

EMPLOYEES' RETIREMENT SYSTEM OF  
THE STATE OF RHODE ISLAND  
Teachers' Survivors Benefit Cost-Sharing Plan  
Schedule of Employer Allocations  
Schedule of Pension Amounts by Employer  
June 30, 2020 Measurement Date  
(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  
Dennis E. Hoyle, CPA - Auditor General

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September 30, 2021

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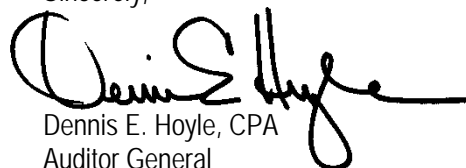
Representative Blake A. Filippi

We have completed our audit of the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer for the Teachers' Survivors Benefit plan, a cost-sharing defined benefit plan administered by the Employees' Retirement System of the State of Rhode Island for the fiscal year ended June 30, 2020.

These schedules are required for employers participating in the Teachers' Survivors Benefit 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*.

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

**Teachers' Survivors Benefit Cost-Sharing Plan**

Schedule of Employer Allocations

Schedule of Pension Amounts by Employer

June 30, 2020 Measurement Date

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

***Teacher's Survivors Benefit Cost-Sharing Plan***

**Schedules of Employer Allocations**

**Schedules of Pension Amounts by Employer**

**June 30, 2020 Measurement Date**

**INTRODUCTION**

The Teachers' Survivors Benefit (TSB) Plan covers certain teachers employed by local educational agencies. As a cost-sharing plan, separate valuations are not made for individual employers participating in the plan. The net pension asset is apportioned based on proportionate contributions – see Schedule A.

**The measurement date is June 30, 2020 – the information included herein is intended for use in Fiscal 2021 financial reporting by employers participating in the TSB plan.**

The net pension asset and other measures included herein 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.



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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 accompanying Schedule of Employer Allocations of the Teachers' Survivors Benefit (TSB) plan as of and for the year ended June 30, 2020, and the related notes. We have also audited the total for all entities of the columns titled ending net pension asset, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying Schedule of Pension Amounts by Employer of the Teachers' Survivors Benefit plan as of and for the year ended June 30, 2020, and the related notes.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer to design audit procedures that are proper in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control. Accordingly,

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

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 Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer.

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

***Opinion***

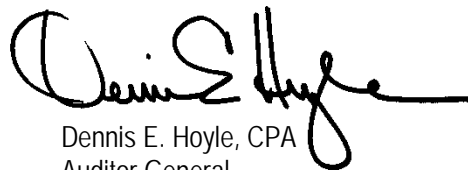
In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and ending net pension asset, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for the Teachers' Survivors Benefit cost-sharing plan as of and for the year ended June 30, 2020, 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 Teachers' Survivors Benefit 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 management, the Retirement Board of the Employees' Retirement System of the State of Rhode Island, the employers participating in the TSB plan as of and for the year ended June 30, 2020 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

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

**TEACHERS' SURVIVORS BENEFIT COST SHARING PLAN**

*Schedule of Employer Allocations*

Participating Employer Unit	Fiscal 2020 employer contribution	
	Amount	%
Barrington	34,536	4.63099271%
Bristol-Warren	32,732	4.38910127%
Burrillville	23,837	3.19629692%
Central Falls Collaborative	29,887	4.00760062%
Coventry	52,246	7.00574940%
Cranston	123,737	16.59212461%
Cumberland	51,675	6.92921139%
East Greenwich	28,932	3.87956751%
East Providence	61,349	8.22641927%
Foster	2,894	0.38802018%
Foster-Glocester	15,410	2.06634790%
Glocester	6,291	0.84359290%
Johnston	41,379	5.54849944%
Lincoln	34,373	4.60912777%
Little Compton	3,795	0.50887672%
Middletown	26,738	3.58532144%
Newport	26,764	3.58881318%
North Smithfield	18,825	2.52423504%
Northern RI Collaborative	3,594	0.48186267%
Portsmouth	27,381	3.67150062%
Scituate	16,515	2.21453628%
Smithfield	27,964	3.74976707%
Tiverton	21,445	2.87555575%
Westerly	33,461	4.48687935%
<b>Totals</b>	<b>\$ 745,760</b>	<b>100.00000000%</b>

*See notes to schedule.*

**Teachers' Survivors Benefit Cost-Sharing Plan**  
**Schedule of Pension Amounts by Employer**  
**June 30, 2020 Measurement Date**

Schedule B

<i>Participating Employer</i>	Pension		Pension Expense		
	Beginning Net Pension Liability (Asset)	Ending Net Pension Liability (Asset)	Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
Barrington	\$ (5,230,010)	\$ (5,499,932)	\$ (186,782)	\$ 8,625	\$ (178,157)
Bristol-Warren	(5,074,652)	(5,212,653)	(177,026)	18,780	(158,246)
Burrillville	(3,690,743)	(3,796,036)	(128,916)	9,259	(119,657)
Central Falls Collaborative	(4,558,749)	(4,759,569)	(161,638)	50,871	(110,767)
Coventry	(7,831,446)	(8,320,277)	(282,563)	46,459	(236,104)
Cranston	(18,641,819)	(19,705,400)	(669,206)	(62,030)	(731,236)
Cumberland	(7,650,130)	(8,229,378)	(279,476)	(48,993)	(328,469)
East Greenwich	(4,255,965)	(4,607,513)	(156,475)	(27,988)	(184,463)
East Providence	(9,555,394)	(9,769,988)	(331,796)	(104,010)	(435,806)
Foster	(489,767)	(460,827)	(15,650)	(1,451)	(17,101)
Foster-Glocester	(2,256,932)	(2,454,068)	(83,342)	(25,665)	(109,007)
Glocester	(966,794)	(1,001,881)	(34,025)	(1,158)	(35,183)
Johnston	(5,972,304)	(6,589,596)	(223,788)	(112,964)	(336,752)
Lincoln	(5,264,993)	(5,473,964)	(185,900)	47,317	(138,583)
Little Compton	(594,717)	(604,360)	(20,525)	20,735	210
Middletown	(4,085,286)	(4,258,055)	(144,607)	8,483	(136,124)
Newport	(4,075,559)	(4,262,202)	(144,748)	(35,589)	(180,337)
North Smithfield	(2,973,584)	(2,997,871)	(101,810)	24,563	(77,247)
Northern RI Collaborative	(554,393)	(572,277)	(19,435)	5,628	(13,807)
Portsmouth	(4,205,948)	(4,360,405)	(148,083)	32,659	(115,424)
Scituate	(2,501,309)	(2,630,062)	(89,319)	4,222	(85,097)
Smithfield	(4,353,075)	(4,453,357)	(151,239)	11,493	(139,746)
Tiverton	(3,204,018)	(3,415,112)	(115,980)	15,397	(100,583)
Urban Collaborative	(244,883)	-	-	30,185	30,185
Westerly	(5,213,368)	(5,328,778)	(180,969)	85,172	(95,797)
	<b>\$ (113,445,838)</b>	<b>\$ (118,763,561)</b>	<b>\$ (4,033,298)</b>	<b>\$ -</b>	<b>\$ (4,033,298)</b>

See notes to schedule.



**Teachers' Survivors Benefit Cost-Sharing Plan**  
**Schedule of Pension Amounts by Employer**  
**June 30, 2020 Measurement Date**

Schedule B

	Deferred Outflows of Resources				
	Difference Between Expected and Actual Experience	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
<i>Participating Employer</i>					
Barrington	\$ 471,713	\$ 371,100	\$ 436,259	\$ 164,254	\$ 1,443,326
Bristol-Warren	447,074	351,717	413,472	202,242	1,414,505
Burrillville	325,575	256,132	301,105	226,535	1,109,347
Central Falls Collaborative	408,215	321,145	377,533	239,472	1,346,365
Coventry	713,606	561,399	659,971	438,396	2,373,372
Cranston	1,690,079	1,329,596	1,563,048	188,070	4,770,793
Cumberland	705,810	555,266	652,761	127,081	2,040,918
East Greenwich	395,173	310,886	365,472	37,768	1,109,299
East Providence	837,944	659,217	774,964	313,440	2,585,565
Foster	39,524	31,094	36,553	87,658	194,829
Foster-Glocester	210,478	165,585	194,659	41,663	612,385
Glocester	85,928	67,601	79,470	116,576	349,575
Johnston	565,171	444,624	522,692	-	1,532,487
Lincoln	469,486	369,348	434,199	244,347	1,517,380
Little Compton	51,834	40,778	47,938	299,620	440,170
Middletown	365,201	287,307	337,752	118,996	1,109,256
Newport	365,557	287,586	338,081	158,566	1,149,790
North Smithfield	257,119	202,277	237,794	201,229	898,419
Northern RI Collaborative	49,083	38,614	45,394	50,595	183,686
Portsmouth	373,979	294,212	345,871	232,372	1,246,434
Scituate	225,573	177,460	208,619	86,545	698,197
Smithfield	381,952	300,484	353,244	146,143	1,181,823
Tiverton	292,904	230,430	270,890	111,629	905,853
Urban Collaborative	-	-	-	229,989	229,989
Westerly	457,034	359,552	422,683	442,212	1,681,481
	<b>\$ 10,186,012</b>	<b>\$ 8,013,410</b>	<b>\$ 9,420,424</b>	<b>\$ 4,505,398</b>	<b>\$ 32,125,244</b>

See notes to schedule.

**Teachers' Survivors Benefit Cost-Sharing Plan**  
**Schedule of Pension Amounts by Employer**  
**June 30, 2020 Measurement Date**

Schedule B

*Participating Employer*

Deferred Inflows of Resources					
	Difference Between Expected and Actual Experience	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows
Barrington	\$ 1,172,798	\$ 380,060	\$ 167,863	\$ 129,497	\$ 1,850,218
Bristol-Warren	1,111,539	360,208	159,095	117,058	1,747,900
Burrillville	809,462	262,316	115,858	136,926	1,324,562
Central Falls Collaborative	1,014,924	328,899	145,266	29,812	1,518,901
Coventry	1,774,205	574,953	253,942	209,484	2,812,584
Cranston	4,201,950	1,361,694	601,426	518,919	6,683,989
Cumberland	1,754,821	568,672	251,168	387,832	2,962,493
East Greenwich	982,500	318,391	140,625	203,271	1,644,787
East Providence	2,083,339	675,132	298,188	655,209	3,711,868
Foster	98,266	31,844	14,065	66,675	210,850
Foster-Glocester	523,302	169,583	74,900	209,506	977,291
Glocester	213,640	69,233	30,578	102,916	416,367
Johnston	1,405,156	455,358	201,120	589,136	2,650,770
Lincoln	1,167,261	378,265	167,070	26,467	1,739,063
Little Compton	128,873	41,763	18,446	267,106	456,188
Middletown	907,982	294,243	129,959	87,856	1,420,040
Newport	908,866	294,529	130,086	290,308	1,623,789
North Smithfield	639,262	207,161	91,498	66,145	1,004,066
Northern RI Collaborative	122,032	39,546	17,466	18,649	197,693
Portsmouth	929,807	301,315	133,083	120,433	1,484,638
Scituate	560,831	181,744	80,272	72,380	895,227
Smithfield	949,628	307,739	135,920	104,018	1,497,305
Tiverton	728,234	235,993	104,232	71,995	1,140,454
Urban Collaborative	-	-	-	23,800	23,800
Westerly	1,136,301	368,233	162,639	-	1,667,173
	<b>\$ 25,324,979</b>	<b>\$ 8,206,874</b>	<b>\$ 3,624,765</b>	<b>\$ 4,505,398</b>	<b>\$ 41,662,016</b>

See notes to schedule.

**Teachers' Survivors Benefit Cost-Sharing Plan**  
**Schedule of Pension Amounts by Employer**  
**June 30, 2020 Measurement Date**

Schedule B

Collective Deferred Outflows for Plan as a Whole						
<i>Participating Employer</i>	2022	2023	2024	2025	2026	Thereafter
Barrington	\$ (72,501)	\$ 39,413	\$ 67,387	\$ (37,973)	\$ (149,975)	\$ (253,242)
Bristol-Warren	(58,109)	47,960	74,473	(29,165)	(144,688)	(223,865)
Burrillville	(46,734)	30,509	49,816	(23,679)	(80,993)	(144,134)
Central Falls Collaborative	(19,335)	77,515	101,723	(9,774)	(115,100)	(207,565)
Coventry	(76,269)	93,035	135,354	(43,338)	(195,526)	(352,467)
Cranston	(352,694)	48,279	148,506	(264,900)	(558,164)	(934,234)
Cumberland	(170,380)	(2,925)	38,931	(100,423)	(243,986)	(442,790)
East Greenwich	(95,951)	(2,195)	21,239	(72,511)	(147,881)	(238,189)
East Providence	(248,122)	(49,318)	374	(150,181)	(258,651)	(420,407)
Foster	(8,248)	1,129	3,473	518	(2,676)	(10,216)
Foster-Glocester	(61,864)	(11,927)	555	(52,548)	(97,925)	(141,197)
Glocester	(15,936)	4,450	9,546	(8,171)	(12,945)	(43,736)
Johnston	(210,163)	(76,076)	(42,560)	(147,544)	(243,803)	(398,137)
Lincoln	(33,426)	77,960	105,802	(9,858)	(133,444)	(228,716)
Little Compton	11,820	24,118	27,192	(20,697)	(31,051)	(27,398)
Middletown	(54,325)	32,319	53,977	(29,028)	(119,312)	(194,414)
Newport	(98,458)	(11,729)	9,949	(55,205)	(131,236)	(187,319)
North Smithfield	(19,657)	41,345	56,593	(1,983)	(72,894)	(109,050)
Northern RI Collaborative	(2,813)	8,832	11,742	807	(11,546)	(21,029)
Portsmouth	(31,659)	57,068	79,246	(19,850)	(115,806)	(207,203)
Scituate	(34,573)	18,945	32,322	(21,931)	(74,108)	(117,686)
Smithfield	(54,196)	36,423	59,073	(45,848)	(127,569)	(183,365)
Tiverton	(34,977)	34,515	51,885	(16,664)	(95,490)	(173,869)
Urban Collaborative	30,185	30,185	30,185	30,399	29,459	55,776
Westerly	6,570	115,002	142,106	33,936	(95,985)	(187,320)
	<b>\$ (1,751,815)</b>	<b>\$ 664,832</b>	<b>\$ 1,268,889</b>	<b>\$ (1,095,611)</b>	<b>\$ (3,231,295)</b>	<b>\$ (5,391,772)</b>

See notes to schedule.

**Teachers' Survivors Benefit Cost-Sharing Plan**  
**Schedule of Pension Amounts by Employer**  
**June 30, 2020 Measurement Date**

Schedule B

<i>Participating Employer</i>	Net Pension Liability (Asset) 1% Decrease (6.0% Discount Rate)	Net Pension Liability (Asset) (7.0% Discount Rate)	Net Pension Liability (Asset) 1% Increase (8.0% Discount Rate)
Barrington	\$ (4,574,871)	\$ (5,499,932)	\$ (6,616,635)
Bristol-Warren	(4,335,911)	(5,212,653)	(6,271,028)
Burrillville	(3,157,562)	(3,796,036)	(4,566,781)
Central Falls Collaborative	(3,959,033)	(4,759,569)	(5,725,950)
Coventry	(6,920,848)	(8,320,277)	(10,009,623)
Cranston	(16,391,047)	(19,705,400)	(23,706,374)
Cumberland	(6,845,238)	(8,229,378)	(9,900,267)
East Greenwich	(3,832,552)	(4,607,513)	(5,543,020)
East Providence	(8,126,725)	(9,769,988)	(11,753,682)
Foster	(383,318)	(460,827)	(554,393)
Foster-Glocester	(2,041,306)	(2,454,068)	(2,952,341)
Glocester	(833,370)	(1,001,881)	(1,205,302)
Johnston	(5,481,258)	(6,589,596)	(7,927,544)
Lincoln	(4,553,271)	(5,473,964)	(6,585,395)
Little Compton	(502,710)	(604,360)	(727,069)
Middletown	(3,541,872)	(4,258,055)	(5,122,609)
Newport	(3,545,321)	(4,262,202)	(5,127,598)
North Smithfield	(2,493,644)	(2,997,871)	(3,606,558)
Northern RI Collaborative	(476,023)	(572,277)	(688,472)
Portsmouth	(3,627,006)	(4,360,405)	(5,245,739)
Scituate	(2,187,699)	(2,630,062)	(3,164,069)
Smithfield	(3,704,324)	(4,453,357)	(5,357,564)
Tiverton	(2,840,707)	(3,415,112)	(4,108,515)
Urban Collaborative	-	-	-
Westerly	(4,432,504)	(5,328,778)	(6,410,730)
	<b>\$ (98,788,120)</b>	<b>\$ (118,763,561)</b>	<b>\$ (142,877,258)</b>

*See notes to schedule.*

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Teachers' Survivors Benefit Cost-Sharing Plan

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

June 30, 2020 Measurement Date

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 in the Office of the General Treasurer as an independent retirement board to hold and administer, in trust, the funds of the retirement system.

Each plan's assets, including those of the Teachers' Survivors Benefit cost-sharing plan, 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 Teachers' Survivors Benefit Cost-Sharing Plan was established and placed under the management of the Retirement Board for the purpose of providing monthly benefits to certain survivors of deceased teachers previously employed in school districts that do not participate in social security. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws.

2. Schedule of Employer Allocations

The Schedule of Employer Allocations reflects employer contributions recognized for the fiscal year ended June 30, 2020 consistent with contributions reflected within the Plan's financial statements. The percentages included in the Schedules of Employer Allocations have been rounded to 8 decimal places.

The Schedule of Employer Allocations (Schedule A) reflects employer contribution amounts which are the preliminary basis for allocating the pension amounts to each employer. The final or effective allocations also include any changes in allocations between years which are reflected as deferred outflows/inflows and recognized over the remaining service lives of the respective employee group.

3. Schedule of Pension Amounts by Employer

The Schedule of Pension Amounts by Employer was prepared by the Plan's actuary using amounts from (1) the Plan's financial statements for the fiscal year ended June 30, 2020, (2) Required Supplementary Information prepared in accordance with the requirements of GASB Statement No. 67, and (3) certain data from the actuarial valuation of the Plan performed at June 30, 2019 rolled-forward to June 30, 2020. This Schedule utilizes the proportionate employer contribution schedule detailed in the Schedule of Employer Allocations to apportion each employer's amounts for the cost-sharing plan.

The Schedule of Pension Amounts by Employer includes the sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Net Pension Liability (Asset) – Sensitivity Analysis

	1.0% Decrease (6%)	Discount Rate (7%)	1.0% Increase (8.0%)
TSB	\$ (98,788,120)	\$ (118,763,561)	\$ (142,877,258)

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Teachers' Survivors Benefit Cost-Sharing Plan

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

June 30, 2020 Measurement Date

4. Relationship to the Plan financial statements

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

5. Summary of Significant Accounting Policies

**Basis of Accounting** – The underlying information to prepare the allocation schedules is based on the System's financial statements as of and for the year ended June 30, 2020. The financial statements of the System are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the wages, subject to required contributions, are earned for the performance of duties for covered employment. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions.

6. Net Pension Liability (Asset)

The components of the net pension liability of the employers participating in the TSB Plan at June 30, 2020 were as follows:

Fiscal year ended June 30, 2020	
Total pension liability	\$ 223,495,756
Plan Fiduciary net position	342,259,317
Employers' Net Pension Liability (Asset)	\$ (118,763,561)
Plan Fiduciary Net Position as a percentage of total pension liability	153.1%

7. Actuarial methods and assumptions

The total pension liability was determined by actuarial valuations performed as of June 30, 2019, rolled forward to 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Investment Rate of Return - 7.00%

Projected Salary Increases – 3.0% to 13.0%

Mortality: Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

Inflation – 2.50%

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

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

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**7. Actuarial methods and assumptions (continued)**

Cost of Living Adjustments: eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.50% cost of living adjustment is assumed.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

**8. Discount rate**

The discount rate used to measure the total pension liability of the TSB plan was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Differences between projected and actual earnings on pension plan investments are to be recognized in pension expense using a systematic and rational method over a closed five-year period. Projected earnings of the plan reflect the plan's investment return assumption or discount rate of 7.0%.

Changes in proportion between the June 30, 2019 and June 30, 2020 measurement dates are also recognized in pension expense using the expected remaining service lives of teachers.

For teachers, the average of the expected remaining service lives for purposes of recognizing the applicable deferred inflows/outflows of resources established in fiscal 2020 is 8.072 years.