

**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, 2022 Measurement Date

(for Fiscal 2023 Employer Reporting)



David A. Bergantino, CPA, CFE, Auditor General

Office of the Auditor General

General Assembly

State of Rhode Island



Office of the Auditor General

State of Rhode Island - General Assembly
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June 28, 2023

JOINT COMMITTEE ON LEGISLATIVE SERVICES:

SPEAKER K. Joseph Shekarchi, Chairman

Senator Dominick J. Ruggerio
Senator Jessica de la Cruz
Representative Christopher R. Blazejewski
Representative Michael W. Chippendale

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, 2022.

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,

David A. Bergantino, CPA, CFE
Auditor General

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Teachers' Survivors Benefit Cost-Sharing Plan

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June 30, 2022 Measurement Date

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EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Teacher's Survivors Benefit Cost-Sharing Plan

Schedule of Employer Allocations

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June 30, 2022 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, 2022 – the information included herein is intended for use in Fiscal 2023 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:

Report on the Audit of the Schedules

Opinions

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, 2022, and the related notes. We have also audited the total for all entities of the columns titled ending net pension liability (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, 2022, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and ending net pension liability (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, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Teachers' Survivors Benefit cost-sharing plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Schedules

Our objectives are 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, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level

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

of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer.
- Obtain an understanding of internal control relevant to the audit 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 Teachers' Survivors Benefit cost-sharing plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 cost-sharing plan within the Employees' Retirement System of the State of Rhode Island as of and for the year ended June 30, 2022, and our report thereon, dated December 28, 2022 expressed an unmodified opinion on those financial statements.

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

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 Teachers' Survivors Benefit cost sharing plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.



David A. Bergantino, CPA, CFE
Auditor General
June 23, 2023

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND
TEACHERS' SURVIVORS BENEFIT COST SHARING PLAN
Schedule of Employer Allocations

Participating Employer Unit	Fiscal 2022 Employer Contribution	
	Amount	%
Barrington	36,162	4.78649903%
Bristol-Warren	33,749	4.46706607%
Burrillville	24,536	3.24764916%
Central Falls Collaborative	32,265	4.27061107%
Coventry	53,000	7.01524716%
Cranston	124,039	16.41839110%
Cumberland	51,555	6.82395430%
East Greenwich	29,336	3.88300350%
East Providence	62,290	8.24484010%
Foster	2,990	0.39576374%
Foster-Glocester	16,173	2.14065827%
Glocester	6,484	0.85823948%
Johnston	39,691	5.25355186%
Lincoln	35,416	4.68775134%
Little Compton	4,140	0.54798056%
Middletown	26,642	3.52645479%
Newport	28,750	3.80542057%
North Smithfield	18,975	2.51157758%
Northern RI Collaborative	3,246	0.42967235%
Portsmouth	27,495	3.63925275%
Scituate	16,647	2.20343778%
Smithfield	27,975	3.70280658%
Tiverton	19,838	2.62574814%
Westerly	32,957	4.36220589%
Providence Preparatory	1,150	0.15221682%
Totals	\$ 755,501	100.00000000%

*See Notes to the Schedules of Employer Allocations
and Pension Amounts by Employer*

Teachers' Survivors Benefit Cost-Sharing Plan
Schedule of Pension Amounts by Employer
June 30, 2022 Measurement Date

Participating Employer

	Beginning Net Pension Liability (Asset)	Ending Net Pension Liability (Asset)	Pension Expense		
			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 Pension Expense
Barrington	\$ (9,327,883)	\$ (8,411,270)	\$ (877,396)	\$ (13,337)	\$ (890,733)
Bristol-Warren	(9,189,815)	(7,849,934)	(818,842)	14,442	(804,400)
Burrillville	(6,213,672)	(5,707,064)	(595,315)	169	(595,146)
Central Falls Collaborative	(7,816,553)	(7,504,705)	(782,830)	6,957	(775,873)
Coventry	(13,528,877)	(12,327,829)	(1,285,939)	42,305	(1,243,634)
Cranston	(32,625,433)	(28,851,886)	(3,009,595)	(31,044)	(3,040,639)
Cumberland	(13,209,547)	(11,991,672)	(1,250,874)	(36,567)	(1,287,441)
East Greenwich	(7,364,891)	(6,823,566)	(711,779)	(31,798)	(743,577)
East Providence	(15,936,467)	(14,488,581)	(1,511,332)	(109,372)	(1,620,704)
Foster	(703,088)	(695,472)	(72,546)	(3,535)	(76,081)
Foster-Glocester	(4,202,320)	(3,761,759)	(392,396)	(35,704)	(428,100)
Glocester	(1,643,110)	(1,508,176)	(157,321)	(3,693)	(161,014)
Johnston	(10,010,912)	(9,232,018)	(963,009)	(76,220)	(1,039,229)
Lincoln	(9,498,078)	(8,237,742)	(859,295)	41,125	(818,170)
Little Compton	(1,029,156)	(962,961)	(100,448)	14,736	(85,712)
Middletown	(6,848,905)	(6,197,006)	(646,422)	15,842	(630,580)
Newport	(7,146,506)	(6,687,230)	(697,558)	(69,689)	(767,247)
North Smithfield	(4,952,184)	(4,413,572)	(460,388)	26,835	(433,553)
Northern RI Collaborative	(873,474)	(755,059)	(78,762)	13,278	(65,484)
Portsmouth	(7,373,961)	(6,395,225)	(667,098)	40,696	(626,402)
Scituate	(4,374,182)	(3,872,081)	(403,904)	6,637	(397,267)
Smithfield	(7,360,234)	(6,506,908)	(678,748)	19,584	(659,164)
Tiverton	(5,325,812)	(4,614,203)	(481,316)	52,454	(428,862)
Urban Collaborative	-	-	-	30,185	30,185
Westerly	(9,138,145)	(7,665,664)	(799,620)	110,915	(688,705)
Providence Preparatory	-	(267,489)	(27,902)	(25,201)	(53,103)
	\$ (195,693,205)	\$ (175,729,072)	\$ (18,330,635)	\$ -	\$ (18,330,635)

See Notes to the Schedules of Employer Allocations
and Pension Amounts by Employer

Teachers' Survivors Benefit Cost-Sharing Plan
Schedule of Pension Amounts by Employer
June 30, 2022 Measurement Date

Schedule B

Participating Employer

Deferred Outflows of Resources					
Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	
Barrington	\$ 206,701	\$ 204,386	\$ 1,771,523	\$ 89,512	\$ 2,272,122
Bristol-Warren	192,906	190,746	1,653,299	387,450	2,424,401
Burrillville	140,247	138,676	1,201,982	159,958	1,640,863
Central Falls Collaborative	184,423	182,357	1,580,589	134,446	2,081,815
Coventry	302,948	299,555	2,596,402	340,424	3,539,329
Cranston	709,014	701,075	6,076,584	389,100	7,875,773
Cumberland	294,687	291,386	2,525,603	221,576	3,333,252
East Greenwich	167,684	165,806	1,437,132	118,167	1,888,789
East Providence	356,046	352,059	3,051,484	278,002	4,037,591
Foster	17,091	16,899	146,475	80,265	260,730
Foster-Glocester	92,443	91,407	792,276	27,338	1,003,464
Glocester	37,062	36,647	317,642	74,722	466,073
Johnston	226,870	224,329	1,944,384	353,666	2,749,249
Lincoln	202,437	200,169	1,734,976	331,852	2,469,434
Little Compton	23,664	23,399	202,812	139,518	389,393
Middletown	152,287	150,581	1,305,170	135,106	1,743,144
Newport	164,334	162,493	1,408,418	89,612	1,824,857
North Smithfield	108,460	107,246	929,556	147,263	1,292,525
Northern RI Collaborative	18,555	18,347	159,025	78,758	274,685
Portsmouth	157,158	155,398	1,346,918	274,291	1,933,765
Scituate	95,154	94,088	815,511	85,529	1,090,282
Smithfield	159,903	158,112	1,370,440	149,991	1,838,446
Tiverton	113,391	112,121	971,811	296,684	1,494,007
Urban Collaborative	-	-	-	160,141	160,141
Westerly	188,378	186,268	1,614,489	628,769	2,617,904
Providence Preparatory	6,573	6,500	56,337	-	69,410
	\$ 4,318,416	\$ 4,270,050	\$ 37,010,838	\$ 5,172,140	\$ 50,771,444

See Notes to the Schedules of Employer Allocations
and Pension Amounts by Employer

(Continued).

Teachers' Survivors Benefit Cost-Sharing Plan
Schedule of Pension Amounts by Employer
June 30, 2022 Measurement Date

Deferred Inflows of Resources						
<i>Participating Employer</i>	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	
Barrington	\$ 1,083,236	\$ 281,730	\$ 1,966,062	\$ 205,898	\$ 3,536,926	
Bristol-Warren	1,010,945	262,928	1,834,855	324,770	3,433,498	
Burrillville	734,978	191,154	1,333,977	155,738	2,415,847	
Central Falls Collaborative	966,485	251,365	1,754,161	336,448	3,308,459	
Coventry	1,587,625	412,912	2,881,524	247,256	5,129,317	
Cranston	3,715,656	966,374	6,743,882	366,814	11,792,726	
Cumberland	1,544,334	401,653	2,802,951	323,739	5,072,677	
East Greenwich	878,765	228,551	1,594,950	271,607	2,973,873	
East Providence	1,865,895	485,285	3,386,582	461,622	6,199,384	
Foster	89,566	23,294	162,561	75,254	350,675	
Foster-Glocester	484,454	125,998	879,279	202,244	1,691,975	
Glocester	194,229	50,515	352,523	77,112	674,379	
Johnston	1,188,935	309,220	2,157,905	523,345	4,179,405	
Lincoln	1,060,888	275,918	1,925,502	215,813	3,478,121	
Little Compton	124,014	32,254	225,084	188,015	569,367	
Middletown	798,074	207,565	1,448,497	82,001	2,536,137	
Newport	861,207	223,984	1,563,083	379,949	3,028,223	
North Smithfield	568,397	147,830	1,031,635	44,425	1,792,287	
Northern RI Collaborative	97,239	25,290	176,489	9,693	308,711	
Portsmouth	823,602	214,204	1,494,829	156,998	2,689,633	
Scituate	498,662	129,693	905,066	59,807	1,593,228	
Smithfield	837,985	217,944	1,520,934	72,433	2,649,296	
Tiverton	594,235	154,550	1,078,530	50,815	1,878,130	
Urban Collaborative	-	-	-	14,322	14,322	
Westerly	987,214	256,756	1,791,783	149,306	3,185,059	
Providence Preparatory	34,448	8,959	62,523	176,716	282,646	
	\$ 22,631,068	\$ 5,885,926	\$ 41,075,167	\$ 5,172,140	\$ 74,764,301	

See Notes to the Schedules of Employer Allocations
and Pension Amounts by Employer

(Continued)

Teachers' Survivors Benefit Cost-Sharing Plan
Schedule of Pension Amounts by Employer
June 30, 2022 Measurement Date

Collective Deferred Outflows and (Inflows) for Plan as a Whole						
<i>Participating Employer</i>	2024	2025	2026	2027	2028	Thereafter
Barrington	\$ (267,410)	\$ (376,447)	\$ (491,771)	\$ 152,749	\$ (161,624)	\$ (120,301)
Bristol-Warren	(222,675)	(328,157)	(445,345)	163,149	(123,954)	(52,115)
Burrillville	(172,220)	(246,930)	(305,340)	127,755	(92,189)	(86,059)
Central Falls Collaborative	(219,732)	(337,448)	(448,392)	118,869	(163,987)	(175,954)
Coventry	(330,073)	(508,990)	(661,381)	280,290	(206,060)	(163,776)
Cranston	(902,553)	(1,311,849)	(1,601,400)	617,304	(461,653)	(256,799)
Cumberland	(398,791)	(535,656)	(676,971)	225,556	(213,375)	(140,187)
East Greenwich	(237,913)	(331,744)	(407,188)	126,212	(130,480)	(103,971)
East Providence	(547,019)	(698,009)	(806,872)	302,106	(225,319)	(186,680)
Foster	(24,543)	(27,680)	(31,040)	17,585	(8,272)	(15,995)
Foster-Glocester	(149,333)	(204,193)	(251,156)	51,443	(83,403)	(51,870)
Glocester	(49,249)	(67,314)	(72,400)	30,329	(26,838)	(22,834)
Johnston	(355,085)	(453,095)	(543,056)	176,054	(156,722)	(98,252)
Lincoln	(207,707)	(325,226)	(450,490)	178,656	(133,895)	(70,025)
Little Compton	(14,351)	(63,165)	(74,355)	12,664	(20,367)	(20,399)
Middletown	(171,347)	(252,960)	(341,987)	135,009	(93,222)	(68,486)
Newport	(271,686)	(341,962)	(422,618)	109,662	(141,162)	(135,601)
North Smithfield	(106,483)	(164,759)	(235,400)	107,666	(56,804)	(43,982)
Northern RI Collaborative	(9,530)	(19,231)	(30,470)	26,667	(3,027)	1,565
Portsmouth	(152,480)	(250,814)	(346,081)	132,671	(96,956)	(42,207)
Scituate	(110,324)	(164,315)	(216,255)	85,231	(60,906)	(36,377)
Smithfield	(176,966)	(280,777)	(361,495)	151,747	(87,833)	(55,528)
Tiverton	(86,924)	(149,566)	(223,056)	123,288	(46,441)	(1,423)
Urban Collaborative	30,185	30,399	29,459	26,467	27,305	2,004
Westerly	(120,636)	(225,858)	(353,117)	219,487	(79,387)	(7,645)
Providence Preparatory	(33,281)	(36,880)	(40,131)	(19,601)	(29,579)	(53,765)
	\$ (5,308,126)	\$ (7,672,626)	\$ (9,808,308)	\$ 3,679,015	\$ (2,876,150)	\$ (2,006,662)

See Notes to the Schedules of Employer Allocations
and Pension Amounts by Employer

(Continued)

Teachers' Survivors Benefit Cost-Sharing Plan
Schedule of Pension Amounts by Employer
June 30, 2022 Measurement Date

<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	\$ (7,383,774)	\$ (8,411,270)	\$ (9,344,811)
Bristol-Warren	(6,891,009)	(7,849,934)	(8,721,173)
Burrillville	(5,009,906)	(5,707,064)	(6,340,473)
Central Falls Collaborative	(6,587,952)	(7,504,705)	(8,337,629)
Coventry	(10,821,897)	(12,327,829)	(13,696,056)
Cranston	(25,327,424)	(28,851,886)	(32,054,066)
Cumberland	(10,526,804)	(11,991,672)	(13,322,590)
East Greenwich	(5,990,019)	(6,823,566)	(7,580,892)
East Providence	(12,718,698)	(14,488,581)	(16,096,623)
Foster	(610,515)	(695,472)	(772,660)
Foster-Glocester	(3,302,233)	(3,761,759)	(4,179,265)
Glocester	(1,323,942)	(1,508,176)	(1,675,564)
Johnston	(8,104,262)	(9,232,018)	(10,256,651)
Lincoln	(7,231,443)	(8,237,742)	(9,152,023)
Little Compton	(845,329)	(962,961)	(1,069,837)
Middletown	(5,439,998)	(6,197,006)	(6,884,793)
Newport	(5,870,338)	(6,687,230)	(7,429,425)
North Smithfield	(3,874,423)	(4,413,572)	(4,903,421)
Northern RI Collaborative	(662,823)	(755,059)	(838,861)
Portsmouth	(5,614,003)	(6,395,225)	(7,105,011)
Scituate	(3,399,079)	(3,872,081)	(4,301,831)
Smithfield	(5,712,043)	(6,506,908)	(7,229,089)
Tiverton	(4,050,545)	(4,614,203)	(5,126,319)
Urban Collaborative	-	-	-
Westerly	(6,729,249)	(7,665,664)	(8,516,452)
Providence Preparatory	(234,814)	(267,489)	(297,177)
	\$ (154,262,522)	\$ (175,729,072)	\$ (195,232,692)

*See Notes to the Schedules of Employer Allocations
and Pension Amounts by Employer*

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, 2022 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 (a multiple employer defined benefit pension 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. Basis of Presentation

The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (collectively, "the Schedules") present amounts that are elements of the financial statements of the Plan or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. The accompanying Schedules were prepared in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of the System to make several estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

3. Schedule of Employer Allocations

The Schedule of Employer Allocations reflects employer contributions recognized for the fiscal year ended June 30, 2022 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.

4. 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, 2022, (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, 2021 rolled-forward to June 30, 2022. 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.

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, 2022 Measurement Date

4. Schedule of Pension Amounts by Employer (continued)

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 <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1.0% Increase <u>(8.0%)</u>
TSB	\$ (154,262,522)	\$ (175,729,072)	\$ (195,232,692)

5. 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 decrease 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.

6. Summary of Significant Accounting Policies

Basis of Accounting for the System – 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, 2022. 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.

7. Net Pension Liability (Asset)

The components of the net pension liability of the employers participating in the TSB Plan at June 30, 2022 were as follows:

Fiscal year ended June 30, 2022	
Total Pension Liability	\$ 226,067,483
Plan Fiduciary Net Position	\$ 401,796,555
Employers' Net Pension Liability (Asset)	<u>\$ (175,729,072)</u>
 Plan Fiduciary Net Position as a percentage of total pension liability	 177.7%

Teachers' Survivors Benefit Cost-Sharing Plan

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

June 30, 2022 Measurement Date

8. Actuarial methods and assumptions

The total pension liability was determined by actuarial valuations performed as of June 30, 2021, rolled forward to 2022, 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%

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 40 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.

9. 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.

10. 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, 2021 and June 30, 2022 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 2022 is 8.0124 years.