

REPORT OF THE ACTUARY

Measured by the usual standards applicable to a valuation of the operating experience of a retirement system, the Municipal Employees' Retirement System made satisfactory progress during the year. It has continued to maintain a sound financial condition. This is evidenced by the results of an actuarial analysis of the Retirement Reserve. This reserve represents a pooling of risks on the part of all participating municipalities in the case of those in receipt of retirement allowances. The results of this analysis are as follows:

	<u>Male</u>	<u>Female</u>
Number on pension roll	23	2
Annual payments	\$16,759.67	\$658.23
Average annual payment	\$728.68	\$329.12
Average age	70.9	73.0
Actuarial Reserve requirements	\$157,316.95	\$6,369.84

The total actuarial reserve requirements on account of these allowances, amounting to \$163,686.79, compares with the balance in the Retirement Reserve at June 30, 1961 of \$172,868.26. This is indicative of financial solvency for this phase of the system's operations.

Last year a small deficit existed in this reserve. In explanation thereof, it was pointed out that it was difficult to draw any reliable conclusions from the limited period of the system's operations, and that a much broader experience was necessary to establish a more definite basic trend.

ACCRUED LIABILITY

The accrued liability consists of the pension credits earned by the members during service prior to the effective date of participation of the municipalities. The contribution rate for the amortization of this liability over a period of 25 years from the effective date in the case of each municipality was previously established. Such rate is still applicable. The rate is to be applied against the latest payroll for each municipality to obtain the amount payable by the municipality for the fiscal year beginning July 1, 1961. The following statement illustrates the current amounts payable on account of the accrued liability by the several municipalities:

<u>Name of Municipality</u>	<u>Rate of Prior Service Contribution</u>	<u>Current Amount Payable</u>
Barrington	2.30%	\$ 9,556.19
Bristol	1.94	2,115.22
East Greenwich	2.77	2,982.71
North Kingstown	1.65	4,371.51
Smithfield	1.63	1,782.24
South Kingstown	0.77	1,588.55
Warren	3.86	<u>4,984.25</u>
Total		<u>\$27,380.67</u>

CURRENT SERVICE COST

The accruing cost on account of current service has been established and is presented below both as a percentage of payroll and in terms of dollar amounts:

<u>Name of Municipality</u>	<u>Rate of Contribution</u>	<u>Current Amount Payable</u>
Barrington	4.48%	\$18,613.80
Bristol	5.36	5,844.12
East Greenwich	4.27	4,597.89
North Kingstown	3.96	10,491.62
Smithfield	3.89	4,253.33
South Kingstown	4.32	8,912.40
Warren	5.02	<u>6,482.11</u>
Total		<u>\$59,195.27</u>

GENERAL COMMENT

The system is developing satisfactorily in fulfillment of its purposes and objectives. A broadening of coverage will no doubt occur as other cities and towns in the State recognize its value as a means of providing supplemental benefits to federal social security. The two programs will serve to give the employees an adequate measure of security for old age, disability and death.

The annual valuations that are made in accordance with the directives of the governing law serve as a continuous check of the financial operations of the system and as a means of verifying the adequacy and correctness of rates of contributions. Thus the maintenance of a sound and secure financial condition for the system is assured.

A. A. Weinberg

Actuary.

FINANCIAL STATEMENTS

Reproduced from the Report on Examination of Financial Records dated December 15, 1961.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

BALANCE SHEET

JUNE 30, 1961

ASSETS

Cash		\$ 3,924.11
Investments -		
Bonds at par value	\$284,000.00	
Stocks at cost	<u>179,580.75</u>	<u>463,580.75</u>
Total Assets		<u>\$467,504.86</u>

RESERVES

Members' Contribution Reserve	\$167,481.37
Employers' Accumulation Reserve	127,155.23
Retirement Reserve	<u>172,868.26</u>
Total Reserves	<u>\$467,504.86</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Cash Receipts and Disbursements
Fiscal Year Ended June 30, 1961

Cash Balance July 1, 1960 \$ 3,162.78

Receipts:

Members' Contributions	\$ 59,488.38	
Municipalities' Contributions	91,819.00	
Investment Earnings	15,073.54	
Sale of Investments	19,000.00	
Discounts Received - Investments	253.90	
Refunds of Benefits	8.13	
Total Receipts		<u>185,642.95</u>
Total Available		\$188,805.73

Disbursements:

Members' Contributions Refunded	\$ 8,361.26	
Benefits Paid:		
Monthly Retirement Allowances	15,427.82	
Ordinary Death Benefits	5,200.00	
Investment Purchases	154,374.88	
Accrued Interest Paid - Investments Purchased	254.74	
Premiums and Discounts - Purchase Commission, Postage and Insurance	1,245.88	
	17.04	
Total Disbursements		<u>184,881.62</u>
Cash Balance June 30, 1961		<u>\$ 3,924.11</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1961

	<u>Members'</u> <u>Reserve</u>	<u>Employers'</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
Fund Balance July 1, 1960	\$118,981.12	\$ 90,649.46	\$121,738.07
<u>Receipts:</u>			
Members' Contributions	59,488.38		
Municipalities' Contributions		91,819.00	
Transfers from Members' Reserve			2,626.87
Transfers from Employers' Reserve			50,113.23
Total Receipts	\$ 59,488.38	\$ 91,819.00	\$ 52,740.10
Total Available	\$178,469.50	\$182,468.46	\$174,478.17
<u>Disbursements:</u>			
Refunds of Members' Contributions	\$ 8,361.26		
Benefits Paid:			
Monthly Retirement Allowances			15,419.69
Ordinary Death Benefits		5,200.00	
Transfers to Retirement Reserve	2,626.87	50,113.23	
Total Disbursements	\$ 10,988.13	\$ 55,313.23	\$ 15,419.69
Fund Balance Before Transfer of Income	\$167,481.37	\$127,155.23	\$159,058.48
Plus: Net Income			13,809.78
Fund Balance July 1, 1961	\$167,481.37	\$127,155.23	\$172,868.26

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1961

(continued)

	<u>Members'</u> <u>Reserve</u>	<u>Employers'</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
<u>Allocation of Fund Balance:</u>			
Barrington	\$ 50,914.82	\$ 33,034.57	
Bristol	20,730.50	35,057.32	
East Greenwich	14,346.19	13,722.85	
North Kingstown	37,098.77	3,409.36	
Smithfield	18,380.91	27,886.00	
South Kingstown	9,172.14	10,410.00	
Warren	<u>16,838.04</u>	<u>3,635.13</u>	
Totals	<u>\$167,481.37</u>	<u>\$127,155.23</u>	<u>\$172,868.26</u>