

Annual Financial Report

for the fiscal year ending June 30, 2006



Employees' Retirement System of Rhode Island

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EMPLOYEES RETIREMENT SYSTEM OF RHODE ISLAND

INTRODUCTORY SECTION

“A retirement system is hereby established and placed under the management of the retirement board for the purpose of providing retirement allowances for employees of the state of Rhode Island under the provisions of Chapters 8 to 10, inclusive, of this title. The retirement system so created shall begin operation as of the first day of July, 1936. It shall have the power and privileges of a corporation, and shall be known as the “employees retirement system of the state of Rhode Island,” and by that name all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held.”

—Section Two of Chapter 2334 of the Public Laws of 1936



The Honorable
Donald L. Carcieri, Governor, State of Rhode Island and Providence Plantations
William J. Murphy, Speaker of the House
Joseph A. Montalbano, President of the Senate
A. Ralph Mollis, Secretary of State
State House
Providence, RI

In accordance with Rhode Island General Laws, 36-8-8 and 45-21-34, enclosed is the Seventieth Annual Financial Report of the *Employees' Retirement System* and the Forty-seventh Annual Financial Report of the *Municipal Employees Retirement System* of the State of Rhode Island for transmittal to the General Assembly.

This report also contains an accounting of the State Police Retirement Plan and the Judicial Retirement Plan.

The report covers the fiscal year ending June 30, 2006.

Respectfully submitted,
Employees Retirement System of Rhode Island Board



Employees Retirement Board (as of 6-30-2006)

Paul J. Tavares, *Chairperson, General Treasurer*
 William B. Finelli, *Vice-Chairperson, Teacher Representative*
 M. Carl Heintzelman, *CLU, Public Representative*
 Daniel L. Beardsley, *Rhode Island League of Cities and Towns*
 John J. Meehan, *State Employee Representative*
 Rosemary Booth Gallogly, *State Budget Officer/Executive Director*
 Michael R. Boyce, *Retired Member Representative*
 John P. Maguire, *Teacher Representative*
 Louis M. Prata, *Municipal Representative*
 Linda C. Riendeau, *State Employee Representative*
 Jerome F. Williams, *Department of Administration, Designee*
 James P. Yancy, *Public Representative*
 (additionally, three vacant positions)

Employees' Retirement System of Rhode Island Administration

Frank J. Karpinski, *Executive Director*
 Diane S. Bourne, *Assistant Executive Director*
 William E. O'Gara, Esq., *Board Counsel*

State Investment Commission

Paul J. Tavares, *Chairperson, General Treasurer*
 Rosemary Booth Gallogly, *Director of Administration's Designee*
 J. Michael Costello, *Governor's Appointee*
 Senator Daniel DaPonte, *Senate Finance Committee Designee*
 Dr. Robert J. McKenna, *Higher Education Assistance Authority Chairman*
 Marcia Reback, *General Treasurer's Appointee*
 James E. Thorsen, *Governor's Appointee*
 Mr. John Treat, *Governor's Appointee*
 Frank J. Karpinski, *Executive Director, Non-voting member*

By statute, the State Investment Commission is responsible for the investment of the assets of the Employees Retirement System and the Municipal Employees Retirement System.

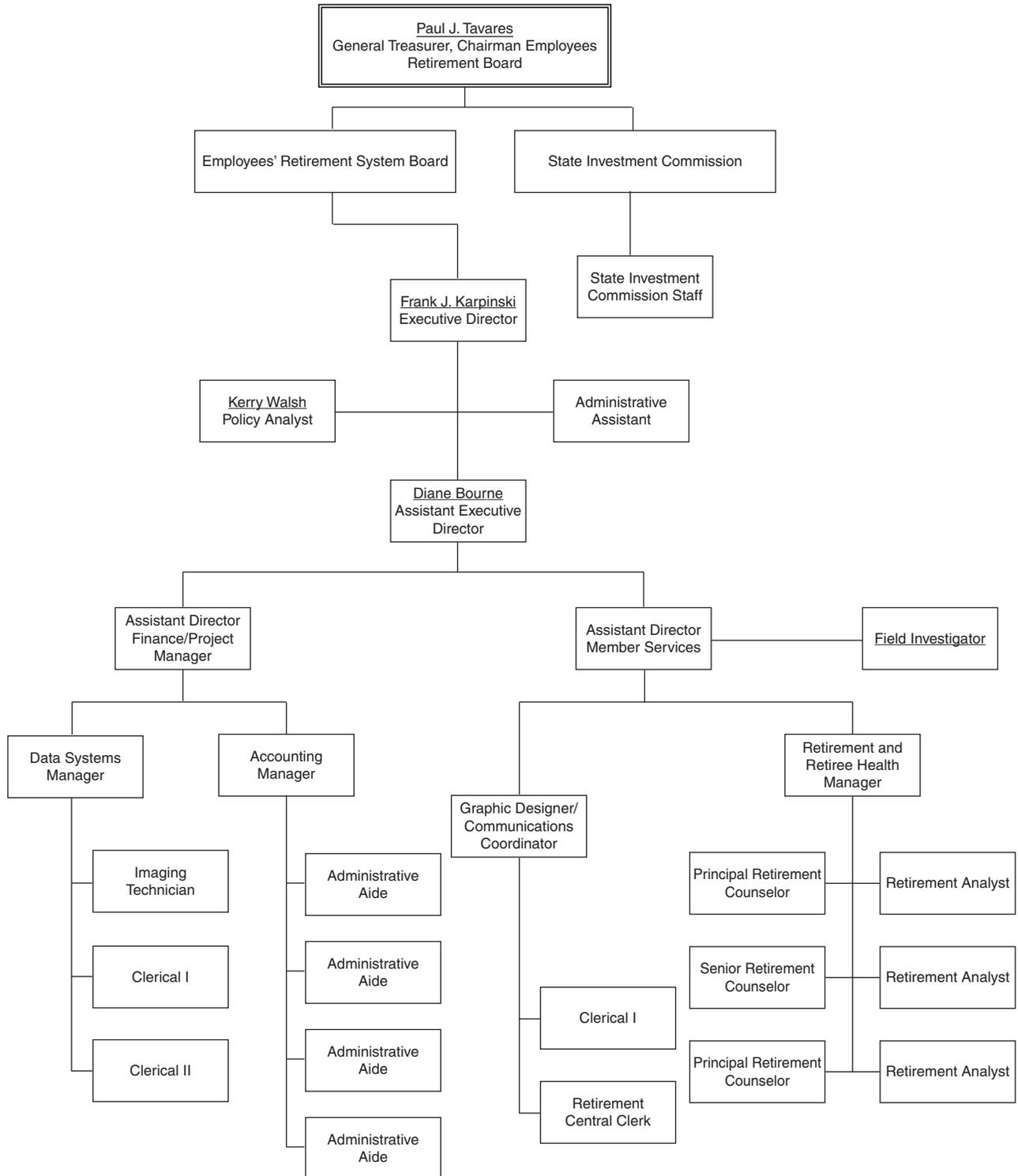
Joan M. Caine, CFA, *Deputy Treasurer for Finance*

Wilshire Associates, Inc., *Consultant to State Investment Commission*

State Street Bank and Trust, *ERSRI and MERS Custodian Bank*



Employees Retirement System of Rhode Island Organizational Chart





Dear Governor Carcieri, Speaker Murphy, President Montalbano and Secretary of State Mollis:

We are pleased to present you with this Annual Financial Report of the Employees' Retirement System of Rhode Island (ERSRI) and the Municipal Employees Retirement System (MERS) for the fiscal year ending June 30, 2006. As required by R.I.G.L. 36-8-8, this report is intended to provide the Governor, the General Assembly, members, and beneficiaries of the system and the public with current financial information and an overall status report on the operation of the system.

This report also contains financial information on the status of the State Police Retirement Plan and the Judicial Retirement Plan that commenced in 1987 and 1989.

The report is divided into three sections. The introductory section presents the system's organization, summarizes plan benefits, and provides a review of 2006 retirement legislation. The second section contains the audited financial statements of the following retirement plans:

- (1) The Employees Retirement System of Rhode Island, which includes the retirement assets of all state employees and public school teachers;
- (2) The Municipal Employees Retirement System, which is the municipal retirement plan covering participating municipal units (each unit is valued independently);
- (3) The Judicial Retirement Plan;
- (4) The State Police Retirement Plan.

Because the June 30, 2006 financial statements are issued prior to the completion of the 2006 Actuarial Valuation, the notes to the financial statements reflect the most current actuarial valuation available at the time which is as of June 30, 2005.

Gabriel, Roeder, Smith & Company (GRS) serves as the system's actuary. Thus, the report concludes with GRS's June 30, 2006 actuarial valuation of our system.

Membership

As of June 30, 2006, active membership in the Employees' and Municipal Employees' Retirement System totaled 35,422. There are currently 48 judges contributing to the Judicial Retirement Plan and 179 state police contributing to the State Police Retirement Plan. A total of 22,927 retiree's and beneficiaries were receiving benefits from the system.

Accounting Basis

The financial statements have been prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board Statement Number 25 (GASB No. 25) using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily. Finally, investments are recorded at fair market value.



Financial Highlights

The major sources of revenue for all ERSRI plans are employee and employer contributions, and investment earnings. Total revenues for fiscal year 2006 included \$ 421,870,106 in contributions from employers and employees and a net investment gain of \$ 782,093,123. The expenditures of the fund consist primarily of payments made to members and beneficiaries for retirement, disability, death, or survivor benefits. In total, benefit payments for fiscal year 2006 were \$ 607,877,401.

Administrative expenses of the retirement system and the cost of maintaining the retirement system are paid from a restricted receipt account that is used solely to pay such expenses. This account is financed through investment earnings up to a maximum of .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. Any non-encumbered funds at June 30th are transferred back to the retirement fund. Administrative expenses incurred by the system for the year ended June 30, 2006 amounted to \$6,960,499

Funding

The actuary determines the actuarial accrued liability of the Plans, which is a measure of the present value of accrued liabilities estimated to be payable in the future to current retiree's, beneficiaries, and employees for service earned to date. The percentage computed by dividing the actuarial value of net assets for benefits by the actuarial accrued liability is referred to as the funded ratio. The higher the funded ratio, the greater the degree of overall financial health and stability for the pension fund.

For the State employees, the funded ratio decreased from 56.3 % to 54.6 % during the period July 1, 2005 to June 30, 2006, while for teachers the ratio decreased from 55.4 % to 52.7 % over the same period. During the same period, the funded ratio decreased from 87.0% to 86.8% for the judges and increased for the state police from 79.0% to 86.0%. These are based on the Entry Age Normal funding method effective June 30, 1999. The Municipal Employees Retirement System (MERS) prepares separate valuations for each participating unit. Consequently, each unit has its own funding ratio that can be found on pages 80-82 of this report.

Investment Services

Assets are invested under the direction and authority of the State Investment Commission (SIC) which meets on a monthly basis. It is authorized, created and established in the office of the General Treasurer. The membership consists of the general treasurer, ex officio, or a deputy general treasurer as his or her designee, who acts as chairperson, the director of administration, ex officio, or any assistant director of administration as his or her designee, who acts as secretary, a director of the higher education assistance authority, or his or her designee to be appointed by the general treasurer, an active or retired teacher, state, or municipal employee member of the retirement system or official from the teacher, state, or municipal employee unions to be appointed by the general treasurer, the executive director of the state retirement board, who shall be a nonvoting member, two (2) members of the general public to be appointed by the general treasurer, and three (3) members of the general public to be appointed by the governor. The members of the general public appointed by the governor and the general treasurer must be qualified by training or experience in the field of investment or finance.

Wilshire Associates of Pittsburgh, Pennsylvania, serves as investment consultant to the State Investment Commission. State Street Bank and Trust of Boston, Massachusetts, serves as the pension fund custodian.

Professional Services

W. Michael Carter of Gabriel, Roeder, Smith & Company provides actuarial services to the retirement system while William E. O'Gara, Esquire, of the law firm Pannone, Lopes & Devereaux, Providence, Rhode Island serves as retirement board general counsel. Private attorneys are hired on a per diem basis to serve as hearing officers for the system on disputed retirement issues.

In addition to Dr. Christopher Ley who serves as the Medical Advisor to the Board's Disability Subcommittee, the system hires independent physicians who conduct medical exams of the system's disability applicants. Finally, the Office of the Auditor General conducts an annual financial audit of the entire retirement system.



Reports to Members

An annual statement of account for the period ending December 31, 2006 was mailed to each active member in November, 2007. The statement provides to each member an accounting of the amount of his/her contributions credited to his or her account. This real time information is also found on the system's web site at www.ersri.org

Active and retired members also receive newsletters and other notices on an ad hoc basis.

Acknowledgments

The preparation of this report is possible only through the combined efforts of many individuals. We would like to thank Michael Carter and his actuarial team at Gabriel, Roeder, Smith & Company, the Office of the Auditor General, and the Office of the State Controller.

We welcome your comments on the issuance of this report.

The Retirement Board of the Employees Retirement System of Rhode Island

2006 RETIREMENT LEGISLATION

No major benefit legislation was enacted by the General Assembly during the 2006 session. However, some significant pieces of legislation were enacted. Here is a summary of the relevant legislation.

S 3093 as enacted permits the Smithfield Town Council to move regular police officers and firefighters hired after July 2, 1999, who are members of the Smithfield's private pension plan to the Municipal Employees' Retirement System.

H 7016 Substitute A enacted significant changes to the composition of the Retirement Board, State Investment Commission, constitution of a quorum for the Retirement Board and annual reporting. As a result of separation of powers legislation, this law removed legislators from both boards and replaced them with appointments by both the General Treasurer and Governor and a new elected position on the Retirement Board. All General Treasurer and Gubernatorial appointments made under this law are subject to the advice and consent of the senate. H 7016 Substitute A also removed the requirement of needing eight affirmative votes to carry a motion. Now, a simple majority of the Board constitutes a quorum and a majority of the quorum is necessary to approve a motion. Eight (8) members constitute a quorum.

**EMPLOYEES RETIREMENT SYSTEM
OF RHODE ISLAND**

FINANCIAL SECTION

FINANCIAL SECTION



ERNEST A. ALMONTE, CPA, CFE
Auditor General
ernest.almonte@oag.ri.gov

STATE of RHODE ISLAND and PROVIDENCE PLANTATIONS

GENERAL ASSEMBLY

OFFICE OF THE AUDITOR GENERAL

- ◆ Integrity
- ◆ Reliability
- ◆ Independence
- ◆ Accountability

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 accompanying basic financial statements of the Employees' Retirement System of the State of Rhode Island (the System) as of June 30, 2006 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1(a), the financial statements present only the Pension Trust Funds of the State of Rhode Island and Providence Plantations (the State) and do not purport to, and do not, present fairly the financial position of the State, as of June 30, 2006, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the plans within the System as of June 30, 2006, and the changes in fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider findings 2006-1 and 2006-2 be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described as Finding 2006-5 in the accompanying Findings and Recommendations section.

We also noted certain additional matters, as included in the accompanying Findings and Recommendations section which we reported to management of the System.

This report is intended solely for the information and use of the members of the Retirement Board, management, and the Joint Committee on Legislative Services, General Assembly, State of Rhode Island and Providence Plantations and is not intended to be and should not be used by anyone other than these specified parties.



Ernest A. Almonte, CPA, CFE
Auditor General

November 15, 2006



Management's Discussion and Analysis

Management of the Employees' Retirement System (the System) provides this Management's Discussion and Analysis of their financial performance for the readers of the System's financial statements. This narrative provides an overview of the System's financial activity for the fiscal year ended June 30, 2006. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the System's financial activities based on the status of the System and issues currently facing management.

Understanding the Employees' Retirement System Financial Statements

The System administers defined benefit pension plans for state employees, teachers, state police, judges and participating municipal employees. State employees and teachers are combined in one plan while state police, judges and municipal employees are each separate plans. The *Statements of Fiduciary Net Assets* provide a snapshot of the financial position of the System at June 30, 2006. The *Statements of Changes in Fiduciary Net Assets* summarize the additions and deductions that occurred during the fiscal year. The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the financial statements. The *Required Supplementary Information* consists of schedules and related notes which demonstrate the System's progress in accumulating funds to meet future pension benefits for members of the System.

Financial Highlights for the Fiscal Year Ended June 30, 2006

- The System's fiduciary net assets increased by \$579.4 million from \$6.7 billion at June 30, 2005 to \$7.3 billion at June 30, 2006.
- Total pension benefits paid to members were \$607.9 million, an increase of \$43.3 million or 7.67% compared to the fiscal year ended June 30, 2005.
- Total employee and employer contributions into the System's plans increased \$58.5 million compared to the prior year. Total contributions from both employers and employees were \$421.9 million.
- The system incurred a net gain from investing activities of \$782.1 million for the fiscal year ended June 30, 2006. Included in this amount is \$2.8 million in securities lending income.

**Assets, Liabilities and Fiduciary Net Assets
(in millions)**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets:		
Cash and cash equivalents	\$ 22.0	\$ 4.6
Investments	7,271.9	6,700.1
Contributions receivable	30.8	38.2
Due from other plans	0.3	1.6
Invested securities lending collateral	1,400.4	1,010.6
Property and equipment	<u>11.3</u>	<u>13.3</u>
Total assets	8,736.7	7,768.4
Liabilities:		
Accounts payable	6.8	6.4
Due to other plans	0.3	1.6
Securities lending liability	<u>1,400.4</u>	<u>1,010.6</u>
Total liabilities	<u>1,407.5</u>	<u>1,018.6</u>
Net assets:	<u>\$ 7,329.2</u>	<u>\$ 6,749.8</u>



**Summary of Changes in Fiduciary Net Assets
(in millions)**

	<u>Year Ended June 30, 2006</u>	<u>Year Ended June 30, 2005</u>
Additions:		
Contributions	\$ 421.9	\$ 363.4
Net investment gain	<u>782.1</u>	<u>708.3</u>
Total Additions	<u>1,204.0</u>	<u>1,071.7</u>
Deductions:		
Benefits	607.8	564.6
Refunds of contributions	9.8	10.7
Administrative expenses	<u>7.0</u>	<u>6.5</u>
Total Deductions	<u>624.6</u>	<u>581.8</u>
Increase in Net Assets:	\$ 579.4	\$ 489.9
Net Assets:		
Beginning of year	<u>6,749.8</u>	<u>6,259.9</u>
End of year	<u>\$ 7,329.2</u>	<u>\$6,749.8</u>

Investments

The State Investment Commission (SIC) establishes long-term asset allocation policy and monitors investment performance of the plan. An asset/liability (A/L) study is conducted every two to three years to identify an optimal diversified investment portfolio that maximizes return within an acceptable level of risk. As long-term investors, the SIC is committed to its strategic asset allocation that has been developed as part of a comprehensive A/L study which incorporates capital market return expectations, risks and correlations associated with each asset class as well as the unique profile and objectives of the System. As a defined benefit plan, the System generally has a much longer time horizon than individual investors and is better positioned to withstand short-term volatility of the capital markets.

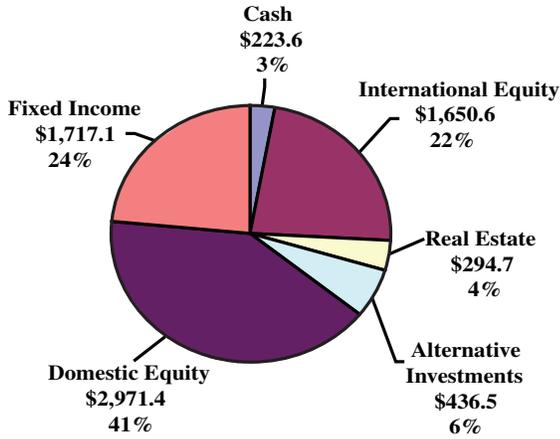
The following asset allocation targets were in place at June 30, 2006.

Fiscal 2006 – Asset Allocation Targets	
Domestic Equity	42.5%
International Equity	20.0%
Fixed Income	25.0%
Alternative Investments	7.5%
Real Estate	5.0%



Asset Allocation - Actual

Fair market value (in millions) at June 30, 2006



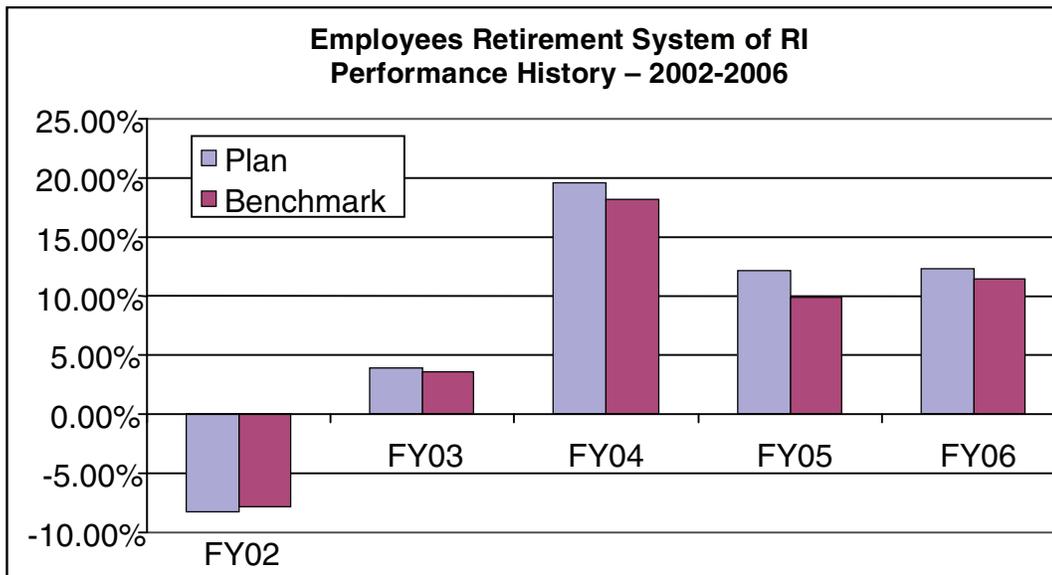
The domestic equity component includes fixed income securities as part of an enhanced index portfolio benchmarked to the S&P 500.

The allocation of assets among stocks, bonds and alternative investments can have a significant impact on investment performance. In light of its long time horizon, the SIC is able to take advantage of historical long-term return opportunities offered by equity investments.

Investment Performance

The System's one-year, three-year and five-year time weighted rates of return for the periods ended June 30, 2006 were 12.6%, 14.6% and 7.5%, respectively.

Fiscal year 2006 marks the fourth consecutive year that the funds outperformed their policy benchmark. The funds total return of 12.6%





for the year ended June 30, 2006 was 130 basis points above the policy benchmark of 11.3%. For the prior fiscal year, 2005, the fund beat its benchmark by a substantial 230 basis points (12.2% vs. benchmark of 9.9%). The funds outperformed the policy benchmark during fiscal 2004 by 130 basis points (19.5% vs. benchmark of 18.2%).

Equity markets around the world experienced a dramatic increase in volatility, particularly in the second quarter as investors focused on risk. The domestic markets wavered around the uncertainty of the Federal Reserve's continued rate-hiking cycle and concerns over inflation. The Federal Reserve persisted with a series of rate hikes pushing the federal funds rate to 5.25% on its 17th consecutive hike on June 29th. Non-U.S. equity markets were not immune to the volatility experienced in the United States as investors worried about the global economic slowdown. While international investors generally shied away from the more speculative emerging markets and Japan, overall, the international equity markets once again outperformed the U.S. equity markets during fiscal year 2006 with the Morgan Stanley Capital Investment all Country World Index (MSCI ACWI ex US) posting a 28.4% return and the Dow Jones Wilshire 5000 Index returning 10.0%. The bond market was flat for the year as measured by the Lehman Aggregate's -0.81% loss.

For the fiscal year ended June 30, 2006 the fund's domestic equity portfolio was up 10.3% (vs. 8.6% for the S&P 500), the international portfolio posted a 26.2% return (vs. 28.4% for the MSCI ACWI ex US) and the fixed income composite returned 0.7% (vs. -0.8% for the Lehman Aggregate). The private equity portfolio realized a gain of 26.6% on a time-weighted total return basis for fiscal 2006 and a 25.7% internal rate of return. Since inception, the private equity composite has generated an internal rate of return of 16.7%.

The System's actuarial investment return assumption is 8.25%. Actuarial value of assets is determined based on a five-year smoothing methodology.

Funding Status

Independent actuarial valuations are conducted of the System each year. As part of this valuation, the progress toward funding pension obligations of the System is measured by comparing the actuarial value of assets to the actuarial accrued liability. This measure is referred to as the funded ratio or funded status. As reflected in the most recent actuarial valuation (June 30, 2005), the funded ratio decreased to 56.3% for State Employees and 55.4% for Teachers within the Employees Retirement System plan. The Judges and State Police plans experienced increases in the funding ratios to 87.0% and 79.0%, respectively. The Municipal Employees Retirement System Plan's funded ratio declined with an overall average ratio of 87.2%.

Details of the funded status of each plan within the System are included in the Schedules of Funding Progress on page 35.

All employers participating in the System's plans contributed 100% of their annual actuarially required contribution.

Economic Factors and Next Year's Contribution Rates

The System's investment portfolio experienced positive returns subsequent to June 30, 2006 consistent with the overall performance of domestic and international equity markets.

Employer contribution rates for fiscal 2007 increased for State employees (14.84% for fiscal 2006 compared to 18.40% for fiscal 2007), teachers (16.47% for fiscal 2006 compared to 19.64% for fiscal 2007), state police (31.35% for fiscal 2006 compared to 31.78% for fiscal 2007) and judges (35.51% for fiscal 2006 compared to 36.07% for fiscal 2007). The fiscal 2007 employer contribution rates are based upon an actuarial valuation performed at June 30, 2004.

Contacting the Employees' Retirement System's Management

This discussion and analysis presentation is designed to provide a general overview of the System's financial activity. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Employees' Retirement System, 40 Fountain Street, Providence, RI, 02903.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Statements of Fiduciary Net Assets
June 30, 2006

Assets	<i>ERS</i>	<i>MERS</i>	<i>SPRBT</i>	<i>JRBT</i>	<i>Total (Memorandum Only)</i>
Cash and cash equivalents (Note 3)	\$ 20,712,778	\$ 540,788	\$ 456,182	\$ 315,963	\$ 22,025,711
Receivables					
Contributions	12,271,741	3,661,404	-	-	15,933,145
Due from State for teachers	12,567,666	-	-	-	12,567,666
Due from other plans	234,326	53,295	-	-	287,621
Other	1,819,001	365,548	10,965	6,755	2,202,269
Total receivables	<u>26,892,734</u>	<u>4,080,247</u>	<u>10,965</u>	<u>6,795</u>	<u>30,990,701</u>
Investments at fair value (Note 3)					
Equity in short-term investment fund	18,198,822	3,464,350	-	-	21,663,172
Equity in pooled trust	6,166,733,865	1,000,359,648	37,780,844	24,849,236	7,229,723,593
Plan specific investments	20,485,512	-	-	-	20,485,512
Total investments before lending activities	<u>6,205,418,199</u>	<u>1,003,823,998</u>	<u>37,780,844</u>	<u>24,849,236</u>	<u>7,271,872,277</u>
Invested securities lending collateral (Note 3)	1,195,023,630	193,288,623	7,274,705	4,784,720	1,400,371,678
Property and equipment at cost, (net of accumulated depreciation \$6,705,444- Note 4)	9,878,640	1,456,973	25,685	16,543	11,377,841
Total Assets	<u>7,457,925,981</u>	<u>1,203,190,629</u>	<u>45,548,381</u>	<u>29,973,217</u>	<u>8,736,638,208</u>
Liabilities					
Securities lending liability (Note 3)	1,195,023,630	193,288,623	7,274,705	4,784,720	1,400,371,678
Accounts payable	5,727,831	1,034,525	25,369	14,665	6,802,390
Due to other plans	53,295	-	116,318	118,008	287,621
Total Liabilities	<u>1,200,804,756</u>	<u>194,323,148</u>	<u>7,416,392</u>	<u>4,917,393</u>	<u>1,407,461,689</u>
Net assets held in trust for pension benefits (A schedule of funding progress for each plan is presented on page 34.)	<u>\$ 6,257,121,225</u>	<u>\$ 1,008,867,481</u>	<u>\$ 38,131,989</u>	<u>\$ 25,055,824</u>	<u>\$ 7,329,176,519</u>

The accompanying notes are an integral part of this financial statement.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Statements of Changes In Fiduciary Net Assets
Fiscal Year ended June 30, 2006

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<i>Total</i> <i>(Memorandum Only)</i>
Additions					
Contributions					
Member contributions	\$ 141,191,643	\$ 20,727,3390	\$ 886,140	\$ 564,695	\$ 163,369,817
Employer contributions	176,839,174	20,127,099	3,174,903	2,291,665	202,432,841
State contributions for teachers	54,537,733	-	-	-	54,537,733
Interest on service credits purchased	1,381,195	148,520	-	-	1,529,7158
Total contributions	<u>373,949,745</u>	<u>41,002,958</u>	<u>4,061,043</u>	<u>2,856,360</u>	<u>421,870,106</u>
Investment Income					
Net appreciation in fair value					
of investments	486,453,978	77,178,701	2,728,894	1,789,644	568,151,217
Interest	76,186,906	12,223,820	435,169	285,754	89,131,649
Dividends	75,104,610	12,071,448	434,628	284,988	87,895,674
Other investment income	55,145,005	8,601,014	303,028	198,384	64,247,431
	<u>692,890,499</u>	<u>110,074,983</u>	<u>3,901,719</u>	<u>2,558,770</u>	<u>809,425,971</u>
Less investment expense	(26,173,607)	(3,689,612)	(136,922)	(89,351)	(30,089,492)
Net investment income	<u>666,716,892</u>	<u>106,385,371</u>	<u>3,764,797</u>	<u>2,469,419</u>	<u>779,336,479</u>
Securities lending income					
Securities lending income	22,975,419	3,835,181	159,834	105,726	27,076,160
Less securities lending expense	(20,621,698)	(3,545,713)	(146,260)	(96,845)	(24,319,516)
Net securities lending income	<u>2,353,721</u>	<u>380,468</u>	<u>13,574</u>	<u>8,881</u>	<u>2,756,644</u>
Total net investment income	<u>669,070,613</u>	<u>106,765,839</u>	<u>3,778,371</u>	<u>2,478,300</u>	<u>782,093,123</u>
Miscellaneous revenue	49,676	5,089	-	-	54,765
<i>Total Additions</i>	<u>1,043,070,034</u>	<u>147,773,886</u>	<u>7,839,414</u>	<u>5,334,660</u>	<u>1,204,017,994</u>
Deductions					
Benefits					
Retirement benefits	422,202,906	39,942,459	144,723	148,928	462,439,016
Cost of living adjustments	106,760,817	5,912,116	4,375	12,062	112,689,370
SRA Plus Option	26,887,104	1,522,663	-	-	28,409,767
Supplemental benefits	1,085,533	-	-	-	1,085,533
Death benefits	2,586,515	667,200	-	-	3,253,715
Total benefits	<u>559,522,875</u>	<u>48,044,438</u>	<u>149,098</u>	<u>160,990</u>	<u>607,877,401</u>
Refund of contributions	8,196,443	1,629,588	-	-	9,826,031
Administrative expense	6,066,456	867,395	16,293	10,355	6,960,499
<i>Total Deductions</i>	<u>573,785,774</u>	<u>50,541,421</u>	<u>165,391</u>	<u>171,345</u>	<u>624,663,931</u>
Net Increase	469,284,260	97,232,465	7,674,023	5,163,315	579,354,063
Net assets held in trust for pension benefits					
Beginning of year	<u>5,787,836,965</u>	<u>911,635,016</u>	<u>30,457,966</u>	<u>19,892,509</u>	<u>6,749,822,456</u>
End of year	<u>\$ 6,257,121,225</u>	<u>\$1,008,867,481</u>	<u>\$ 38,131,989</u>	<u>\$ 25,055,824</u>	<u>\$ 7,329,176,519</u>

The accompanying notes are an integral part of this financial statement.



NOTES TO FINANCIAL STATEMENTS

1. Plan Descriptions

(a.) General

The Employees' Retirement System of Rhode Island (the "System") acts as a common investment and administrative agent for pension benefits to be provided for four defined benefit retirement plans as listed below:

<u>Plan Name</u>	<u>Type of Plan</u>
Employees' Retirement System (<i>ERS</i>)	Cost-sharing multiple-employer defined benefit plan
Municipal Employees' Retirement System (<i>MERS</i>)	Agent multiple-employer defined benefit plan
State Police Retirement Benefits Trust (<i>SPRBT</i>)	Single-employer defined benefit plan
Judicial Retirement Benefits Trust (<i>JRBT</i>)	Single-employer defined benefit plan

Although the assets of the plans are commingled for investment purposes, 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 System's financial statements are included as Pension Trust Funds within the Fiduciary Funds in the Comprehensive Annual Financial Report of the State of Rhode Island and Providence Plantations.

The System is administered by the State of Rhode Island Retirement Board which consists of 15 members: the general treasurer; the director of administration or his or her designee; the budget officer or his or her designee; the fiscal advisor to the house finance committee or his or her designee; the president of the league of cities and towns or his or her designee; two (2) active State employee members of the retirement system or officials from state employee unions to be elected by active State employees; two (2) active teacher members of the retirement system or officials from a teachers union to be elected by active teachers; one active municipal employee member of the retirement system or an official from a municipal employees union to be elected by active municipal employees; one retired member of the retirement system to be elected by retired members of the System; the chairperson of the house finance committee or his or her designee; the chairperson of the senate finance committee or his or her designee; and two (2) public representatives, one of whom shall be a C.L.U. competent in the area of pension benefits, shall be appointed by the governor and whose term shall be for four (4) years, or until their successors are appointed.

Effective July 1, 2006, legislation was enacted by the General Assembly reconstituting the make-up of the State of Rhode Island Retirement Board. The Board was authorized, created and established in the Office of the General Treasurer as an independent retirement board which shall hold and administer, in trust, the funds of the retirement system. The membership of the retirement board now consists of: the general treasurer or his or her designee who shall be a subordinate within the general treasurer's office; the director of administration or his or her designee who shall be a subordinate within the department of administration; a representative of the budget office or his or her designee from within the budget office, who shall be appointed by the director of administration; the president of the league of cities and towns or his or her designee; two (2) active state employee members of the retirement system or officials from state employee unions to be elected by active state employees; two (2) active teacher members of the retirement system or officials from a teachers union to be elected by active teachers; one active municipal employee member of the retirement system or an official from a municipal employees union to be elected by active municipal employees; two (2) retired members of the retirement system to be elected by retired members of the system; and four (4) public members, all of whom shall be competent by training or experience in the field of finance, accounting or pensions; two (2) of the public members shall be appointed by the governor, one of whom shall serve an initial term of three (3) years and one of whom shall serve an initial term of four (4) years and until his or her successor is appointed and qualified; and two (2) of the public members shall be appointed by the general treasurer, one of whom shall serve an initial term of three (3) years and one of whom shall



serve an initial term of four (4) years and until his or her successor is appointed and qualified. Thereafter, the term of these four (4) public members shall be for four (4) years or until their successors are appointed and qualified by the Senate.

The System's purpose is to provide retirement benefits to state employees, public school teachers, certain general municipal employees, public safety employees, state police officers, and judges.

A summary of membership in the plans as of the June 30, 2005 actuarial valuation is listed below:

	<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>
<u>ERS</u>					
State Employees	9,893	2,343	7,997	4,492	25,025
Teachers	8,565	2,015	7,166	7,303	25,049
<u>MERS</u>					
General Employees	3,553	1,796	2,840	4,169	12,358
Public Safety	373	77	590	654	1,694
<u>SPRBT</u>					
	2	1	-	181	184
<u>JRBT</u>					
	2	-	7	37	46
<i>Total by type</i>	22,388	6,232	18,600	17,136	64,356

(b) Membership and Benefit Provisions

(1) Employees' Retirement System (ERS)

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1936 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, of title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of title 16 of the Rhode Island General Laws.

The plan covers most State employees other than certain personnel at the State colleges and university (principally faculty and administrative personnel). Elected officials may become members on an optional basis. Membership in the plan is compulsory for teachers, including superintendents, principals, school nurses, and certain other school officials in the public schools in the cities and towns. Rhode Island Airport Corporation (RIAC) employees hired before July 1, 1993 are also covered and have the same benefits as State employees. Rhode Island Economic Development Corporation (RIEDC) employees who were (1) active contributing members and employees of the Department of Economic Development of the State of Rhode Island before October 31, 1995, and (2) elected to continue membership in the plan are also covered and have the same benefits as State employees. Narragansett Bay Water Quality District Commission employees who are members of a collective bargaining unit are also covered and have the same benefits as State employees.

The plan provides a two-tier benefit structure referred to as schedules A and B.



Schedule A Benefits

Schedule A benefits are available to members who possess 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to State correctional officers who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump sum death benefits.

Schedule B Benefits

Schedule B benefits are provided to members who have less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.50% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

The plan also provides benefits to legislators elected to office prior to January 1, 1995, of \$600 for every year served up to a maximum of \$12,000. Such benefits are available to legislators 55 and over with at least 8 years of service or, at any age with 20 or more years of service.

The plan provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. Not all school districts participate in the plan. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective city, town, or school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member. In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

The Teachers Survivor Benefits Fund provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:



<u>Highest Annual Salary</u>	<u>Spousal Monthly Minimum Benefit</u>
\$17,000 or less	\$750
\$17,001 to \$25,000	\$875
\$25,001 to \$33,000	\$1,000
\$33,001 to \$40,000	\$1,125
\$40,001 and over	\$1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 Children	Parent and more than 2 Children	One Child Alone	Two Children Alone	Three or more Children Alone
150%	175%	175%	75%	150%	175%

(2) *Municipal Employees' Retirement System (MERS)*

The MERS was established under section one of chapter 2784 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate.

The plan generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement; vested benefits after 10 years of service; survivor's benefits; and certain lump sum death benefits. A summary of participating employers is listed below:

Municipalities, housing authorities, water and sewer districts.	68
Municipal police and fire departments.	<u>46</u>
Total participating units as of June 30, 2005	<u><u>114</u></u>

(3) *State Police Retirement Benefits Trust (SPRBT)*

The State Police Retirement Benefits Trust was established under Rhode Island General Laws 42-28-22.1 and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to State Police.

The plan covers all State Police and Superintendents hired after July 1, 1987.

The plan generally provides retirement benefits equal to 50% of final salary after 20 years of service, plus 3.0% of final salary times service in excess of 20 years through 25 years to a maximum of 65% of final salary. Such benefits are available to members after



20 years of service regardless of age. The Superintendent of the State Police will receive 50% of his/her final salary and may retire after attainment of age 60 and 10 years of service. A cost-of-living adjustment of \$1,500 per annum beginning on January 1st of the year in which a member attains his/her third anniversary of retirement is provided to all members. Benefits are based on the final base salary earned at retirement including longevity increment, holiday pay, clothing allowance and up to 400 overtime hours.

The plan also provides nonservice-connected disability benefits after 10 years of service and service-connected disability pensions with no minimum service requirement.

(4) Judicial Retirement Benefits Trust (JRBT)

The Judicial Retirement Benefits Trust was established under Rhode Island General Laws 8-8.2-7; 8-3-16; 8-8-10.1; 28-30-18.1; and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to Justices of the Traffic Tribunal, Supreme, Superior, Family, District and Workers Compensation courts.

The plan covers all Judges appointed after December 31, 1989.

The plan generally provides retirement benefits equal to 75% of the final salary at the time of retirement after 20 years of service, or 10 years of service and attainment of age 65. For judges appointed subsequent to July 2, 1997, salary is the average highest three (3) consecutive years of compensation. Judges retiring after 20 years of service after age 65 or 15 years of service after age 70 will receive full retirement benefits, which is the final salary at time of retirement. For judges appointed subsequent to July 2, 1997, salary is the average highest three (3) consecutive years of compensation. On the third January after the date of retirement, a cost-of-living increase amounting to 3% not compounded is provided to Supreme, Superior, Family and District Court Judges, independent of actual changes in the consumer price index. Traffic Tribunal and Workers' Compensation Court Judges, on the third January after the date of retirement, receive a cost-of-living increase amounting to 3% compounded annually.

2. Summary of Significant Accounting Policies

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 pension plans established by governmental entities. In accordance with GASB Statement No. 20, in the absence of specific guidance from a GASB pronouncement, pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 have been followed.

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 contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions.

Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date. Investment transactions are recorded on a trade date basis. The gains or losses on foreign currency exchange contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed.

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. The fair value of fixed income and domestic and international stocks is generally based on published market prices and quotations from national security exchanges and securities pricing services. Real estate is primarily valued on appraisals by independent appraisers or as adjusted by the general partner. Commingled funds consist pri-



marily of institutional equity index funds. The fair value of the commingled funds is based on the reported share value of the respective fund. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. Short-term investments are stated at cost which approximates fair value. Other investments that are not traded on a national security exchange are generally valued based on audited December 31 net asset values adjusted for cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions).

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.

Property and Equipment

These assets represent the Line of Business System and computer equipment recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives, ten and five years respectfully. Depreciation of the Line of Business System commences as each stage is implemented. Property, plant and equipment is allocated to each plan based on its proportionate share of net assets.

Memorandum Only - Total Columns

Total columns on the financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns are not comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

3. Cash Deposits and Investments

(a.) Cash Deposits and Cash Equivalents

At June 30, 2006, the carrying amounts of the plans’ cash deposits, including cash overdrafts, are listed below:

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>
<i>Book balance</i>	\$ 20,712,778	\$ 540,788	\$ 456,182	\$ 315,963
<i>Bank balance</i>	\$ 21,104,983	\$ 566,900	\$ 456,182	\$ 315,963

The bank and book balances represent the plans' deposits in short-term trust accounts which include demand deposit accounts, bank money market accounts, overnight repurchase agreements and a certificate of deposit (ERS \$8,500,000). Of the bank balance, \$9,034,291 is covered by federal depository insurance. The remaining bank balance of \$13,409,737 is fully collateralized.

In accordance with Rhode Island General Law Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. None of the System's deposits were required to be collateralized at June 30, 2006.



(b.) Investments

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the System. Investment managers engaged by the Commission, at their discretion and in accordance with the investment objectives and guidelines for the System, make certain investments. The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11 (b)(3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

On July 1, 1992, the State Investment Commission pooled the assets of the ERS with the assets of the MERS for investment purposes only, and assigned units to the plans based on their respective share of market value. On September 29, 1994 and November 1, 1995, the assets of the SPRBT and the JRBT, respectively, were added to the pool for investment purposes only. The custodian bank holds most assets of the System in two pooled trusts, Short-term Investment Trust and Pooled Trust. Each plan holds units in the trusts. The number of units held by each plan is a function of each plans' respective contributions to, or withdrawals from, the trust. Certain investments are not pooled and are held by only one plan (Plan specific investments).

Investment expense is allocated to each plan based on the plan's units in the Short-term Investment Fund and the Pooled Trust at the end of each month. Investment expense for plan specific investments is recorded solely in the respective plan.

The following table presents the fair value of investments by type at June 30, 2006:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 582,488,360
U.S. Government Agency Securities	469,460,985
Collateralized Mortgage Obligations	43,548,080
Corporate Bonds	586,882,967
International Corporate Bonds	34,753,768
Domestic Equity Securities	1,191,377,199
International Equity Securities	1,521,896,907
Foreign Currencies	31,153,732
Private Equity	436,470,559
Real Estate	294,750,770
Money Market Mutual Fund	170,432,150
Commingled Funds - Domestic Equity	1,779,963,488
Commingled Funds - International Equity	<u>128,693,312</u>
Investments at Fair Value	\$ 7,271,872,277
Securities Lending Collateral Pool	<u>1,400,371,678</u>
Total	<u><u>\$ 8,672,243,955</u></u>



(c.) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Duration is a measure of a debt security's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The System manages its exposure to interest rate risk by comparing each debt security manager portfolio's effective duration against a predetermined benchmark index based on that manager's mandate. Currently each portfolio's duration must be within +/- 20-35% of the effective duration of the appropriate index. The fixed income indices currently used by the System are:

- Salomon Brothers Broad Investment Grade Bond Index
- Lehman US TIPS Index
- Lehman Brothers MBS Fixed Rate Index
- CS First Boston High Yield Index
- Lehman Corporate Index

At June 30, 2006, no fixed income manager was outside of the policy guidelines.

The following table shows the System's fixed income investments by type, fair value and the effective durations at June 30, 2006:

Investment Type:	Fair Value (in thousands)	Effective Duration
U.S. Government Securities	\$ 582,488	5.56
U.S. Government Agency Securities	469,461	4.37
Collateralized Mortgage Obligations	43,548	3.29
Corporate Bonds	586,883	4.13
International Corporate Bonds	<u>34,754</u>	16.81
Total Fixed Income	<u>\$1,717,134</u>	4.92

The System also invested in a short-term money market mutual fund that held investments with an average maturity of 27 days. The maximum maturity of any instrument in the money market mutual fund is 13 months.

The System invests in various mortgage-backed securities, such as collateralized mortgage obligations (CMO), interest-only and principal-only (PO) strips. They are reported in aggregate as U.S. Government and Agency Securities in the disclosure of custodial credit risk. CMO's are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. The System may invest in interest-only (IO) and principal-only strips (PO) in part to hedge against a rise in interest rates. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments.



(d). Credit Risk

The System directs its investment managers to maintain well diversified portfolios by sector, credit rating and issuer using the prudent person standard, which is the standard of care employed solely in the interest of the participants and beneficiaries of the funds and for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the funds.

Each manager's portfolio composition is aligned with a benchmark and is constructed based on specific guidelines that are reflective of the manager's mandate. An example of a high yield fixed income manager's guidelines is as follows:

- No single industry is expected to represent more than 20% of the portfolio's market value.
- No single issue is expected to represent more than 5% of the portfolio's market value.
- The portfolio, once fully invested, is expected to include a minimum of 70 individual holdings.
- The portfolio quality is expected to be invested in high yield below investment grade fixed income securities.
- The weighted average credit quality is expected to maintain a minimum rating of "B" using either Moody's or Standard and Poor's credit ratings.

The System's exposure to credit risk as of June 30, 2006 is as follows:

Quality Rating	Collateralized Mortgage Obligations	U.S. Government Agency Securities	Corporate Bonds	International Corporate Bonds
Aaa	\$ 28,973,956	\$ 469,460,985	\$ 81,860,437	\$
Aa	137,817		46,735,747	
A	1,753,2654		119,567,804	
Baa	6,164,501		88,011,578	11,034,301
Ba	473,286		62,736,343	
B			157,043,257	
Caa			14,972,129	
Ca			429,113	
C			1,384,014	
Not rated	6,045,255		14,142,545	23,719,467
Fair Value	<u>\$ 43,548,080</u>	<u>\$ 469,460,985</u>	<u>\$ 586,882,967</u>	<u>\$ 34,753,768</u>

The System's investment in a short-term money market mutual fund was unrated but held investments with an average quality rating of A-1+ / P-1.

**(e). Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a System's investments in a single issuer. There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

(f). Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2006 all securities were registered in the name of the System and were held in the possession of the System's custodial bank, State Street Bank and Trust.

(g). Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Portfolios are diversified to limit foreign currency and security risk and The System's investment asset allocation policy targets non-US equity investments at 20%. The System may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments.

The System's exposure to foreign currency risk at June 30, 2006, was as follows:

Currency	Currency	Equities	Fixed Income	Total
Australian Dollar	\$ (52,429)	\$ 89,742,842	\$	\$ 89,690,413
Brazilian Real		6,589,385		6,589,385
Canadian Dollar	(574,780)	68,815,361		68,240,581
Danish Krone	5,546	645,194		650,739
Euro Currency	15,262,426	527,160,305	23,719,467	566,142,198
Hong Kong Dollar	315,373	33,282,648		33,598,022
Hungarian Forint	119	1,793,567		1,793,686
Indian Rupee		7,709,162		7,709,162
Indonesian Rupiah	252,698	1,600,221		1,852,919
Japanese Yen	3,103,267	291,102,128		294,205,395
Mexican Peso	14,532	5,834,731	952,715	6,801,978
New Taiwan dollar		12,443,319		12,443,319
New Zealand Dollar	13,488	5,230,159		5,243,647
Norwegian Krone	11,881	14,490,603		14,502,484
Pound Sterling	1,860,964	311,946,786		313,825,750
Russian Ruble		3,352,960		3,352,960
Singapore Dollar	100,534	21,753,092		21,853,626
South African Rand	81,495	6,940,741		7,022,236
South Korean Won	1,755,800	20,644,997		22,400,797
Swedish Krona	8,858,648	21,394,200	10,081,586	40,334,434
Swiss Franc	140,113	65,809,976		65,950,089
Thailand Baht	4,057	3,596,530		3,600,587
Total	\$ 31,153,732	\$ 1,521,896,907	\$ 34,753,768	\$ 1,587,804,407

The System also had exposure to foreign currency risk through its investment in international commingled equity funds.



(h.) Derivatives and Other Similar Investments

Some of the System's investment managers are allowed to invest in certain derivative type transactions, including forward foreign currency transactions and futures contracts. According to investment policy guidelines, derivative type instruments may be used for hedging purposes and not for leveraging plan assets.

Forward Foreign Currency Contracts – The System may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. These contracts involve risk in excess of the amount reflected in the System's Statements of Fiduciary Net Assets. The face or contract amount in U.S. dollars reflects the total exposure the System has in that particular currency contract. By policy, no more than 25% of actively managed Foreign Equity securities (at fair value) may be hedged into the base currency (US Dollars). The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

Futures contracts – The System may use futures to manage its exposure to the stock, money market, and bond markets and the fluctuations in interest rates and currency values. Buying futures tends to increase the System's exposure to the underlying instrument. Selling futures tends to decrease the System's exposure to the underlying instrument, or hedge other System investments. Losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, or if the counterparties do not perform under the contract terms.

Through commingled funds, the System also indirectly holds derivative type instruments, primarily equity index futures. Other types of derivative type instruments held by the commingled funds include purchased or written options, forward security contracts, forward foreign currency exchange contracts, interest rate swaps and credit default swaps.

The System may sell a security they do not own in anticipation of a decline in the fair value of that security. Short sales may increase the risk of loss to the System when the price of a security underlying the short sale increases and the System is subject to a higher cost to purchase the security in order to cover the position.

(i.) Securities Lending

Policies of the State Investment Commission permit the System to enter into securities lending transactions. The System has contracted with State Street Bank & Trust Company (SSB) as third party securities lending agent to lend the System's debt and equity securities for cash, securities and sovereign debt of foreign countries as collateral at not less than 100% of the market value of the domestic securities on loan and at not less than 100% of the market value of the international securities on loan. In practice, securities on loan are collateralized at 102%. There are no restrictions on the amount of loans that can be made. The contract with the lending agent requires them to indemnify the System if the borrowers fail to return the securities. Either the System or the borrower can terminate all securities loans on demand. The cash collateral received on security loans was invested in the lending agent's short-term investment pool. At June 30, 2006 the investment pool had a weighted average maturity of 58 days and an average final maturity of 479 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The System is not permitted to pledge or sell collateral securities received unless the borrower defaults. There were no losses during the fiscal year resulting from default of the borrowers or lending agent.

At June 30, 2006, management believes the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers do not exceed the amounts the borrowers owe the System. The securities on loan at year-end were \$1,381,551,261 (fair value), and the collateral received for those securities on loan was \$1,407,928,257 (fair value).



4. Property and Equipment

Property, plant and equipment consist of the line of business system and computer equipment at historical cost. Balances at June 30, 2006 were:

	ERS	MERS	SPRBT	JRBT	Total
Line of Business System	\$ 15,544,862	\$ 2,287,990	\$ 38,780	\$ 24,973	\$ 17,896,605
Equipment	160,074	25,214	842	550	186,680
Property and Equipment	15,704,936	2,313,204	39,622	25,523	18,083,285
Accumulated Depreciation	(5,862,296)	(856,231)	(13,937)	(8,980)	(6,705,444)
Net Property and Equipment	\$ 9,878,640	\$ 1,456,973	\$ 25,685	\$ 16,543	\$ 11,377,841

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. Plan member contributions are fixed by statute.

(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 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on his behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a period not to exceed 30 years from June 30, 1999.

Effective July 1, 2005, the law as amended requires, in addition to the contributions provided for by the funding policy, commencing in fiscal year 2006, and each year thereafter, for each fiscal year in which the actuarially determined state contribution rate for state employees and teachers is lower than that for the prior fiscal year, the governor shall include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction to be applied to the actuarial accrued liability. The amounts to be appropriated shall be included in that annual appropriation bill and shall be paid by the general treasurer into the retirement system. The retirement system's actuary shall not adjust the computation for the annual required contribution for the year in which supplemental contributions are received; such contributions once made may be treated as reducing the actuarial liability remaining for amortization in the next following actuarial valuation to be performed.

(b.) Contributions

Employer contribution rates for fiscal 2006 were developed based on an actuarial valuation performed as of June 30, 2003. The table on the next page displays the contribution rates for the year ended June 30, 2006.



Plan	Employee	Employer
<p>ERS</p> <p>State Employees Teachers <i>Municipal funded</i></p> <p><i>State funded</i></p>	<p>8.75%</p> <p>9.50%</p>	<p>14.84%</p> <p>9.72% (9.05% for towns not participating in the 1990 early retirement incentive)</p> <p>6.75% (6.31% for towns not participating in the 1990 early retirement incentive)</p>
<p>MERS</p> <p>General Employees</p> <p>Public Safety</p>	<p>6.00% (additional 1% with a cost-of-living adjustment)</p> <p>7.00% (additional 1% with a cost-of-living adjustment and /or 1% with a 20 year service plan), Cranston Police & Cranston Fire are contributing 10% due to special plan provisions.</p>	<p>68 Municipalities, housing authorities, water and sewer districts contributed various actuarially determined rates.</p> <p>46 Municipal police and fire departments contributed various actuarially determined rates.</p>
SPRBT	8.75%	31.35%
JRBT	8.75%	35.51%

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 .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 shall be credited to the plans in the same proportion as their contributions to the restricted receipt account.

7. Post-Employment Health Care Benefits

In accordance with the General Laws, post-employment health care benefits are provided to State employee members of the ERS plan who retire on or after July 1, 1989. The benefits in general cover medical and hospitalization costs for pre-Medicare retirees and a Medicare supplement for Medicare eligible retirees. The State’s share of the costs of these benefits ranges from 50% for retirees with 10-15 years of service to 100% for retirees with 35 years of service. These benefits are provided on a pay-as-you-go basis and are not accounted for as part of the Employees’ Retirement System. The financial activity related to post-employment benefits for state employees is reflected in the State’s Health Insurance internal service fund.

8. Commitments

The State Investment Commission has committed to fund certain alternative investment managers at a predetermined subscription amount. Outstanding unfunded investment commitments at June 30, 2006 totaled \$464.6 million. These commitments will be funded through cash available within the pooled investment trust generated through investment income and/or liquidation of other investments.

9. Subsequent Events

In November 2005, the System obtained title to commercial real estate located in Providence, Rhode Island as a result of bankruptcy foreclosure proceedings in the U.S. Bankruptcy Court. The System held a first lien on the commercial real estate owned by an obligor of a mortgage loan receivable previously held as a plan specific investment. In January 2006, the System leased the premises to a corporation pursuant to a three-year operating lease. In August 2006, the System sold the real estate for \$20 million.

The mortgage loan receivable previously held as a plan specific investment was guaranteed by the Rhode Island Economic Development Corporation (RIEDC) to the extent of \$3 million. The System has requested payment of the guarantee by RIEDC to the extent of its incurred loss related to the default on the mortgage note receivable and liquidation of the real estate obtained through foreclosure. Payment of the guarantee by RIEDC is dependent upon appropriation by the Rhode Island General Assembly.



SUPPLEMENTARY INFORMATION
Schedules Of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b - a) / c)
ERS (State Employees)						
6/30/2005	\$ 2,163,391,323	\$ 3,843,518,875	\$ 1,680,127,552	5.3%	\$ 606,474,789	277.0%
6/30/2004	2,202,900,345	3,694,787,818	1,491,887,473	59.6%	606,087,585	246.2%
6/30/2003 ±	2,267,673,016	3,517,352,031	1,249,679,015	64.5%	606,102,182	206.2%
6/30/2002	2,353,855,871	3,284,126,961	930,271,090	71.7%	586,888,754	158.5%
6/30/2001	2,406,278,029	3,089,247,738	682,969,709	77.9%	539,015,218	126.7%
6/30/2000	2,345,319,663	2,874,905,547	529,585,884	81.6%	517,632,152	102.3%
ERS (Teachers)						
6/30/2005	\$ 3,280,977,321	\$ 5,919,156,211	\$ 2,638,178,890	55.4%	\$ 898,051,154	293.8%
6/30/2004	3,340,527,073	5,634,195,435	2,293,668,362	59.3%	866,532,598	264.7%
6/30/2003 ±	3,427,685,554	5,341,627,416	1,913,941,862	64.2%	834,642,391	229.3%
6/30/2002	3,553,823,995	4,857,003,061	1,303,179,066	73.2%	792,015,577	164.5%
6/30/2001	3,619,863,426	4,679,288,010	1,059,424,584	77.4%	748,460,527	141.5%
6/30/2000	3,514,399,312	4,359,881,262	845,481,950	80.6%	703,201,056	120.2%
SPRBT						
6/30/2005	\$ 29,616,896	\$ 37,510,992	\$ 7,894,096	79.0%	\$ 13,225,400	59.7%
6/30/2004	24,767,014	32,689,173	7,922,160	75.8%	11,421,880	69.4%
6/30/2003	20,966,294	28,443,717	7,477,423	73.7%	11,286,365	66.3%
6/30/2002	17,770,149	23,527,125	5,756,976	75.5%	10,933,360	52.7%
6/30/2001	14,386,064	16,649,820	2,263,756	86.4%	9,139,418	24.8%
6/30/2000	11,336,596	13,917,343	2,580,747	81.5%	8,916,914	28.9%
JRBT						
6/30/2005	\$ 19,347,372	\$ 22,250,728	\$ 2,903,356	87.0%	\$ 5,684,585	51.1%
6/30/2004	16,019,053	21,845,744	5,826,691	73.3%	5,637,865	103.3%
6/30/2003	13,270,977	18,435,395	5,164,418	72.0%	5,303,153	97.4%
6/30/2002	11,129,208	16,243,709	5,114,501	68.5%	4,738,059	107.9%
6/30/2001	9,190,325	12,026,257	2,835,932	76.4%	4,092,423	69.3%
6/30/2000	7,374,851	9,719,608	2,344,757	75.9%	3,533,354	66.4%
MERS						
6/30/2005	\$ 886,964,787	\$ 1,017,254,365	\$ 130,289,578	87.2%	\$ 265,123,725	49.1%
6/30/2004	879,449,653	943,536,048	64,086,395	93.2%	285,985,220	24.7%
6/30/2003	885,842,533	879,589,065	(6,253,468)	100.7%	241,201,031	(2.6)%
6/30/2002	907,193,399	814,857,497	(92,335,902)	111.3%	247,613,063	(37.3)%
6/30/2001	895,475,425	758,089,758	(137,385,667)	118.1%	225,827,136	(60.8)%
6/30/2000	885,392,216	710,616,311	(174,775,905)	124.6%	207,834,738	(84.1)%

See notes to required supplementary information

± Restated June 30, 2003 actuarial accrued liability due to the adoption of Article 7, Substitute A as Amended



REQUIRED SUPPLEMENTARY INFORMATION

**Schedules Of Contributions From The Employers
And Other Contributing Entity**

ERS

Fiscal Year Ended	State Employees		Teachers (State)		Teachers (Employers)	
	Annual Required	Percentage	Annual Required	Percentage	Annual Required	Percentage
<u>June 30</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Contribution</u>	<u>Contributed</u>
2006	\$ 91,254,063	100%	\$ 54,537,733	100%	\$ 83,794,372	100%
2005	66,087,984	100%	48,834,755	100%	73,006,173	100%
2004	55,699,588	100%	45,039,279	100%	70,666,221	100%
2003	45,141,250	100%	38,242,690	100%	55,504,739	100%
2002	31,801,645	100%	30,763,337	100%	44,391,050	100%
2001	44,540,998	100%	35,365,234	100%	48,153,386	100%

MERS

Fiscal Year Ended	Annual Required	Percentage
<u>June 30</u>	<u>Contribution</u>	<u>Contributed</u>
2006	\$ 20,127,099	100%
2005	13,081,956	100%
2004	9,406,147	100%
2003	6,485,065	100%
2002	7,536,081	100%
2001	6,092,688	100%

SPRBT

Fiscal Year Ended	Annual Required	Percentage
<u>June 30</u>	<u>Contribution</u>	<u>Contributed</u>
2006	\$ 3,174,903	100%
2005	2,614,503	100%
2004	2,224,191	100%
2003	2,256,770	100%
2002	2,405,041	100%
2001	1,819,930	100%

JRBT

Fiscal Year Ended	Annual Required	Percentage
<u>June 30</u>	<u>Contribution</u>	<u>Contributed</u>
2006	\$ 2,291,665	100%
2005	2,056,558	100%
2004	1,830,204	100%
2003	1,656,965	100%
2002	1,458,093	100%
2001	1,163,571	100%

See notes to required supplementary information



NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

1. Schedules of Funding Progress

Effective with the June 30, 2003 valuation, material changes were made to the termination, payroll growth and salary increase assumptions. Changes were also made to the general mortality rates and mortality rates used for disabled lives. The disability and retirement tables were also adjusted to reflect the plan experience. Particularly, the salary increase rates for state employees were changed from 4.25% - 14.25% to 4.5% - 8.25%. The base salary increase rates were increased from 4.25% to 4.5% for all teachers and MERS General Employees, and decreased from 5.5% to 5.25% for Judges. The payroll growth rate was increased from 3.0% to 3.75% for ERS, MERS and State Police and decreased from 5.5% to 5.25% for Judges. The June 30, 2003 actuarial accrued liability was restated to reflect the amendment to the law governing benefits for state employees and teachers effective July 1, 2005 - see note 1(b) to the financial statements entitled *Plan Descriptions - Membership and Benefit Provisions*.

Effective with the June 30, 2002 valuation, the amortization period for the unfunded actuarial accrued liability for MERS was changed to 30 years from June 30, 1999 or 27 years from June 30, 2002.

Effective with the June 30, 2002 valuation, the actuarial value of assets for MERS was changed from a three-year smoothed market technique to a five-year smoothed market technique.

The MERS funded ratio is a composite of all units in the plan. The System performs a separate valuation for each unit.

2. Schedules of Employer Contributions

Employer contributions for the ERS plan included in the Schedules of Contributions from the Employers and Other Contributing Entity do not include Teacher Survivor Benefits as described in Note 1(b) and any employer contributions related to supplemental pension benefits that are attributable and paid by a specific employer. These amounts are not included in the annual required contribution.

The Plans used the entry age normal cost method as the basis for determining employer costs in fiscal 2002. The unfunded liabilities of the plans are amortized over a 30 year period from June 30, 1999. The closed period ends 30 years from June 30, 1999.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.



3. Actuarial Assumptions and Methods

	ERS				
	State Employees	Teachers	MERS	SPRBT	JRBT
Valuation Date	6/30/05	6/30/05	6/30/05	6/30/05	6/30/05
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	24 years	24 years	24 Years	24 years	24 years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial Assumptions					
Investment Rate of Return	8.25%	8.25%	8.25%	8.25%	8.25%
Projected Salary Increases	4.50% to 8.25%	4.50% to 17.00%	<u>General Employees</u> 4.50% to 9.00% <u>Police & Fire Employees</u> 5.00% to 15.50%	5.00% to 15.00%	5.25%
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	Schedule A Members -3.0% compounded Schedule B Members - 2.5%	Schedule A Members - 3.0% compounded Schedule B Members - 2.5%	3.0% Non-compounded	\$1,500 per annum	3.0% (see Note 1(b) (4)) to the financial statements

Schedule A - ERS members are those with 10 years or more of contributory service on or before July 1, 2005. Schedule B - ERS members are those with less than 10 years of contributory service on or before July 1, 2005. The plan provisions for Schedule A and B members are described in Note 1(b) to the financial statements entitled *Plan Descriptions - Membership and Benefit Provisions*.



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STATE of RHODE ISLAND and PROVIDENCE PLANTATIONS
GENERAL ASSEMBLY

OFFICE OF THE AUDITOR GENERAL

- ◆ Integrity
- ◆ Reliability
- ◆ Independence
- ◆ Accountability

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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 statements of fiduciary net assets of the Employees' Retirement System of the State of Rhode Island (the System) as of June 30, 2006 and the related statements of changes in fiduciary net assets for the year then ended, and have issued our report thereon dated November 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the System's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations as findings 2006-1 and 2006-2.

EMPLOYEES RETIREMENT SYSTEM
OF RHODE ISLAND

ACTUARIAL INFORMATION

ERSRI ACTUARIAL INFORMATION

July 11, 2007

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of ERSRI as of June 30, 2006

This is the June 30, 2006 actuarial valuation of the Employees' Retirement System of Rhode Island (ERSRI), which covers state employees and teachers. This report describes the current actuarial condition of ERSRI, determines recommended employer contribution rates, and analyzes changes in these contribution rates. Valuations are prepared annually, as of June 30, the last day of the ERSRI plan year. Not covered in this report are the Municipal Employees' Retirement System, the State Police Retirement Benefits Trust, the Judicial Retirement Benefits Trust, and the Teachers Survivors Plan, even though assets for ERSRI and these other programs are commingled for investment purposes.

Under Rhode Island General Laws, the employer contribution rates for state employees and for teachers are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date, the actuarial assumptions adopted by the Board, and the methodology set forth in the statutes. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2006 actuarial valuation will be applicable for the year beginning July 1, 2008 and ending June 30, 2009.

Financing objectives

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999). The amortization rate is adjusted

for the two-year deferral in contribution rates. Separate employer contribution rates are determined for state employees and for teachers.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2006. No material changes in the benefit provisions were made since the preceding valuation. The benefit provisions are summarized in Appendix B.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. For the state employees, the funded ratio is 54.6% (decreased from 56.3% last year), while for teachers the ratio is 52.7% (decreased from 55.4% last year).

For the June 30, 2006 valuation, the employer contribution rate increased for state employees, from 20.77% to 21.13%, and for teachers, from 22.01% to 25.03%. For state employees, the change was principally due to the recognition of deferred asset losses from prior valuations. For teachers, the change was principally due to the changes in actuarial assumptions adopted by the Board in June of 2007, and due to the recognition of deferred asset losses.

An analysis of the changes in the employer contribution rates appears on Table 10A. An analysis of the changes in the unfunded actuarial accrued liability appears on Table 10C.

Assumptions and methods

The actuarial assumptions were changed as a result of the experience study approved by the Board on June 13, 2007. Significant changes were made to the mortality rates for teachers. Smaller changes were made to the salary increase, termination, retirement, and disability rates for both state employees and teachers. Also, the payroll growth assumption was increased. More detail on changes adopted as a result of the experience study is on page 8 in the discussion section of this report. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of ERSRI.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for retired, active and inactive members as of June 30, 2006. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2006.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. Both are Members of the Society of Actuaries and Members of the American Academy of Actuaries, they both meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA
Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant

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Actuarial Valuation - June 30, 2006
Executive Summary (State Employees)

Item	Valuation Date:		
	June 30, 2006		June 30, 2005
	After Assumption Changes	Before Assumption Changes	
Membership			
• Number of:			
- Active members	12,817	12,817	12,789
- Retirees and beneficiaries	10,041	10,041	9,893
- Inactive members	<u>2,424</u>	<u>2,424</u>	<u>2,343</u>
- Total	25,282	25,282	25,025
• Payroll supplied by ERSRI	\$611,698,223	\$611,698,223	\$575,746,603
Contribution rates			
• Member	8.75%	8.75%	8.75%
• Employer	21.13%	21.19%	20.77%
Assets			
• Market value	\$2,409,378,699	\$2,409,378,699	\$2,218,892,001
• Actuarial value	2,256,979,077	2,256,979,077	2,163,391,323
• Return on market value	11.6%	11.6%	11.4%
• Return on actuarial value	7.4%	7.4%	1.8%
• Employer contribution	\$91,254,063	\$91,254,063	\$66,087,984
• Ratio of actuarial value to market value	93.7%	93.7%	97.5%
Actuarial Information			
• Employer normal cost %	1.61%	1.43%	1.44%
• Unamortized actuarial accrued liability (UAAL)	\$1,874,178,524	\$1,812,121,928	\$1,680,127,552
• Amortization rate	19.52%	19.76%	19.33%
• Funding period	23 years	23 years	24 years
• GASB funded ratio	54.6%	55.5%	56.3%
Projected employer contribution			
• Fiscal year ending June 30,	2009	2009	2008
• Projected payroll (millions)	\$701.0	\$693.8	\$652.8
• Projected employer contribution (millions)	148.1	147.0	135.6



Actuarial Valuation - June 30, 2006

Executive Summary (Teachers)

Item	Valuation Date:		
	June 30, 2006		June 30, 2005
	After Assumption Changes	Before Assumption Changes	
Membership			
• Number of:			
- Active members	14,343	14,343	14,469
- Retirees and beneficiaries	8,873	8,873	8,565
- Inactive members	<u>2,165</u>	<u>2,165</u>	<u>2,015</u>
- Total	25,381	25,381	25,049
• Payroll supplied by ERSRI	\$859,367,272	\$859,367,272	\$840,372,663
Contribution rates			
• Member	9.50%	9.50%	9.50%
• Employer	25.03%	22.70%	22.01%
• State share	10.17%	9.24%	8.97%
• Local employer share	14.86%	13.46%	13.04%
Assets			
• Market value	\$3,623,938,636	\$3,623,938,636	\$3,364,100,154
• Actuarial value	3,394,086,565	3,394,086,565	3,280,977,321
• Return on market value	11.6%	11.6%	11.4%
• Return on actuarial value	7.4%	7.4%	1.8%
• Employer contribution (state & local)	\$138,332,998	\$138,332,998	\$121,853,338
• Ratio of actuarial value to market value	93.7%	93.7%	97.5%
Actuarial Information			
• Employer normal cost %	2.32%	1.56%	1.57%
• Unamortized actuarial accrued liability (UAAL)	\$3,050,607,101	\$2,757,993,538	\$2,638,178,890
• Amortization rate	22.71%	21.14%	20.44%
• Funding period	23 years	23 years	24 years
• GASB funded ratio	52.7%	55.2%	55.4%
Projected employer contribution			
• Fiscal year ending June 30,	2009	2009	2008
• Projected payroll (millions)	\$994.4	\$988.0	\$966.7
• Projected employer contribution (millions)	248.9	224.3	212.8
• State share (millions)	101.1	91.3	86.7
• Local employer share (millions)	147.8	133.0	126.1



CONTRIBUTION RATES

The employer contribution rates for ERSRI are determined actuarially. Separate rates are determined for State Employees and for Teachers. The rates determined in this valuation become effective two years after the valuation date, i.e., as of July 1, 2008.

The rate consists of two pieces: the normal cost rate and the amortization rate. The normal cost rate is the Entry Age Normal cost as a percent of pay. The amortization rate is the unfunded actuarial liability amortized over 23 years as a level percent of pay.

For the Teachers, the State of Rhode Island pays 40% of the rate, adjusted so that the State pays the entire amortization charge for the 1990/91 and 1991/92 deferrals, and the town or city employing the teacher pays the balance.

	Local	State	Total
Amortization for FY 91 and 92 deferrals	0.00%	0.26%	0.26%
Normal cost and all other amortizations	<u>14.86%</u>	<u>9.91%</u>	<u>24.77%</u>
Total	14.86%	10.17%	25.03%

Five towns or cities—Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield—did not participate in the 1990 early retirement window for teachers, and an adjusted contribution rate is charged for these:

	Local	State	Total
Amortization for FY 91 and 92 deferrals	0.00%	0.26%	0.26%
Normal cost and all other amortizations	<u>14.21%</u>	<u>9.48%</u>	<u>23.69%</u>
Total	14.21%	9.74%	23.95%

Under RIGL 36-10-2(g), if the State's actuarially determined contribution for state employees or for teachers for a fiscal year will be less than in the preceding fiscal year, the Governor is required to include an appropriation equal to 20% of the reduction to ERSRI. This requirement will not impact fiscal years FY 2007, FY 2008 or FY 2009, because the state's contribution increases in each of these fiscal years.

Financial Data and Experience

Assets for ERSRI are held in trust and are commingled with those of several other plans and programs for investment purposes. The State Treasurer is responsible for setting the asset allocation policy and for investing the funds. The ERSRI assets are then allocated by the system's staff among State Employees, Teachers, and the Teachers' Survivor Benefits Plan.

The Table on page 61 shows the net plan assets for ERSRI in total, and it shows the breakdown between State Employees, Teachers and the Teachers' Survivor Benefit Plan. The Table on page 62 shows a reconciliation of the assets for State Employees and Teachers between the previous valuation and this valuation. The Table on page 46 shows the distribution of investments by category—74% of assets are held in equities—and The Table on page 46 shows a historical summary of the return rates. As can be seen, the net market value rate of return was 11.6% for the year ended June 30, 2006, and the return on an actuarial asset value basis was 7.4%.

The average annual return based on the market value of assets over the last ten years (July 1, 1996 – June 30, 2006) was 7.45%. This is less than the current 8.25% annual investment return assumption.

The average annual return based on the actuarial value of assets over the same period was 7.16%.

The System's staff provided all of the financial information used in this report.

Retirement Eligibility

Under the ERSRI statutes, a state employee or teacher may retire with an unreduced benefit if that member meets one of the following criteria: (a) age 60 or greater with at least ten years of service credit, or (b) any age with at least 28 years of service credit.

Under Substitute A, the eligibility requirements for unreduced retirement are modified. Members in the affected group now need to meet one of the following conditions to retire with an unreduced benefit: (a) age 65 or greater with at least 10 years of service credit or (b) age 59 or greater with at least 29 years of service credit.

In addition, a provision has been added which will allow a member in the affected group to retire with a reduced benefit after attaining age 55 with at least 20 years of service credit. The benefit is calculated in the same manner as the unreduced benefit, but is reduced on an actuarial basis for each year the member's age at retirement is less than 65.

The retirement eligibility conditions for correctional officers, MHRH nurses, and legislators were not changed.



Retirement Benefit Formula

Under ERSRI statutes, when a state employee or teacher retires, the benefit payable is a percentage of the final average compensation of the member. This percentage depends on the member’s years of service at retirement.

Substitute A decreased the multipliers used to determine the percentage of final average compensation, as shown in the table below:

<u>Service Years</u>	<u>Accruals for Each Year of Service</u>	
	<u>Current</u>	<u>Substitute A</u>
01-10	1.70%	1.60%
11-20	1.90%	1.80%
21-25	3.00%	2.00%
26-30	3.00%	2.25%
31-34	3.00%	2.50%
35	2.00%	2.50%
36-37	NA	2.50%
38	NA	2.25%
Maximum Percentage	80.00%	75.00%

This formula change applies to all teachers and most state employees, including MHRH nurses, covered by ERSRI. However, legislators and correctional officers would retain their special formulas.

Cost of Living Adjustments (COLAs)

At this time, members who enter payment status receive compounded annual increases in their retirement benefit. The amount of the increase is currently a fixed 3% per year, unrelated to change in the Consumer Price Index (CPI). The first increase is paid in January of the year in which the member reaches the third anniversary of retirement.

Article 7, SUB A changes the amount of these increases for members in the affected group from a flat 3.00% increase to an increase that depends on the change in the CPI for all Urban Consumers, as published by the Bureau of Labor Statistics (CPI-U). The increase is equal to the year-to-year change in the CPI-U as of the prior September. This increase is limited to 3.00% in any year.

Article ‘1’ SUB A also delays the first COLA increase for affected members until the third anniversary of the member’s retirement. COLA increases are given throughout the year, rather than always on January 1. This change results in an additional six-month delay, on average, before the member will receive the first COLA.

Although correctional officers and legislators are unaffected by the formula change and the new retirement eligibility requirement, and although MHRH nurses are unaffected by the retirement eligibility changes, all three groups are subject to the new COLA provisions if they are in the affected group. Members who retire under disability are not affected by the COLA changes, regardless of their service or when they become a member.

These changes do not apply to current retirees or members who have at least 10 years of contributory service as of June 30, 2005. Further, the changes to the COLA do not apply to members who retire in the future with a disability retirement benefit. These members are “grandfathered,” and will receive their future COLAs under the current rules.

Elimination of the SRA-Plus Option

Members in the affected group will no longer be able to choose the SRA+ option at retirement.

<u>Distribution of Assets at Market Value</u> <u>(Percentage of Total Investments)</u>			<u>History of Investment Return Rates</u>		
<u>Item</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Year Ending</u> <u>June 30 of</u>	<u>Market</u>	<u>Actuarial</u>
<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
Cash & cash equivalents	2.3%	3.5%	1995	17.0%	10.2%
U.S. government & agency securities	14.5%	14.3%	1996	13.7%	13.7%
Corporate bonds & notes	8.7%	8.8%	1997	19.1%	19.1%
Foreign bonds	0.5%	0.7%	1998	16.1%	16.5%
U.S. equity securities	40.8%	44.8%	1999	10.1%	14.7%
Foreign equity securities	22.7%	21.6%	2000	9.1%	8.8%
Real estate, venture capital, other	10.5%	6.4%	2001	(11.0%)	4.9%
Total investments	100.0%	100.0%	2002	(8.4%)	0.9%
			2003	2.6%	(0.8%)
			2004	18.7%	0.4%
			2005	11.4%	1.8%
			2006	11.6%	7.4%
			Average Returns:		
			Last 5 Years	6.78%	1.91%
			Last 10 Years	7.45%	7.16%



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

Actuarial Cost Method

The actuarial valuation uses the Entry Age Normal (EAN) 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 accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. 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 new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. The salary-weighted average of these rates is the normal cost rate. The normal cost rate is determined using the plan provisions applicable to members becoming participants after June 30, 2005, i.e., the provisions for Schedule B members.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.



Actuarial Assumptions

Economic Assumptions

Investment return: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

Salary increase rate: The sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

State Employees		
Years of Service	Service-related Component	Total Annual Rate of Increase Including 3.00% Inflation Component and 1.50% General Increase Rate
(1)	(2)	(3)
0	4.50%	9.00%
1	4.00	8.50
2	3.50	8.00
3	3.00	7.50
4	2.75	7.25
5	2.50	7.00
6	2.00	6.50
7	1.50	6.00
8	1.25	5.75
9	1.00	5.50
10	0.75	5.25
11	0.50	5.00
12	0.50	5.00
13	0.25	4.75
14	0.25	4.75
15 or more	0.00	4.50

Teachers		
Years of Service	Service-related Component	Total Annual Rate of Increase Including 3.00% Inflation Component and 1.50% General Increase Rate
(1)	(2)	(3)
0	8.75%	13.25%
1	7.50	12.00
2	6.25	10.75
3	5.75	10.25
4	5.25	9.75
5	4.50	9.00
6	4.00	8.50
7	3.50	8.00
8	3.00	7.50
9	2.00	6.50
10	1.25	5.75
11	1.00	5.50
12	0.50	5.00
13	0.25	4.75
14	0.00	4.50
15 or more	0.00	4.50



Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 4.25% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.

4. Post-retirement Benefit Increase: For members with at least 10 years of contributory service as of June 30, 2005 (i.e., Schedule A members) and for all members receiving a disability benefit, the post-retirement benefit increases are equal to 3.00% by statute. They are not a function of the actual increases in the cost of living. For members with less than 10 years of contributory service as of June 30, 2005, i.e., Schedule B members, members receive a compound increase each year equal to the increase in the CPI, but limited to 3.00%. This limit lowers the expected increases granted in each year below the inflation assumption of 3.00%. The assumed average increase received for this group of employees is 2.50%.

Demographic Assumptions

Post-termination mortality rates (non-disabled)

- Male state employees: Based on the 1994 Group Annuity Mortality Tables for males set forward one year.
- Female state employees: Based on the 1994 Group Annuity Mortality Tables for females.
- GRS table based on male teacher experience
- 95% of rates in a GRS table based on female teacher experience.

Sample rates are shown below:

Number of Deaths per 100				
Age	State Employees		Teachers	
	Males	Females	Males	Females
50	0.29	0.14	0.28	0.15
55	0.49	0.23	0.48	0.36
60	0.90	0.44	0.45	0.45
65	1.62	0.86	0.57	0.41
70	2.60	1.37	1.50	0.85
75	4.09	2.27	2.49	1.35
80	6.86	3.94	4.93	3.01



- Post-retirement mortality (disabled lives): One set of rates is used for both state employees and teachers
- Males: 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- Females: 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Number of Deaths per 100		
Age	Males	Females
25	3.14	2.63
30	2.35	2.37
35	1.81	2.14
40	1.83	2.09
45	2.09	2.24
50	2.49	2.57
55	3.13	2.95
60	3.92	3.31
65	4.41	3.70
70	4.80	4.11
75	5.47	4.92
80	7.33	7.46

Pre-retirement mortality: 65% of the post-termination mortality rates. Sample rates are shown below:

Number of Deaths per 100					
Age	State Employees		Teachers		
	Males	Females	Males	Females	
25	0.05	0.02	0.05	0.02	
30	0.05	0.02	0.06	0.02	
35	0.06	0.03	0.06	0.03	
40	0.08	0.05	0.07	0.05	
45	0.11	0.06	0.11	0.06	
50	0.19	0.09	0.18	0.09	
55	0.32	0.15	0.31	0.23	
60	0.58	0.29	0.29	0.29	
65	1.06	0.56	0.37	0.27	
70	1.69	0.89	0.97	0.55	



Disability rates: Sample rates are shown below. Ordinary disability rates are not applied to members eligible for retirement.

Number of Disabilities per 1,000								
Age	State	State	State	State	Teachers	Teachers	Teachers	Teachers
	Ordinary	Accidental	Ordinary	Accidental	Ordinary	Accidental	Ordinary	Accidental
	Males	Males	Females	Females	Males	Males	Females	Females
25	0.32	0.20	0.45	0.09	0.15	0.08	0.16	0.04
30	0.39	0.25	0.55	0.11	0.18	0.10	0.20	0.04
35	0.53	0.34	0.75	0.15	0.24	0.13	0.27	0.06
40	0.77	0.50	1.10	0.22	0.36	0.19	0.40	0.09
45	1.26	0.81	1.80	0.36	0.59	0.32	0.66	0.14
50	2.14	1.37	3.05	0.61	0.99	0.54	1.12	0.24
55	3.54	2.27	5.05	1.01	1.65	0.89	1.85	0.40
60	4.94	3.17	7.05	1.41	2.30	1.24	2.58	0.56
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Termination rates (for causes other than death, disability, or retirement) are a function of the member's sex and service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Service	State Employees		Teachers	
	Males	Females	Males	Females
0	0.2400	0.1200	0.1700	0.1300
1	0.0882	0.1000	0.0900	0.0759
2	0.0761	0.0778	0.0562	0.0656
3	0.0656	0.0682	0.0455	0.0566
4	0.0565	0.0599	0.0364	0.0486
5	0.0487	0.0526	0.0289	0.0418
6	0.0421	0.0463	0.0229	0.0359
7	0.0366	0.0409	0.0181	0.0309
8	0.0321	0.0363	0.0145	0.0267
9	0.0285	0.0325	0.0120	0.0233
10	0.0257	0.0293	0.0104	0.0205
11	0.0235	0.0267	0.0095	0.0183
12	0.0219	0.0246	0.0094	0.0165
13	0.0208	0.0228	0.0094	0.0152
14	0.0199	0.0214	0.0094	0.0142
15	0.0194	0.0202	0.0094	0.0134
16	0.0189	0.0191	0.0094	0.0128
17	0.0185	0.0181	0.0094	0.0122
18	0.0179	0.0170	0.0094	0.0116
19	0.0172	0.0158	0.0094	0.0109
20	0.0162	0.0144	0.0094	0.0101
21	0.0147	0.0128	0.0094	0.0090
22	0.0127	0.0107	0.0094	0.0075
23	0.0101	0.0082	0.0094	0.0056
24	0.0068	0.0051	0.0094	0.0033



Retirement rates (unreduced):

Separate male and female rates, based on schedule, age and service. For members who reach 28 years of service before age 60, service-based rates are used. For members who reach age 60 before reaching 28 years of service, age-based rates are used instead. Legislators have the same rates as state employees shown below except 100% are assumed to retire at age 62 and completion of 10 years of service if still active. The following tables show the probabilities of retirement.

State Employees Excluding Corrections – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	17.5%	60	10.0%	28	20.0%	60	15.0%
29	13.0%	61	5.0%	29	15.0%	61	10.0%
30	13.0%	62	17.5%	30	15.0%	62	20.0%
31	13.0%	63	15.0%	31	15.0%	63	15.0%
32	13.0%	64	15.0%	32	15.0%	64	15.0%
33	17.5%	65	20.0%	33	15.0%	65	20.0%
34	17.5%	66	17.5%	34	15.0%	66	25.0%
35	40.0%	67	17.5%	35	40.0%	67	20.0%
36	35.0%	68	17.5%	36	30.0%	68	20.0%
37	35.0%	69	17.5%	37	30.0%	69	20.0%
38	35.0%	70	17.5%	38	30.0%	70	20.0%
39	35.0%	71	17.5%	39	30.0%	71	20.0%
40	100.0%	72	17.5%	40	100.0%	72	20.0%
		73	17.5%			73	20.0%
		74	17.5%			74	20.0%
		75	100.0%			75	100.0%

Schedule B members: 60% of members are assumed to retire when first eligible, either at age 59 with 29 years of service, or at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Retirement rates (continued):

State Employees Excluding Corrections – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	25.0%	60	20.0%	28	20.0%	60	20.0%
29	15.0%	61	15.0%	29	15.0%	61	15.0%
30	20.0%	62	30.0%	30	20.0%	62	25.0%
31	20.0%	63	25.0%	31	20.0%	63	20.0%
32	30.0%	64	10.0%	32	30.0%	64	20.0%
33	30.0%	65	25.0%	33	30.0%	65	35.0%
34	40.0%	66	25.0%	34	35.0%	66	25.0%
35	55.0%	67	25.0%	35	50.0%	67	25.0%
36	40.0%	68	25.0%	36	40.0%	68	25.0%
37	40.0%	69	25.0%	37	40.0%	69	25.0%
38	40.0%	70	25.0%	38	40.0%	70	25.0%
39	40.0%	71	25.0%	39	40.0%	71	25.0%
40	100.0%	72	25.0%	40	100.0%	72	25.0%
		73	25.0%			73	25.0%
		74	25.0%			74	25.0%
		75	100.0%			75	100.0%



Schedule B members: 75% of members who reach age 59 with 29 years of service before age 65 are assumed to retire when first eligible, at age 59 with 29 years of service. 75% of other members are expected to retire when first eligible, at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Retirement rates (continued):

For correctional officers: A set of unisex rates, indexed by service, as shown below. All members still active are assumed to retire at age 65 with 10 years of service.

Corrections Service	Ret. Rate
20	5.0%
21	5.0%
22	5.0%
23	5.0%
24	5.0%
25	5.0%
26	5.0%
27	5.0%
28	5.0%
29	5.0%
30	13.0%
31	13.0%
32	13.0%
33	20.0%
34	20.0%
35	35.0%
36	25.0%
37	25.0%
38	25.0%
39	25.0%
40	100.0%

Reduced retirement for Schedule B members (state employees and teachers, males and females). Rates based on age as shown below:

Retirement Age	Retirement Rate
55	0%
56	0%
57	0%
58	0%
59	1%
60	2%
61	2%
62	2%
63	3%
64	4%



Other Assumptions

Percent married: 85% of employees are assumed to be married.

Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.

Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.

Recovery from disability: None assumed.

Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.

Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.

Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

Inactive members: Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For nonvested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.

Decrement timing: For all state employees, decrements are assumed to occur at the middle of the year. For teachers the retirement and termination decrements are assumed to occur at the beginning of the year, while death and disability are assumed to occur at the middle of the year.

Participant Data

Participant data was supplied on electronic files. There are separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birthdate, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the fiscal year preceding the valuation date. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.



SUMMARY OF BENEFIT PROVISIONS

Effective Date and Authority: The Employees' Retirement System of Rhode Island (ERSRI) became effective on July 1, 1936 for state employees and on July 1, 1949 for teachers. Benefits for state employees are described in Rhode Island General Laws, Title 36, Chapter 36-10, and benefits for teachers are described in Rhode Island General Laws, Title 16, Chapter 16-16.

Plan Year: A twelve-month period ending June 30th.

Administration: ERSRI is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

Type of Plan: ERSRI is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for state employees and for teachers. For Governmental Accounting Standards Board purposes, it is a cost-sharing multiple employer plan.

Eligibility: Most Rhode Island state employees and certified public school teachers participate in ERSRI. Certain employees of the Airport Corporation, the Economic Development Corporation, and the Narragansett Bay Commission participate in the plan as though they were state employees. State police officers, state judges, and teachers and administrators in the public colleges and universities are covered by their own separate systems, and are therefore excluded. Certain elected state officials are excluded unless they make an election to join ERSRI. Superintendents, principals, business agents and other administrators participate as teachers. Non-certified public school employees, such as teacher's aides, janitors, secretaries, and bus drivers, cannot participate in ERSRI, although they may be covered by the Municipal Employees Retirement System (MERS) or a separate plan maintained by the town or city. Eligible employees become members at their date of employment.

Employee Contributions: State employees generally contribute 8.75% of their salary per year, although members of the General Assembly who elect to participate contribute 30.00% of salary per year. Teachers contribute 9.50% per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h). At their option, the city or town employing a teacher may also pick up their members' contributions.

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.

Employer Contributions: For state employees, the state contributes an actuarially determined percentage of the member's salary. For teachers, the state contributes 40% of the employer contribution rate and the city, town or other local employer contributes the remaining 60%. (This basic 40-60 split is further adjusted, since the state bears the cost of repaying certain amounts taken from the trust in the early 1990's.) Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

In fiscal years beginning after June 30, 2005, if the State's contribution on behalf of state employees decreases, the State shall appropriate an additional amount to the retirement trust. Such amount shall be equal to 20% of any decrease in expected contributions.



Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods, such as time spent teaching at a public school in another state, 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): The average of the member's highest three consecutive annual salaries. Monthly benefits are based on one-twelfth of this amount.

Retirement

Eligibility:

All members with 10 or more years of contributory service as of June 30, 2005 are eligible for retirement on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.

Members with less than 10 years of contributory service as of June 30, 2005 are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 59 if they have credit for 29 years of service. In addition, a member who attains age 55 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age at retirement.

Correctional officers are also eligible for retirement if they have reached age 50 and have credit for 20 years of service. Certain nurses (RNs employed by MHRH) are eligible to retire at age 50 with 25 years of service. Members of the General Assembly who elect to participate are eligible for retirement if they have reached age 55 and have credit for 8 years of service, or at any age if they have credit for 20 years of service.

Monthly Benefit: For most state employees and for all teachers, the retirement benefit is a percentage of the member's monthly FAC. This percentage is a function of the member's service, determined using the following schedules:

For members with at least 10 years of contributory service as of June 30, 2005:

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.7% per year
The next 10 years of service	11 – 20	1.9% per year
The next 14 years of service	21 – 34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.

For members with less than 10 years of contributory service as of June 30, 2005:

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.6% per year
The next 10 years of service	11 – 20	1.8% per year
The next 5 years of service	21 – 25	2.0% per year
The next 5 years of service	26 – 30	2.25% per year
The next 14 years of service	31 – 37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

MHRH nurses receive a benefit determined under the appropriate formula above.



Correctional Officers receive a benefit computed under a different formula:

For Service In:	Years	Benefit Percentage Earned
The first 30 years of service	1 – 30	2.0% per year
The next 1 year of service	31	6.0% per year
The next 1 year of service	32	5.0% per year
The next 1 year of service	33	4.0% per year
The next 1 year of service	34	3.0% per year
The next 14 years of service	35	2.0% per year

The maximum benefit for correctional officers is also 80% of FAC.

Members of the General Assembly who elect to participate receive \$50 per month for each year of service, up to a maximum benefit of \$1,000 per month, i.e., a maximum of 20 years of service.

Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available; see Item 16 below.

Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

Disability Retirement

Eligibility: A member is eligible 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.

Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.

Occupational Disability Benefit: An annual annuity equal to two-thirds of salary at the time of disability.

Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the member's contributions plus interest as of the date of retirement will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

Deferred Termination Benefit

Eligibility: A member with at least ten years of service (eight years for members of the general Assembly) is vested. A vested member who does not withdraw his/her contributions from the fund is eligible for a deferred termination benefit.

Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence when the member has met the requirements for a retirement benefit.

Payment Form: The same as for Retirement above.



Death Benefit before retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described below in item 15.

Death Benefit after Retirement: The same as for Retirement above.

Withdrawal (Refund) Benefit

Eligibility: All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.

Benefit: The member who withdraws receives a lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.

Death Benefit of Active or Inactive Members

Eligibility: Death must have occurred while an active or an inactive, non-retired member.

Basic Benefit: Upon the death of a nonvested member, or upon the death of an inactive, vested member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married, active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.

Lump-sum Benefit: \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000. This benefit is only available to active members.

Accidental Duty-related Death Benefit: If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

Optional Forms of Payment

In addition to a life annuity, ERSRI offers members these optional forms of payment on an actuarially equivalent basis:

Option 1 (Joint and 100% Survivor) - A life annuity payable while either the participant or his beneficiary is alive.

Option 2 (Joint and 50% Survivor) - A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.

Social Security Option – An annuity 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. This option is only available for members with at least 10 years of contributory service as of June 30, 2005.

Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.

Post-retirement Benefit Increase:

For members with at least 10 years of contributory service as of June 30, 2005, and for all members receiving a disability retirement benefit: Members receive a 3.00% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. This increase is not a function of actual increases in the cost of living.

For members with less than 10 years of contributory service as of June 30, 2005 (other than disability retirements): Members receive a compound increase in their retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the third anniversary of retirement. This increase is limited to 3.00%.

**PLAN NET ASSETS**
(Assets at Market or Fair Value)

Item	June 30, 2006	June 30, 2005
(1)	(2)	(3)
A. Total ERSRI assets		
1. Cash and cash equivalents	\$ 20,712,778	\$ 3,995,714
2. Receivables:		
a. Transfers receivable	\$ 234,326	\$ 1,255,196
b. Member and employer contributions	12,271,741	20,114,762
c. Due from state for teachers	12,567,666	11,201,737
d. Net investment income and other	<u>1,819,001</u>	<u>3,793,681</u>
e. Total receivables	\$ 26,892,734	\$ 36,365,376
3. Investments		
a. Short-term investment fund	\$ 18,198,822	\$ 15,684,243
b. Pooled trust	6,166,733,865	5,710,023,956
c. Plan specific investments	20,485,512	15,984,408
d. Invested securities lending collateral	<u>1,195,023,630</u>	<u>865,728,536</u>
e. Total	\$ 7,400,441,829	\$ 6,607,421,143
4. Total property and equipment	\$ 9,878,640	\$ 11,580,054
5. Total assets	\$ 7,457,925,981	\$ 6,659,362,287
6. Liabilities		
a. Transfers payable	\$ 53,295	\$ 337,571
b. Accounts and vouches payable	5,727,831	5,459,215
c. Securities lending liability	<u>1,195,023,630</u>	<u>865,728,536</u>
d. Total liabilities	\$ 1,195,023,630	\$ 871,525,322
7. Total market value of assets available for benefits Total (Item 5 - Item 6)	\$ 6,257,121,225	\$ 5,787,836,965
B. Breakdown		
1. State employees	\$ 2,409,378,699	\$ 2,218,892,001
2. Teachers	3,623,938,636	3,364,100,154
3. Teachers' survivors benefits	<u>223,803,890</u>	<u>204,844,810</u>
4. Total	6,257,121,225	\$ 5,787,836,965



RECONCILIATION OF PLAN NET ASSETS

Item	Year Ending 06/30/2006	
	State Employees	Teachers
(1)	(2)	(3)
1. Market value of assets at beginning of year	\$ 2,218,892,001	\$ 3,364,100,154
Current year prior period adjustments	<u>0</u>	<u>0</u>
Adjusted market value of assets at BOY	\$ 2,218,892,001	\$ 3,364,100,154
2. Contributions		
a. Members	\$ 53,800,410	\$ 80,190,420
b. State	91,254,063	54,537,733
c. Local employers	0	83,795,265
d. Reimbursement of Supplement Pensions	185,370	913,864
e. Service purchases	4,121,579	3,819,324
f. Total	<u>\$ 149,361,422</u>	<u>\$ 223,256,606</u>
3. Investment earnings, net of investment and administrative expenses	\$ 255,297,565	\$ 383,992,506
4. Expenditures for the year		
a. Benefit payments	\$ (155,391,042)	\$ (261,833,205)
b. Cost-of-living adjustments	(43,637,615)	(62,937,188)
c. Death benefits	(1,809,855)	(776,517)
d. Social security supplements	(8,665,910)	(18,221,194)
e. Supplemental pensions	(171,669)	(913,864)
f. Refunds	(4,496,198)	(2,728,662)
g. Total expenditures	<u>\$ (214,172,289)</u>	<u>\$ (347,410,630)</u>
5. Transfers and other adjustments	\$ 0	\$ 0
6. Market value of assets at end of year	\$ 2,409,378,699	\$ 3,623,938,636



ANALYSIS OF CHANGE IN EMPLOYER COST

Basis	State Employees	Teachers
(1)	(2)	(3)
1. Employer contribution rates from prior valuation	20.77%	22.01%
2. Impact of changes, gains and losses		
a. Non-salary liability experience (gain)/loss	0.19%	0.34%
a. Salary (gain)/loss	0.56%	(0.25%)
c. Total payroll growth (gain)/loss	(0.54%)	0.36%
d. Investment experience (gain)/loss	0.21%	0.24%
e. Changes in assumptions	(0.06%)	2.33%
f. Changes in plan provisions	0.00%	0.00%
e. Total	0.36%	3.02%
3. Employer contribution rates from current valuation	21.13%	25.03%

**MUNICIPAL EMPLOYEES
RETIREMENT SYSTEM
ACTUARIAL INFORMATION**

MERS ACTUARIAL INFORMATION

July 11, 2007

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of MERS as of June 30, 2006

This is the June 30, 2006 actuarial valuation of the Municipal Employees' Retirement System (MERS). Separate liabilities and contribution rates are determined for each of the participating units. Valuations are prepared annually as of June 30, the last day of the plan year.

Under Rhode Island General Laws, the employer contribution rates for the units participating in MERS are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methodology adopted by the Board. Where known, we have also reflected adoption of a COLA provision or the 20-year retirement provision, even if the effective date is after the valuation date. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2006 actuarial valuation will be applicable for the year beginning July 1, 2008 and ending June 30, 2009.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by board policy. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999; 23 years as of June 30, 2006). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The funded ratio of the average unit in MERS is about 87.1%, slightly less than 87.2% in the prior valuation.

There are currently 110 units participating in MERS, 67 covering general employees and 43 covering police and/or fire employees. Of these 110 units, 8 had no change in contribution rate, 47 had their rate decrease, and 55 had their rate increase. Nine units have no required contribution rate. Therefore, half the units saw either a decrease or no change, and half saw a rate increase. However, 47 of the 67 general employee units had rate increases, while 34 of the 47 police/fire units had rate decreases. An analysis of the changes in the employer contribution rates appears on Table 5.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2006. We have also reflected the known adoption of COLA B, COLA C, or the 20-year retirement provision, even if the effective date and/or the adoption date occurred after the valuation date. The benefit provisions are summarized in Appendix B, and each unit's individual election is indicated by a code in column 4 on Table 1. Changes in elections are discussed on page 5.

Assumptions and methods

The actuarial assumptions were changed as a result of the experience study approved by the Board on June 13, 2007. Changes were made to the salary increase, termination, and retirement rates for both general and police and fire employees. Disability rates were increased for police and fire employees. The payroll growth assumption was increased for both groups. More detail on the changes adopted as a result of the experience study is on page 6 in the discussion section of this report. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of MERS.

All assumptions and methods are summarized in Appendix A.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for retired, active and inactive members as of June 30, 2006. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2006.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. Both are Members of the Society of Actuaries and Members of the American Academy of Actuaries, both all meet the Qualification Standards of the American Academy of Actuaries, and both are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA
Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant

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GASB 25 AND FUNDING PROGRESS

Accounting requirements for MERS are set by Governmental Accounting Standards Board Statement No. 25 (GASB 25). The schedule on page 80 shows a summary of the funded ratios and other information for MERS as of June 30, 2006

GASB 25 requires that plans calculate an Annual Required Contribution (ARC), and, if actual contributions received are less than the ARC, this must be disclosed. The ARC must be calculated in accordance with certain parameters. In particular, it must include a payment to amortize the unfunded actuarial accrued liability. This amortization payment must be computed using a funding period no greater than 30 years. Further, the amortization payment included in the ARC may be computed as a level amount, or it may be computed as an amount that increases with payroll. However, if payments are computed on a level percent of payroll approach, the payroll growth assumption may not anticipate future membership growth.

For MERS, the calculated contribution rate shown on page 68 is the ARC. The amortization period is 30 years as of June 30, 1999, and there are 23 years remaining as of June 30, 2006. The period and amortization method comply with the requirements of GASB 25. The payroll growth rate used in the amortization calculations does not include any allowance for membership growth.

CONTRIBUTION RATES

The employer contribution rates for MERS are determined actuarially. The rates determined in this valuation become effective two years after the valuation date, in this case as of July 1, 2008.

Each rate consists of two pieces: the employer normal cost rate and the amortization rate. The normal cost and actuarial accrued liability are determined using the Entry Age actuarial cost method. The employer normal cost is the difference between (i) the normal cost rate, determined as a level percent of pay, and (ii) the member contribution rate. The unfunded actuarial accrued liability is amortized as a level percent of payroll over a closed period. The period is 30 years as measured from June 30, 1999, or 23 years as of the valuation date. The amortization rate is adjusted for the fact that the contribution rate set by this valuation is deferred for two years, and other amortization rates may apply for the next two years.

The schedule on page 68 shows the member contribution rate, the employer normal cost rate, the amortization rate and the total employer contribution rate. These rates are applicable to the fiscal year ending June 30, 2009. The schedule on page 74 compares the total employer contribution rate with those rates determined in the two prior actuarial valuations. The schedule on page 74 shows the components used to determine the employer contribution rate in dollar amounts. Finally, the schedule on page 77 shows the major components of the rate change for each unit.



BENEFIT PROVISIONS

A summary of the benefit provisions for MERS can be referred to on page 89. There were no material changes in the benefit provisions since the preceding valuation.

Individual units may elect certain optional provisions, including an annual benefit increase of 3% of the original benefit amount (i.e., a “simple” increase) applicable to future retirees only (COLA C), the same increase applicable to both current and future retirees (COLA B), or the 20-year retirement provision for police/fire units. Since the prior valuation, there were no changes to the benefit provisions of any unit.

No new unit joined MERS since the prior valuation. No units closed or withdrew or subdivided.

However, there were two mergers reflected in this valuation. Members of Barrington (#3001) were merged into Barrington COLA (#3078). Also, members of the three units Harris Fire (#4057), Tiogue Fire (#4100), and Washington Fire (#4092) were merged into Central Coventry Fire (#4102).

There are no ancillary benefits—e.g., cost of living benefits—that are currently provided by a source independent of MERS but that might be deemed a MERS liability if continued beyond the availability of funding by the current funding source.

Discussion of the Experience Study

Between the June 30, 2005 actuarial valuation and this report, the Retirement Board asked GRS to analyze the assumptions and methods used in the MERS actuarial valuation. The experience study was performed for the period June 30, 2000 to June 30, 2006. The study examined the assumptions used for expected investment rate, inflation rate, retirement, mortality, termination, disability, salary increases, payroll growth, and other miscellaneous assumptions.

Changes were made to the termination, retirement, payroll growth, and salary increase assumptions. The disability rates for police and fire employees were increased. Tables were adjusted to more closely reflect anticipated plan experience.

All of the changes recommended by GRS were adopted by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of ERSRI.



**Contribution Rates
For Fiscal Year Ending June 30, 2009**

Unit Number		Unit	Code(s)	Member Rate	Employer Rate		Total
Old	New				Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3002	1012 1019	Bristol	B	7.00%	5.42%	8.69%	14.11%
3003	1032 1033	Burrillville	C	7.00%	6.20%	(0.26%)	5.94%
3004	1052	Central Falls		6.00%	4.90%	3.97%	8.87%
3005	1082	Charlestown	C	7.00%	4.93%	6.73%	11.66%
3007	1112 1113	Cranston	B	7.00%	6.30%	0.02%	6.32%
3008	1122 1123	Cumberland		6.00%	5.12%	4.98%	10.10%
3009	1152 1153	East Greenwich		6.00%	4.88%	(23.88%)	0.00%
3010	1162 1163	East Providence	B	7.00%	5.89%	10.63%	16.52%
3011	1183	Exeter/West Greenwich	B	7.00%	6.90%	3.26%	10.16%
3012	1192 1193	Foster		6.00%	4.96%	1.47%	6.43%
3013	1212 1213	Glocester	C	7.00%	5.99%	4.34%	10.33%
3014	1262	Hopkinton	C	7.00%	7.12%	(0.32%)	6.80%
3015	1272 1273	Jamestown	C	7.00%	5.99%	6.17%	12.16%
3016	1282 1283	Johnston	C	7.00%	6.52%	4.52%	11.04%
3017	1302 1303	Lincoln		6.00%	5.42%	2.01%	7.43%
3019	1322 1323	Middletown	C	7.00%	5.56%	6.09%	11.65%
3021	1352 1353 1354	Newport	B	7.00%	5.69%	8.89%	14.58%
3022	1342 1343	New Shoreham	B	7.00%	6.49%	2.59%	9.08%
3023	1372 1373	North Kingstown	C	7.00%	6.19%	6.52%	12.71%
3024	1382 1383	North Providence		6.00%	4.56%	(2.03%)	2.53%
3025	1392 1393	North Smithfield	B	7.00%	6.52%	(3.83%)	2.69%
3026	1412 1413	Pawtucket	C	7.00%	5.63%	6.24%	11.87%
3027	1515	Union Fire District		6.00%	4.76%	1.78%	6.54%
3029	1452	Richmond		6.00%	5.36%	1.01%	6.37%
3030	1462 1463	Scituate	B	7.00%	6.73%	5.38%	12.11%
3031	1472 1473	Smithfield	C	7.00%	6.73%	(0.76%)	5.97%
3032	1492 1493	South Kingstown	B	7.00%	5.98%	1.83%	7.81%
3033	1532 1533	Tiverton	C	7.00%	6.24%	(3.89%)	2.35%
3034	1562	Warren	C	7.00%	5.26%	8.62%	13.88%
3036	1622 1623	Westerly		6.00%	2.67%	60.50%	63.17%
3037	1602	West Greenwich	C	7.00%	6.36%	7.13%	13.49%
3039	1632 1633	Woonsocket	B	7.00%	6.18%	(2.89%)	3.29%
3040	1073	Chariho School District	C	7.00%	6.38%	4.54%	10.92%
3041	1203	Foster/Glocester	B	7.00%	6.92%	6.16%	13.08%
3042	1528	Tiogue Fire & Lighting	C,5	7.00%	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	7.00%	4.88%	2.76%	7.64%
3045	1098	Coventry Lighting District	C	7.00%	3.91%	(27.14%)	0.00%
3046	1242	Hope Valley Fire	C	7.00%	5.65%	(1.98%)	3.67%
3050	1156	East Greenwich Housing	C	7.00%	6.15%	3.04%	9.19%
3051	1116	Cranston Housing	C	7.00%	6.29%	(1.22%)	5.07%
3052	1166	East Providence Housing	B	7.00%	7.38%	(2.51%)	4.87%
3053	1416	Pawtucket Housing	B	7.00%	5.99%	(9.81%)	0.00%
3056	1126	Cumberland Housing	C	7.00%	6.71%	0.26%	6.97%
3057	1306	Lincoln Housing	B	7.00%	8.47%	1.13%	9.60%
3059	1016	Bristol Housing		6.00%	4.93%	(14.62%)	0.00%
3065	1036	Burrillville Housing	B	7.00%	6.91%	(6.68%)	0.23%
3066	1386	North Providence Housing	B	7.00%	7.55%	15.29%	22.84%



**Contribution Rates
For Fiscal Year Ending June 30, 2009**

Unit Number		Unit	Code(s)	Member Rate	Employer Rate		Total
Old	New				Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3067	1177	East Smithfield Water	C	7.00%	5.49%	(5.73%)	0.00%
3068	1227	Greenville Water	B	7.00%	5.82%	(8.16%)	0.00%
3069	1356	Newport Housing	C	7.00%	6.32%	2.69%	9.01%
3071	1566	Warren Housing	B	7.00%	8.06%	2.21%	10.27%
3072	1286	Johnston Housing		6.00%	5.25%	(1.76%)	3.49%
3077	1538	Tiverton Local 2670A	C	7.00%	6.07%	0.63%	6.70%
3078	1002 1003 1007 1009	Barrington COLA	C	7.00%	6.16%	(1.87%)	4.29%
3079	1096	Coventry Housing		6.00%	4.93%	(1.06%)	3.87%
3080	1496	South Kingstown Housing	C	7.00%	8.90%	(0.49%)	8.41%
3081	1403	N. RI Collaborative Adm. Services	C	7.00%	6.95%	2.58%	9.53%
3083	1616	West Warwick Housing	B	7.00%	5.35%	3.37%	8.72%
3084	1476	Smithfield Housing		6.00%	4.02%	(0.39%)	3.63%
3094	1478	Smithfield COLA	C	7.00%	6.23%	(0.80%)	5.43%
3096	1056	Central Falls Housing	C	7.00%	5.99%	7.29%	13.28%
3098	1293	Lime Rock Administrative Services		6.00%	3.65%	1.49%	5.14%
3099	1063	Central Falls Schools	C	7.00%	6.55%	1.67%	8.22%
3100	1023	Bristol/Warren Schools	B	7.00%	6.67%	4.13%	10.80%
3101	1157	Town of E. Greenwich-COLA-NCE	C	7.00%	6.22%	1.49%	7.71%
3102	1712	Town of Harrisville	C	7.00%	5.11%	3.23%	8.34%
3103	1702	Town of Albion	C	7.00%	5.18%	8.78%	13.96%
General Employee Units Averages				6.90%	6.00%	3.13%	9.27%
Police & Fire Units							
4016	1285	Johnston Fire	D	8.00%	9.12%	1.33%	10.45%
4029	1454	Richmond Fire District		7.00%	7.75%	3.81%	11.56%
4031	1474	Smithfield Police	C,D	9.00%	12.51%	0.19%	12.70%
4042	1555	Valley Falls Fire	D	8.00%	8.58%	2.48%	11.06%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	9.00%	12.28%	3.56%	15.84%
4050	1155	East Greenwich Fire	C,D	9.00%	12.90%	7.02%	19.92%
4054	1154	East Greenwich Police	C,D	9.00%	12.49%	2.38%	14.87%
4055	1375	North Kingstown Fire	C,D	9.00%	12.01%	7.54%	19.55%
4056	1374	North Kingstown Police	C,D	9.00%	11.98%	8.51%	20.49%
4057	1235	Harris Fire Department	C	8.00%	0.00%	0.00%	0.00%
4058	1385	North Providence Fire	D	8.00%	8.80%	2.58%	11.38%
4059	1008	Barrington Fire (25)	C	8.00%	9.84%	9.41%	19.25%
4060	1004	Barrington Police	C,D	9.00%	12.15%	15.82%	27.97%
4061	1005	Barrington Fire (20)	C,D	9.00%	11.84%	1.75%	13.59%
4062	1564 1565	Warren Police & Fire	C,D	9.00%	11.65%	14.46%	26.11%
4063	1494	South Kingstown Police	B,1	9.00%	12.34%	2.05%	14.39%
4064	1435	Primrose Volunteer Fire	3	---	0.00%	0.00%	0.00%
4073	1464	Scituate Police	3	7.00%	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	9.00%	11.97%	2.93%	14.90%
4077	1534	Tiverton Fire	C,D	9.00%	12.57%	(1.57%)	11.00%
4082	1194	Foster Police	C,D	9.00%	12.69%	9.39%	22.08%



**Contribution Rates
For Fiscal Year Ending June 30, 2009**

Unit Number		Unit	Code(s)	Member Rate	Employer Rate		Total
Old	New				Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Police & Fire Units							
4085	1634	Woonsocket Police	C,D	9.00%	11.78%	2.45%	14.23%
4086	1084	Charlestown Police	C,D	9.00%	12.10%	12.09%	24.19%
4087	1264	Hopkinton Police	C,D,6	9.00%	14.11%	4.91%	19.02%
4088	1214	Glocester Police	C,D	9.00%	12.40%	5.71%	18.11%
4089	1604	West Greenwich Police/Rescue	C,D	9.00%	12.54%	4.64%	17.18%
4090	1034	Burrillville Police	C,D,6	10.20%	12.11%	4.30%	16.41%
4091	1148	Cumberland Rescue	C,D	9.00%	12.59%	(3.97%)	8.62%
4092	1585	Washington Fire	D	8.00%	0.00%	0.00%	0.00%
4093	1635	Woonsocket Fire	C,D	9.00%	12.02%	0.86%	12.88%
4094	1015	Bristol Fire	D	8.00%	9.88%	(13.11%)	0.00%
4095	1135	Cumberland Hill Fire	C,D	9.00%	12.30%	8.07%	20.37%
4096	1014	Bristol Police	C,D	9.00%	12.57%	(0.60%)	11.97%
4098	1095	Coventry Fire	D	8.00%	8.65%	3.67%	12.32%
4099	1505	South Kingstown EMT	C,D	9.00%	12.41%	(5.88%)	6.53%
4100	1525	Tiogue Fire		7.00%	0.00%	0.00%	0.00%
4101	1365	North Cumberland	D	8.00%	8.56%	4.16%	12.72%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	9.00%	12.09%	7.71%	19.80%
4103	1255	Hopkins Hill Fire	D	8.00%	9.21%	1.54%	10.75%
4104	1114	Cranston Police	C,D,4	10.00%	13.30%	1.95%	15.25%
4105	1115	Cranston Fire	C,D,4	10.00%	13.03%	2.43%	15.46%
4106	1125	Cumberland Fire	B,D	9.00%	12.78%	9.63%	22.41%
4107	1305	Lincoln Rescue	C	8.00%	10.81%	5.89%	16.70%
4108	1344	New Shoreham Police	B,D	9.00%	13.65%	7.99%	21.64%
4109	1324	Middletown Police & Fire	C,D	9.00%	13.19%	(0.50%)	12.69%
4110	1715	Harrisville Fire District	C,D	9.00%	12.06%	0.93%	12.99%
4111	1705	Albion Fire District	C	8.00%	12.13%	9.53%	21.66%
Police & Fire Units Averages				9.03%	11.88%	3.43%	15.61%
All MERS Units Averages				7.38%	7.31%	3.26%	10.69%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the 20-year optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2006 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



COMPARISON OF EMPLOYER CONTRIBUTION RATES

Unit Number		Unit	Code(s)	June 30, 2006	June 30, 2005	June 30, 2004
Old	New			Actuarial Valuation for FY 2009	Actuarial Valuation for FY 2008	Actuarial Valuation for FY 2007
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Employee Units						
3002	1012 1019	Bristol	B	14.11%	10.23%	8.54%
3003	1032 1033	Burrillville	C	5.94%	4.74%	3.47%
3004	1052	Central Falls		8.87%	7.81%	8.24%
3005	1082	Charlestown	C	11.66%	8.68%	7.79%
3007	1112 1113	Cranston	B	6.32%	5.44%	3.14%
3008	1122 1123	Cumberland		10.10%	9.49%	8.30%
3009	1152 1153	East Greenwich		0.00%	0.00%	0.00%
3010	1162 1163	East Providence	B	16.52%	15.03%	13.38%
3011	1183	Exeter/West Greenwich	B	10.16%	9.24%	8.10%
3012	1192 1193	Foster		6.43%	6.85%	6.95%
3013	1212 1213	Glocester	C	10.33%	10.22%	9.36%
3014	1262	Hopkinton	C	6.80%	6.06%	4.94%
3015	1272 1273	Jamestown	C	12.16%	10.53%	9.81%
3016	1282 1283	Johnston	C	11.04%	10.90%	8.62%
3017	1302 1303	Lincoln		7.43%	8.14%	6.89%
3019	1322 1323	Middletown	C	11.65%	9.97%	9.53%
3021	1352 1353 1354	Newport	B	14.58%	13.27%	11.00%
3022	1342 1343	New Shoreham	B	9.08%	8.88%	8.15%
3023	1372 1373	North Kingstown	C	12.71%	11.74%	10.34%
3024	1382 1383	North Providence		2.53%	0.00%	0.00%
3025	1392 1393	North Smithfield	B	2.69%	0.61%	0.00%
3026	1412 1413	Pawtucket	C	11.87%	9.61%	7.60%
3027	1515	Union Fire District		6.54%	6.39%	5.11%
3029	1452	Richmond		6.37%	7.01%	5.56%
3030	1462 1463	Scituate	B	12.11%	11.07%	9.94%
3031	1472 1473	Smithfield	C	5.97%	4.71%	0.00%
3032	1492 1493	South Kingstown	B	7.81%	6.68%	4.82%
3033	1532 1533	Tiverton	C	2.35%	2.55%	0.00%
3034	1562	Warren	C	13.88%	12.29%	11.73%
3036	1622 1623	Westerly		63.17%	62.48%	58.06%
3037	1602	West Greenwich	C	13.49%	12.30%	7.21%
3039	1632 1633	Woonsocket	B	3.29%	1.55%	0.07%
3040	1073	Chariho School District	C	10.92%	9.83%	5.34%
3041	1203	Foster/Glocester	B	13.08%	12.82%	11.42%
3042	1528	Tiogue Fire & Lighting	C,5	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	7.64%	5.65%	4.96%
3045	1098	Coventry Lighting District	C	0.00%	0.00%	0.00%
3046	1242	Hope Valley Fire	C	3.67%	5.73%	5.47%
3050	1156	East Greenwich Housing	C	9.19%	9.72%	9.04%
3051	1116	Cranston Housing	C	5.07%	3.88%	2.09%
3052	1166	East Providence Housing	B	4.87%	6.11%	4.69%
3053	1416	Pawtucket Housing	B	0.00%	0.00%	0.00%
3056	1126	Cumberland Housing	C	6.97%	5.69%	5.20%
3057	1306	Lincoln Housing	B	9.60%	8.88%	6.79%



COMPARISON OF EMPLOYER CONTRIBUTION RATES

Unit Number		Unit	Code(s)	June 30, 2006	June 30, 2005	June 30, 2004
Old	New			Actuarial Valuation for FY 2009	Actuarial Valuation for FY 2008	Actuarial Valuation for FY 2007
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Employee Units						
3059	1016	Bristol Housing		0.00%	0.00%	0.00%
3065	1036	Burrillville Housing	B	0.23%	0.19%	0.00%
3066	1386	North Providence Housing	B	22.84%	22.18%	21.67%
3067	1177	East Smithfield Water	C	0.00%	0.00%	0.00%
3068	1227	Greenville Water	B	0.00%	0.00%	0.00%
3069	1356	Newport Housing	C	9.01%	7.57%	4.54%
3071	1566	Warren Housing	B	10.27%	8.24%	6.40%
3072	1286	Johnston Housing		3.49%	2.70%	0.00%
3077	1538	Tiverton Local 2670A	C	6.70%	7.01%	5.56%
3078	1002 1003 1007 1009	Barrington COLA	C	4.29%	1.57%	2.35%
3079	1096	Coventry Housing		3.87%	2.66%	1.14%
3080	1496	South Kingstown Housing	C	8.41%	7.00%	6.06%
3081	1403	N. RI Collaborative Adm. Services	C	9.53%	8.84%	7.88%
3083	1616	West Warwick Housing	B	8.72%	9.45%	8.12%
3084	1476	Smithfield Housing		3.63%	1.13%	0.56%
3094	1478	Smithfield COLA	C	5.43%	3.63%	2.20%
3096	1056	Central Falls Housing	C	13.28%	14.11%	10.53%
3098	1293	Lime Rock Administrative Services		5.14%	5.21%	4.39%
3099	1063	Central Falls Schools	C	8.22%	8.38%	7.34%
3100	1023	Bristol/Warren Schools	B	10.80%	9.70%	8.62%
3101	1157	Town of E. Greenwich-COLA-NCE	C	7.71%	5.43%	4.30%
3102	1712	Town of Harrisville	C	8.34%	5.68%	13.46%
3103	1702	Town of Albion	C	13.96%	16.16%	15.84%
General Employee Units Average				9.27%	8.10%	6.42%
Police & Fire Units						
4016	1285	Johnston Fire	D	10.45%	9.86%	7.88%
4029	1454	Richmond Fire District		11.56%	9.64%	9.36%
4031	1474	Smithfield Police	C,D	12.70%	11.56%	12.47%
4042	1555	Valley Falls Fire	D	11.06%	15.02%	15.65%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	15.84%	19.14%	18.39%
4050	1155	East Greenwich Fire	C,D	19.92%	21.57%	18.97%
4054	1154	East Greenwich Police	C,D	14.87%	16.97%	13.93%
4055	1375	North Kingstown Fire	C,D	19.55%	24.27%	21.22%
4056	1374	North Kingstown Police	C,D	20.49%	24.60%	21.78%
4058	1385	North Providence Fire	D	11.38%	11.51%	9.94%
4059	1008	Barrington Fire (25)	C	19.25%	16.43%	19.87%
4060	1004	Barrington Police	C,D	27.97%	32.61%	32.16%
4061	1005	Barrington Fire (20)	C,D	13.59%	18.74%	9.43%
4062	1564 1565	Warren Police & Fire	C,D	26.11%	29.88%	25.66%
4063	1494	South Kingstown Police	B,1	14.39%	16.29%	13.89%



COMPARISON OF EMPLOYER CONTRIBUTION RATES

Unit Number		Unit	Code(s)	June 30, 2006	June 30, 2005	June 30, 2004
Old	New			Actuarial	Actuarial	Actuarial
(1)	(2)	(3)	(4)	Valuation for FY 2009	Valuation for FY 2008	Valuation for FY 2007
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Police & Fire Units						
4073	1464	Scituate Police	3	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	14.90%	19.15%	18.71%
4077	1534	Tiverton Fire	C,D	11.00%	11.39%	18.97%
4082	1194	Foster Police	C,D	22.08%	21.25%	14.37%
4085	1634	Woonsocket Police	C,D	14.23%	17.84%	14.87%
4086	1084	Charlestown Police	C,D	24.19%	30.00%	28.53%
4087	1264	Hopkinton Police	C,D,6	19.02%	21.40%	16.37%
4088	1214	Glocester Police	C,D	18.11%	21.41%	18.95%
4089	1604	West Greenwich Police/Rescue	C,D	17.18%	19.22%	15.48%
4090	1034	Burrillville Police	C,D,6	16.41%	23.32%	22.50%
4091	1148	Cumberland Rescue	C,D	8.62%	13.30%	14.17%
4093	1635	Woonsocket Fire	C,D	12.88%	15.96%	14.33%
4094	1015	Bristol Fire	D	0.00%	8.01%	9.04%
4095	1135	Cumberland Hill Fire	C,D	20.37%	21.99%	20.66%
4096	1014	Bristol Police	C,D	11.97%	12.02%	12.26%
4098	1095	Coventry Fire	D	12.32%	14.72%	15.18%
4099	1505	South Kingstown EMT	C,D	6.53%	10.49%	9.89%
4101	1365	North Cumberland	D	12.72%	15.97%	14.29%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	19.80%	22.94%	23.19%
4103	1255	Hopkins Hill Fire	D	10.75%	12.83%	12.41%
4104	1114	Cranston Police	C,D,4	15.25%	18.46%	17.14%
4105	1115	Cranston Fire	C,D,4	15.46%	19.02%	19.10%
4106	1125	Cumberland Fire	B,D	22.41%	20.31%	19.79%
4107	1305	Lincoln Rescue	C	16.70%	13.37%	13.43%
4108	1344	New Shoreham Police	B,D	21.64%	24.31%	18.78%
4109	1324	Middletown Police & Fire	C,D	12.69%	11.41%	10.63%
4110	1715	Harrisville Fire District	C,D	12.99%	17.87%	11.56%
4111	1705	Albion Fire District	C	21.66%	23.83%	17.25%
Police & Fire Units Average				15.61%	18.27%	16.73%
All MERS Units Average				10.69%	10.27%	8.63%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2005 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



COMPONENTS USED IN DETERMINING CONTRIBUTION RATES

Unit Number		Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
Old	New						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3002	1012 1019	Bristol	B	4,042,041	509,735	17,658,330	12,461,561
3003	1032 1033	Burrillville	C	5,311,467	714,461	18,626,628	19,042,883
3004	1052	Central Falls		2,963,049	327,712	5,549,953	3,712,494
3005	1082	Charlestown	C	1,484,156	181,550	4,562,471	3,076,371
3007	1112 1113	Cranston	B	24,701,259	3,321,540	107,772,769	108,693,423
3008	1122 1123	Cumberland		7,710,472	867,005	20,731,738	14,790,736
3009	1152 1153	East Greenwich		899,674	98,022	5,041,994	8,113,412
3010	1162 1163	East Providence	B	17,298,015	2,263,997	81,950,057	53,564,791
3011	1183	Exeter/West Greenwich	B	1,968,923	278,181	6,137,721	5,177,136
3012	1192 1193	Foster		1,008,924	112,508	2,487,092	2,241,004
3013	1212 1213	Glocester	C	2,252,316	295,119	5,963,603	4,432,516
3014	1262	Hopkinton	C	1,359,465	194,931	2,794,503	2,899,652
3015	1272 1273	Jamestown	C	2,776,018	366,230	8,883,243	6,272,336
3016	1282 1283	Johnston	C	8,614,394	1,181,826	32,107,884	26,140,455
3017	1302 1303	Lincoln		953,810	110,929	1,270,573	961,571
3019	1322 1323	Middletown	C	4,348,342	556,828	12,597,772	8,555,676
3021	1352 1353 1354	Newport	B	10,671,570	1,373,440	53,590,210	39,035,659
3022	1342 1343	New Shoreham	B	1,961,604	269,688	3,936,518	3,146,380
3023	1372 1373	North Kingstown	C	11,112,424	1,481,814	41,733,669	30,599,354
3024	1382 1383	North Providence		6,826,293	730,135	20,839,143	23,388,174
3025	1392 1393	North Smithfield	B	2,839,985	390,361	9,894,279	11,763,327
3026	1412 1413	Pawtucket	C	21,143,659	2,698,635	98,018,107	78,439,515
3027	1515	Union Fire District		140,820	15,256	239,802	202,390
3029	1452	Richmond		563,879	64,855	1,164,057	1,073,794
3030	1462 1463	Scituate	B	2,834,439	389,651	10,071,858	7,733,756
3031	1472 1473	Smithfield	C	2,527,245	347,244	9,331,801	9,891,267
3032	1492 1493	South Kingstown	B	10,919,738	1,436,707	36,166,668	33,449,613
3033	1532 1533	Tiverton	C	2,524,085	336,655	7,740,238	9,364,841
3034	1562	Warren	C	1,589,740	198,086	6,086,558	3,962,501
3036	1622 1623	Westerly		57,494	5,158	1,071,729	527,722
3037	1602	West Greenwich	C	869,094	118,488	2,394,291	1,443,199
3039	1632 1633	Woonsocket	B	12,637,500	1,689,017	49,243,543	55,682,105
3040	1073	Chariho School District	C	4,334,626	590,953	11,802,719	8,796,953
3041	1203	Foster/Glocester	B	1,482,123	206,066	5,199,353	3,777,265
3042	1528	Tiogue Fire & Lighting	C,5	-	-	5,314	29,866
3043	1336	Narragansett Housing	C	152,075	18,435	249,612	190,039
3045	1098	Coventry Lighting District	C	144,714	11,644	708,975	1,260,812
3046	1242	Hope Valley Fire	C	97,868	12,180	236,434	263,254
3050	1156	East Greenwich Housing	C	380,953	50,802	752,693	566,894
3051	1116	Cranston Housing	C	852,738	115,205	2,662,401	2,863,443
3052	1166	East Providence Housing	B	529,689	74,441	2,010,320	2,215,392
3053	1416	Pawtucket Housing	B	2,048,360	269,463	6,659,964	9,698,311
3056	1126	Cumberland Housing	C	479,773	67,332	937,997	932,995
3057	1306	Lincoln Housing	B	445,960	70,309	1,240,589	1,175,681
3059	1016	Bristol Housing		268,138	29,743	1,006,000	1,579,542



COMPONENTS USED IN DETERMINING CONTRIBUTION RATES

Unit Number		Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
Old	New						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3065	1036	Burrillville Housing	B	157,338	21,874	619,656	787,438
3066	1386	North Providence Housing	B	280,228	41,643	1,365,149	686,784
3067	1177	East Smithfield Water	C	160,996	20,677	540,668	687,772
3068	1227	Greenville Water	B	193,461	25,436	618,310	859,834
3069	1356	Newport Housing	C	1,434,509	192,602	6,507,871	5,979,890
3071	1566	Warren Housing	B	186,969	27,593	1,127,349	1,072,734
3072	1286	Johnston Housing		316,186	35,911	739,386	841,394
3077	1538	Tiverton Local 2670A	C	923,824	121,719	2,692,607	2,607,788
3078	1002 1003 1007 1009	Barrington COLA	C	6,448,947	862,826	21,880,086	24,100,921
3079	1096	Coventry Housing		360,715	40,590	610,095	685,627
3080	1496	South Kingstown Housing	C	193,819	31,292	105,591	128,280
3081	1403	N. RI Collaborative Adm. Services	C	1,767,099	253,934	2,065,013	1,373,688
3083	1616	West Warwick Housing	B	320,161	40,112	1,080,824	910,009
3084	1476	Smithfield Housing		100,241	10,322	217,037	228,810
3094	1478	Smithfield COLA	C	3,200,935	428,778	8,454,462	9,020,783
3096	1056	Central Falls Housing	C	712,286	94,744	1,972,297	1,156,978
3098	1293	Lime Rock Administrative Services		70,948	7,041	145,714	129,587
3099	1063	Central Falls Schools	C	4,405,996	609,192	9,557,034	8,416,434
3100	1023	Bristol/Warren Schools	B	4,037,683	560,743	14,503,121	11,988,290
3101	1157	Town of E. Greenwich-COLA-NCE	C	4,710,146	630,675	12,587,499	11,736,560
3102	1712	Town of Harrisville	C	165,571	20,715	272,482	183,006
3103	1702	Town of Albion	C	28,856	3,613	71,734	30,686
General Employee Units Subtotal				\$218,305,825	\$28,524,369	\$806,865,156	\$706,803,355
Police & Fire Units							
4016	1285	Johnston Fire	D	1,140,830	204,232	1,189,707	981,959
4029	1454	Richmond Fire District		390,527	60,739	577,729	352,003
4031	1474	Smithfield Police	C,D	935,323	211,773	768,948	753,241
4042	1555	Valley Falls Fire	D	627,065	105,920	2,605,553	2,304,154
4047	1395 1435	North Smithfield Voluntary Fire	B,D	970,911	213,947	4,270,420	3,660,163
4050	1155	East Greenwich Fire	C,D	1,921,957	434,295	9,681,889	7,505,782
4054	1154	East Greenwich Police	C,D	1,738,795	387,601	10,510,066	9,829,614
4055	1375	North Kingstown Fire	C,D	3,438,074	732,751	24,904,385	20,586,147
4056	1374	North Kingstown Police	C,D	2,370,507	508,251	16,456,886	13,126,977
4058	1385	North Providence Fire	D	5,212,740	898,267	24,207,502	22,133,914
4059	1008	Barrington Fire (25)	C	334,116	61,948	867,840	373,441
4060	1004	Barrington Police	C,D	1,210,685	263,260	8,874,102	5,715,944
4061	1005	Barrington Fire (20)	C,D	588,504	122,015	8,141,728	7,974,722
4062	1564 1565	Warren Police & Fire	C,D	1,177,339	245,384	8,904,316	6,167,734
4063	1494	South Kingstown Police	B,1	2,442,113	527,396	18,455,191	17,618,956
4073	1464	Scituate Police	3	-	-	36,740	152,927
4076	1394	North Smithfield Police	C,D	1,082,544	232,744	6,786,912	6,197,428
4077	1534	Tiverton Fire	C,D	1,358,937	306,589	6,490,425	6,717,678



COMPONENTS USED IN DETERMINING CONTRIBUTION RATES

Unit Number		Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
Old	New						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Police & Fire Units							
4082	1194	Foster Police	C,D	306,511	69,093	2,171,744	1,733,089
4085	1634	Woonsocket Police	C,D	5,207,362	1,113,820	24,289,235	22,049,249
4086	1084	Charlestown Police	C,D	1,051,151	228,117	6,306,521	4,172,898
4087	1264	Hopkinton Police	C,D,6	755,890	180,335	3,414,352	2,826,512
4088	1214	Glocester Police	C,D	881,266	190,177	4,041,685	3,198,691
4089	1604	West Greenwich Police/Rescue	C,D	603,718	133,287	2,296,661	1,848,861
4090	1034	Burrillville Police	C,D,6	1,129,668	257,895	6,374,155	5,461,657
4091	1148	Cumberland Rescue	C,D	805,414	182,216	2,384,836	2,816,142
4093	1635	Woonsocket Fire	C,D	5,699,470	1,238,618	18,960,903	17,925,418
4094	1015	Bristol Fire	D	44,969	8,223	157,080	240,036
4095	1135	Cumberland Hill Fire	C,D	621,953	131,163	3,614,042	2,802,696
4096	1014	Bristol Police	C,D	1,208,955	273,281	1,343,951	1,456,898
4098	1095	Coventry Fire	D	526,565	89,891	2,103,341	1,769,996
4099	1505	South Kingstown EMT	C,D	565,116	126,366	1,072,870	1,564,636
4101	1365	North Cumberland	D	660,501	113,460	2,555,973	2,086,919
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	1,603,903	352,013	5,705,895	3,618,445
4103	1255	Hopkins Hill Fire	D	437,933	78,516	643,038	518,690
4104	1114	Cranston Police	C,D,4	4,962,030	1,207,083	11,172,239	9,366,178
4105	1115	Cranston Fire	C,D,4	6,408,970	1,525,045	19,313,922	16,395,438
4106	1125	Cumberland Fire	B,D	601,119	135,953	3,003,132	2,105,804
4107	1305	Lincoln Rescue	C	656,778	125,391	2,010,201	1,427,188
4108	1344	New Shoreham Police	B,D	268,978	64,101	1,008,223	652,277
4109	1324	Middletown Police & Fire	C,D	661,230	157,583	260,312	338,618
4110	1715	Harrisville Fire District	C,D	200,644	44,489	368,038	330,952
4111	1705	Albion Fire District	C	174,945	37,109	480,350	212,857
Police & Fire Units Subtotal				\$62,986,006	\$13,580,337	\$278,783,040	\$239,072,927
All MERS Units Total				\$281,291,831	\$42,104,706	\$1,085,648,196	\$945,876,282

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the 20-year optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2006 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EXPLANATION OF RATE CHANGES

			Source of Rate Change						
Unit Number		Unit	June 30, 2005	Non-Asset		Asset		Provision	June 30, 2006
Old	New		Actuarial	(Gains)/	(Gains)/	Assumption	Changes		Actuarial
(1)	(2)	(3)	Valuation	Losses	Losses	Change	(8)	Valuation	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
General Employee Units									
3002	1012 1019	Bristol	10.23%	2.26%	0.13%	1.49%	-	14.11%	
3003	1032 1033	Burrillville	4.74%	0.40%	0.15%	0.65%	-	5.94%	
3004	1052	Central Falls	7.81%	(0.42%)	0.05%	1.43%	-	8.87%	
3005	1082	Charlestown	8.68%	0.53%	0.08%	2.37%	-	11.66%	
3007	1112 1113	Cranston	5.44%	(0.11%)	0.19%	0.80%	-	6.32%	
3008	1122 1123	Cumberland	9.49%	0.14%	0.08%	0.39%	-	10.10%	
3009	1152 1153	East Greenwich	(23.02%)	1.30%	0.38%	2.34%	-	(19.00%)	
3010	1162 1163	East Providence	15.03%	0.64%	0.13%	0.72%	-	16.52%	
3011	1183	Exeter/West Greenwich	9.24%	1.15%	0.11%	(0.34%)	-	10.16%	
3012	1192 1193	Foster	6.85%	(0.58%)	0.10%	0.06%	-	6.43%	
3013	1212 1213	Glocester	10.22%	(0.22%)	0.08%	0.25%	-	10.33%	
3014	1262	Hopkinton	6.06%	0.12%	0.09%	0.53%	-	6.80%	
3015	1272 1273	Jamestown	10.53%	0.49%	0.09%	1.05%	-	12.16%	
3016	1282 1283	Johnston	10.90%	(0.61%)	0.13%	0.62%	-	11.04%	
3017	1302 1303	Lincoln	8.14%	(0.97%)	0.04%	0.22%	-	7.43%	
3019	1322 1323	Middletown	9.97%	0.11%	0.08%	1.49%	-	11.65%	
3021	1352 1353 1354	Newport	13.27%	0.34%	0.15%	0.82%	-	14.58%	
3022	1342 1343	New Shoreham	8.88%	(0.24%)	0.07%	0.37%	-	9.08%	
3023	1372 1373	North Kingstown	11.74%	0.41%	0.12%	0.44%	-	12.71%	
3024	1382 1383	North Providence	(0.06%)	1.04%	0.14%	1.41%	-	2.53%	
3025	1392 1393	North Smithfield	0.61%	1.41%	0.18%	0.49%	-	2.69%	
3026	1412 1413	Pawtucket	9.61%	0.57%	0.16%	1.53%	-	11.87%	
3027	1515	Union Fire District	6.39%	0.34%	0.06%	(0.25%)	-	6.54%	
3029	1452	Richmond	7.01%	(0.42%)	0.08%	(0.30%)	-	6.37%	
3030	1462 1463	Scituate	11.07%	0.31%	0.11%	0.62%	-	12.11%	
3031	1472 1473	Smithfield	4.71%	0.74%	0.16%	0.36%	-	5.97%	
3032	1492 1493	South Kingstown	6.68%	0.20%	0.13%	0.80%	-	7.81%	
3033	1532 1533	Tiverton	2.55%	(1.19%)	0.15%	0.84%	-	2.35%	
3034	1562	Warren	12.29%	0.12%	0.11%	1.36%	-	13.88%	
3036	1622 1623	Westerly	62.48%	3.73%	0.39%	(3.43%)	-	63.17%	
3037	1602	West Greenwich	12.30%	0.90%	0.07%	0.22%	-	13.49%	
3039	1632 1633	Woonsocket	1.55%	0.66%	0.18%	0.90%	-	3.29%	
3040	1073	Chariho School District	9.83%	0.75%	0.08%	0.26%	-	10.92%	
3041	1203	Foster/Glocester	12.82%	0.04%	0.10%	0.12%	-	13.08%	
3043	1336	Narragansett Housing	5.65%	1.95%	0.06%	(0.02%)	-	7.64%	
3045	1098	Coventry Lighting District	(15.69%)	(8.64%)	0.37%	0.73%	-	(23.23%)	
3046	1242	Hope Valley Fire	5.73%	(1.11%)	0.12%	(1.07%)	-	3.67%	
3050	1156	East Greenwich Housing	9.72%	(0.58%)	0.06%	(0.01%)	-	9.19%	
3051	1116	Cranston Housing	3.88%	0.68%	0.14%	0.37%	-	5.07%	
3052	1166	East Providence Housing	6.11%	(0.75%)	0.17%	(0.66%)	-	4.87%	
3053	1416	Pawtucket Housing	(4.65%)	(1.44%)	0.20%	2.07%	-	(3.82%)	
3056	1126	Cumberland Housing	5.69%	1.09%	0.08%	0.11%	-	6.97%	
3057	1306	Lincoln Housing	8.88%	0.19%	0.11%	0.42%	-	9.60%	
3059	1016	Bristol Housing	(11.62%)	0.47%	0.25%	1.21%	-	(9.69%)	
3065	1036	Burrillville Housing	0.19%	(0.32%)	0.21%	0.15%	-	0.23%	
3066	1386	North Providence Housing	22.18%	1.78%	0.10%	(1.22%)	-	22.84%	
3067	1177	East Smithfield Water	(4.67%)	2.74%	0.18%	1.51%	-	(0.24%)	
3068	1227	Greenville Water	(3.80%)	(0.19%)	0.19%	1.46%	-	(2.34%)	
3069	1356	Newport Housing	7.57%	0.46%	0.18%	0.80%	-	9.01%	



EXPLANATION OF RATE CHANGES

Unit Number		Unit	June 30, 2005 Actuarial Valuation	Source of Rate Change				June 30, 2006 Actuarial Valuation
Old	New			Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
General Employee Units								
3071	1566	Warren Housing	8.24%	3.01%	0.24%	(1.22%)	-	10.27%
3072	1286	Johnston Housing	2.70%	(0.20%)	0.12%	0.87%	-	3.49%
3077	1538	Tiverton Local 2670A	7.01%	(0.39%)	0.11%	(0.03%)	-	6.70%
3078	1002 1003 1007 1009	Barrington COLA	4.04%	1.55%	0.16%	1.01%	(2.47%)	4.29%
3079	1096	Coventry Housing	2.66%	(0.03%)	0.08%	1.16%	-	3.87%
3080	1496	South Kingstown Housing	7.00%	0.73%	0.03%	0.65%	-	8.41%
3081	1403	N. RI Collaborative Adm. Services	8.84%	0.89%	0.03%	(0.23%)	-	9.53%
3083	1616	West Warwick Housing	9.45%	0.25%	0.12%	(1.10%)	-	8.72%
3084	1476	Smithfield Housing	1.13%	1.07%	0.10%	1.33%	-	3.63%
3094	1478	Smithfield COLA	3.63%	0.68%	0.12%	1.00%	-	5.43%
3096	1056	Central Falls Housing	14.11%	(1.16%)	0.07%	0.26%	-	13.28%
3098	1293	Lime Rock Administrative Services	5.21%	0.65%	0.08%	(0.80%)	-	5.14%
3099	1063	Central Falls Schools	8.38%	(0.39%)	0.08%	0.15%	-	8.22%
3100	1023	Bristol/Warren Schools	9.70%	1.28%	0.12%	(0.30%)	-	10.80%
3101	1157	Town of E. Greenwich-COLA-NCE	5.43%	1.07%	0.11%	1.10%	-	7.71%
3102	1712	Town of Harrisville	5.68%	0.44%	0.05%	2.17%	-	8.34%
3103	1702	Town of Albion	16.16%	(0.77%)	0.05%	(1.48%)	-	13.96%
General Employee Unit Averages			8.10%	0.19%	0.13%	0.78%	0.07%	9.27%
Police & Fire Units								
4016	1285	Johnston Fire	9.86%	1.49%	0.04%	(0.94%)	-	10.45%
4029	1454	Richmond Fire District	9.64%	(0.16%)	0.04%	2.04%	-	11.56%
4031	1474	Smithfield Police	11.56%	1.94%	0.04%	(0.84%)	-	12.70%
4042	1555	Valley Falls Fire	15.02%	(0.51%)	0.15%	(3.60%)	-	11.06%
4047	1395 1435	North Smithfield Voluntary Fire	19.14%	(0.51%)	0.16%	(2.95%)	-	15.84%
4050	1155	East Greenwich Fire	21.57%	(0.11%)	0.17%	(1.71%)	-	19.92%
4054	1154	East Greenwich Police	16.97%	0.73%	0.24%	(3.07%)	-	14.87%
4055	1375	North Kingstown Fire	24.27%	0.36%	0.25%	(5.33%)	-	19.55%
4056	1374	North Kingstown Police	24.60%	(0.63%)	0.23%	(3.71%)	-	20.49%
4058	1385	North Providence Fire	11.51%	1.62%	0.17%	(1.92%)	-	11.38%
4059	1008	Barrington Fire (25)	16.43%	1.11%	0.04%	1.67%	-	19.25%
4060	1004	Barrington Police	32.61%	(1.92%)	0.20%	(2.92%)	-	27.97%
4061	1005	Barrington Fire (20)	18.74%	2.84%	0.57%	(8.56%)	-	13.59%
4062	1564 1565	Warren Police & Fire	29.88%	0.31%	0.22%	(4.30%)	-	26.11%
4063	1494	South Kingstown Police	16.29%	1.37%	0.30%	(3.57%)	-	14.39%
4076	1394	North Smithfield Police	19.15%	(0.16%)	0.24%	(4.33%)	-	14.90%
4077	1534	Tiverton Fire	11.39%	1.44%	0.20%	(2.03%)	-	11.00%
4082	1194	Foster Police	21.25%	3.45%	0.24%	(2.86%)	-	22.08%
4085	1634	Woonsocket Police	17.84%	(0.21%)	0.18%	(3.58%)	-	14.23%
4086	1084	Charlestown Police	30.00%	(0.92%)	0.17%	(5.06%)	-	24.19%
4087	1264	Hopkinton Police	21.40%	(0.54%)	0.15%	(1.99%)	-	19.02%
4088	1214	Glocester Police	21.41%	(0.96%)	0.15%	(2.49%)	-	18.11%
4089	1604	West Greenwich Police/Rescue	19.22%	(0.74%)	0.13%	(1.43%)	-	17.18%
4090	1034	Burrillville Police	23.32%	(2.68%)	0.20%	(4.43%)	-	16.41%
4091	1148	Cumberland Rescue	13.30%	(4.06%)	0.14%	(0.76%)	-	8.62%
4093	1635	Woonsocket Fire	15.96%	0.06%	0.13%	(3.27%)	-	12.88%
4094	1015	Bristol Fire	8.01%	(10.04%)	0.22%	(1.42%)	-	(3.23%)
4095	1135	Cumberland Hill Fire	21.99%	0.60%	0.18%	(2.40%)	-	20.37%



EXPLANATION OF RATE CHANGES

Unit Number			June 30, 2005 Actuarial Valuation	Source of Rate Change				June 30, 2006 Actuarial Valuation
Old	New	Unit		Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Police & Fire Units								
4096	1014	Bristol Police	12.02%	1.56%	0.05%	(1.66%)	-	11.97%
4098	1095	Coventry Fire	14.72%	0.93%	0.14%	(3.47%)	-	12.32%
4099	1505	South Kingstown EMT	10.49%	(1.69%)	0.12%	(2.39%)	-	6.53%
4101	1365	North Cumberland	15.97%	(0.35%)	0.14%	(3.04%)	-	12.72%
4102	1045 1235 1525 1585	Central Coventry Fire	18.90%	(0.44%)	0.10%	(3.05%)	4.29%	19.80%
4103	1255	Hopkins Hill Fire	12.83%	(0.25%)	0.05%	(1.88%)	-	10.75%
4104	1114	Cranston Police	18.46%	(0.12%)	0.08%	(3.17%)	-	15.25%
4105	1115	Cranston Fire	19.02%	1.52%	0.11%	(5.19%)	-	15.46%
4106	1125	Cumberland Fire	20.31%	3.80%	0.15%	(1.85%)	-	22.41%
4107	1305	Lincoln Rescue	13.37%	0.69%	0.09%	2.55%	-	16.70%
4108	1344	New Shoreham Police	24.31%	(4.43%)	0.10%	1.66%	-	21.64%
4109	1324	Middletown Police & Fire	11.41%	0.67%	0.02%	0.59%	-	12.69%
4110	1715	Harrisville Fire District	17.87%	0.70%	0.07%	(5.65%)	-	12.99%
4111	1705	Albion Fire District	23.83%	(3.68%)	0.05%	1.46%	-	21.66%
Police and Fire units averages			18.27%	0.21%	0.16%	(3.14%)	0.11%	15.61%
All MERS units averages			10.27%	0.30%	0.14%	(0.10%)	0.08%	10.69%

Units with no active members are excluded from this exhibit



SCHEDULE OF FUNDING PROGRESS

Unit Number		Unit	Code(s)	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as %	
Old	New			Value of	Accrued	Actuarial	Ratio	Covered	of Payroll	
(1)	(2)	(3)	(4)	Assets (AVA)	Liability (AAL)	Accrued Liability (UAAL) (5) - (4)	(4)/(5)	Payroll (9)	(7)/(9)	
General Employee Units										
3002	1012 1019	Bristol	B	12,461,561	17,658,330	5,196,769	70.6%	4,042,041	128.6%	
3003	1032 1033	Burrillville	C	19,042,883	18,626,628	(416,255)	102.2%	5,311,467	(7.8%)	
3004	1052	Central Falls		3,712,494	5,549,953	1,837,459	66.9%	2,963,049	62.0%	
3005	1082	Charlestown	C	3,076,371	4,562,471	1,486,100	67.4%	1,484,156	100.1%	
3007	1112 1113	Cranston	B	108,693,423	107,772,769	(920,655)	100.9%	24,701,259	(3.7%)	
3008	1122 1123	Cumberland		14,790,736	20,731,738	5,941,002	71.3%	7,710,472	77.1%	
3009	1152 1153	East Greenwich		8,113,412	5,041,994	(3,071,418)	160.9%	899,674	(341.4%)	
3010	1162 1163	East Providence	B	53,564,791	81,950,057	28,385,266	65.4%	17,298,015	164.1%	
3011	1183	Exeter/West Greenwich	B	5,177,136	6,137,721	960,585	84.3%	1,968,923	48.8%	
3012	1192 1193	Foster		2,241,004	2,487,092	246,088	90.1%	1,008,924	24.4%	
3013	1212 1213	Glocester	C	4,432,516	5,963,603	1,531,087	74.3%	2,252,316	68.0%	
3014	1262	Hopkinton	C	2,899,652	2,794,503	(105,149)	103.8%	1,359,465	(7.7%)	
3015	1272 1273	Jamestown	C	6,272,336	8,883,243	2,610,907	70.6%	2,776,018	94.1%	
3016	1282 1283	Johnston	C	26,140,455	32,107,884	5,967,429	81.4%	8,614,394	69.3%	
3017	1302 1303	Lincoln		961,571	1,270,573	309,002	75.7%	953,810	32.4%	
3019	1322 1323	Middletown	C	8,555,676	12,597,772	4,042,097	67.9%	4,348,342	93.0%	
3021	1352 1353 1354	Newport	B	39,035,659	53,590,210	14,554,551	72.8%	10,671,570	136.4%	
3022	1342 1343	New Shoreham	B	3,146,380	3,936,518	790,139	79.9%	1,961,604	40.3%	
3023	1372 1373	North Kingstown	C	30,599,354	41,733,669	11,134,315	73.3%	11,112,424	100.2%	
3024	1382 1383	North Providence		23,388,174	20,839,143	(2,549,031)	112.2%	6,826,293	(37.3%)	
3025	1392 1393	North Smithfield	B	11,763,327	9,894,279	(1,869,048)	118.9%	2,839,985	(65.8%)	
3026	1412 1413	Pawtucket	C	78,439,515	98,018,107	19,578,592	80.0%	21,143,659	92.6%	
3027	1515	Union Fire District		202,390	239,802	37,412	84.4%	140,820	26.6%	
3029	1452	Richmond		1,073,794	1,164,057	90,263	92.2%	563,879	16.0%	
3030	1462 1463	Scituate	B	7,733,756	10,071,858	2,338,102	76.8%	2,834,439	82.5%	
3031	1472 1473	Smithfield	C	9,891,267	9,331,801	(559,467)	106.0%	2,527,245	(22.1%)	
3032	1492 1493	South Kingstown	B	33,449,613	36,166,668	2,717,054	92.5%	10,919,738	24.9%	
3033	1532 1533	Tiverton	C	9,364,841	7,740,238	(1,624,603)	121.0%	2,524,085	(64.4%)	
3034	1562	Warren	C	3,962,501	6,086,558	2,124,057	65.1%	1,589,740	133.6%	
3036	1622 1623	Westerly		527,722	1,071,729	544,007	49.2%	57,494	946.2%	
3037	1602	West Greenwich	C	1,443,199	2,394,291	951,093	60.3%	869,094	109.4%	
3039	1632 1633	Woonsocket	B	55,682,105	49,243,543	(6,438,562)	113.1%	12,637,500	(50.9%)	
3040	1073	Chariho School District	C	8,796,953	11,802,719	3,005,766	74.5%	4,334,626	69.3%	
3041	1203	Foster/Glocester	B	3,777,265	5,199,353	1,422,088	72.6%	1,482,123	95.9%	
3042	1528	Tiogue Fire & Lighting	C,5	29,866	5,314	(24,552)	562.0%	0	-	
3043	1336	Narragansett Housing	C	190,039	249,612	59,573	76.1%	152,075	39.2%	
3045	1098	Coventry Lighting District	C	1,260,812	708,975	(551,837)	177.8%	144,714	(381.3%)	
3046	1242	Hope Valley Fire	C	263,254	236,434	(26,820)	111.3%	97,868	(27.4%)	
3050	1156	East Greenwich Housing	C	566,894	752,693	185,799	75.3%	380,953	48.8%	
3051	1116	Cranston Housing	C	2,863,443	2,662,401	(201,043)	107.6%	852,738	(23.6%)	
3052	1166	East Providence Housing	B	2,215,392	2,010,320	(205,072)	110.2%	529,689	(38.7%)	
3053	1416	Pawtucket Housing	B	9,698,311	6,659,964	(3,038,347)	145.6%	2,048,360	(148.3%)	
3056	1126	Cumberland Housing	C	932,995	937,997	5,003	99.5%	479,773	1.0%	
3057	1306	Lincoln Housing	B	1,175,681	1,240,589	64,907	94.8%	445,960	14.6%	
3059	1016	Bristol Housing		1,579,542	1,006,000	(573,542)	157.0%	268,138	(213.9%)	
3065	1036	Burrillville Housing	B	787,438	619,656	(167,781)	127.1%	157,338	(106.6%)	
3066	1386	North Providence Housing	B	686,784	1,365,149	678,366	50.3%	280,228	242.1%	
3067	1177	East Smithfield Water	C	687,772	540,668	(147,105)	127.2%	160,996	(91.4%)	



SCHEDULE OF FUNDING PROGRESS

Unit Number		Unit	Code(s)	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as %	
Old	New			Value of	Accrued	Actuarial	Ratio	Covered	of Payroll	
(1)	(2)	(3)	(4)	Assets (AVA)	Liability (AAL)	Accrued Liability (UAAL) (5) - (4)	(4)/(5)	Payroll (9)	(7)/(9)	
General Employee Units										
3068	1227	Greenville Water	B	859,834	618,310	(241,524)	139.1%	193,461	(124.8%)	
3069	1356	Newport Housing	C	5,979,890	6,507,871	527,981	91.9%	1,434,509	36.8%	
3071	1566	Warren Housing	B	1,072,734	1,127,349	54,615	95.2%	186,969	29.2%	
3072	1286	Johnston Housing		841,394	739,386	(102,008)	113.8%	316,186	(32.3%)	
3077	1538	Tiverton Local 2670A	C	2,607,788	2,692,607	84,820	96.8%	923,824	9.2%	
3078	1002 1003 1007 1009	Barrington COLA	C	24,100,921	21,880,086	(2,220,835)	110.2%	6,448,947	(34.4%)	
3079	1096	Coventry Housing		685,627	610,095	(75,531)	112.4%	360,715	(20.9%)	
3080	1496	South Kingstown Housing	C	128,280	105,591	(22,688)	121.5%	193,819	(11.7%)	
3081	1403	N. RI Collaborative Adm. Services	C	1,373,688	2,065,013	691,325	66.5%	1,767,099	39.1%	
3083	1616	West Warwick Housing	B	910,009	1,080,824	170,816	84.2%	320,161	53.4%	
3084	1476	Smithfield Housing		228,810	217,037	(11,773)	105.4%	100,241	(11.7%)	
3094	1478	Smithfield COLA	C	9,020,783	8,454,462	(566,321)	106.7%	3,200,935	(17.7%)	
3096	1056	Central Falls Housing	C	1,156,978	1,972,297	815,319	58.7%	712,286	114.5%	
3098	1293	Lime Rock Administrative Services		129,587	145,714	16,127	88.9%	70,948	22.7%	
3099	1063	Central Falls Schools	C	8,416,434	9,557,034	1,140,600	88.1%	4,405,996	25.9%	
3100	1023	Bristol/Warren Schools	B	11,988,290	14,503,121	2,514,831	82.7%	4,037,683	62.3%	
3101	1157	Town of E. Greenwich-COLA-NCE	C	11,736,560	12,587,499	850,939	93.2%	4,710,146	18.1%	
3102	1712	Town of Harrisville	C	183,006	272,482	89,476	67.2%	165,571	54.0%	
3103	1702	Town of Albion	C	30,686	71,734	41,048	42.8%	28,856	142.2%	
General Employee Units Subtotal				\$706,803,355	\$806,865,156	\$100,061,801	87.6%	\$218,305,825	45.8%	
Police & Fire Units										
4016	1285	Johnston Fire	D	981,959	1,189,707	207,748	82.5%	1,140,830	18.2%	
4029	1454	Richmond Fire District		352,003	577,729	225,726	60.9%	390,527	57.8%	
4031	1474	Smithfield Police	C,D	753,241	768,948	15,708	98.0%	935,323	1.7%	
4042	1555	Valley Falls Fire	D	2,304,154	2,605,553	301,400	88.4%	627,065	48.1%	
4047	1395 1435	North Smithfield Voluntary Fire	B,D	3,660,163	4,270,420	610,257	85.7%	970,911	62.9%	
4050	1155	East Greenwich Fire	C,D	7,505,782	9,681,889	2,176,107	77.5%	1,921,957	113.2%	
4054	1154	East Greenwich Police	C,D	9,829,614	10,510,066	680,451	93.5%	1,738,795	39.1%	
4055	1375	North Kingstown Fire	C,D	20,586,147	24,904,385	4,318,238	82.7%	3,438,074	125.6%	
4056	1374	North Kingstown Police	C,D	13,126,977	16,456,886	3,329,910	79.8%	2,370,507	140.5%	
4058	1385	North Providence Fire	D	22,133,914	24,207,502	2,073,588	91.4%	5,212,740	39.8%	
4059	1008	Barrington Fire (25)	C	373,441	867,840	494,399	43.0%	334,116	148.0%	
4060	1004	Barrington Police	C,D	5,715,944	8,874,102	3,158,158	64.4%	1,210,685	260.9%	
4061	1005	Barrington Fire (20)	C,D	7,974,722	8,141,728	167,005	97.9%	588,504	28.4%	
4062	1564 1565	Warren Police & Fire	C,D	6,167,734	8,904,316	2,736,582	69.3%	1,177,339	232.4%	
4063	1494	South Kingstown Police	B,1	17,618,956	18,455,191	836,236	95.5%	2,442,113	34.2%	
4073	1464	Scituate Police	3	152,927	36,740	(116,187)	416.2%	0	-	
4076	1394	North Smithfield Police	C,D	6,197,428	6,786,912	589,484	91.3%	1,082,544	54.5%	
4077	1534	Tiverton Fire	C,D	6,717,678	6,490,425	(227,253)	103.5%	1,358,937	(16.7%)	
4082	1194	Foster Police	C,D	1,733,089	2,171,744	438,655	79.8%	306,511	143.1%	
4085	1634	Woonsocket Police	C,D	22,049,249	24,289,235	2,239,986	90.8%	5,207,362	43.0%	
4086	1084	Charlestown Police	C,D	4,172,898	6,306,521	2,133,624	66.2%	1,051,151	203.0%	
4087	1264	Hopkinton Police	C,D,6	2,826,512	3,414,352	587,840	82.8%	755,890	77.8%	
4088	1214	Glocester Police	C,D	3,198,691	4,041,685	842,994	79.1%	881,266	95.7%	
4089	1604	West Greenwich Police/Rescue	C,D	1,848,861	2,296,661	447,800	80.5%	603,718	74.2%	



SCHEDULE OF FUNDING PROGRESS

Unit Number		Unit	Code(s)	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as %
Old	New			Value of	Accrued	Actuarial			
(1)	(2)	(3)	(4)	Assets (AWA)	(AAL)	(UAAL) (5) - (4)	(4)/(5)	Covered Payroll	(7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Police & Fire Units									
4090	1034	Burrillville Police	C,D,6	5,461,657	6,374,155	912,498	85.7%	1,129,668	80.8%
4091	1048	Cumberland Rescue	C,D	2,816,142	2,384,836	(413,305)	118.1%	805,414	(53.6%)
4093	1635	Woonsocket Fire	C,D	17,925,418	18,960,903	1,035,485	94.5%	5,699,470	18.2%
4094	1015	Bristol Fire	D	240,036	157,080	(82,956)	152.8%	44,969	(184.5%)
4095	1135	Cumberland Hill Fire	C,D	2,802,696	3,614,042	811,347	77.6%	621,953	130.5%
4096	1014	Bristol Police	C,D	1,456,898	1,343,951	(112,947)	108.4%	1,208,955	(9.3%)
4098	1095	Coventry Fire	D	1,769,996	2,103,341	333,345	84.2%	526,565	63.3%
4099	1505	South Kingstown EMT	C,D	1,564,636	1,072,870	(491,766)	145.8%	565,116	(87.0%)
4101	1365	North Cumberland	D	2,086,919	2,555,973	469,054	81.6%	660,501	71.0%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	3,618,445	5,705,895	2,087,450	63.4%	1,603,903	130.1%
4103	1255	Hopkins Hill Fire	D	518,690	643,038	124,348	80.7%	437,933	28.4%
4104	1114	Cranston Police	C,D,4	9,366,178	11,172,239	1,806,061	83.8%	4,962,030	36.4%
4105	1115	Cranston Fire	C,D,4	16,395,438	19,313,922	2,918,484	84.9%	6,408,970	45.5%
4106	1125	Cumberland Fire	B,D	2,105,804	3,003,132	897,328	70.1%	601,119	149.3%
4107	1305	Lincoln Rescue	C	1,427,188	2,010,201	583,013	71.0%	656,778	88.8%
4108	1344	New Shoreham Police	B,D	652,277	1,008,223	355,947	64.7%	268,978	132.3%
4109	1324	Middletown Police & Fire	C,D	338,618	260,312	(78,306)	130.1%	661,230	(11.8%)
4110	1715	Harrisville Fire District	C,D	330,952	368,038	37,086	89.9%	200,644	18.5%
4111	1705	Albion Fire District	C	212,857	480,350	267,493	44.3%	174,945	152.9%
Police & Fire Units Subtotal				<u>\$239,072,927</u>	<u>\$278,783,040</u>	<u>\$39,710,113</u>	85.8%	<u>\$62,986,006</u>	63.0%
<i>All MERS Units Total</i>				945,876,282	1,085,648,196	139,771,914	87.1%	281,291,831	49.7%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the 20-year optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2005 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



ASSET VALUES

Unit Number		Unit	Code(s)	Market Value of Assets	Actuarial Value of Assets
Old	New				
(1)	(2)	(3)	(4)	(5)	(6)
General Employee Units					
3002	1012 1019	Bristol	B	\$13,291,446	\$12,461,561
3003	1032 1033	Burrillville	C	20,311,055	19,042,883
3004	1052	Central Falls		3,959,730	3,712,494
3005	1082	Charlestown	C	3,281,244	3,076,371
3007	1112 1113	Cranston	B	115,931,927	108,693,423
3008	1122 1123	Cumberland		15,775,734	14,790,736
3009	1152 1153	East Greenwich		8,653,729	8,113,412
3010	1162 1163	East Providence	B	57,131,971	53,564,791
3011	1183	Exeter/West Greenwich	B	5,521,910	5,177,136
3012	1192 1193	Foster		2,390,245	2,241,004
3013	1212 1213	Glocester	C	4,727,702	4,432,516
3014	1262	Hopkinton	C	3,092,756	2,899,652
3015	1272 1273	Jamestown	C	6,690,046	6,272,336
3016	1282 1283	Johnston	C	27,881,294	26,140,455
3017	1302 1303	Lincoln		1,025,608	961,571
3019	1322 1323	Middletown	C	9,125,446	8,555,676
3021	1352 1353 1354	Newport	B	41,635,262	39,035,659
3022	1342 1343	New Shoreham	B	3,355,915	3,146,380
3023	1372 1373	North Kingstown	C	32,637,136	30,599,354
3024	1382 1383	North Providence		24,945,724	23,388,174
3025	1392 1393	North Smithfield	B	12,546,713	11,763,327
3026	1412 1413	Pawtucket	C	83,663,242	78,439,515
3027	1515	Union Fire District		215,869	202,390
3029	1452	Richmond		1,145,304	1,073,794
3030	1462 1463	Scituate	B	8,248,790	7,733,756
3031	1472 1473	Smithfield	C	10,549,982	9,891,267
3032	1492 1493	South Kingstown	B	35,677,211	33,449,613
3033	1532 1533	Tiverton	C	9,988,498	9,364,841
3034	1562	Warren	C	4,226,386	3,962,501
3036	1622 1623	Westerly		562,865	527,722
3037	1602	West Greenwich	C	1,539,309	1,443,199
3039	1632 1633	Woonsocket	B	59,390,288	55,682,105
3040	1073	Chariho School District	C	9,382,792	8,796,953
3041	1203	Foster/Glocester	B	4,028,814	3,777,265
3042	1528	Tiogue Fire & Lighting	C,5	31,855	29,866
3043	1336	Narragansett Housing	C	202,695	190,039
3045	1098	Coventry Lighting District	C	1,344,776	1,260,812
3046	1242	Hope Valley Fire	C	280,786	263,254
3050	1156	East Greenwich Housing	C	604,647	566,894
3051	1116	Cranston Housing	C	3,054,136	2,863,443
3052	1166	East Providence Housing	B	2,362,928	2,215,392
3053	1416	Pawtucket Housing	B	10,344,176	9,698,311
3056	1126	Cumberland Housing	C	995,128	932,995
3057	1306	Lincoln Housing	B	1,253,977	1,175,681
3059	1016	Bristol Housing		1,684,733	1,579,542



ASSET VALUES

Unit Number		Unit	Code(s)	Market Value of Assets	Actuarial Value of Assets
Old	New				
(1)	(2)	(3)	(4)	(5)	(6)
General Employee Units					
3065	1036	Burrillville Housing	B	839,878	787,438
3066	1386	North Providence Housing	B	732,521	686,784
3067	1177	East Smithfield Water	C	733,575	687,772
3068	1227	Greenville Water	B	917,095	859,834
3069	1356	Newport Housing	C	6,378,124	5,979,890
3071	1566	Warren Housing	B	1,144,173	1,072,734
3072	1286	Johnston Housing		897,427	841,394
3077	1538	Tiverton Local 2670A	C	2,781,455	2,607,788
3078	1002 1003 1007 1009	Barrington COLA	C	25,705,937	24,100,921
3079	1096	Coventry Housing		731,286	685,627
3080	1496	South Kingstown Housing	C	136,822	128,280
3081	1403	N. RI Collaborative Adm. Services	C	1,465,169	1,373,688
3083	1616	West Warwick Housing	B	970,611	910,009
3084	1476	Smithfield Housing		244,048	228,810
3094	1478	Smithfield COLA	C	9,621,528	9,020,783
3096	1056	Central Falls Housing	C	1,234,028	1,156,978
3098	1293	Lime Rock Administrative Services		138,217	129,587
3099	1063	Central Falls Schools	C	8,976,931	8,416,434
3100	1023	Bristol/Warren Schools	B	12,786,658	11,988,290
3101	1157	Town of E. Greenwich-COLA-NCE	C	12,518,163	11,736,560
3102	1712	Town of Harrisville	C	195,194	183,006
3103	1702	Town of Albion	C	32,730	30,686
General Employee Units Subtotal				\$753,873,348	\$706,803,355
Police & Fire Units					
4016	1285	Johnston Fire	D	\$1,047,353	\$981,959
4029	1454	Richmond Fire District		375,445	352,003
4031	1474	Smithfield Police	C,D	803,403	753,241
4042	1555	Valley Falls Fire	D	2,457,600	2,304,154
4047	1395 1435	North Smithfield Voluntary Fire	B,D	3,903,914	3,660,163
4050	1155	East Greenwich Fire	C,D	8,005,635	7,505,782
4054	1154	East Greenwich Police	C,D	10,484,223	9,829,614
4055	1375	North Kingstown Fire	C,D	21,957,093	20,586,147
4056	1374	North Kingstown Police	C,D	14,001,175	13,126,977
4058	1385	North Providence Fire	D	23,607,935	22,133,914
4059	1008	Barrington Fire (25)	C	398,311	373,441
4060	1004	Barrington Police	C,D	6,096,601	5,715,944
4061	1005	Barrington Fire (20)	C,D	8,505,804	7,974,722
4062	1564 1565	Warren Police & Fire	C,D	6,578,478	6,167,734
4063	1494	South Kingstown Police	B,1	18,792,300	17,618,956
4073	1464	Scituate Police	3	163,111	152,927
4076	1394	North Smithfield Police	C,D	6,610,149	6,197,428
4077	1534	Tiverton Fire	C,D	7,165,046	6,717,678
4082	1194	Foster Police	C,D	1,848,505	1,733,089
4085	1634	Woonsocket Police	C,D	23,517,632	22,049,249



ASSET VALUES

Unit Number		Unit	Code(s)	Market Value of Assets	Actuarial Value of Assets
Old	New				
(1)	(2)	(3)	(4)	(5)	(6)
Police & Fire Units					
4086	1084	Charlestown Police	C,D	4,450,795	4,172,898
4087	1264	Hopkinton Police	C,D,6	3,014,745	2,826,512
4088	1214	Glocester Police	C,D	3,411,710	3,198,691
4089	1604	West Greenwich Police/Rescue	C,D	1,971,987	1,848,861
4090	1034	Burrillville Police	C,D,6	5,825,379	5,461,657
4091	1148	Cumberland Rescue	C,D	3,003,684	2,816,142
4093	1635	Woonsocket Fire	C,D	19,119,172	17,925,418
4094	1015	Bristol Fire	D	256,021	240,036
4095	1135	Cumberland Hill Fire	C,D	2,989,343	2,802,696
4096	1014	Bristol Police	C,D	1,553,921	1,456,898
4098	1095	Coventry Fire	D	1,887,870	1,769,996
4099	1505	South Kingstown EMT	C,D	1,668,834	1,564,636
4101	1365	North Cumberland	D	2,225,899	2,086,919
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	3,859,417	3,618,445
4103	1255	Hopkins Hill Fire	D	553,233	518,690
4104	1114	Cranston Police	C,D,4	9,989,924	9,366,178
4105	1115	Cranston Fire	C,D,4	17,487,302	16,395,438
4106	1125	Cumberland Fire	B,D	2,246,041	2,105,804
4107	1305	Lincoln Rescue	C	1,522,232	1,427,188
4108	1344	New Shoreham Police	B,D	695,716	652,277
4109	1324	Middletown Police & Fire	C,D	361,168	338,618
4110	1715	Harrisville Fire District	C,D	352,992	330,952
4111	1705	Albion Fire District	C	227,032	212,857
Police & Fire Units Subtotal				\$254,994,132	\$239,072,927
All MERS Units Total				\$1,008,867,480	\$945,876,282

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the 20-year optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2006 valuation.

3 - Closed unit.

5 - This unit has no active members.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

6 - Special plan provisions apply to this unit.



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

Actuarial Cost Method

The actuarial valuation uses the Entry Age Normal (EAN) 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 accrued liability (UAAL).

The employer normal cost rate is the total normal cost rate, less the member contribution rate. The total normal cost rate is the level percentage-of-pay contribution which would theoretically pay for all benefits if it had been made each year from the inception of the plan and if there had never been any changes of benefits, any changes of assumptions or methods, or any experience gains or losses. The normal costs are determined on an individual basis.

The actuarial accrued liability is the difference between the actuarial present value of all future benefits and the actuarial present value of future normal costs. It is the amount to which the normal costs would have accumulated under the assumptions described in the preceding paragraph. The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial accrued liability and the actuarial value of assets.

The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses. The actuarial value is calculated in the aggregate for all units combined, and then it is allocated to each unit in ratio to that unit's market value.



Actuarial Assumptions

Economic Assumptions

Investment return: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

Salary increase rate: For general employees, the sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

General Employees		
Years of Service	Service-related Component	Total Increase
0	4.00%	8.50%
1	3.50	8.00
2	3.00	7.50
3	2.75	7.25
4	2.50	7.00
5	2.25	6.75
6	1.50	6.00
7	1.00	5.50
8	0.75	5.25
9	0.50	5.00
10 or more	0.00	4.50

Salary increase rate: For police / fire employees, the sum of (i) a 4.75% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.75% additional general increase), and (ii) a service-related component as shown below:

Police / Fire Employees		
Years of Service	Service-related Component	Total Increase
0	10.00%	14.75%
1	8.50	13.25
2	5.00	9.75
3	2.00	6.75
4	1.75	6.50
5	1.50	6.25
6	0.50	5.25
7	0.25	5.00
8	0.25	5.00
9	0.25	5.00
10 or more	0.00	4.75

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 4.25% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.



Demographic Assumptions

Post-retirement mortality rates:

- Male employees – Based on the 1994 Group Annuity Mortality Tables for males set forward one year.
- Female employees – Based on the 1994 Group Annuity Mortality Tables for females.
- Disabled males – 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- Disabled females – 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Age	Number of Deaths per 100			
	Healthy Males	Healthy Females	Disabled Males	Disabled Females
50	0.29	0.14	2.49	2.57
55	0.49	0.23	3.13	2.95
60	0.90	0.44	3.92	3.31
65	1.62	0.86	4.41	3.70
70	2.60	1.37	4.80	4.11
75	4.09	2.27	5.47	4.92
80	6.86	3.94	7.33	7.46

Pre-retirement mortality (combined ordinary and duty): 65% multiplier of the post-retirement mortality.

Sample rates are shown below:

Age	Number of Deaths per 100	
	Males	Females
25	0.05	0.02
30	0.05	0.02
35	0.06	0.03
40	0.08	0.05
45	0.11	0.06
50	0.19	0.09
55	0.32	0.15
60	0.58	0.29
65	1.06	0.56
70	1.69	0.89

Disability rates: Sample rates are shown below. Ordinary disability rates are not applied to members eligible for retirement.

Age	General Employees, Ordinary		General Employees, Accidental		Police & Fire, Ordinary	Police & Fire, Accidental
	Males	Males	Females	Females	Males & Females	Males & Females
25	0.63	0.23	0.27	0.09	0.43	2.98
30	0.77	0.28	0.33	0.11	0.55	3.85
35	1.05	0.38	0.45	0.15	0.73	5.08
40	1.54	0.55	0.66	0.22	1.10	7.70
45	2.52	0.90	1.08	0.36	1.80	12.60
50	4.27	1.53	1.83	0.61	3.03	21.18
55	7.07	2.53	3.03	1.01	3.03	21.18
60	9.87	3.53	4.23	1.41	3.03	21.18
65	0.00	0.00	0.00	0.00	3.03	21.18



Termination rates (for causes other than death, disability or retirement) are a function of the member's service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Years of Service	Males General Employees	Female General Employees	Police & Fire, Males & Females
0	0.1750	0.1800	0.1000
1	0.0959	0.1069	0.0528
2	0.0825	0.0906	0.0481
3	0.0713	0.0769	0.0436
4	0.0618	0.0653	0.0394
5	0.0541	0.0558	0.0354
6	0.0480	0.0481	0.0316
7	0.0431	0.0420	0.0281
8	0.0395	0.0374	0.0249
9	0.0368	0.0341	0.0219
10	0.0350	0.0318	0.0191
11	0.0338	0.0304	0.0166
12	0.0330	0.0297	0.0143
13	0.0326	0.0295	0.0123
14	0.0323	0.0295	0.0105
15	0.0319	0.0297	0.0090
16	0.0312	0.0297	0.0077
17	0.0302	0.0295	0.0067
18	0.0285	0.0287	0.0059
19	0.0261	0.0273	0.0000
20	0.0227	0.0250	0.0000
21	0.0182	0.0217	0.0000
22	0.0124	0.0170	0.0000
23	0.0052	0.0110	0.0000
24	0.0052	0.0032	0.0000



Retirement rates: Separate male and female rates for general employees. For members who reach 30 years of service before age 58, service-based rates are used. For other members, age-based rates are used.

General Employees							
Males				Females			
Service (00/30)	Ret. Rate	Age (58/10)	Ret. Rate	Service (00/30)	Ret. Rate	Age (58/10)	Ret. Rate
30	30.0%	58	15.0%	30	20.0%	58	15.0%
31	25.0%	59	10.0%	31	15.0%	59	10.0%
32	15.0%	60	10.0%	32	7.5%	60	10.0%
33	15.0%	61	10.0%	33	7.5%	61	10.0%
34	15.0%	62	30.0%	34	7.5%	62	20.0%
35	25.0%	63	25.0%	35	15.0%	63	15.0%
36	25.0%	64	25.0%	36	20.0%	64	15.0%
37	25.0%	65	25.0%	37	20.0%	65	20.0%
38	25.0%	66	30.0%	38	15.0%	66	20.0%
39	25.0%	67	30.0%	39	15.0%	67	20.0%
40	100.0%	68	30.0%	40	100.0%	68	20.0%
		69	30.0%			69	20.0%
		70	20.0%			70	20.0%
		71	20.0%			71	20.0%
		72	20.0%			72	20.0%
		73	20.0%			73	20.0%
		74	20.0%			74	20.0%
		75	100.0%			75	100.0%

Retirement rate (continued)s: Unisex, service based rates are used for police and fire. Rates depend on whether the unit has elected the optional 20-year retirement provisions. All members are assumed to retire upon reaching age 65 with at least ten years of service.

Police and Fire		
Years of Service	Units with the Optional 20-year retirement election	Units without the Optional 20-year retirement election
20	15.0%	
21	10.0%	
22	5.0%	
23	5.0%	
24	10.0%	
25	12.0%	50.0%
26	12.0%	12.0%
27	14.0%	14.0%
28	16.0%	16.0%
29	18.0%	18.0%
30+	35.0%	35.0%



Other Assumptions

Percent married: 85% of employees are assumed to be married.

Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.

Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.

Recovery from disability: None assumed.

Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.

Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.

Investment and Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

Inactive members: Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For non-vested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members who are age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.

Decrement timing: For all members, decrements are assumed to occur at the middle of the year.

Participant Data

Participant data was supplied on electronic files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for an active members included birthdate, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the year preceding the valuation date. This salary was adjusted by the salary increase rate for one year. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.



SUMMARY OF BENEFIT PROVISIONS

Authority: The Municipal Employees' Retirement System (MERS) covers employees of certain participating Rhode Island municipalities and other local governmental units, such as housing authorities, water districts, etc. Benefits are described in Rhode Island General Laws, Title 45, Chapters 19, 19.1, 21, 21.1, 21.2, and 21.3.

Plan Year: A twelve-month period ending June 30th.

Administration: MERS is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

Type of Plan: MERS is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for each participating governmental unit. For Governmental Accounting Standards Board purposes, it is an agent multiple-employer plan.

Eligibility: General employees, police officers and firefighters employed by electing municipalities participate in MERS. Teachers and administrators are covered by the separate Employees' Retirement System of Rhode Island, 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 classified as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be classified as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a separate unit from the general employees, with separate contribution rates applicable.

Employee Contributions: General employees contribute 6.00% of their salary per year, and police officers and firefighters contribute 7.00%. In addition, if the municipality has elected one of the optional cost-of-living provisions, an additional member contribution of 1.00% of salary is required. If a municipality elects the optional 20-year retirement provision for its police officers and/or its firefighters, an additional contribution of 1.00% of salary will be required from these members. The municipality, at its election, may choose to "pick up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

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.

Employer Contributions: Each participating unit's contribution rate is determined actuarially. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

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): The average of the member's highest three consecutive annual salaries. Monthly benefits are based on one-twelfth of this amount.



Retirement

Eligibility: General employees are eligible for retirement on or after age 58 if they have credit for 10 or more years of service, or at any age if they have credit for at least 30 years of service. Members designated as police officers or firefighters may retire 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 may retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elects to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member may retire at any age with 20 or more years of service.

Monthly Benefit: 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 are adopted by the municipality and the member has attained 20 years of service, the benefit is 2.50% of the member's monthly FAC for each year of service, up to 30 years (75% of FAC maximum). If a police officer or firefighter not covered by the 20-year retirement provision retires before age 55 with at least 20, but less than 25, years of service, benefits are reduced 0.5% per month that the member's age at retirement is less than 55.

Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available; see below.

Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

Disability Retirement

Eligibility: A member is eligible 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.

Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.

Occupational Disability Benefit: An annual annuity equal to two-thirds of salary at the time of disability.

Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the member's contributions plus interest as of the date of retirement will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

Deferred Termination Benefit

Eligibility: A member with at least ten years of service is vested. A vested member who does not withdraw his/her contributions from the fund is eligible for a deferred termination benefit.

Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence at age 58 or at such earlier age that the member has met the requirements for a retirement benefit.

Payment Form: The same as for Retirement above.

Death Benefit before Retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described in the *Death Benefit of Active or Inactive Members section*.

Death Benefit after Retirement: The same as for Retirement above.



Withdrawal (Refund) Benefit

Eligibility: All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.

Benefit: The member who withdraws receives a lump-sum payment of equal to the sum of his/her employee contributions. No interest is credited on these contributions.

Death Benefit of Active or Inactive Members

Eligibility: Death must have occurred while an active member or while an inactive, non-retired member. The basic benefit plus the lump-sum benefit are paid on behalf of an active, general employee, and the special police/fire benefit and the lump-sum benefit are paid on behalf of an active police officer or firefighter. If the death was due to accidental, duty-related causes, the accidental death benefit is paid regardless of whether the employee is a general employee, a police officer, or a firefighter. Inactive members receive a refund of their accumulated contributions without interest.

Basic Benefit: Upon the death of a non-vested member, or upon the death of a vested, inactive member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married, active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.

Lump-sum Benefit: \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000.

Special Police/Fire Death Benefit: In lieu of the basic benefit above, if a police officer or firefighter dies while an active member, an annuity of 30% of the member's salary will be paid to the member's spouse, for life or until remarriage. Children's benefits may also be payable.

Accidental Duty-related Death Benefit: If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

Optional Forms of Payment: In addition to a life annuity, MERS offers members these optional forms of payment on an actuarially equivalent basis:

Option 1 (Joint and 100% Survivor) - A life annuity payable while either the participant or his beneficiary is alive.

Option 2 (Joint and 50% Survivor) - A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.

Social Security Option – An annuity 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.

Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.

Post-retirement Benefit Increase

Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year, beginning January 1 following the member's retirement. This increase is not tied in any way to actual increases in the cost of living, and increases are not compounded. 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).



Special Provisions Applying to Specific Units: Some units have specific provisions that apply only to that unit. The following summarizes those provisions:

- a. Rhode Island General Law §45-21.2-22.1 contains special provisions that apply to employees of Burrillville Police, but only if adopted by the Town of Burrillville. The Town adopted these provisions effective July 1, 2006. Under these special provisions, the retirement benefit for a member with 20 or more years of service is improved. The new formula is $60.00\% \times \text{Final Average Compensation (FAC)}$, plus $1.50\% \times \text{FAC} \times \text{Years of Service in Excess of 20}$, 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%.
- b. Rhode Island General Law § 45-21.2-6.1, § 45-21.2-5(5), and § 45-21.2-14(d) contain special provisions that apply to members of the South Kingstown police department. 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 is 8.00%, plus 1.00% for the adoption of the optional COLA, for a total of 9.00%.
- c. Rhode Island General Law § 45-21.2-5 (9) contains special provisions that apply to members of the Hopkinton police department. 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.
- d. Rhode Island General Law § 45-21.2-5 (7) and § 45-21.2-14 contain special provisions that apply to members of the Cranston fire department hired after July 1, 1995 or with less than 5 years of service at that date. 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.
- e. Rhode Island General Law §§ 45-21.2-5 (8) and § 45-21.2-14 contain special provisions that apply to members of the Cranston police department hired after July 1, 1995 or with less than 5 years of service at that date. 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.

STATE POLICE
RETIREMENT BENEFITS TRUST

ACTUARIAL INFORMATION

July 11, 2007

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of SPRBT as of June 30, 2006

This is the June 30, 2006 actuarial valuation of the State Police Retirement Benefits Trust (SPRBT). This report describes the current actuarial condition of the SPRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the SPRBT plan year. Benefits for state police officers hired before July 1, 1987 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for state police is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2006 actuarial valuation will be applicable for the year beginning July 1, 2008 and ending June 30, 2009.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 23 years as of June 30, 2006). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The funded ratio, as can be seen on Table 3, increased from 79.0% to 86.0%. The employer contribution rate decreased from 31.00% to 30.06%. An analysis of the changes in the employer contribution rate appears on Table 10a. An analysis of the changes in the unfunded actuarial accrued liability appears on Table 10c.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2006. There were no changes adopted since the previous actuarial valuation. The benefit provisions are summarized in Appendix B.

Assumptions and methods

There were several changes to the assumptions and methods since the last actuarial valuation, prepared as of June 30, 2005. The assumptions for the salary increases, active mortality, retirement and payroll growth rate were modified based on an experience study performed in June of 2006. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of SPRBT.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for active, inactive, and retired members as of June 30, 2006. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2006.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental

Board of Trustees
July 11, 2007
Page 3

Accounting Standards Board. The undersigned are independent actuaries. Both are Members of the Society of Actuaries and Members of the American Academy of Actuaries, they both meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA
Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant

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Actuarial Valuation - June 30, 2006

State Police Retirement Benefits Trust - Executive Summary

Item	Valuation Date:		
	June 30, 2006		July 1, 2005
	After Assumption Changes	Before Assumption Changes	
Membership			
• Number of:			
- Active members	179	179	181
- Retirees and beneficiaries	3	3	2
- Inactive members	2	2	1
- Total	184	184	184
• Payroll for benefits	\$13,474,588	\$13,474,588	\$13,225,400
Contribution rates			
• Member	8.75%	8.75%	8.75%
• State	30.06%	30.47%	31.00%
Assets			
• Market value	\$38,131,989	\$38,131,989	\$30,457,966
• Actuarial value	36,314,689	36,314,689	29,616,896
• Return on market value	11.6%	11.6%	10.2%
• Return on actuarial value	8.8%	8.8%	5.9%
• Employer contribution	\$3,174,903	\$3,174,903	\$2,614,503
• Ratio of actuarial value to market value	95.2%	95.2%	97.2%
Actuarial Information			
• Employer normal cost %	26.65%	25.88%	25.96%
• Unamortized actuarial accrued liability (UAAL)	\$5,901,453	\$7,245,722	\$7,894,096
• Amortization rate	3.41%	4.59%	5.04%
• Funding period	23 years	23 years	24 years
• GASB funded ratio	86.0%	83.4%	79.0%
Projected employer contribution			
• Fiscal year ending June 30,	2009	2009	2008
• Projected payroll (millions)	\$11,717,316	\$11,508,864	\$11,282,795
• Projected employer contribution (millions)	3,522,225	3,506,751	3,497,666



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

Actuarial Cost Method

The actuarial valuation uses the Entry Age Normal (EAN) 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 accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. 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 new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. The salary-weighted average of these rates is the normal cost rate.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.



Actuarial Assumptions

Economic Assumptions

Investment return: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

Salary increase rate: Salary increase rate: The sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

Years of Service	Service-related Component	Total Increase
0	4.25%	8.75%
1	4.00	8.50
2	4.00	8.50
3	8.00	12.50
4	5.00	9.50
5	3.25	7.75
6	1.25	5.75
7	1.25	5.75
8	1.00	5.50
9	1.00	5.50
10-14	0.75	5.25
15-19	0.50	5.00
20-24	0.25	4.75
25&up	0.00	4.50

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

Payroll growth rate: In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.50% per year. This assumption includes no allowance for future membership growth.

Demographic Assumptions

Post-termination mortality rates

- Healthy males – Based on the 1994 Group Annuity Mortality Table for males. Rates are set forward one year.
- Healthy females - Based on the 1994 Group Annuity Mortality Table for females.
- Disabled males – 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- Disabled females – 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Pre-retirement mortality: 65% of the post-termination mortality rates. 15% of active member deaths are occupational.

Disability rates – Rates are applied, with 75% of disabilities considered occupational, and assumes no recoveries once disabled:

Age	Rate
20	0.12%
25	0.17
30	0.22
35	0.29
40	0.44
45	0.72
50	1.21



Termination rates - None

Retirement rates – State police are assumed to retire after completion of 20 years of service, in accordance with the probabilities shown below. 100% are assumed to retire at age 60 and completion of 20 years of service if still active.

State Police	
Service	Ret. Rate
20	25.0%
21	15.0%
22	10.0%
23	20.0%
24	30.0%
25	100.0%

Other Assumptions

Percent married: 85% of employees are assumed to be married.

Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

No surviving spouse will remarry and there will be no children's benefit.

Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

Participant Data

Participant data was supplied in electronic files for active and retired members. The data for an active members included birthdate, sex, service, salary and employee contribution account balance. We were also supplied with a separate file showing both the salary for contribution purposes and the salary for benefit purposes. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.



Summary of Benefit Provisions

Effective Date and Authority: The State Police Retirement Benefits Trust (SPRBT) became effective on July 1, 1989 for state police officers originally hired on or after July 1, 1987. Benefits are described in Rhode Island General Laws, Title 42, Chapter 28.

Plan Year: A twelve-month period ending June 30th.

Administration: The State Police Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.

Type of Plan: The State Police Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.

Eligibility: All state police officers, and the Superintendent of State Police, hired on or after July 1, 1987, participate in this plan. Benefits for state police officers hired before July 1, 1987 are being paid by the state from the general assets of the state, on a pay-as-you-go basis. Eligible employees become members at their date of employment.

Salary for Contribution Purposes: 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.

Employee Contributions: State police officers contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

Employer Contributions: The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

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 Salary (Salary for Benefit Purposes): Benefits are determined using a different, more expansive, definition of salary than is used for determining member and employer contributions. Final Salary includes base pay, longevity increases, 400 hours of overtime pay, holiday pay and the member's clothing allowance. For members who work more than 25 years, the Final Salary shall not be more than the Final Salary in the 25th year. In determining monthly benefits, Final Salary is expressed as a monthly amount.

Retirement

Eligibility: All members are eligible for retirement at any age after completion of 20 years of service. (The Superintendent of State Police may retire on or after age 60 if he has credit for 10 years of service.)

Monthly Benefit: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 20. (The Superintendent of State Police receives a benefit of 50% of Final Salary.) The maximum benefit is 65% of FAC.

Payment Form: Benefits are paid as a monthly life annuity. There are no optional forms of payment available.

Death benefit: After the death of a retired member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40, and benefits stop upon the spouse's death or remarriage.



Disability Retirement

Eligibility: A member is eligible provided he/she has credit for at least ten years of service or if the disability is work-related.

Ordinary Disability Benefit: 2.00% of Final Salary for each year of service, but not less than 25% of Final Salary.

Occupational Disability Benefit: 75% of Final Salary.

Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity. The same provisions that apply upon the death of a retired member apply upon the death of a disabled member.

Refunds

Eligibility: All members leaving covered employment prior to eligibility for other benefits.

Benefit: A lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.

Death Benefit of Active Members

Eligibility: Death must have occurred from a service-related cause, or the member must have 10 or more years of service.

Ordinary Benefit: After the death of an active member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40 without a dependent child, and benefits stop upon the spouse's death or remarriage.

Duty-related Death Benefit: 75% of Final Salary, paid to the spouse or other dependent relative. Benefits cease when the spouse or other relatives die or are no longer dependent.

Post-retirement Benefit Increase: Members receive an increase of \$1,500 per year (\$125.00 per month) beginning on the January 1 next following the third anniversary date of the retirement, and in every year thereafter. The increase applies to service retirement, disability retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living.



PLAN NET ASSETS
(Assets at Market or Fair Value)

Item	June 30, 2006	June 30, 2005
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 456,182	\$ 261,238
2. Receivables:		
a. Employer and member contributions	\$ -	\$ 27,547
b. Transfers receivable	-	-
c. Miscellaneous	10,965	-
d. Total receivables	\$ 10,965	\$ 27,547
3. Investments		
a. Pooled trust	\$ 37,780,844	\$ 30,170,794
b. Plan specific investments	-	-
c. Total	\$ 37,780,844	\$ 30,170,794
4. Invested securities lending collateral	\$ 7,274,705	\$ 4,575,730
5. Property and equipment (net of depreciation)	\$ 25,685	\$ 30,132
6. Total assets	\$ 45,548,381	\$ 35,065,441
7. Liabilities		
a. Due to other plans	\$ 116,318	\$ -
b. Securities lending liability	7,274,705	4,575,730
c. Accounts and vouches payable	25,369	31,745
d. Total liabilities	\$ 7,416,392	\$ 4,607,475
8. Total market value of assets available for benefits		
Total (Item 6 - Item 7)	\$ 38,131,989	\$ 30,457,966

**RECONCILIATION OF PLAN NET ASSETS**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
1. Market value of assets as of beginning of year	\$ 30,457,966	\$ 24,495,990
2. Contributions		
a. Members	\$ 886,140	\$ 792,410
b. State	3,174,903	2,614,503
c. Service purchases	-	-
d. Miscellaneous revenue	-	-
e. Total	<u>\$ 4,061,043</u>	<u>\$ 3,406,913</u>
3. Investment earnings, net of investment expenses	\$ 3,778,371	\$ 2,708,821
4. Expenditures for the year		
a. Benefit payments	\$ (144,723)	\$ (111,260)
b. Cost-of-living adjustments	(4,375)	(3,000)
c. Death benefits	-	-
d. Social security supplements	-	-
e. Supplemental pensions	-	-
f. Refunds	-	-
g. Administrative expense	(16,293)	(39,498)
h. Total expenditures	<u>\$ (165,391)</u>	<u>\$ (153,758)</u>
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 38,131,989	\$ 30,457,966

ANALYSIS OF CHANGE IN EMPLOYER COST

Basis	Employer Cost
1. Employer contribution rates from prior valuation	31.00%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	0.05%
b. Salary (gain)/loss	(0.54%)
c. Total payroll growth (gain)/loss	0.10%
d. Investment experience (gain)/loss	(0.14%)
e. Changes in assumptions	(0.41%)
f. Changes in plan provisions	0.00%
g. Total	<u>(0.94%)</u>
3. Employer contributions rates from current valuation	30.06%

JUDICIAL RETIREMENT
BENEFITS TRUST

ACTUARIAL INFORMATION

JUDICIAL ACTUARIAL INFORMATION

July 11, 2007

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of the JRBT as of June 30, 2006

This is the June 30, 2006 actuarial valuation of the Judicial Retirement Benefits Trust (JRBT). This report describes the current actuarial condition of the JRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the JRBT plan year. Benefits for state judges hired before January 1, 1990 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for Judges is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2006 actuarial valuation will be applicable for the year beginning July 1, 2008 and ending June 30, 2009.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 23 years from June 30, 2006). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The funded ratio, as can be seen on Table 3, decreased from 87.0% to 86.8%. The employer contribution rate increased from 32.07% to 32.35%. An analysis of the changes in the employer contribution rate appears on Table 10a. An analysis of the changes in the unfunded actuarial accrued liability appears on Table 10c.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2006. There were no changes adopted since the previous actuarial valuation. The benefit provisions are summarized in Appendix B.

Assumptions and methods

There were several changes to the assumptions and methods since the last actuarial valuation, prepared as of June 30, 2005. The assumptions for salary increases and the retirement assumption were modified based on an experience study performed in June of 2006.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for active members and retirees as of June 30, 2006. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2006.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Board of Trustees
July 11, 2007
Page 3

In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. Both are Members of the Society of Actuaries and Members of the American Academy of Actuaries, they both meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA
Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant

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Actuarial Valuation - June 30, 2006
Judicial Retirement Benefits Trust - Executive Summary

Item	Valuation Date:		
	June 30, 2006		June 30, 2005
	After Assumption Changes	Before Assumption Changes	
Membership			
• Number of:			
- Active members	45	45	44
- Retirees and beneficiaries	3	3	2
- Inactive members	-	-	-
- Total	48	48	46
• Payroll supplied by ERSRI, annualized	\$6,313,069	\$6,313,069	\$5,684,585
Contribution rates			
• Member	8.75%	8.75%	8.75%
• State	32.35%	33.16%	32.07%
Assets			
• Market value	\$25,055,824	\$25,055,824	\$19,892,509
• Actuarial value	23,873,009	23,873,009	19,347,372
• Return on market value	11.6%	11.6%	10.2%
• Return on actuarial value	8.8%	8.8%	5.9%
• Employer contribution	\$2,291,665	\$2,291,665	\$2,056,558
• Ratio of actuarial value to market value	95.3%	95.3%	97.3%
Actuarial Information			
• Employer normal cost %	28.99%	29.85%	29.63%
• Unamortized actuarial accrued liability (UAAL)	\$3,631,093	\$3,736,905	\$2,903,356
• Amortization rate	3.36%	3.31%	2.44%
• Funding period	23 years	23 years	24 years
• GASB funded ratio	86.8%	86.5%	87.0%
Projected employer contribution			
• Fiscal year ending June 30,	2009	2009	2008
• Projected payroll	\$7,204,260	\$7,360,492	\$6,627,734
• Projected employer contribution	2,330,578	2,440,739	2,125,514



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

Actuarial Cost Method

The actuarial valuation uses the Entry Age Normal (EAN) 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 accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. 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 new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. The salary-weighted average of these rates is the normal cost rate.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.



Actuarial Assumptions

Economic Assumptions

Investment return: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

Salary increase rate: Salaries are assumed to increase at the rate of 4.50% per year.

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

Payroll growth rate: In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.50% per year. This assumption includes no allowance for future membership growth.

Demographic Assumptions

Post-termination mortality rates

- Healthy males – Based on the 1994 Group Annuity Mortality Table for males. Rates are set forward one year.
- Healthy females - Based on the 1994 Group Annuity Mortality Table for females.
- Pre-termination mortality rates – 65% of the mortality rates for non-disabled retirees
- Disability rates – None
- Termination rates - None

Retirement rates – 33% of members are assumed to retire when eligible for a reduced retirement benefit (age 65 with 10 years of service, or any age with 20 years of service). After the initial reduced retirement eligibility, members are assumed to retire when eligible for an unreduced retirement benefit (age 65 with 20 years of service, or age 70 with 15 years of service). Judges who have not reached eligibility for a retirement benefit by age 75 are assumed to terminate at age 75 and receive either a reduced retirement benefit, if eligible, or a refund.

Other Assumptions

Percent married: 85% of employees are assumed to be married.

Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

No surviving spouse will remarry and there will be no children's benefit.

Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

Participant Data

Participant data was supplied in electronic files for active members and retirees. The data for active members included birth date, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.



SUMMARY OF BENEFIT PROVISIONS

Effective Date and Authority: The Judicial Retirement Benefits Trust (JRBT) became effective on January 1, 1990 for judges hired on or after that date. Benefits are described in Rhode Island General Laws, Title 8, Chapters 3, 8, and 16, Title 28, Chapter 30, and Title 31, Chapter 43.

Plan Year: A twelve-month period ending June 30th.

Administration: The Judicial Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.

Type of Plan: The Judicial Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.

Eligibility: All judges or justices of the Supreme Court, a superior court, a district court, a family court, an administrative adjudication court or a workers' compensation court participate in this plan if they were hired on or after January 1, 1990. (These are referred to collectively as state judges.) Benefits for state judges hired before January 1, 1990 are being paid by the state from the general assets of the state, on a pay-as-you-go basis. Eligible state judges become members at their date of employment.

Salary: Contributions are based on the judge's salary. Benefits are based on the judge's salary at the time of retirement.

Employee Contributions: State judges contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

Employer Contributions: The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

Final Average Compensation (FAC)

For judges who became members on or before July 2, 1997, one-twelfth of the judge's annual salary at the time of retirement.

For judges who became members after July 2, 1997, one-twelfth of the average of the judge's highest three consecutive annual salaries.

Benefits for death while an active member are based on the member's salary at the time of death, regardless of when the judge became a member.

Full Retirement

Eligibility: All judges are eligible for unreduced retirement at or after age 65 if the judge has served for 20 years, or at or after age 70 after 15 years of service.

Monthly Benefit: 100% of FAC at retirement.

Payment Form: Benefits are paid as a monthly life annuity. There are no optional forms of payment available.

Death Benefit: After the death of a retired member, if the member was married, 50% of the retiree's benefit is paid to the surviving spouse for life (or until remarriage).



Reduced Retirement

Eligibility: A judge is eligible for a reduced retirement benefit at age 65 if the judge has served for 10 years, or at any age after 20 years of service.

Reduced Retirement Benefit: 75% of FAC at retirement.

Payment Form: Same as for Full Retirement.

Death Benefit: Same as for Full Retirement.

Refunds

Eligibility: All judges leaving covered employment for a reason other than death or retirement.

Benefit: A lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.

Death Benefit of Active Members

After the death of an active member, if the member was married, a benefit will be paid to the spouse until his/her death or remarriage. The benefit is equal to 25% of the judge's salary at death if the member had less than seven years of service. If the judge had at least seven but less than 15 years of service, the benefit is equal to 1/3 of the judge's salary at death. If the judge had at least 15 years of service or if the judge was eligible for retirement, the spouse receives 50% of the judge's salary at death. Benefits are payable until the spouse's death or remarriage. Benefits may be paid to any minor children after the death of the spouse.

Post-retirement Benefit Increase: Members receive an increase equal to 3.00% of the original benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. The increase applies to both retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living. (Judges of the administrative adjudication and workers compensation courts receive a compound 3.00% increase, rather than a simple 3.00% increase.)

**PLAN NET ASSETS**
(Assets at Market or Fair Value)

Item	June 30, 2006	June 30, 2005
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 315,963	\$ 174,550
2. Receivables:		
a. Employer and member contributions	\$ -	\$ 17,901
b. Transfers receivable	-	-
c. Miscellaneous	6,755	-
d. Total receivables	\$ 6,755	\$ 17,901
3. Investments		
a. Pooled trust	\$ 24,849,236	\$ 19,699,922
b. Plan specific investments	-	-
c. Total	\$ 24,849,236	\$ 19,699,922
4. Invested securities lending collateral	\$ 4,784,720	\$ 2,987,786
5. Property and equipment	\$ 16,543	\$ 19,399
6. Total assets	\$ 29,973,217	\$ 22,899,558
7. Liabilities		
a. Due to other plans	\$ 118,008	\$ -
b. Securities lending liability	4,784,720	2,987,786
c. Accounts and vouches payable	14,665	19,263
d. Total liabilities	\$ 4,917,393	\$ 3,007,049
8. Total market value of assets available for benefits		
Total (Item 6 - Item 7)	\$ 25,055,824	\$ 19,892,509



RECONCILIATION OF PLAN NET ASSETS

	June 30, 2006	June 30, 2005
1. Market value of assets as of beginning of year	\$ 19,892,509	\$ 15,844,213
2. Contributions		
a. Members	\$ 564,695	\$ 497,233
b. State	2,291,665	2,056,558
c. Service purchases	-	-
d. Total	<u>\$ 2,856,360</u>	<u>\$ 2,553,791</u>
3. Investment earnings, net of investment expenses	\$ 2,478,300	\$ 1,764,696
4. Expenditures for the year		
a. Benefit payments	\$ (148,928)	\$ (145,209)
b. Cost-of-living adjustments	(12,062)	(7,706)
c. Post-retirement death benefits	-	-
d. Pre-retirement death benefits	-	-
e. Social security supplements	-	-
f. Supplemental pensions	-	-
g. Refunds	-	(91,431)
h. Administrative expenses	(10,355)	(25,845)
i. Total expenditures	<u>\$ (171,345)</u>	<u>\$ (270,191)</u>
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 25,055,824	\$ 19,892,509

ANALYSIS OF CHANGE IN EMPLOYER COST

Basis	Employer Cost
1. Employer contribution rates from prior valuation	32.07%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	0.40%
b. Salary (gain)/loss	1.03%
c. Total payroll growth (gain)/loss	(0.22%)
d. Investment experience (gain)/loss	(0.12%)
e. Changes in assumptions	(0.81%)
f. Changes in plan provisions	0.00
g. Total	<u>0.28</u>
3. Employer contribution rates from current valuation	32.35%

EMPLOYEES RETIREMENT SYSTEM
OF RHODE ISLAND

STATISTICAL INFORMATION

STATISTICAL INFORMATION



**Distribution of Active Members by Age and by Years of Service (Teachers)
As of 06/30/2006
Years of Credited Service**

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	12 \$44,987	24 \$33,618	16 \$37,187	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	52 \$37,340
25-29	13 \$56,414	88 \$35,437	80 \$39,943	128 \$40,921	170 \$43,678	303 \$48,448	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	782 \$43,977
30-34	120 \$50,310	405 \$36,519	379 \$42,254	67 \$44,643	151 \$46,981	1,008 \$53,277	142 \$66,219	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2,272 \$48,430
35-39	10 \$51,454	36 \$43,793	78 \$40,251	458 \$44,199	278 \$49,352	938 \$56,592	690 \$65,489	0 \$68,551	0 \$0	0 \$0	0 \$0	0 \$0	2,623 \$55,936
40-44	7 \$44,847	43 \$39,057	31 \$41,413	43 \$46,839	81 \$47,654	500 \$58,242	405 \$66,853	514 \$68,145	55 \$70,095	0 \$0	0 \$0	0 \$0	1,679 \$62,078
45-49	12 \$41,437	35 \$40,160	26 \$46,012	43 \$50,387	70 \$48,929	467 \$58,267	323 \$66,614	408 \$68,051	234 \$69,995	67 \$71,506	0 \$0	0 \$0	1,685 \$63,117
50-54	7 \$65,824	36 \$47,222	20 \$41,707	26 \$48,497	54 \$50,664	397 \$60,187	419 \$66,742	482 \$68,647	257 \$69,547	449 \$70,559	172 \$71,996	0 \$0	2,319 \$66,355
55-59	7 \$70,801	20 \$63,668	10 \$51,886	20 \$50,453	20 \$58,133	253 \$61,600	271 \$67,815	447 \$68,235	238 \$69,706	261 \$71,335	403 \$74,456	104 \$0	2,054 \$68,601
60-64	1 \$65,707	4 \$47,964	5 \$46,664	7 \$64,042	13 \$67,676	85 \$65,037	94 \$68,729	157 \$69,168	114 \$68,615	92 \$71,709	69 \$73,884	61 \$0	702 \$69,254
65 & Over	0 \$0	0 \$0	0 \$0	1 \$24,902	4 \$68,200	16 \$64,034	26 \$69,637	42 \$68,528	28 \$70,536	23 \$71,397	12 \$77,992	23 \$0	175 \$70,302
Total	189 \$51,102	691 \$38,411	645 \$41,877	793 \$44,636	841 \$48,247	3,967 \$56,423	2,370 \$66,581	2,185 \$68,363	926 \$69,649	892 \$70,997	656 \$74,708	188 \$0	14,343 \$59,916



MEMBERSHIP DATA (TEACHERS)

	June 30, 2006 (1)	June 30, 2005 (2)	June 30, 2004 (3)
1. Active members			
a. Number	14,343	14,469	14,556
b. Number vested	7,121	7,166	7,001
c. Total payroll supplied by ERSRI	\$ 859,367,272	\$ 840,372,663	\$ 810,064,092
d. Average salary	59,915	58,081	55,652
e. Average age	44.3	44.1	43.7
f. Average service	12.2	12.1	12.0
2. Inactive members			
a. Number	2,165	2,015	1,836
3. Service retirees			
a. Number	8,244	7,916	7,570
b. Total annual benefits	\$ 331,004,050	\$ 307,367,790	\$ 285,039,410
c. Average annual benefit	40,151	38,829	37,654
d. Average age	67.4	67.2	67.1
4. Disabled retirees			
a. Number	242	245	232
b. Total annual benefits	\$ 5,973,869	\$ 5,857,336	\$ 5,374,861
c. Average annual benefit	24,685	23,907	23,168
d. Average age	63.6	63.3	63.2
5. Beneficiaries and spouses			
a. Number	387	404	377
b. Total annual benefits	\$ 7,637,146	\$ 7,750,294	\$ 6,965,801
c. Average annual benefit	19,734	19,184	18,477
d. Average age	71.0	69.6	70.0



**Distribution of Active Members by Age and by Years of Service (State)
As of 06/30/2006
Years of Credited Service**

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	38 \$28,602	34 \$29,703	12 \$31,856	5 \$24,787	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	89 \$29,247
25-29	61 \$38,580	73 \$35,465	51 \$37,667	42 \$36,627	35 \$34,696	91 \$37,949	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	353 \$37,024
30-34	462 \$38,081	95 \$37,026	57 \$36,081	46 \$38,348	66 \$41,578	318 \$42,429	25 \$40,567	1 \$35,654	0 \$0	0 \$0	0 \$0	0 \$0	1,070 \$39,456
35-39	43 \$38,418	355 \$33,717	221 \$38,410	118 \$43,292	90 \$40,929	418 \$43,356	213 \$49,038	216 \$45,665	0 \$0	0 \$0	0 \$0	0 \$0	1,674 \$41,417
40-44	46 \$35,950	40 \$37,575	48 \$37,793	46 \$44,799	57 \$41,072	329 \$45,512	256 \$49,961	551 \$49,234	157 \$47,400	9 \$49,246	0 \$0	0 \$0	1,539 \$46,881
45-49	63 \$34,004	58 \$38,766	47 \$35,120	47 \$43,842	62 \$42,312	378 \$45,800	270 \$50,723	517 \$51,145	428 \$55,690	286 \$50,695	10 \$52,177	0 \$0	2,166 \$49,414
50-54	59 \$38,305	39 \$39,234	43 \$38,691	41 \$46,091	62 \$37,985	318 \$42,868	258 \$49,140	444 \$52,280	306 \$56,146	489 \$57,244	257 \$54,332	5 \$53,257	2,321 \$51,109
55-59	36 \$42,552	36 \$45,243	29 \$37,142	29 \$48,691	27 \$45,367	211 \$44,826	224 \$48,604	355 \$48,741	271 \$55,501	347 \$57,465	297 \$63,801	63 \$57,674	1,925 \$53,032
60-64	14 \$45,472	16 \$47,271	10 \$47,273	8 \$40,988	23 \$41,324	115 \$42,971	119 \$48,214	255 \$48,625	194 \$51,122	182 \$57,038	101 \$59,850	65 \$59,644	1,102 \$51,218
65 & Over	4 \$65,382	3 \$24,745	5 \$50,669	5 \$78,503	6 \$29,885	43 \$43,566	58 \$43,936	146 \$44,297	118 \$48,252	92 \$52,367	62 \$51,539	36 \$66,208	578 \$48,686
Total	826 \$37,738	749 \$35,817	523 \$37,821	387 \$43,096	428 \$40,459	2,221 \$43,791	1,423 \$49,048	2,485 \$49,437	1,474 \$53,671	1,405 \$55,568	727 \$58,699	169 \$60,119	12,817 \$47,725



MEMBERSHIP DATA (STATE EMPLOYEES)

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
	(1)	(2)	(3)
1. Active members			
a. Number	12,817	12,789	12,957
b. Number vested	7,677	7,997	8,519
c. Total payroll supplied by ERSRI	\$ 611,698,223	\$ 575,746,603	\$ 575,574,300
d. Average salary	47,726	45,019	44,422
e. Average age	47.9	47.8	47.6
f. Average service	14.4	14.5	14.6
2. Inactive members			
a. Number	2,424	2,343	2,158
3. Service retirees			
a. Number	8,265	8,120	7,956
b. Total annual benefits	\$ 185,902,200	\$ 173,107,820	158,434,050
c. Average annual benefit	22,493	21,319	19,914
d. Average age	72.7	72.7	73.0
4. Disabled retirees			
a. Number	690	675	646
b. Total annual benefits	\$ 11,207,178	\$ 10,442,049	\$ 9,555,557
c. Average annual benefit	16,242	15,470	14,792
d. Average age	62.5	62.4	62.1
5. Beneficiaries and spouses			
a. Number	1,086	1,098	1,072
b. Total annual benefits	\$ 15,212,187	\$ 14,950,539	14,057,050
c. Average annual benefit	14,008	13,616	13,113
d. Average age	76.3	75.6	75.4



HISTORICAL SUMMARY OF ACTIVE MEMBER DATA

Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount in \$ Millions	Percent Increase	\$ Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
State Employees								
1996	12,976	-4.2%	\$453	0.4%	34,900	4.8%	45.5	13.7
1997	12,865	(0.9%)	426	(6.0%)	33,103	(5.1%)	45.7	14.0
1998	13,105	1.9%	458	7.6%	34,963	5.6%	46.4	14.4
1999	13,369	2.0%	476	3.9%	35,606	1.8%	46.4	14.4
2000	13,305	(0.5%)	499	4.8%	37,510	5.3%	46.7	14.4
2001	13,594	2.2%	521	4.4%	38,321	2.2%	46.9	14.5
2002	13,795	1.5%	563	8.1%	40,812	6.5%	47.4	14.3
2003	13,281	(3.7%)	576	2.3%	43,364	6.3%	47.8	14.8
2004	12,957	(2.4%)	576	(0.1%)	44,422	2.4%	47.6	14.6
2005	12,789	(1.3%)	576	0.0%	45,019	1.3%	47.8	14.5
2006	12,817	0.2%	612	6.2%	47,726	6.0%	47.9	14.4
Teachers								
1996	12,391	2.6%	\$544	9.6%	43,900	6.8%	44.9	15.5
1997	12,681	2.3%	573	5.4%	45,193	2.9%	45.1	15.1
1998	12,883	1.6%	598	4.4%	46,453	2.8%	45.0	14.9
1999	13,282	3.1%	633	5.7%	47,642	2.6%	45.0	14.6
2000	13,607	2.4%	659	4.0%	48,402	1.6%	44.7	14.0
2001	14,092	3.6%	697	5.9%	49,491	2.3%	44.4	13.3
2002	14,710	4.4%	735	5.4%	49,986	1.0%	44.4	12.5
2003	14,410	(2.0%)	782	6.3%	54,248	8.5%	44.2	12.7
2004	14,556	1.0%	810	3.6%	55,652	2.6%	43.7	12.0
2005	14,469	(0.6%)	840	3.7%	58,081	4.4%	44.1	12.1
2006	14,343	(0.9%)	859	2.3%	59,915	3.2%	44.3	12.2



ACTIVE MEMBER STATISTICS

Unit Old	Number New	Unit	Code(s)	Active Employees as of June 30, 2006				Active Employees as of June 30, 2005			
				Number	Avg. Age	Avg. Service	Avg. Salary	Number	Avg. Age	Avg. Service	Avg. Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
General Employee Units											
3001	1002 1003	Barrington	---	---	---	---	---	6	43.1	15.6	\$34,665
3002	1012 1019	Bristol	B	102	47.6	11.7	39,628	102	47.0	11.7	34,524
3003	1032 1033	Burrillville	C	161	49.5	11.0	32,990	164	49.8	10.8	30,807
3004	1052	Central Falls		85	46.8	7.4	34,859	84	46.0	6.8	32,225
3005	1082	Charlestown	C	38	43.9	10.7	39,057	38	44.6	10.8	37,113
3007	1112 1113	Cranston	B	869	50.7	10.3	28,425	860	50.3	10.1	27,362
3008	1122 1123	Cumberland		269	50.2	8.7	28,663	273	49.8	8.2	27,841
3009	1152 1153	East Greenwich		15	51.8	11.2	59,978	13	52.8	13.1	57,679
3010	1162 1163	East Providence	B	476	49.2	10.6	36,340	472	48.8	10.4	34,914
3011	1183	Exeter/West Greenwich	B	76	50.8	9.3	25,907	75	50.3	9.2	23,468
3012	1192 1193	Foster		39	50.4	10.8	25,870	36	51.5	11.6	23,717
3013	1212 1213	Glocester	C	77	50.3	10.3	29,251	77	50.7	10.0	26,948
3014	1262	Hopkinton	C	36	51.6	8.2	37,763	35	51.2	7.7	37,518
3015	1272 1273	Jamestown	C	80	49.5	9.9	34,700	79	49.1	9.4	32,112
3016	1282 1283	Johnston	C	295	50.8	8.9	29,201	308	50.1	8.3	28,931
3017	1302 1303	Lincoln		22	47.4	4.8	43,355	22	48.2	5.2	42,132
3019	1322 1323	Middletown	C	122	48.9	12.2	35,642	123	48.6	11.7	34,145
3021	1352 1353 1354	Newport	B	309	49.6	11.8	34,536	319	49.5	11.7	33,453
3022	1342 1343	New Shoreham	B	61	47.5	5.9	32,157	57	48.2	5.6	31,284
3023	1372 1373	North Kingstown	C	377	51.1	11.0	29,476	386	50.7	10.8	28,115
3024	1382 1383	North Providence		249	49.3	10.3	27,415	240	48.6	10.4	25,302
3025	1392 1393	North Smithfield	B	93	49.8	9.0	30,537	96	49.2	8.8	27,840
3026	1412 1413	Pawtucket	C	629	48.7	11.6	33,615	667	48.3	11.3	31,099
3027	1515	Union Fire District		4	56.4	11.1	35,205	4	55.4	10.1	32,569
3029	1452	Richmond		23	50.4	5.8	24,516	19	50.2	6.5	25,055
3030	1462 1463	Scituate	B	101	50.6	7.9	28,064	99	49.7	8.1	26,967
3031	1472 1473	Smithfield	C	84	50.6	8.9	30,086	78	50.7	8.9	29,701
3032	1492 1493	South Kingstown	B	362	49.6	10.4	30,165	364	49.3	10.1	28,482
3033	1532 1533	Tiverton	C	77	50.2	9.1	32,780	72	51.4	9.6	31,809
3034	1562	Warren	C	44	43.9	9.2	36,130	42	43.0	9.3	37,840
3036	1622 1623	Westerly		1	55.3	23.9	57,494	1	54.3	22.9	55,291
3037	1602	West Greenwich	C	25	49.0	10.5	34,764	25	48.2	10.8	31,610
3039	1632 1633	Woonsocket	B	436	50.4	10.4	28,985	434	49.4	10.0	27,344
3040	1073	Chariho School District	C	170	49.5	9.4	25,498	178	48.8	8.8	24,253
3041	1203	Foster/Glocester	B	51	51.6	10.1	29,061	51	51.8	10.3	27,767
3042	1528	Tiogue Fire & Lighting	C,5	---	---	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	4	43.7	7.2	38,019	4	38.6	7.2	36,789
3045	1098	Coventry Lighting District	C	3	70.3	39.5	48,238	3	69.3	38.5	50,804
3046	1242	Hope Valley Fire	C	3	52.8	14.2	32,623	3	51.8	13.2	31,519
3050	1156	East Greenwich Housing	C	9	46.8	9.1	42,328	8	45.4	9.1	42,133
3051	1116	Cranston Housing	C	20	51.8	11.3	42,637	20	50.5	11.0	39,392
3052	1166	East Providence Housing	B	14	53.7	10.9	37,835	13	53.9	10.3	37,940
3053	1416	Pawtucket Housing	B	50	50.0	10.7	40,967	53	48.7	10.2	40,161
3056	1126	Cumberland Housing	C	13	46.8	6.5	36,906	15	45.4	4.8	33,898
3057	1306	Lincoln Housing	B	11	55.4	5.1	40,542	11	52.4	4.8	38,149



ACTIVE MEMBER STATISTICS

Unit Old	Number New	Unit	Code(s)	Active Employees as of June 30, 2006				Active Employees as of June 30, 2005			
				Number	Avg. Age	Avg. Service	Avg. Salary	Number	Avg. Age	Avg. Service	Avg. Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
General Employee Units											
3059	1016	Bristol Housing		8	49.7	8.6	\$33,517	8	48.8	7.7	\$31,518
3065	1036	Burrillville Housing	B	4	52.9	12.4	39,335	4	52.4	11.4	37,337
3066	1386	North Providence Housing	B	8	51.4	6.8	35,029	9	52.3	6.8	34,725
3067	1177	East Smithfield Water	C	4	39.9	4.9	40,249	3	44.3	5.4	39,176
3068	1227	Greenville Water	B	4	46.0	8.1	48,365	4	45.3	7.1	46,966
3069	1356	Newport Housing	C	35	50.7	10.1	40,986	37	50.8	9.3	39,873
3071	1566	Warren Housing	B	5	58.9	11.2	37,394	6	56.7	11.9	35,909
3072	1286	Johnston Housing		8	52.9	13.3	39,523	8	51.9	12.3	39,372
3077	1538	Tiverton Local 2670A	C	28	49.6	9.8	32,994	28	48.7	8.8	32,377
3078	1002 1003 1007 1009	Barrington COLA	C	184	50.1	10.0	35,049	173	50.0	10.1	32,449
3079	1096	Coventry Housing		11	47.9	5.2	32,792	12	46.5	4.0	30,269
3080	1496	South Kingstown Housing	C	5	49.5	2.6	38,764	5	45.2	2.3	37,102
3081	1403	N. RI Collaborative Adm. Services	C	78	47.1	4.4	22,655	79	46.8	4.0	20,874
3083	1616	West Warwick Housing	B	8	56.2	13.9	40,020	8	55.2	12.9	38,270
3084	1476	Smithfield Housing		3	46.2	10.7	33,414	3	45.2	9.6	28,881
3094	1478	Smithfield COLA	C	78	49.5	9.7	41,038	80	49.1	9.2	37,915
3096	1056	Central Falls Housing	C	19	43.9	5.8	37,489	19	44.0	4.8	31,673
3098	1293	Lime Rock Administrative Services		2	50.3	14.0	35,474	2	49.3	13.0	32,684
3099	1063	Central Falls Schools	C	166	49.4	8.2	26,542	170	48.3	7.6	25,085
3100	1023	Bristol/Warren Schools	B	145	50.9	9.4	27,846	151	50.4	8.8	26,393
3101	1157	Town of E. Greenwich-COLA-NCE	C	168	49.2	9.3	28,037	166	48.8	9.1	25,549
3102	1712	Town of Harrisville	C	4	43.2	8.8	41,393	4	42.2	7.8	36,807
3103	1702	Town of Albion	C	1	48.9	14.3	28,856	1	47.9	13.3	30,697
All General Employee Units				6,961	49.8	10.1	\$31,361	7,009	49.3	9.8	\$29,746
Police & Fire Units											
4016	1285	Johnston Fire	D	26	37.1	4.7	43,878	26	35.9	3.1	43,351
4029	1454	Richmond Fire District		11	34.3	4.7	35,502	9	31.9	4.5	33,192
4031	1474	Smithfield Police	C,D	19	32.7	3.7	49,228	14	31.6	3.8	38,573
4042	1555	Valley Falls Fire	D	14	41.0	12.8	44,790	13	40.3	12.7	43,088
4047	1395 1435	North Smithfield Voluntary Fire	B,D	21	41.0	9.2	46,234	21	39.9	8.5	44,702
4050	1155	East Greenwich Fire	C,D	40	40.7	9.6	48,049	37	40.4	9.9	46,946
4054	1154	East Greenwich Police	C,D	33	39.4	10.7	52,691	29	39.0	11.0	50,274
4055	1375	North Kingstown Fire	C,D	69	42.1	14.7	49,827	72	40.8	13.5	46,371
4056	1374	North Kingstown Police	C,D	47	38.5	12.0	50,436	50	37.3	10.7	47,320
4057	1235	Harris Fire Department	C	---	---	---	---	5	35.4	7.2	31,937
4058	1385	North Providence Fire	D	100	41.0	13.2	52,127	93	40.9	14.2	46,603



ACTIVE MEMBER STATISTICS

Unit Old	Number New	Unit	Code(s)	Active Employees as of June 30, 2006				Active Employees as of June 30, 2005			
				Number	Avg. Age	Avg. Service	Avg. Salary	Number	Avg. Age	Avg. Service	Avg. Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
4059	1008	Barrington Fire (25)	C	7	33.1	6.0	\$47,731	8	31.3	4.0	\$40,557
4060	1004	Barrington Police	C,D	23	38.6	11.4	52,638	22	37.8	10.9	49,296
4061	1005	Barrington Fire (20)	C,D	11	49.3	23.4	53,500	11	48.3	22.3	49,094
4062	1564 1565	Warren Police & Fire	C,D	23	37.2	11.1	51,189	23	36.2	10.1	46,631
4063	1494	South Kingstown Police	B,1	52	39.2	12.1	46,964	53	39.8	13.5	44,992
4073	1464	Scituate Police	3	---	---	---	---	---	---	---	---
4076	1394	North Smithfield Police	C,D	21	38.6	12.6	51,550	20	37.4	11.4	50,184
4077	1534	Tiverton Fire	C,D	33	38.2	8.7	41,180	29	38.5	9.8	42,098
4082	1194	Foster Police	C,D	6	41.4	11.0	51,085	5	41.5	16.1	46,318
4085	1634	Woonsocket Police	C,D	101	38.9	12.9	51,558	99	38.4	12.4	50,768
4086	1084	Charlestown Police	C,D	21	40.7	12.6	50,055	20	39.9	12.2	47,485
4087	1264	Hopkinton Police	C,D,6	15	38.4	11.0	50,393	14	37.8	10.5	46,977
4088	1214	Glocester Police	C,D	19	40.1	10.3	46,382	17	39.6	10.4	43,708
4089	1604	West Greenwich Police/Rescue	C,D	13	40.1	10.6	46,440	13	39.1	10.1	41,238
4090	1034	Burrillville Police	C,D,6	23	42.0	14.4	49,116	24	40.9	12.9	53,406
4091	1148	Cumberland Rescue	C,D	18	37.8	8.2	44,745	18	37.5	9.4	44,993
4092	1585	Washington Fire	D	---	---	---	---	10	38.7	11.5	43,699
4093	1635	Woonsocket Fire	C,D	111	38.9	11.9	51,347	107	38.3	11.3	47,044
4094	1015	Bristol Fire	D	1	49.5	5.5	44,969	3	47.6	7.2	44,402
4095	1135	Cumberland Hill Fire	C,D	14	37.6	11.8	44,425	14	37.4	12.5	41,751
4096	1014	Bristol Police	C,D	26	35.1	4.7	46,498	22	33.0	4.3	41,486
4098	1095	Coventry Fire	D	12	40.3	11.4	43,880	12	39.3	10.4	41,964
4099	1505	South Kingstown EMT	C,D	15	35.7	7.6	37,674	17	35.3	6.5	35,940
4100	1525	Tiogue Fire	---	---	---	---	---	6	38.9	8.6	35,849
4101	1365	North Cumberland	D	15	43.5	12.3	44,033	14	42.4	12.2	42,030
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	39	36.8	9.3	41,126	13	36.5	9.1	42,349
4103	1255	Hopkins Hill Fire	D	11	43.1	7.8	39,812	11	42.3	6.8	37,395
4104	1114	Cranston Police	C,D,4	113	35.7	6.7	43,912	106	35.1	6.1	40,914
4105	1115	Cranston Fire	C,D,4	116	39.9	11.2	55,250	114	39.2	10.4	49,194
4106	1125	Cumberland Fire	B,D	14	41.7	10.6	42,937	15	41.4	10.0	38,381
4107	1305	Lincoln Rescue	C	16	39.6	8.1	41,049	16	39.5	10.3	40,283
4108	1344	New Shoreham Police	B,D	6	38.8	4.7	44,830	4	38.4	5.9	43,658
4109	1324	Middletown Police & Fire	C,D	17	34.0	2.0	38,896	7	32.5	2.4	39,930
4110	1715	Harrisville Fire District	C,D	5	36.3	6.7	40,129	5	35.3	5.7	34,685
4111	1705	Albion Fire District	C	4	42.0	8.4	43,736	3	42.2	9.9	44,632
All Police & Fire Units				1,301	39.0	10.6	\$48,414	1,244	38.5	10.5	\$45,524
All MERS Units				8,262	48.1	10.2	\$34,046	8,253	47.7	9.9	\$32,125

- B - Municipality has adopted COLA Plan B
- C - Municipality has adopted COLA Plan C
- D - Municipality has adopted the 20-year optional Police & Fire Plan
- 1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.
- 2 - New unit in 2006 valuation
- 3 - Closed unit.
- 4 - Cranston Fire and Police are contributing 10% due to special plan provision
- 5 - This unit has no active members.
- 6 - Special plan provisions apply to this unit.



**Distribution of Active Members by Age and by Years of Service (General Employees)
As of 06/30/2006
Years of Credited Service**

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	8 \$21,597	9 \$30,944	6 \$29,423	4 \$22,272	6 \$29,046	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	33 \$27,005
25-29	20 \$30,498	13 \$28,308	14 \$27,615	21 \$30,083	33 \$31,611	30 \$30,927	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	131 \$30,285
30-34	22 \$28,912	17 \$29,238	20 \$30,429	21 \$28,116	26 \$32,011	95 \$34,108	18 \$32,747	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	219 \$31,937
35-39	32 \$27,406	28 \$32,044	32 \$26,452	29 \$29,465	49 \$32,223	153 \$32,218	68 \$36,224	60 \$39,778	2 \$34,527	0 \$0	0 \$0	0 \$0	453 \$32,897
40-44	44 \$27,753	41 \$24,253	47 \$25,596	84 \$27,890	95 \$25,197	271 \$31,833	132 \$33,315	149 \$37,741	31 \$40,965	0 \$0	0 \$0	0 \$0	894 \$31,844
45-49	264 \$25,989	232 \$27,140	210 \$25,553	189 \$26,351	134 \$27,496	474 \$28,427	200 \$33,517	178 \$36,721	57 \$42,511	42 \$41,236	3 \$34,127	0 \$0	1,983 \$29,329
50-54	42 \$35,005	36 \$28,179	43 \$31,871	46 \$24,744	80 \$25,875	354 \$27,890	269 \$31,823	206 \$34,776	83 \$38,892	71 \$43,284	29 \$41,598	2 \$41,927	1,261 \$31,921
55-59	21 \$28,181	23 \$30,315	32 \$30,826	30 \$30,047	40 \$27,885	245 \$30,807	225 \$30,273	237 \$33,062	118 \$37,368	59 \$43,788	34 \$46,871	11 \$51,716	1,075 \$33,156
60-64	6 \$31,145	17 \$30,101	18 \$25,725	15 \$34,257	20 \$24,097	134 \$28,374	107 \$31,698	146 \$30,798	65 \$32,555	42 \$43,411	22 \$47,471	5 \$49,454	597 \$31,958
65-69	8 \$24,938	3 \$21,504	3 \$21,185	11 \$19,495	9 \$20,821	62 \$30,582	53 \$30,226	59 \$34,328	32 \$35,267	36 \$33,737	26 \$33,344	13 \$37,390	315 \$31,584
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	467 \$27,466	419 \$27,732	425 \$26,990	450 \$27,237	492 \$27,564	1,818 \$29,878	1,072 \$32,570	1,035 \$34,848	388 \$37,743	250 \$41,705	114 \$42,225	31 \$44,712	6,961 \$31,361



**Distribution of Active Members by Age and by Years of Service (Police & Fire)
As of 06/30/2006
Years of Credited Service**

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	6 \$31,291	5 \$39,311	2 \$31,374	3 \$43,271	1 \$41,136	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	17 \$36,353
25-29	9 \$33,436	9 \$37,148	16 \$39,269	31 \$43,582	24 \$44,975	21 \$45,815	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	110 \$42,328
30-34	6 \$35,283	8 \$39,334	3 \$44,175	29 \$44,799	22 \$44,137	94 \$48,074	22 \$52,333	1 \$55,481	0 \$0	0 \$0	0 \$0	0 \$0	185 \$46,783
35-39	61 \$33,122	44 \$34,822	41 \$42,071	32 \$43,818	20 \$46,132	103 \$48,790	79 \$51,355	71 \$55,531	0 \$0	0 \$0	0 \$0	0 \$0	451 \$45,737
40-44	1 \$30,620	1 \$44,570	4 \$46,210	6 \$43,552	3 \$44,330	35 \$48,463	79 \$50,901	127 \$53,982	24 \$57,651	0 \$0	0 \$0	0 \$0	280 \$52,182
45-49	1 \$36,539	0 \$0	5 \$43,476	2 \$46,885	5 \$44,257	12 \$44,824	22 \$52,016	61 \$53,865	38 \$57,250	16 \$62,049	1 \$47,415	0 \$0	163 \$53,698
50-54	0 \$0	0 \$0	0 \$0	1 \$40,797	0 \$0	4 \$47,892	8 \$49,147	10 \$49,917	16 \$54,336	21 \$59,068	5 \$56,347	0 \$0	65 \$54,096
55-59	0 \$0	0 \$0	0 \$0	1 \$46,329	0 \$0	3 \$50,455	5 \$51,314	1 \$36,317	6 \$54,193	6 \$51,894	4 \$58,678	0 \$0	26 \$52,377
60-64	0 \$0	0 \$0	0 \$0	0 \$0	1 \$46,059	1 \$59,400	0 \$0	1 \$35,363	0 \$0	1 \$46,984	0 \$0	0 \$0	4 \$46,952
65-69	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	84 \$33,190	67 \$36,154	71 \$41,559	105 \$44,042	76 \$44,928	273 \$48,142	215 \$51,273	272 \$54,083	84 \$56,591	44 \$55,899	10 \$56,386	0 \$0	1,301 \$48,413



RETIRED MEMBER STATISTICS

			Retirees and Beneficiaries As of June 30, 2006				Retirees and Beneficiaries As of June 30, 2005		
Unit Number Old	Unit Number New	Unit	Code(s)	Number	Avg. Age	Avg Monthly Benefit	Number	Avg. Age	Avg. Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3001	1002 1003	Barrington		---	---	---	91	77.4	\$548
3002	1012 1019	Bristol	B	80	75.4	899	80	75.0	845
3003	1032 1033	Burrillville	C	75	72.5	830	70	72.5	774
3004	1052	Central Falls		25	71.9	637	24	71.3	633
3005	1082	Charlestown	C	9	70.6	1,334	7	70.8	1,355
3007	1112 1113	Cranston	B	493	73.5	963	496	73.3	942
3008	1122 1123	Cumberland		143	73.4	660	142	72.8	646
3009	1152 1153	East Greenwich		73	75.7	515	72	74.9	518
3010	1162 1163	East Providence	B	330	71.3	1,247	328	71.2	1,173
3011	1183	Exeter/West Greenwich	B	20	66.3	875	18	66.6	760
3012	1192 1193	Foster		14	74.1	557	13	74.0	478
3013	1212 1213	Glocester	C	19	68.4	670	18	68.2	644
3014	1262	Hopkinton	C	10	73.4	607	10	72.4	602
3015	1272 1273	Jamestown	C	23	66.9	1,180	23	67.7	1,160
3016	1282 1283	Johnston	C	165	74.6	895	160	74.4	878
3017	1302 1303	Lincoln		3	64.8	1,759	2	62.6	2,185
3019	1322 1323	Middletown	C	13	63.3	1,121	10	61.0	1,089
3021	1352 1353 1354	Newport	B	192	72.2	1,183	190	72.0	1,140
3022	1342 1343	New Shoreham	B	12	71.1	843	12	70.1	922
3023	1372 1373	North Kingstown	C	150	72.8	897	141	72.5	852
3024	1382 1383	North Providence		151	74.8	568	148	74.3	562
3025	1392 1393	North Smithfield	B	61	74.7	718	62	74.9	637
3026	1412 1413	Pawtucket	C	476	73.2	887	468	73.3	839
3027	1515	Union Fire District		---	---	---	---	---	---
3029	1452	Richmond		9	73.7	500	9	74.8	516
3030	1462 1463	Scituate	B	54	73.8	882	51	73.5	857
3031	1472 1473	Smithfield	C	80	74.6	647	84	74.7	609
3032	1492 1493	South Kingstown	B	113	71.4	899	110	72.1	812
3033	1532 1533	Tiverton	C	56	74.7	618	59	73.9	642
3034	1562	Warren	C	50	77.7	681	52	76.6	662
3036	1622 1623	Westerly		9	78.7	1,155	9	77.7	1,155
3037	1602	West Greenwich	C	8	69.0	827	7	69.6	739
3039	1632 1633	Woonsocket	B	289	74.6	724	294	74.1	685
3040	1073	Charlho School District	C	31	65.5	903	28	65.2	759
3041	1203	Foster/Glocester	B	21	71.4	829	20	70.3	816
3042	1528	Tiogue Fire & Lighting	C,5	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	1	70.8	437	1	69.8	437
3045	1098	Coventry Lighting District	C	---	---	---	---	---	---
3046	1242	Hope Valley Fire	C	---	---	---	---	---	---
3050	1156	East Greenwich Housing	C	---	---	---	---	---	---
3051	1116	Cranston Housing	C	10	75.4	639	10	74.4	629
3052	1166	East Providence Housing	B	9	77.0	719	9	76.0	701
3053	1416	Pawtucket Housing	B	22	73.2	1,062	21	74.0	980
3056	1126	Cumberland Housing	C	5	73.5	708	5	72.5	705
3057	1306	Lincoln Housing	B	6	75.9	1,148	6	75.2	1,125
3059	1016	Bristol Housing		5	72.1	1,069	5	71.1	1,069
3065	1036	Burrillville Housing	B	1	65.0	1,222	1	64.0	1,189
3066	1386	North Providence Housing	B	5	69.0	1,428	5	70.4	1,317
3067	1177	East Smithfield Water	C	3	66.2	852	3	65.2	829
3068	1227	Greenville Water	B	1	60.3	2,543	1	59.3	2,471



RETIRED MEMBER STATISTICS

Unit Number		Unit	Retirees and Beneficiaries As of June 30, 2006				Retirees and Beneficiaries As of June 30, 2005		
Old	New		Code(s)	Number	Avg. Age	Avg Monthly Benefit	Number	Avg. Age	Avg. Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3069	1356	Newport Housing	C	19	64.5	\$1,647	17	63.8	\$1,652
3071	1566	Warren Housing	B	4	66.7	1,390	3	75.0	1,420
3072	1286	Johnston Housing		3	83.5	560	3	82.5	560
3077	1538	Tiverton Local 2670A	C	10	68.2	859	10	67.2	838
30781002 1003 1007 1009		Barrington COLA	C	110	75.7	745	15	66.3	1,560
3079	1096	Coventry Housing		7	74.4	656	7	73.4	656
3080	1496	South Kingstown Housing	C	1	85.1	246	1	84.1	246
3081	1403	N. RI Collaborative Adm. Services	C	4	55.7	1,555	2	48.1	1,616
3083	1616	West Warwick Housing	B	3	76.1	858	3	75.1	837
3084	1476	Smithfield Housing		---	---	---	---	---	---
3094	1478	Smithfield COLA	C	12	65.5	1,531	9	66.0	1,438
3096	1056	Central Falls Housing	C	10	70.0	1,033	12	69.2	932
3098	1293	Lime Rock Administrative Services		---	---	---	---	---	---
3099	1063	Central Falls Schools	C	26	67.7	754	26	66.2	757
3100	1023	Bristol/Warren Schools	B	65	66.9	991	59	66.7	919
3101	1157	Town of E. Greenwich-COLA-NCE	C	14	59.4	2,343	10	58.1	2,492
3102	1712	Town of Harrisville	C	---	---	---	---	---	---
3103	1702	Town of Albion	C	---	---	---	---	---	---
All General Employee Units				3,614	73.0	\$897	3,553	72.8	\$855
Police and Fire Units									
4016	1285	Johnston Fire	D	1	43.2	\$2,557	1	42.2	2,557
4029	1454	Richmond Fire District		1	45.8	2,199	1	44.8	2,199
4031	1474	Smithfield Police	C,D	1	78.5	238	1	77.5	238
4042	1555	Valley Falls Fire	D	5	61.2	1,505	5	60.2	1,505
4047	1395 1435	North Smithfield Voluntary Fire	B,D	6	59.9	2,144	6	58.9	2,088
4050	1155	East Greenwich Fire	C,D	19	64.4	1,854	18	64.4	1,817
4054	1154	East Greenwich Police	C,D	18	61.8	2,204	18	60.8	2,115
4055	1375	North Kingstown Fire	C,D	48	65.2	1,887	48	65.0	1,822
4056	1374	North Kingstown Police	C,D	20	54.7	2,863	20	55.1	2,871
4057	1235	Harris Fire Department	C	---	---	---	1	35.6	1,800
4058	1385	North Providence Fire	D	38	57.1	2,036	36	56.5	2,035
4059	1008	Barrington Fire (25)	C	1	60.0	3,803	1	59.0	3,698
4060	1004	Barrington Police	C,D	25	64.0	1,717	25	63.0	1,696
4061	1005	Barrington Fire (20)	C,D	30	67.5	1,369	29	66.8	1,291
4062	1564 1565	Warren Police & Fire	C,D	26	64.6	1,642	24	64.5	1,721
4063	1494	South Kingstown Police	B,1	32	61.3	2,190	27	62.0	1,994
4073	1464	Scituate Police	3	1	77.0	497	1	76.0	497
4076	1394	North Smithfield Police	C,D	11	62.9	2,022	12	62.3	1,867
4077	1534	Tiverton Fire	C,D	18	61.4	1,609	16	63.6	1,460
4082	1194	Foster Police	C,D	5	58.1	1,680	4	61.7	1,531
4085	1634	Woonsocket Police	C,D	15	44.2	2,500	13	43.3	2,241
4086	1084	Charlestown Police	C,D	8	50.6	2,242	8	49.6	2,189
4087	1264	Hopkinton Police	C,D,6	3	60.3	1,934	3	59.3	1,876
4088	1214	Glocester Police	C,D	7	55.5	1,299	7	54.5	1,266
4089	1604	West Greenwich Police/Rescue	C,D	3	60.9	1,573	3	59.9	1,559
4090	1034	Burrillville Police	C,D,6	8	63.0	2,157	8	62.0	2,117
4091	1148	Cumberland Rescue	C,D	3	46.1	1,333	3	45.1	1,305
4092	1585	Washington Fire	D	---	---	---	1	50.9	2,552



RETIRED MEMBER STATISTICS

Unit Number			Retirees and Beneficiaries As of June 30, 2006				Retirees and Beneficiaries As of June 30, 2005		
			Code(s)	Number	Avg. Age	Avg Monthly Benefit	Number	Avg. Age	Avg. Monthly Benefit
Old	New	Unit	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
4093	1635	Woonsocket Fire	C,D	3	34.3	\$1,998	4	29.4	\$1,607
4094	1015	Bristol Fire	D	1	56.9	1019.1	---	---	---
4095	1135	Cumberland Hill Fire	C,D	5	54.3	2,265	4	54.4	2,262
4096	1014	Bristol Police	C,D	---	---	---	---	---	---
4098	1095	Coventry Fire	D	4	49.2	1,907	4	48.2	1,907
4099	1505	South Kingstown EMT	C,D	---	---	---	---	---	---
4100	1525	Tiogue Fire	---	---	---	---	1	52.3	2,528
4101	1365	North Cumberland	D	4	47.0	1,714	4	46.0	1,714
41021045	1235 1525 1585	Central Coventry Fire	C,D	7	54.8	1,989	3	56.9	2,054
4103	1255	Hopkins Hill Fire	D	---	---	---	---	---	---
4104	1114	Cranston Police	C,D,4	5	42.9	3,269	5	41.9	3,109
4105	1115	Cranston Fire	C,D,4	1	43.3	3457.1	---	---	---
4106	1125	Cumberland Fire	B,D	5	58.5	2,129	4	59.4	1,917
4107	1305	Lincoln Rescue	C	3	48.9	2,005	2	49.4	2,042
4108	1344	New Shoreham Police	B,D	1	46.9	3,344	1	45.9	3,144
4109	1324	Middletown Police & Fire	C,D	---	---	---	---	---	---
4110	1715	Harrisville Fire District	C,D	---	---	---	---	---	---
4111	1705	Albion Fire District	C	1	64.1	1,625	1	63.1	1,579
All Police & Fire Units				393	59.9	\$1,961	373	59.6	\$1,895
All MERS Units				4,007	71.7	\$1,001	3,926	71.6	\$954

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the 20-year optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2006 valuation

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



Distribution of Active Members by Age and by Years of Service (State Police)

As of 06/30/2006

Years of Credited Service

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	0 \$0	4 \$56,942	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	4 \$56,942
25-29	0 \$0	9 \$56,942	0 \$0	0 \$0	0 \$0	2 \$71,964	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	11 \$59,673
30-34	0 \$0	13 \$57,482	0 \$0	0 \$0	0 \$0	13 \$72,022	1 \$78,873	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	27 \$65,275
35-39	0 \$0	7 \$57,343	0 \$0	0 \$0	0 \$0	21 \$71,422	25 \$78,552	8 \$90,783	0 \$0	0 \$0	0 \$0	0 \$0	61 \$75,268
40-44	0 \$0	1 \$56,942	0 \$0	0 \$0	0 \$0	14 \$74,881	27 \$80,202	15 \$89,158	0 \$0	0 \$0	0 \$0	0 \$0	57 \$80,844
45-49	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	3 \$72,655	8 \$80,487	7 \$97,353	0 \$0	0 \$0	0 \$0	0 \$0	18 \$85,741
50-54	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$85,243	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$85,243
55-59	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
60-64	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
65 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	0 \$0	34 \$57,231	0 \$0	0 \$0	0 \$0	53 \$72,573	62 \$79,633	30 \$91,503	0 \$0	0 \$0	0 \$0	0 \$0	179 \$75,277



MEMBERSHIP DATA (STATE POLICE)

	June 30, 2006	June 30, 2005
	(1)	(2)
1. Active members		
a. Number	179	181
b. Number vested	0	0
c. Total payroll supplied by State (for benefits)	\$ 13,474,588	\$ 13,225,400
d. Average salary	\$ 75,277	\$ 73,069
e. Average age	37.9	36.9
f. Average service	9.6	8.6
2. Inactive members		
a. Number	2	1
3. Service retirees		
a. Number	1	1
b. Total annual benefits	\$ 73,779	\$ 72,279
c. Average annual benefit	73,779	72,279
d. Average age	67.6	66.6
4. Disabled retirees		
a. Number	2	1
b. Total annual benefits	\$ 95,911	\$ 59,154
c. Average annual benefit	47,956	59,154
d. Average age	39.9	38.2
5. Beneficiaries and spouses		
a. Number	0	0
b. Total annual benefits	\$ -	\$ -
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A

Historical Summary of Active Member Data (State Police)

Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount	Percent Increase	Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	97	—	\$4,948,746	—	\$51,018	—	31.1	3.8
1997	96	(1.0%)	\$5,370,985	8.5%	\$55,948	9.7%	32.2	4.8
1998	130	35.4%	\$7,211,874	34.3%	\$55,476	(0.8%)	32.3	4.4
1999	130	0.0%	\$7,502,433	4.0%	\$57,711	4.0%	33.3	5.4
2000	152	16.9%	\$8,916,914	18.9%	\$58,664	1.7%	33.7	5.5
2001	151	(0.7%)	\$9,139,418	2.5%	\$60,526	3.2%	34.7	6.6
2002	150	(0.7%)	\$10,933,360	19.6%	\$72,889	20.4%	35.5	7.5
2003	150	0.0%	\$11,286,365	3.2%	\$75,242	3.2%	36.6	8.4
2004	148	(1.3%)	\$11,421,880	1.2%	\$77,175	2.6%	37.6	9.5
2005	181	22.3%	\$13,225,400	15.8%	\$73,069	(5.3%)	36.9	8.6
2006	179	(1.1%)	\$13,474,588	1.9%	\$75,277	3.0%	37.9	9.6



**Distribution of Active Members by Age and by Years of Service (Judges)
As of 06/30/2006
Years of Credited Service**

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 30	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
30-34	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
35-39	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
40-44	0 \$0	1 \$121,265	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$121,265
45-49	0 \$0	0 \$0	1 \$158,150	0 \$0	0 \$0	2 \$127,328	4 \$140,122	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	7 \$139,042
50-54	0 \$0	1 \$127,328	0 \$0	1 \$148,736	3 \$135,134	3 \$133,526	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8 \$135,255
55-59	0 \$0	0 \$0	1 \$135,803	1 \$143,654	0 \$0	1 \$144,757	3 \$147,555	4 \$158,250	0 \$0	0 \$0	0 \$0	0 \$0	10 \$149,988
60-64	0 \$0	0 \$0	1 \$125,911	1 \$142,486	0 \$0	3 \$128,744	5 \$137,492	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	10 \$134,209
65-69	1 \$132,816	0 \$0	0 \$0	0 \$0	0 \$0	1 \$153,403	4 \$126,973	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	6 \$132,352
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$135,676	3 \$131,537	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	4 \$132,572
Total	0 \$0	3 \$130,749	3 \$139,955	3 \$144,959	3 \$135,134	9 \$131,803	20 \$142,073	4 \$158,250	0 \$0	0 \$0	0 \$0	0 \$0	45 \$140,290



MEMBERSHIP DATA (STATE JUDGES)

	June 30, 2006	June 30, 2005
	(1)	(2)
1. Active members		
a. Number	45	44
b. Number vested	8	7
c. Total annualized payroll supplied by State	\$ 6,313,069	\$ 5,684,585
d. Average salary	\$ 140,290	\$ 129,195
e. Average age	58.3	58.3
f. Average service	9.0	8.4
2. Inactive members		
a. Number	0	0
3. Service retirees		
a. Number	1	1
b. Total annual benefits	\$ 103,192	\$ 100,428
c. Average annual benefit	\$ 103,192	\$ 100,428
d. Average age	78.0	77.0
4. Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ -	\$ -
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A
5. Beneficiaries and spouses		
a. Number	2	1
b. Total annual benefits	\$ 105,827	\$ 54,665
c. Average annual benefit	\$ 52,913	\$ 54,665
d. Average age	75.8	76.7

Historical Summary of Active Member Data (State Judges)

Valuation as of June 30,	Active Members		Covered Payroll		Average		Average Age	Average Service
	Number	Percent Increase	Amount	Percent Increase	Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	27	—	\$ 2,596,860	—	\$ 96,180	—	51.5	3.2
1997	28	3.7%	2,815,218	8.4%	100,544	4.5%	53.0	4.1
1998	29	3.6%	3,039,957	8.0%	104,826	4.3%	54.0	4.9
1999	29	0.0%	3,169,183	4.3%	109,282	4.3%	55.0	5.9
2000	31	6.9%	3,533,354	11.5%	113,979	4.3%	55.9	6.5
2001	35	12.9%	4,092,423	15.8%	116,926	2.6%	55.4	6.4
2002	39	11.4%	4,738,059	15.8%	121,489	3.9%	55.6	7.5
2003	42	7.7%	5,303,153	11.9%	126,266	3.9%	55.8	7.6
2004	44	4.8%	5,637,865	6.3%	128,133	1.5%	56.9	8.2
2005	44	0.0%	5,684,585	0.8%	129,195	0.8%	58.3	8.4
2006	45	2.3%	6,313,069	11.1%	140,290	8.6%	58.3	9.0

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