

REPORT OF THE ACTUARY

It is difficult to draw any reliable conclusions regarding the progress of the system because of the limited period of its operations and its relatively small membership. Increased participation in the system on the part of the cities and towns will probably occur as the result of the 1959 amendments to the retirement law removing the offset of social security which has established a more equitable retirement plan.

The financial provisions of the system reflect the accrual method of operations. Contributions by the members and the cities or towns are made in accordance with accruing actuarial requirements. Reserves are being accumulated to meet in full the liabilities which will eventually mature under the established benefit schedule. Thus, a sound financial condition will be assured at all times.

The results of our valuation of the system as of June 30, 1960 are presented herewith.

MEMBERSHIP

<u>Barrington -</u>	<u>Male</u>	<u>Female</u>
Number of members	88	23
Annual salaries	\$332,047	\$58,442
Average salary	\$3,773	\$2,541
Average age	47.7 yrs.	43.3 yrs.
Average service	10.5 yrs.	8.3 yrs.

<u>Bristol -</u>	<u>Male</u>	<u>Female</u>
Number of members	36	15
Annual salaries	\$118,332	\$38,808
Average salary	\$3,287	\$2,587
Average age	51.7 yrs.	44.5 yrs.
Average service	9.1 yrs.	8.1 yrs.

<u>East Greenwich -</u>		
Number of members	26	12
Annual salaries	\$90,476	\$34,305
Average salary	\$3,480	\$2,859
Average age	48.8 yrs.	47.8 yrs.
Average service	11.2 yrs.	7.9 yrs.

<u>North Kingstown -</u>		
Number of members	63	26
Annual salaries	\$220,734	\$65,493
Average salary	\$3,504	\$2,519
Average age	47.7 yrs.	39.7 yrs.
Average service	8.5 yrs.	5.2 yrs.

<u>Smithfield -</u>		
Number of members	27	10
Annual Salaries	\$97,550	\$25,346
Average salary	\$3,613	\$2,535
Average age	48.0 yrs.	39.5 yrs.
Average service	7.0 yrs.	6.6 yrs.

	<u>Male</u>	<u>Female</u>
<u>South Kingstown -</u>		
Number of members	40	20
Annual salaries	\$129,160	\$49,148
Average salary	\$3,229	\$2,457
Average age	43.9 yrs.	46.5 yrs.
Average service	5.7 yrs.	4.4 yrs.
<u>Warren -</u>		
Number of members	36	4
Annual salaries	\$136,568	\$11,757
Average salary	\$3,794	\$2,939
Average age	54.1 yrs.	46.3 yrs.
Average service	14.8 yrs.	13.8 yrs.

PENSIONERS

	<u>Male</u>	<u>Female</u>
Number of pensioners	18	2
Annual pensions	\$12,370	\$658
Average annual pension	\$687	\$329
Average age	76.2 yrs.	72.0 yrs.

ACCRUED LIABILITY

The accrued liabilities of the seven towns participating in the system has been established at the following amounts.

	<u>Total</u>	<u>Annual Amortization Payment</u>
Barrington	\$141,383.00	\$8,614.00
Bristol	47,122.00	2,871.00
East Greenwich	47,122.00	2,871.00
North Kingstown	65,990.00	4,020.00
Smithfield	31,729.00	1,821.00
South Kingstown	15,101.00	919.00
Warren	<u>89,550.00</u>	<u>5,456.00</u>
Total	<u>\$437,997.00</u>	<u>\$26,572.00</u>

The foregoing liabilities are being amortized over a period of 25 years from July 1, 1959.

Current service cost

The accruing cost on account of current service has been computed and is presented below as a percentage of future payrolls:

<u>Town</u>	<u>Per Cent of Payroll</u>
Barrington	4.48%
Bristol	5.36
East Greenwich	4.27
North Kingstown	3.96
Smithfield	3.89
South Kingstown	4.32
Warren	5.02

Total cost to participating towns

The cost to the several towns for participation in the retirement system as a percentage of payroll is as follows:

<u>Town</u>	<u>Cost as percentage of payroll</u>
Barrington	6.78%
Bristol	7.30
East Greenwich	7.04
North Kingstown	5.61
Smithfield	5.52
South Kingstown	5.09
Warren	8.88

VALUATION OF RESERVES

Under the law, the system is required to maintain three reserve accounts, namely: Members' Contribution Reserve, Employer's Accumulation Reserve and Retirement Reserve. A valuation of these reserves has been completed based upon the limited experience to date. This valuation has disclosed that, with the exception of the Town of North Kingstown, the balances thereof are adequate to meet the accrued pension credits under the prescribed method of financing. The deficiency in the case of that Town is temporary and should be removed by future contributions. If the deficiency persists for several years, or if it recurs in the future after it has been eliminated, an upward adjustment in the rate of contributions on the part of that Town may be necessary.

In the Retirement Reserve, a pooling of risks occurs among all participating units in the system. It is noted that the reserve balance is \$121,738.07 compared with the actuarial value of the annuities chargeable to this reserve of \$124,210.31. No change in this situation is necessary because of the relatively short period of operations.

CONCLUSION

The continued operations of the system will develop trends in basic factors. These will be analyzed and evaluated from time to time and discussed in our annual report.

The rates of contribution on the part of the cities and towns are reviewed currently in each annual valuation. A check is made continuously of the system's operations in order to insure that adequate reserves are being accumulated to meet the prescribed benefit obligations.

Respectfully submitted,

A. A. Weinberg
Actuary

FINANCIAL STATEMENTS

Reproduced from the Report of Examination
and Supplementary Data by Ernst & Ernst,
Accountants and Auditors, dated September 7,
1960.

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*Reference should to State Bureau of
Audits

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

BALANCE SHEET

JUNE 30, 1960

ASSETS

Cash	\$ 3,162.78
Investments	<u>328,205.87</u>
Total Assets	<u><u>\$331,368.65</u></u>

RESERVES

Members' Contribution Reserve	\$118,981.12
Employers' Accumulation Reserve	90,649.46
Retirement Reserve	<u>121,738.07</u>
Total Reserves	<u><u>\$331,368.65</u></u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Cash Receipts and Disbursements
Fiscal Year Ended June 30, 1960

Cash Balance July 1, 1959 \$19,546.54

Receipts:

Members' Contributions	\$53,798.39	
Municipality Contributions	79,456.00	
Investment Earnings	8,519.25	
Sale of Investments	<u>38,000.00</u>	
Total Receipts		<u>179,773.64</u>
Total Available		<u>\$199,320.18</u>

Disbursements:

Members' Contributions Refunded	\$ 6,062.54	
Benefits Paid:		
Monthly Retirement Allowances	7,667.59	
Death Benefit	2,975.58	
Investment Purchases	178,432.47	
Accrued Interest on Investments	446.16	
Premiums or Discounts (net)	561.21	
Commission, Postage and Insurance	<u>11.85</u>	
Total Disbursements		<u>196,157.40</u>
Cash Balance June 30, 1960		<u><u>\$ 3,162.78</u></u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1960

	<u>Members' Reserve</u>	<u>Employers' Reserve</u>	<u>Retirement Reserve</u>
Fund Balance July 1, 1959	\$ 74,996.50	\$ 95,123.22	\$ 37,200.22
<u>Receipts:</u>			
Members' Contributions	53,798.39		
Municipality Contributions		79,456.00	
Transfers from Members Reserve			3,751.23
Transfers from Employers' Reserve			80,954.18
Total Receipts	<u>\$53,798.39</u>	<u>\$ 79,456.00</u>	<u>\$ 84,705.41</u>
Total Available	<u>\$128,794.89</u>	<u>\$174,579.22</u>	<u>\$121,905.63</u>
<u>Disbursements:</u>			
Refunds of Members' Contributions	\$ 6,062.54		
Benefits Paid:			
Monthly Retirement Allowances			7,667.59
Ordinary Death Benefits		2,975.58	
Transfers to Retirement Reserve	3,751.23	80,954.18	
Total Disbursements	<u>\$ 9,813.77</u>	<u>\$ 83,929.76</u>	<u>\$ 7,667.59</u>
Fund Balance Before Transfer of Income	\$118,981.12	\$ 90,649.46	\$114,238.04
Plus: Net Income			7,500.03
Fund Balance July 1, 1960	<u>\$118,981.12</u>	<u>\$ 90,649.46</u>	<u>\$121,738.07</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1960

(continued)

	<u>Members' Reserve</u>	<u>Employers' Reserve</u>	<u>Retirement Reserve</u>
<u>Allocation of Fund Balance:</u>			
Barrington	\$ 36,705.65	\$ 24,782.33	
Bristol	15,526.22	23,586.32	
East Greenwich	10,273.80	6,362.23	
North Kingstown	25,504.65	(2,347.54)*	
Smithfield	4,603.48	3,626.00	
South Kingstown	12,737.41	20,010.00	
Warren	13,629.91	14,630.12	
Total	<u>\$118,981.12</u>	<u>\$ 90,649.46</u>	

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Municipal Employees' Retirement System
State of Rhode Island

INVESTMENTS - JUNE 30, 1960

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
United States of America: Certificates of In- debtedness	4-7/8%	2/15/61	\$ 10,000
Treasury Notes	4-5/8	5/15/65	25,000
TOTAL UNITED STATES OF AMERICA			\$ 35,000
International Bank for Recon- struction and Development: Bonds	3-3/4	5/15/68	\$ 25,000
Municipalities: City of East Providence: Elementary School	3-3/4	2/ 1/78	\$ 15,000
City of Pawtucket: School Repair and Re- construction	3.60	5/ 1/74	10,000
TOTAL MUNICIPALITIES			\$ 25,000
Public Utilities: Consolidated Natural Gas: Debentures	5	2/ 1/85	\$ 10,000
Dallas Power & Light Co.: First Mortgage	5-1/4	12/ 1/89	10,000
Illinois Bell Telephone Co.: First Mortgage, Series F	4-3/8	3/ 1/94	25,000
Louisiana Power & Light Co.: First Mortgage	5	4/ 1/90	25,000

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INVESTMENTS - MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - CONTINUED

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Public Utilities - continued Public Service Electric and Gas Co.: First Refunding Mort- gage	4-5/8%	8/ 1/88	\$ 25,000
Puget Sound Power & Light Company: First Mortgage	4-1/8	5/ 1/88	25,000
TOTAL PUBLIC UTILITIES			\$120,000
Bank Stocks: Bank of America - 200 shares			\$ 7,625
First National Bank of Boston - 125 shares			6,912
Morgan Guaranty Trust Company of New York 100 shares			7,438
TOTAL BANK STOCKS			\$ 21,975
Corporate Stocks: Abbott Laboratories - 100 shares			\$ 5,669
Allied Chemical Corporation - 200 shares			10,288
American Telephone & Telegraph Co. - 100 shares			8,547
Commonwealth Edison Co. - 100 shares			5,870
Consumers Power Co. - 100 shares			5,407
E. I. duPont deNemours & Co., Inc. - 25 shares			5,812

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INVESTMENTS - MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - CONTINUED

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) or Cost (Stocks)</u>
Corporate Stocks - continued			
General Electric Company - 90 shares			\$ 7,549
Monsanto Chemical Co. - 200 shares			8,204
Northern States Power Co. - 300 shares			7,343
J. C. Penney Co. - 150 shares			5,555
Standard Oil Company of New Jersey - 200 shares			9,798
Union Bag-Camp Paper Corporation - 200 shares			8,116
United States Steel Corporation: 150 shares			<u>13,072</u>
TOTAL CORPORATE STOCKS			<u>\$101,230</u>
TOTAL INVESTMENTS - MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM			<u><u>\$328,205</u></u>

A P P E N D I X

Summary of Benefit and Contribution
provisions

Statistical Tables