

**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, 2023 Measurement Date

(for Fiscal 2024 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 25, 2024

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, 2023.

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

Schedule of Employer Allocations

Schedule of Pension Amounts by Employer

June 30, 2023 Measurement Date

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EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Teachers' Survivors Benefit Cost-Sharing Plan

Schedule of Employer Allocations

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June 30, 2023 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, 2023 – the information included herein is intended for use in Fiscal 2024 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 Schedule of Employer Allocations of the Teachers' Survivors Benefit (TSB) cost-sharing plan as of and for the year ended June 30, 2023, 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, 2023, 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, 2023, 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
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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 in the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Employer and the related disclosures.
- 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, 2023, and our report thereon, dated December 26, 2023 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 Joint Committee on Legislative Services, 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 25, 2024

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

TEACHERS' SURVIVORS BENEFIT COST SHARING PLAN

Schedule of Employer Allocations

Participating Employer Unit	Fiscal 2023 employer contribution	
	Amount	%
Barrington	\$ 36,691	4.78950684%
Bristol-Warren	33,034	4.31213029%
Burrillville	24,896	3.24976464%
Central Falls Collaborative	33,778	4.40920989%
Coventry	53,199	6.94439977%
Cranston	126,200	16.47374191%
Cumberland	50,999	6.65720107%
East Greenwich	29,210	3.81295554%
East Providence	61,700	8.05401813%
Foster	3,335	0.43533744%
Foster-Glocester	15,985	2.08661740%
Glocester	6,462	0.84357693%
Johnston	41,215	5.37999803%
Lincoln	35,731	4.66418318%
Little Compton	3,910	0.51039562%
Middletown	25,321	3.30530900%
Newport	30,403	3.96869147%
North Smithfield	19,474	2.54210829%
Northern RI Collaborative	3,335	0.43533744%
Portsmouth	28,980	3.78293227%
Scituate	16,392	2.13976251%
Smithfield	27,524	3.59284579%
Tiverton	20,269	2.64580215%
Urban Collaborative	-	0.00000000%
Westerly	33,458	4.36746187%
Sheila C Nowell Leadership Academy	2,041	0.26645654%
Providence Preparatory	2,530	0.33025599%
Totals	\$ 766,072	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, 2023 Measurement Date**

<i>Participating Employer</i>	Beginning Net Pension Liability (Asset)	Ending Net Pension Liability (Asset)	Pension Expense (Credit)		
			Proportionate Share of Pension Plan Expense (Credit)	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
Barrington	\$ (8,411,270)	\$ (9,629,616)	\$ (886,992)	\$ (13,926)	\$ (900,918)
Bristol-Warren	(7,849,934)	(8,669,820)	(798,584)	44,727	(753,857)
Burrillville	(5,707,064)	(6,533,864)	(601,839)	(245)	(602,084)
Central Falls Collaborative	(7,504,705)	(8,865,004)	(816,563)	(20,135)	(836,698)
Coventry	(12,327,829)	(13,962,169)	(1,286,067)	56,154	(1,229,913)
Cranston	(28,851,886)	(33,121,537)	(3,050,851)	(41,864)	(3,092,715)
Cumberland	(11,991,672)	(13,384,737)	(1,232,879)	(3,971)	(1,236,850)
East Greenwich	(6,823,566)	(7,666,196)	(706,139)	(18,105)	(724,244)
East Providence	(14,488,581)	(16,193,129)	(1,491,562)	(72,072)	(1,563,634)
Foster	(695,472)	(875,274)	(80,622)	(11,271)	(91,893)
Foster-Glocester	(3,761,759)	(4,195,281)	(386,431)	(25,140)	(411,571)
Glocester	(1,508,176)	(1,696,066)	(156,226)	(826)	(157,052)
Johnston	(9,232,018)	(10,816,837)	(996,348)	(100,937)	(1,097,285)
Lincoln	(8,237,742)	(9,377,645)	(863,782)	45,732	(818,050)
Little Compton	(962,961)	(1,026,184)	(94,523)	22,083	(72,440)
Middletown	(6,197,006)	(6,645,540)	(612,126)	59,069	(553,057)
Newport	(6,687,230)	(7,979,313)	(734,981)	(101,604)	(836,585)
North Smithfield	(4,413,572)	(5,111,075)	(470,785)	20,867	(449,918)
Northern RI Collaborative	(755,059)	(875,274)	(80,622)	12,170	(68,452)
Portsmouth	(6,395,225)	(7,605,832)	(700,579)	12,611	(687,968)
Scituate	(3,872,081)	(4,302,132)	(396,273)	19,084	(377,189)
Smithfield	(6,506,908)	(7,223,651)	(665,376)	41,079	(624,297)
Tiverton	(4,614,203)	(5,319,558)	(489,989)	48,534	(441,455)
Urban Collaborative	-	-	-	30,185	30,185
Westerly	(7,665,664)	(8,781,067)	(808,831)	109,887	(698,944)
Providence Preparatory	(267,489)	(664,001)	(61,162)	(60,002)	(121,164)
Sheila C Nowell Leadership Academy	-	(535,728)	(49,346)	(52,084)	(101,430)
	\$ (175,729,072)	\$ (201,056,530)	\$ (18,519,478)	\$ -	\$ (18,519,478)

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, 2023 Measurement Date

	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	\$ 66,316	\$ 114,870	\$ 1,267,845	\$ 52,141	\$ 1,501,172
Bristol-Warren	59,707	103,421	1,141,477	514,046	1,818,651
Burrillville	44,997	77,941	860,255	115,154	1,098,347
Central Falls Collaborative	61,051	105,749	1,167,176	74,663	1,408,639
Coventry	96,153	166,552	1,838,274	334,611	2,435,590
Cranston	228,099	395,102	4,360,816	300,623	5,284,640
Cumberland	92,177	159,664	1,762,248	391,452	2,405,541
East Greenwich	52,795	91,449	1,009,339	187,565	1,341,148
East Providence	111,517	193,165	2,132,004	467,299	2,903,985
Foster	6,028	10,441	115,240	60,873	192,582
Foster-Glocester	28,892	50,045	552,355	86,579	717,871
Glocester	11,680	20,232	223,306	71,016	326,234
Johnston	74,492	129,032	1,424,156	294,085	1,921,765
Lincoln	64,581	111,864	1,234,670	283,064	1,694,179
Little Compton	7,067	12,241	135,108	109,149	263,565
Middletown	45,766	79,274	874,959	388,794	1,388,793
Newport	54,951	95,184	1,050,565	55,135	1,255,835
North Smithfield	35,198	60,969	672,929	106,099	875,195
Northern RI Collaborative	6,028	10,441	115,240	61,002	192,711
Portsmouth	52,379	90,729	1,001,392	199,109	1,343,609
Scituate	29,628	51,319	566,423	145,480	792,850
Smithfield	49,747	86,170	951,073	253,777	1,340,767
Tiverton	36,634	63,456	700,379	233,640	1,034,109
Urban Collaborative	-	-	-	125,217	125,217
Westerly	60,473	104,748	1,156,124	492,701	1,814,046
Providence Preparatory	4,573	7,921	87,423	-	99,917
Sheila C Nowell Leadership Academy	3,689	6,391	70,535	-	80,615
	\$ 1,384,618	\$ 2,398,370	\$ 26,471,311	\$ 5,403,274	\$ 35,657,573

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, 2023 Measurement Date

	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
<i>Participating Employer</i>					
Barrington	\$ 826,873	\$ 515,282	\$ 1,545,394	\$ 159,164	\$ 3,046,713
Bristol-Warren	744,458	463,923	1,391,362	261,000	2,860,743
Burrillville	561,048	349,628	1,048,577	113,898	2,073,151
Central Falls Collaborative	761,218	474,368	1,422,686	466,834	3,125,106
Coventry	1,198,900	747,118	2,240,696	190,092	4,376,806
Cranston	2,844,071	1,772,338	5,315,457	320,463	10,252,329
Cumberland	1,149,317	716,219	2,148,028	236,618	4,250,182
East Greenwich	658,279	410,219	1,230,297	216,613	2,515,408
East Providence	1,390,467	866,497	2,598,729	289,299	5,144,992
Foster	75,158	46,836	140,467	104,640	367,101
Foster-Glocester	360,239	224,490	673,273	154,346	1,412,348
Glocester	145,637	90,757	272,191	50,331	558,916
Johnston	928,817	578,810	1,735,923	554,690	3,798,240
Lincoln	805,237	501,799	1,504,956	176,996	2,988,988
Little Compton	88,116	54,911	164,685	122,700	430,412
Middletown	570,637	355,604	1,066,499	59,202	2,051,942
Newport	685,165	426,974	1,280,547	491,610	2,884,296
North Smithfield	438,876	273,494	820,243	70,455	1,603,068
Northern RI Collaborative	75,158	46,836	140,467	12,704	275,165
Portsmouth	653,095	406,989	1,220,610	312,442	2,593,136
Scituate	369,414	230,208	690,421	42,223	1,332,266
Smithfield	620,278	386,539	1,159,276	50,446	2,216,539
Tiverton	456,778	284,650	853,701	66,734	1,661,863
Urban Collaborative	-	-	-	9,583	9,583
Westerly	754,010	469,876	1,409,216	131,100	2,764,202
Providence Preparatory	57,016	35,531	106,561	386,863	585,971
Sheila C Nowell Leadership Academy	46,002	28,667	85,975	352,228	512,872
	\$ 17,264,264	\$ 10,758,563	\$ 32,266,237	\$ 5,403,274	\$ 65,692,338

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, 2023 Measurement Date

<i>Participating Employer</i>	Allocation of Collective Deferred Outflows (Inflows)					
	2025	2026	2027	2028	2029	Thereafter
Barrington	\$ (481,535)	\$ (596,923)	\$ 48,003	\$ (266,567)	\$ (118,514)	\$ (130,005)
Bristol-Warren	(379,860)	(493,739)	93,858	(183,088)	(57,907)	(21,356)
Burrillville	(318,254)	(376,710)	56,672	(163,412)	(74,988)	(98,112)
Central Falls Collaborative	(471,163)	(585,067)	888	(291,054)	(160,343)	(209,728)
Coventry	(640,885)	(791,763)	140,352	(341,353)	(132,727)	(174,840)
Cranston	(1,685,554)	(1,976,283)	249,884	(832,701)	(314,285)	(408,750)
Cumberland	(635,194)	(772,948)	107,089	(320,911)	(93,122)	(129,555)
East Greenwich	(395,685)	(469,633)	54,320	(197,781)	(69,561)	(95,920)
East Providence	(821,404)	(926,193)	157,049	(357,867)	(130,101)	(162,491)
Foster	(47,930)	(52,135)	1,828	(26,623)	(18,494)	(31,165)
Foster-Glocester	(234,908)	(280,718)	14,593	(116,710)	(41,740)	(34,994)
Glocester	(81,686)	(86,459)	14,292	(41,914)	(16,713)	(20,202)
Johnston	(604,637)	(697,298)	38,866	(302,199)	(103,402)	(207,805)
Lincoln	(420,350)	(545,111)	80,856	(230,149)	(93,611)	(86,444)
Little Compton	(64,046)	(74,433)	7,517	(23,050)	(8,695)	(4,140)
Middletown	(264,722)	(349,026)	98,143	(115,591)	(16,979)	(14,974)
Newport	(472,803)	(556,946)	(2,645)	(264,171)	(145,809)	(186,087)
North Smithfield	(228,411)	(299,705)	47,480	(118,992)	(54,226)	(74,019)
Northern RI Collaborative	(30,251)	(41,611)	16,290	(13,775)	(2,533)	(10,574)
Portsmouth	(372,278)	(470,613)	27,517	(211,529)	(95,481)	(127,143)
Scituate	(193,565)	(244,145)	48,752	(93,211)	(28,376)	(28,871)
Smithfield	(329,061)	(407,431)	90,980	(141,392)	(42,267)	(46,601)
Tiverton	(212,624)	(286,543)	62,506	(108,538)	(22,287)	(60,268)
Urban Collaborative	30,399	29,459	26,467	27,305	2,004	-
Westerly	(322,369)	(449,740)	123,572	(175,646)	(61,124)	(64,849)
Providence Preparatory	(92,531)	(99,584)	(55,042)	(76,690)	(66,691)	(95,516)
Sheila C Nowell Leadership Academy	(78,329)	(84,020)	(48,082)	(65,548)	(57,481)	(98,797)
	\$ (9,849,636)	\$ (11,985,318)	\$ 1,502,005	\$ (5,053,157)	\$ (2,025,453)	\$ (2,623,206)

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, 2023 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	\$ (8,611,289)	\$ (9,629,616)	\$ (10,554,848)
Bristol-Warren	(7,752,990)	(8,669,820)	(9,502,832)
Burrillville	(5,842,911)	(6,533,864)	(7,161,650)
Central Falls Collaborative	(7,927,534)	(8,865,004)	(9,716,770)
Coventry	(12,485,676)	(13,962,169)	(15,303,680)
Cranston	(29,618,948)	(33,121,537)	(36,303,913)
Cumberland	(11,969,308)	(13,384,737)	(14,670,768)
East Greenwich	(6,855,499)	(7,666,196)	(8,402,778)
East Providence	(14,480,714)	(16,193,129)	(17,748,995)
Foster	(782,715)	(875,274)	(959,372)
Foster-Glocester	(3,751,632)	(4,195,281)	(4,598,371)
Glocester	(1,516,708)	(1,696,066)	(1,859,028)
Johnston	(9,672,962)	(10,816,837)	(11,856,139)
Lincoln	(8,385,963)	(9,377,645)	(10,278,666)
Little Compton	(917,665)	(1,026,184)	(1,124,781)
Middletown	(5,942,777)	(6,645,540)	(7,284,055)
Newport	(7,135,505)	(7,979,313)	(8,745,981)
North Smithfield	(4,570,581)	(5,111,075)	(5,602,156)
Northern RI Collaborative	(782,715)	(875,274)	(959,372)
Portsmouth	(6,801,519)	(7,605,832)	(8,336,615)
Scituate	(3,847,184)	(4,302,132)	(4,715,489)
Smithfield	(6,459,753)	(7,223,651)	(7,917,713)
Tiverton	(4,757,017)	(5,319,558)	(5,830,671)
Urban Collaborative	-	-	-
Westerly	(7,852,474)	(8,781,067)	(9,624,769)
Providence Preparatory	(593,783)	(664,001)	(727,800)
Sheila C Nowell Leadership Academy	(479,075)	(535,728)	(587,202)
	\$ (179,794,897)	\$ (201,056,530)	\$ (220,374,414)

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

Teachers' Survivors Benefit Cost-Sharing Plan

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

June 30, 2023 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, 2023 consistent with contributions reflected within the Plan's financial statements. The percentages included in the Schedule 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, 2023, (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, 2022 rolled-forward to June 30, 2023. 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 SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

June 30, 2023 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 (6.0%)	Discount Rate (7.0%)	1.0% Increase (8.0%)
TSB	\$ (179,794,897)	\$ (201,056,530)	\$ (220,374,414)

Within the schedules included in this report, certain columns and rows may not add due to the use of rounded numbers.

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 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.

See note 3 which more fully describes how employer contributions are utilized in the Schedule of Employer Allocations.

6. 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, 2023. 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 (asset) of the employers participating in the TSB Plan at June 30, 2023 were as follows:

Fiscal year ended June 30, 2023	
Total pension liability	\$ 222,858,009
Plan Fiduciary net position	423,914,539
Employers' Net Pension Liability (Asset)	<u>\$ (201,056,530)</u>
Plan Fiduciary Net Position as a percentage of total pension liability	190.2%

Teachers' Survivors Benefit Cost-Sharing Plan

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

June 30, 2023 Measurement Date

8. Actuarial methods and assumptions

The total pension liability was determined by actuarial valuations performed as of June 30, 2022, rolled forward to 2023, 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 42 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 and the projections of cash flows as of each fiscal year ending, the pension plan's fiduciary net position, and future contributions 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, 2022 and June 30, 2023 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 2023 is 7.7627 years.