefits and refunds	75,218	362,951	133,416	496,385	1,100,046	1,051,556	70,026
Administrative expense	1,247	3,767	5,174	6,879	11,067	10,467	1,216
<b>Total Deductions</b>	<u>76,465</u>	<u>366,718</u>	<u>138,590</u>	<u>503,264</u>	<u>1,111,113</u>	<u>1,062,023</u>	<u>71,242</u>

<b>Net Increase</b>	<u>2,830</u>	<u>(15,273)</u>	<u>202,572</u>	<u>(446,888)</u>	<u>(63,528)</u>	<u>33,002</u>	<u>25,658</u>
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**Net position held in trust**

for pension benefits							
Beginning of year	1,322,996	3,984,097	5,466,673	7,750,529	13,802,863	11,094,796	1,267,704
End of year	<u>\$ 1,325,826</u>	<u>\$ 3,968,824</u>	<u>\$ 5,669,245</u>	<u>\$ 7,303,641</u>	<u>\$ 13,739,335</u>	<u>\$ 11,127,798</u>	<u>\$ 1,293,362</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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
<b>Additions</b>							
Contributions							
Member contributions	\$ 114,931	\$ 987	\$ 320,534	\$ 15,026	\$ 3,487	\$ 52,189	\$ 11,704
Employer contributions	392,668	7,766	3,537,324	87,382	5,131	321,897	121,957
Other (net)	98,894	-	35,428	-	-	1	(79,739)
Net investment income	496,830	7,556	1,432,717	66,413	22,392	211,259	77,854
<b>Total Additions</b>	<u>1,103,323</u>	<u>16,309</u>	<u>5,326,003</u>	<u>168,821</u>	<u>31,010</u>	<u>585,346</u>	<u>131,776</u>
<b>Deductions</b>							
Retirement benefits and refunds	874,547	21,252	6,929,467	209,786	41,327	434,931	197,635
Administrative expense	16,732	303	59,227	2,666	899	8,575	3,135
<b>Total Deductions</b>	<u>891,279</u>	<u>21,555</u>	<u>6,988,694</u>	<u>212,452</u>	<u>42,226</u>	<u>443,506</u>	<u>200,770</u>
<b>Net Increase</b>	<u>212,044</u>	<u>(5,246)</u>	<u>(1,662,691)</u>	<u>(43,631)</u>	<u>(11,216)</u>	<u>141,840</u>	<u>(68,994)</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	20,988,173	327,633	62,798,173	2,877,571	966,717	8,872,797	3,391,081
End of year	<u>\$ 21,200,217</u>	<u>\$ 322,387</u>	<u>\$ 61,135,482</u>	<u>\$ 2,833,940</u>	<u>\$ 955,501</u>	<u>\$ 9,014,637</u>	<u>\$ 3,322,087</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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	\$ 29,050	\$ 35,977	\$ 49,257	\$ 81,099	\$ 5,813	\$ 2,808	\$ 56,838
Employer contributions	117,553	223,952	245,541	184,094	3,749	6,514	95,203
Other (net)	-	1	(19,665)	1	-	-	-
Net investment income	59,155	152,358	193,700	135,529	27,966	14,316	53,055
<b>Total Additions</b>	<u>205,758</u>	<u>412,288</u>	<u>468,833</u>	<u>400,723</u>	<u>37,528</u>	<u>23,638</u>	<u>205,096</u>

**Deductions**

Retirement benefits and refunds	227,338	346,298	437,012	297,222	35,871	1	20,832
Administrative expense	2,375	6,112	7,771	5,437	1,122	574	2,126
<b>Total Deductions</b>	<u>229,713</u>	<u>352,410</u>	<u>444,783</u>	<u>302,659</u>	<u>36,993</u>	<u>575</u>	<u>22,958</u>

<b>Net Increase</b>	<u>(23,955)</u>	<u>59,878</u>	<u>24,050</u>	<u>98,064</u>	<u>535</u>	<u>23,063</u>	<u>182,138</u>
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**Net position held in trust  
for pension benefits**

Beginning of year	2,548,131	6,441,417	8,241,328	5,685,081	1,192,810	587,814	2,081,783
End of year	<u>\$ 2,524,176</u>	<u>\$ 6,501,295</u>	<u>\$ 8,265,378</u>	<u>\$ 5,783,145</u>	<u>\$ 1,193,345</u>	<u>\$ 610,877</u>	<u>\$ 2,263,921</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

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

**Additions**

Contributions

Member contributions	\$ 34,358	\$ 72,583	\$ 75,533	\$ 162,213	\$ 42,390	\$ 239,904	\$ 3,857
Employer contributions	101,363	219,198	426,083	1,254,378	56,198	330,728	45,744
Other (net)	1	1	23	(110,091)	-	12	-
Net investment income	121,193	125,021	290,498	721,793	7,812	134,680	27,589
<b>Total Additions</b>	<u>256,915</u>	<u>416,803</u>	<u>792,137</u>	<u>2,028,293</u>	<u>106,400</u>	<u>705,324</u>	<u>77,190</u>

**Deductions**

Retirement benefits and refunds	218,532	468,843	623,932	2,724,611	-	71,970	69,116
Administrative expense	4,862	5,016	11,652	28,933	312	5,394	1,107
<b>Total Deductions</b>	<u>223,394</u>	<u>473,859</u>	<u>635,584</u>	<u>2,753,544</u>	<u>312</u>	<u>77,364</u>	<u>70,223</u>

**Net Increase**

	<u>33,521</u>	<u>(57,056)</u>	<u>156,553</u>	<u>(725,251)</u>	<u>106,088</u>	<u>627,960</u>	<u>6,967</u>
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**Net position held in trust  
for pension benefits**

Beginning of year	5,137,891	5,391,830	12,239,266	31,524,902	227,254	5,118,999	1,170,319
End of year	<u>\$ 5,171,412</u>	<u>\$ 5,334,774</u>	<u>\$ 12,395,819</u>	<u>\$ 30,799,651</u>	<u>\$ 333,342</u>	<u>\$ 5,746,959</u>	<u>\$ 1,177,286</u>



**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<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	\$ 896	\$ 9,882	\$ 71,166	\$ 10,045	\$ 108,157	\$ 278,022	\$ 3,570
Employer contributions	11,698	128,464	179,605	41,377	615,951	222,974	10,728
Other (net)	-	-	(4,763)	-	(169,165)	18,336	-
Net investment income	6,598	45,319	77,451	38,688	401,825	122,572	12,394
<b>Total Additions</b>	<u>19,192</u>	<u>183,665</u>	<u>323,459</u>	<u>90,110</u>	<u>956,768</u>	<u>641,904</u>	<u>26,692</u>

**Deductions**

Retirement benefits and refunds	14,541	102,767	151,960	109,193	966,110	29,128	5,240
Administrative expense	265	1,817	3,105	1,553	16,119	4,908	497
<b>Total Deductions</b>	<u>14,806</u>	<u>104,584</u>	<u>155,065</u>	<u>110,746</u>	<u>982,229</u>	<u>34,036</u>	<u>5,737</u>

<b>Net Increase</b>	<u>4,386</u>	<u>79,081</u>	<u>168,394</u>	<u>(20,636)</u>	<u>(25,461)</u>	<u>607,868</u>	<u>20,955</u>
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**Net position held in trust**

<b>for pension benefits</b>							
Beginning of year	277,148	1,854,733	3,136,527	1,671,469	17,171,743	4,622,437	507,888
End of year	<u>\$ 281,534</u>	<u>\$ 1,933,814</u>	<u>\$ 3,304,921</u>	<u>\$ 1,650,833</u>	<u>\$ 17,146,282</u>	<u>\$ 5,230,305</u>	<u>\$ 528,843</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<i>Employer Unit Type</i>	New Shoreham	New Shoreham	Newport	Newport Housing	North Cumberland Fire District	North Kingstown	North Kingstown
<i>General Employees</i>	•		•	•		•	
<i>Police</i>		•					•
<i>Fire</i>					•		
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1342 1343	1344	1352 1353 1354	1356	1365	1372 1373	1374
<i>Legacy Employer Unit Number</i>	3022	4108	3021	3069	4101	3023	4056
<b>Additions</b>							
Contributions							
Member contributions	\$ 42,359	\$ 24,078	\$ 234,906	\$ 31,816	\$ 58,393	\$ 221,011	\$ 249,263
Employer contributions	170,916	73,342	2,518,304	301,158	154,596	1,669,112	860,582
Other (net)	1	669	1,234	1	1	571	3
Net investment income	154,895	26,912	1,073,486	153,945	106,915	1,064,954	453,434
<b>Total Additions</b>	<u>368,171</u>	<u>125,001</u>	<u>3,827,930</u>	<u>486,920</u>	<u>319,905</u>	<u>2,955,648</u>	<u>1,563,282</u>
<b>Deductions</b>							
Retirement benefits and refunds	269,199	77,346	4,858,492	567,912	196,658	3,660,362	1,391,341
Administrative expense	6,213	1,080	43,154	6,182	4,288	42,261	18,198
<b>Total Deductions</b>	<u>275,412</u>	<u>78,426</u>	<u>4,901,646</u>	<u>574,094</u>	<u>200,946</u>	<u>3,702,623</u>	<u>1,409,539</u>
<b>Net Increase</b>	<u>92,759</u>	<u>46,575</u>	<u>(1,073,716)</u>	<u>(87,174)</u>	<u>118,959</u>	<u>(746,975)</u>	<u>153,743</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	6,516,742	1,101,779	46,880,482	6,656,191	4,443,208	46,189,618	19,194,740
End of year	<u>\$ 6,609,501</u>	<u>\$ 1,148,354</u>	<u>\$ 45,806,766</u>	<u>\$ 6,569,017</u>	<u>\$ 4,562,167</u>	<u>\$ 45,442,643</u>	<u>\$ 19,348,483</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

Employer Unit Type	North Kingstown	North Providence	North Providence	North Providence Housing	North Smithfield	North Smithfield	North Smithfield Fire and Rescue
General Employees		•		•	•		
Police						•	
Fire	•		•				•
Police and Fire							
Current Employer Unit Number(s)	1375	1382 1383	1385	1386	1392 1393	1394	1395 1435
Legacy Employer Unit Number	4055	3024	4058	3066	3025	4076	4047

**Additions**

Contributions

Member contributions	\$ 309,288	\$ 68,652	\$ 339,060	\$ 4,932	\$ 65,426	\$ 126,484	\$ 98,825
Employer contributions	1,069,831	546,023	1,289,951	64,288	202,160	312,414	226,600
Other (net)	7,146	(36,893)	2,576	-	13,836	1	2,086
Net investment income	685,646	661,148	725,793	19,733	325,291	208,093	158,632
<b>Total Additions</b>	<u>2,071,911</u>	<u>1,238,930</u>	<u>2,357,380</u>	<u>88,953</u>	<u>606,713</u>	<u>646,992</u>	<u>486,143</u>

**Deductions**

Retirement benefits and refunds	2,066,701	1,597,027	2,249,114	99,208	831,170	603,406	307,871
Administrative expense	27,520	26,534	29,050	792	13,127	8,485	6,012
<b>Total Deductions</b>	<u>2,094,221</u>	<u>1,623,561</u>	<u>2,278,164</u>	<u>100,000</u>	<u>844,297</u>	<u>611,891</u>	<u>313,883</u>

**Net Increase**

	<u>(22,310)</u>	<u>(384,631)</u>	<u>79,216</u>	<u>(11,047)</u>	<u>(237,584)</u>	<u>35,101</u>	<u>172,260</u>
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**Net position held in trust for pension benefits**

Beginning of year	29,279,549	28,596,477	30,891,114	853,094	14,118,088	8,844,423	6,596,698
End of year	<u>\$ 29,257,239</u>	<u>\$ 28,211,846</u>	<u>\$ 30,970,330</u>	<u>\$ 842,047</u>	<u>\$ 13,880,504</u>	<u>\$ 8,879,524</u>	<u>\$ 6,768,958</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<i>Employer Unit Type</i>	Northern RI Collaborative	Pawtucket	Pawtucket Housing	Richmond	Richmond	Scituate	Scituate
<i>General Employees</i>	•	•	•	•		•	
<i>Police</i>					•		•
<i>Fire</i>							
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1403	1412 1413	1416	1452	1454	1462 1463	1464
<i>Legacy Employer Unit Number</i>	3081	3026	3053	3029	4029	3030	4073
<b>Additions</b>							
Contributions							
Member contributions	\$ 4,399	\$ 396,865	\$ 56,931	\$ 10,150	\$ 50,296	\$ 53,708	\$ -
Employer contributions	63,930	3,180,541	-	105,664	87,587	393,072	-
Other (net)	-	(38,396)	2	-	-	(33,631)	-
Net investment income	64,370	2,096,868	323,848	47,756	36,131	238,599	4,785
<b>Total Additions</b>	<u>132,699</u>	<u>5,635,878</u>	<u>380,781</u>	<u>163,570</u>	<u>174,014</u>	<u>651,748</u>	<u>4,785</u>
<b>Deductions</b>							
Retirement benefits and refunds	176,829	8,027,028	417,620	107,834	26,394	883,872	3,609
Administrative expense	2,583	95,648	13,024	1,701	1,448	9,685	192
<b>Total Deductions</b>	<u>179,412</u>	<u>8,122,676</u>	<u>430,644</u>	<u>109,535</u>	<u>27,842</u>	<u>893,557</u>	<u>3,801</u>
<b>Net Increase</b>	<u>(46,713)</u>	<u>(2,486,798)</u>	<u>(49,863)</u>	<u>54,035</u>	<u>146,172</u>	<u>(241,809)</u>	<u>984</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	2,793,426	91,962,298	13,868,809	1,983,769	1,395,577	10,423,065	203,189
End of year	<u>\$ 2,746,713</u>	<u>\$ 89,475,500</u>	<u>\$ 13,818,946</u>	<u>\$ 2,037,804</u>	<u>\$ 1,541,749</u>	<u>\$ 10,181,256</u>	<u>\$ 204,173</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

Employer Unit Type	Smithfield	Smithfield	Smithfield	Smithfield Housing	Smithfield (COLA)	South Kingstown	South Kingstown
General Employees		•		•	•	•	
Police			•				•
Fire	•						
Police and Fire							
Current Employer Unit Number(s)	1465	1472 1473	1474	1476	1478	1492 1493	1494
Legacy Employer Unit Number	1465	3031	4031	3084	3094	3032	4063

**Additions**

Contributions

Member contributions	\$ 43,540	\$ 64,236	\$ 230,955	\$ 1,158	\$ 74,217	\$ 246,747	\$ 251,692
Employer contributions	52,630	267,616	204,685	2,594	372,945	1,420,102	712,921
Other (net)	4,764	(62,902)	2	-	65,664	293,091	417
Net investment income	20,028	287,538	307,305	10,508	333,731	1,213,363	511,433
<b>Total Additions</b>	<u>120,962</u>	<u>556,488</u>	<u>742,947</u>	<u>14,260</u>	<u>846,557</u>	<u>3,173,303</u>	<u>1,476,463</u>

**Deductions**

Retirement benefits and refunds	7,626	809,304	240,722	1	694,093	2,788,503	1,638,543
Administrative expense	802	11,468	12,648	421	13,392	48,275	19,499
<b>Total Deductions</b>	<u>8,428</u>	<u>820,772</u>	<u>253,370</u>	<u>422</u>	<u>707,485</u>	<u>2,836,778</u>	<u>1,658,042</u>

<b>Net Increase</b>	<u>112,534</u>	<u>(264,284)</u>	<u>489,577</u>	<u>13,838</u>	<u>139,072</u>	<u>336,525</u>	<u>(181,579)</u>
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**Net position held in trust**

for pension benefits							
Beginning of year	742,046	12,533,801	12,623,444	434,570	14,101,575	51,438,896	22,004,925
End of year	<u>\$ 854,580</u>	<u>\$ 12,269,517</u>	<u>\$ 13,113,021</u>	<u>\$ 448,408</u>	<u>\$ 14,240,647</u>	<u>\$ 51,775,421</u>	<u>\$ 21,823,346</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<i>Employer Unit Type</i>	South Kingstown Housing	South Kingstown (EMT)	Union Fire District	Tiogue Lighting and Fire District	Tiverton	Tiverton	Tiverton (Local 2670A)
<i>General Employees</i>	•		•	•	•		•
<i>Police</i>							
<i>Fire</i>		•				•	
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1496	1505	1515	1528	1532 1533	1534	1538
<i>Legacy Employer Unit Number</i>	3080	4099	3027	3042	3033	4077	3077
<b>Additions</b>							
Contributions							
Member contributions	\$ 3,328	\$ 65,837	\$ 3,146	\$ -	\$ 65,589	\$ 139,329	\$ 20,064
Employer contributions	6,373	49,050	26,012	-	144,299	266,991	103,515
Other (net)	-	1	-	-	47,586	(5,926)	18
Net investment income	9,016	85,550	15,235	1,121	304,312	228,566	92,015
<b>Total Additions</b>	<u>18,717</u>	<u>200,438</u>	<u>44,393</u>	<u>1,121</u>	<u>561,786</u>	<u>628,960</u>	<u>215,612</u>
<b>Deductions</b>							
Retirement benefits and refunds	1	137,877	13,384	1,880	569,582	606,263	231,277
Administrative expense	361	3,431	611	45	12,548	9,174	3,693
<b>Total Deductions</b>	<u>362</u>	<u>141,308</u>	<u>13,995</u>	<u>1,925</u>	<u>582,130</u>	<u>615,437</u>	<u>234,970</u>
<b>Net Increase</b>	<u>18,355</u>	<u>59,130</u>	<u>30,398</u>	<u>(804)</u>	<u>(20,344)</u>	<u>13,523</u>	<u>(19,358)</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	366,372	3,591,354	619,685	48,639	13,005,651	9,739,601	3,945,724
End of year	<u>\$ 384,727</u>	<u>\$ 3,650,484</u>	<u>\$ 650,083</u>	<u>\$ 47,835</u>	<u>\$ 12,985,307</u>	<u>\$ 9,753,124</u>	<u>\$ 3,926,366</u>

See notes to Schedule.

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

Employer Unit Type	Valley Falls Fire District	Warren	Warren	Warren Housing	West Greenwich	West Greenwich	West Warwick Housing
General Employees		•		•	•		•
Police							
Fire	•						
Police and Fire			•			•	
Current Employer Unit Number(s)	1555	1562	1564 1565	1566	1602	1604	1616
Legacy Employer Unit Number	4042	3034	4062	3071	3037	4089	3083

**Additions**

Contributions

Member contributions	\$ 57,033	\$ 40,020	\$ 129,208	\$ 6,124	\$ 19,759	\$ 71,422	\$ 5,609
Employer contributions	146,982	255,456	491,829	18,647	159,958	210,965	26,030
Other (net)	1	1	2	-	-	1	-
Net investment income	78,068	118,361	222,765	29,413	56,875	85,854	39,553
<b>Total Additions</b>	<u>282,084</u>	<u>413,838</u>	<u>843,804</u>	<u>54,184</u>	<u>236,592</u>	<u>368,242</u>	<u>71,192</u>

**Deductions**

Retirement benefits and refunds	248,191	402,697	601,274	114,354	288,195	208,048	109,985
Administrative expense	3,133	5,028	8,939	1,181	2,283	3,443	1,587
<b>Total Deductions</b>	<u>251,324</u>	<u>407,725</u>	<u>610,213</u>	<u>115,535</u>	<u>290,478</u>	<u>211,491</u>	<u>111,572</u>

<b>Net Increase</b>	<u>30,760</u>	<u>6,113</u>	<u>233,591</u>	<u>(61,351)</u>	<u>(53,886)</u>	<u>156,751</u>	<u>(40,380)</u>
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**Net position held in trust**

for pension benefits							
Beginning of year	3,300,510	5,044,456	9,272,018	1,316,456	2,480,792	3,506,756	1,728,156
End of year	<u>\$ 3,331,270</u>	<u>\$ 5,050,569</u>	<u>\$ 9,505,609</u>	<u>\$ 1,255,105</u>	<u>\$ 2,426,906</u>	<u>\$ 3,663,507</u>	<u>\$ 1,687,776</u>

**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<i>Employer Unit Type</i>	Westerly	Woonsocket	Woonsocket	Woonsocket	Albion Fire District	Albion Fire District	Harrisville Fire District
<i>General Employees</i>	•	•			•		•
<i>Police</i>			•				
<i>Fire</i>				•		•	
<i>Police and Fire</i>							
<i>Current Employer Unit Number(s)</i>	1622 1623	1632 1633	1634	1635	1702	1705	1712
<i>Legacy Employer Unit Number</i>	3036	3039	4085	4093	3103	4111	3102
<b>Additions</b>							
Contributions							
Member contributions	\$ -	\$ 214,617	\$ 442,102	\$ 554,205	\$ -	\$ 18,389	\$ 5,165
Employer contributions	181,261	1,066,595	1,288,328	757,891	7,394	47,179	16,323
Other (net)	-	7,382	1,183	18	-	-	-
Net investment income	6,300	1,418,447	813,302	984,331	3,255	17,982	15,992
<b>Total Additions</b>	<u>187,561</u>	<u>2,707,041</u>	<u>2,544,915</u>	<u>2,296,445</u>	<u>10,649</u>	<u>83,550</u>	<u>37,480</u>
<b>Deductions</b>							
Retirement benefits and refunds	141,691	4,533,303	2,451,137	1,118,560	-	22,810	1
Administrative expense	253	55,038	31,759	39,472	130	721	641
<b>Total Deductions</b>	<u>141,944</u>	<u>4,588,341</u>	<u>2,482,896</u>	<u>1,158,032</u>	<u>130</u>	<u>23,531</u>	<u>642</u>
<b>Net Increase</b>	<u>45,617</u>	<u>(1,881,300)</u>	<u>62,019</u>	<u>1,138,413</u>	<u>10,519</u>	<u>60,019</u>	<u>36,838</u>
<b>Net position held in trust for pension benefits</b>							
Beginning of year	223,229	62,407,893	34,642,411	40,863,988	128,397	707,291	645,535
End of year	<u>\$ 268,846</u>	<u>\$ 60,526,593</u>	<u>\$ 34,704,430</u>	<u>\$ 42,002,401</u>	<u>\$ 138,916</u>	<u>\$ 767,310</u>	<u>\$ 682,373</u>

See notes to Schedule.



**Municipal Employees' Retirement System**  
**Schedules of Changes in Fiduciary Net Position By Employer**  
**Year Ended June 30, 2015**

<i>Employer Unit Type</i>	Harrisville 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>	1715	
<i>Legacy Employer Unit Number</i>	4110	

**Additions**

Contributions

Member contributions	\$ 26,357	\$ 11,592,471
Employer contributions	26,885	44,576,293
Other (net)	-	22,218
Net investment income	30,074	32,626,949
<b>Total Additions</b>	<b>83,316</b>	<b>88,817,931</b>

**Deductions**

Retirement benefits and refunds	2	89,034,430
Administrative expense	1,205	1,303,534
<b>Total Deductions</b>	<b>1,207</b>	<b>90,337,964</b>

<b>Net Increase</b>	<b>82,109</b>	<b>(1,520,033)</b>
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**Net position held in trust  
for pension benefits**

Beginning of year	1,201,195	1,393,744,949
End of year	<b>\$ 1,283,304</b>	<b>\$ 1,392,224,916</b>

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

**1. Plan Description and Governance**

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

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

The Municipal Employees' Retirement System (MERS) was established by Rhode Island General Law and placed under the management of the Retirement Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. 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>45</u>
Total participating units as of the actuarial valuation at June 30, 2014	<u>113</u>

**Plan members:**

	<i>Retirees and beneficiaries</i>	<i>Terminated plan members entitled to but not yet receiving benefits</i>	<i>Active Vested</i>	<i>Active Non-vested</i>	<i>Total by Plan</i>
MERS					
General Employees	4,418	2,662	4,593	1,220	12,893
Public Safety	711	148	1,100	340	2,323
Total by type	5,129	2,824	5,703	1,560	15,216

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

**Summary of Benefit Provisions**

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Teachers and administrators are covered by the separate Employees' Retirement System Plan, but other school employees may be covered by MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

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

general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

**General employees**

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 in (a) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

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

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

***Police and Fire employees***

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

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

***Other benefit provisions***

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

***Special Provisions Applying to Specific Units*** - prior to July 1, 2012, some units had specific provisions that apply only to that unit. Per section 45-21.2-5 benefits for members eligible to retire prior to June 30, 2012 are preserved for the calculation of the retirement benefits. For service accrued after July 1, 2012, retirement benefits will be calculated in accordance with section 45-21.2-2 and adjustments to benefits will be provided as set forth in 45-21-52. The following summarizes those provisions:

*Town of Burrillville Police* - Rhode Island General Law §45-21.2-22.1

Under these special provisions, the retirement benefit for members eligible to retire on or before June 30, 2012 and having with 20 or more years of service is improved. The new formula is 60.00% x Final Average Compensation (FAC), plus 1.50% x FAC x Years of Service in Excess of 20, with a maximum benefit equal to 75% of FAC. In addition to this benefit change, the member contribution rate increased from 9.00% to 10.20%.

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

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

*South Kingstown police department - Rhode Island General Law § 45-21.2-6.1, § 45-21.2-5(5), and § 45-21.2-14(d)*

Under these special provisions, the member receives a retirement allowance which is a life annuity terminable at the death of the annuitant, and is an amount equal to the sum of two and one-half percent (2.5%) of final compensation multiplied by the years of service accrued after July 1, 1993 and two percent (2%) of final compensation multiplied by the years of service accrued prior to July 1, 1993. The annual retirement allowance in no event shall exceed seventy-five percent (75%) of final compensation. The member contribution rate between July 1, 1985 and June 30, 2012 was 8.00%, plus 1.00% for the adoption of the optional COLA, for a total of 9.00%. For service after July 1, 2012, the member contribution rate is 9% plus 1.00% for the adoption of the optional COLA, for a total of 10.00%.

*Hopkinton Police Department - Rhode Island General Law § 45-21.2-5 (9)*

Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 9.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

*Cranston fire department hired after July 1, 1995 or with less than 5 years of service at that date - Rhode Island General Law § 45-21.2-5 (7) and § 45-21.2-14 9 (e)*

Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

*Cranston police department hired after July 1, 1995 or with less than 5 years of service at that date - Rhode Island General Law §§ 45-21.2-5 (8) and § 45-21.2-14 (f)*

Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

*Richmond Police - Rhode Island General Law §§ 45-21.2-6.3*

Under these special provisions, members are eligible to retire after attaining 22 years of service. The retirement benefit for a member with 22 or more years of service was improved to 50.00% x Final Average Compensation (FAC), plus 2.2727% x FAC x Years of Service in Excess of 22, with a maximum benefit equal to 75% of FAC.

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

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

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

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, 2015 at [www.ersri.org](http://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, 2015 as summarized below.

As presented in the on System's audited financial statements for the fiscal year ended June 30, 2015:	
Interest on service credits purchased	\$44,515
Miscellaneous revenue	15,218
Service credit transfers (net)	(37,511)
As presented in the Schedule of Changes in Fiduciary Net Position by Employer:	
<b>Additions – Other (net)</b>	<b>\$22,222</b>

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, 2015.

**4. Summary of Significant Accounting Policies**

**Basis of Accounting** –The financial statements of the System are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the wages, subject to required contributions, are earned for the performance of duties for covered employment. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions.

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

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

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

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

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

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

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

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

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

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

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

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

Private equity and real estate investments represented 6.8% and 4.9%, respectively of the total reported fair value of all ERSRI investments at June 30, 2015. Of the underlying holdings within private equity investments, approximately 21% were valued based on quoted market prices. The remaining underlying assets were valued generally following the objectives outlined above. Because these fair values were not determined based on quoted market prices, the fair values may differ from the values that would have been determined had a ready market for these investments existed.

Hedge funds are valued based on information provided by the fund manager and as verified by their respective third party administrator. Of the underlying holdings within the hedge funds approximately 71.1% were valued based on



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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

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

Tier 1 inputs (unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted investments) and 22.0% as Tier 2 inputs (other significant inputs, either directly or indirectly, at the measurement date such as a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets and liabilities in markets that are not active; c) observable inputs, other than quoted prices, for assets and liabilities; or d) inputs that are derived from or corroborated by observable market data by correlation or other means). The remaining underlying holdings within the hedge funds approximating 6.9% were valued based on Tier 3 inputs (unobservable inputs which are developed based on the best information available in the circumstances, which might include the fund's own data).

**Contributions** - Plan member contributions for the defined benefit plans are recognized in the period in which the wages, subject to required contributions, are earned for the performance of duties for covered employment. Employer contributions to each defined benefit plan are recognized when due and the employer has made a formal commitment to provide the contributions.

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

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

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

**5. Contributions**

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

**(a). Funding Policy**

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

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

NOTES TO SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

**5. Contributions (continued)**

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

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

**(b). Contribution rates**

Employer contribution rates for fiscal 2015 for MERS employers were developed based on actuarial valuations performed as of June 30, 2012. Employee contribution rates are statutorily determined. The table below displays the contribution rates for the year ended June 30, 2015:

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

**6. Administrative Expenses**

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

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

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

NOTES TO SCHEDULES 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, 2015 totaled \$563 million. These commitments will be funded through cash available within the pooled investment trust generated through investment income and/or liquidation of other investments.

The system's investments in hedge funds are generally subject to "lock-up" provisions that limit (subject to certain exceptions) the ability to withdraw amounts previously invested for a period of one to three years after the initial investment. At June 30, 2015, investments totaling approximately \$223 million are subject to these withdrawal limitation provisions. The remainder of hedge fund assets are available for redemption either on a month end or quarter end basis, and are subject to notice periods which vary by fund and range from 2 days to 90 days.

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