

REPORT OF THE ACTUARY

The valuation of the assets and liabilities of the Municipal Employees' Retirement System as of June 30, 1962 discloses continued progress. A sound financial condition is being maintained. This is evidenced by the results of an actuarial analysis of the Retirement Reserve. This reserve represents a combination of pensioners' risks for all participating municipalities. The results of this analysis are as follows:

	<u>Male</u>	<u>Female</u>
Number on pension roll	31	4
Annual payments	\$27,697.22	\$2,378.59
Average annual payment	\$893.46	\$594.65
Average age	69.5	69.3
Actuarial reserve requirements	\$313,658.50	\$29,653.80

The total actuarial reserve requirements on account of these allowances, amounting to \$343,312.30, compares with the balance in the Retirement Reserve at June 30, 1962 of \$346,861.00. This is indicative of financial solvency of the system for this phase of the system's operations.

OBLIGATIONS OF MUNICIPALITIES

The obligations of the municipalities participating in the system consist of (a) the accrued liability for service prior to the effective date of participation of the particular municipality, referred to as "prior service cost" and (b) the amount necessary to meet the accruing cost for current service which is otherwise designated as "normal cost" or "future service cost".

Prior service liability was computed in the case of each municipality prior to its participation in the system upon the basis of the potential membership. A prior service contribution rate was established as a percentage of payroll to provide for the amortization of this liability over a period of 30-years from the effective date of participation.

The current service or normal cost was calculated upon the basis of the potential membership in the case of each municipality. This rate was also expressed as a percentage of payroll to be applied to the total payroll of the employees who become members of the system.

These contribution rates and the amount payable annually by each participating municipality upon the basis of current payroll are as follows:

PRIOR SERVICE COST

<u>Name of Municipality</u>	<u>Annual Salaries</u>	<u>Rate of Prior Service Contribution</u>	<u>Current Amount Payable</u>
Barrington	\$ 425,503.50	2.30%	\$ 9,786.58
Bristol	102,792.00	1.94	1,994.16
East Greenwich	104,557.00	2.77	2,896.23
East Providence	908,982.00	3.40	31,532.57
North Kingstown	297,686.00	1.65	4,911.82
North Providence	298,249.00	2.71	8,082.55
Smithfield	117,172.00	1.63	1,909.90
South Kingstown	202,003.60	0.77	1,555.43
Warren	<u>140,225.64</u>	3.86	<u>5,412.71</u>
Totals	<u>\$2,597,170.74</u>		<u>\$60,181.95</u>

CURRENT SERVICE COST

<u>Name of Municipality</u>	<u>Annual Salaries</u>	<u>Rate of Current Service Contribution</u>	<u>Current Amount Payable</u>
Barrington	\$ 425,503.50	4.48%	\$ 19,062.56
Bristol	102,792.00	5.36	5,509.65
East Greenwich	104,557.00	4.27	4,464.58
East Providence	908,982.00	4.87	44,257.42
North Kingstown	297,686.00	3.96	11,788.37
North Providence	298,249.00	3.51	10,468.54
Smithfield	117,172.00	3.89	4,557.99
South Kingstown	202,003.60	4.32	8,726.56
Warren	<u>140,225.64</u>	5.02	<u>7,039.33</u>
Totals	<u>\$2,597,170.74</u>		<u>\$115,985.00</u>

GENERAL COMMENT

The system is fulfilling its objectives satisfactorily. Coverage under the system is broadening steadily by the addition of new municipalities. This trend is expected to continue.

The coordination of the benefits of the system with federal social security serves to provide the employees of the cities and towns with a fairly comprehensive schedule of benefits comprising security for old age, disability and death for the employees and dependents.

The annual valuations constitute a periodic check of the financial operations of the system and a means of verifying the adequacy of the financial provisions. In this way, the system may continue to operate in a sound financial condition consistent with accepted standards.

A. A. Weinberg

Actuary

FINANCIAL STATEMENTS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

FINANCIAL BALANCE SHEET

JUNE 30, 1962

ASSETS

Cash		\$ 7,163.00
Investments -		
Bonds at par value	\$486,975.00	
Stocks at cost	<u>240,799.00</u>	<u>727,774.00</u>
Total Assets		<u>\$734,937.00</u>

RESERVES

Members' Contribution Reserve		\$263,642.00
Employers' Accumulation Reserve		80,990.00
Retirement Reserve		<u>390,297.00</u>
Total Reserves		<u>\$734,937.00</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Cash Receipts and Disbursements
Fiscal Year Ended June 30, 1962

Cash Balance July 1, 1961 \$ 3,924.00

Receipts:

Contributions of Members	\$112,687.00	
Contributions - Cities and Towns	177,283.00	
Income from Investments	21,115.00	
Sale of Investments	34,000.00	
Premiums on Investments Sold	<u>46.00</u>	
 Total Receipts		 <u>345,131.00</u>
 Total Cash Available		 \$349,055.00 <u><u> </u></u>

Disbursements:

Benefits Paid	\$ 30,302.00	
Refunds of Contributions	12,002.00	
Investments Purchased	298,193.00	
Premium on Investments Purchased (Net)	(175.00)	
Accrued Interest on Investment Purchased	1,375.00	
Postage, Commission, Insurance	<u>195.00</u>	
 Total Disbursements		 <u>\$341,892.00</u>
 Cash Balance June 30, 1962		 \$ 7,163.00 <u><u> </u></u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1962

	<u>Members'</u> <u>Reserve</u>	<u>Employers'</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
Fund Balance July 1, 1961	\$167,481.37	\$127,155.23	\$172,868.26
<u>Revenues:</u>			
Members' Contributions	112,687.06		
Municipalities' Contributions		177,282.94	
Transfers from Members' Reserve			4,524.10
Transfers from Employers' Reserve			<u>217,750.53</u>
Total revenues	<u>112,687.06</u>	<u>177,282.94</u>	<u>222,274.63</u>
Total available	<u>280,168.43</u>	<u>304,438.17</u>	<u>395,142.89</u>
<u>Expenditures:</u>			
Refunds of Members' Contributions	12,002.30		
Benefits Paid:			
Monthly Retirement Allowances			24,611.89
Ordinary Death Benefits		5,689.45	
Transfers to Retirement Reserve	<u>4,524.10</u>	<u>217,750.53</u>	
Total Expenditures	<u>16,526.40</u>	<u>223,439.98</u>	<u>24,611.89</u>
Fund Balance Before Transfer of Income	263,642.03	80,998.19	370,531.00
Plus: Net Income			<u>19,766.00</u>
Fund Balance July 1, 1962	<u><u>\$263,642.03</u></u>	<u><u>\$ 80,998.19</u></u>	<u><u>\$390,297.00</u></u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1962

(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	\$ 61,968.00	\$ 50,938.00	
Bristol	25,122.00	23,853.00	
East Greenwich	19,396.00	19,303.00	
East Providence	35,415.00	33,427.00*	
North Kingstown	50,755.00	45,343.00*	
North Providence	11,846.00	4,261.00*	
Smithfield	15,367.00	16,446.00	
South Kingstown	20,854.00	38,387.00	
Warren	<u>22,919.00</u>	<u>15,102.00</u>	
Totals	<u>\$263,642.00</u>	<u>\$ 80,998.00</u>	<u>\$390,297.00</u>

*Denotes deficit. This is a temporary deficiency which may be eliminated after further experience of the system. The experience of the system has been too limited to warrant any definite conclusions with respect to the adequacy or inadequacy of existing contribution rates.

INVESTMENTS - MUNICIPAL EMPLOYEES' RETIREMENT FUND
AT JUNE 30, 1962

<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Value (Bonds) or Cost (Stocks)</u>
United States of America:			
Treasury Bills	Discount	7/15/62	\$ 23,000
Treasury Notes	4. %	5/15/63	2,000
Treasury Notes	4-5/8%	5/15/65	25,000
Treasury Bonds	4 %	10/1/69	25,000
Treasury Bonds	4 %	8/15/71	<u>50,000</u>
TOTAL UNITED STATES OF AMERICA			<u>\$125,000</u>
The Twelve Federal Land Banks:			
Consolidated Federal			
Farm Loan Bonds	4-1/4%	7/20/66	\$ <u>15,000</u>
International Bank for			
Reconstruction & Development:			
Bonds	3-3/4%	5/15/68	\$ <u>25,000</u>
Municipalities:			
City of East Providence:			
Elementary School	3-3/4%	2/ 1/78	\$ 15,000
City of Pawtucket:			
School Repair and			
Construction	3.60%	5/ 1/74	<u>\$ 10,000</u>
TOTAL MUNICIPALITIES			<u>\$ 25,000</u>
Public Utilities:			
American Telephone & Telegraph Co.:			
Debentures	4-5/8%	2/1/94	\$25,000
Debentures	4-3/4%	6/1/98	<u>25,000</u> \$ 50,000
Arkansas Power & Light Co.:			
First Mortgage	4-7/8%	5/1/91	\$ 50,000
Consolidated Natural Gas:			
Debentures	5%	2/1/85	\$ 10,000

<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Value (Bonds) or Cost (Stocks)</u>
Public Utilities-continued:			
Dallas Power & Light Co.:			
First Mortgage	5-1/4%	12/1/89	\$ 10,000
Illinois Bell Telephone Co.:			
First Mortgage, Ser. F	4-3/8	3/1/94	25,000
Louisiana Power & Light Co.:			
First Mortgage	5	4/1/90	25,000
Public Service Elec. & Gas Co.:			
First Refunding Mortgage	4-5/8	8/1/88	25,000
Puget Sound Power & Light Co.:			
First Mortgage	4-1/8	5/1/88	25,000
Southern Bell Telephone & Telegraph Co.:			
Debentures	3	7/1/79	<u>25,000</u>
TOTAL PUBLIC UTILITIES			<u>\$245,000</u>
Industrial:			
United States Steel Corporation			
Sinking Fund Debentures	4-1/2	4/15/86-88	<u>\$ 30,000</u>
Bank Stocks:			
		<u>Shares</u>	
Bank of America		210	7,625
First National Bank of Boston		142	6,912
Morgan Trust Company of New York		100	<u>7,438</u>
TOTAL BANK STOCKS			<u>\$ 21,975</u>
Corporate Stocks:			
Abbott Laboratories		200	\$ 12,803
Allied Chemical Corporation		200	10,288
American Telephone & Telegraph Co.		200	21,111
Commercial Credit Company		200	10,614

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<u>Description</u>	Rate	<u>Number of Shares</u>	<u>Par Value (Bonds) or Cost (Stocks)</u>
Corporate Stocks-continued:			
Commonwealth Edison Co.		306	\$ 9,521
Consumers Power Company		400	11,927
E.I. duPont deNemours & Co., Inc.		100	22,009
General Electric Company		150	11,834
General Foods Corporation		100	8,585
General Public Utilities Corp.		300	10,383
Hartford Fire Insurance Company		200	13,886
Monsanto Chemical Co.		308	12,821
Northern States Power Co.		400	10,892
J. C. Penney Co.		250	9,695
Phillips Petroleum Company		200	10,275
Standard Oil Company of New Jersey		300	15,129
Union Bag-Camp Paper Corporation		400	15,716
United States Steel Corporation		300	<u>23,310</u>
TOTAL CORPORATE STOCKS			\$240,799

TOTAL INVESTMENTS-MUNICIPAL EMPLOYEES' RETIREMENT FUND \$727,774