

ANNUAL ACTUARIAL VALUATION

In accordance with established policy, an annual actuarial valuation of the system was completed as of June 30, 1973. The purpose of such a valuation is to establish the financial status of the system from a technical standpoint reflecting actuarial requirements. By this valuation, the current progress of the system is measured and determined. In such valuation, effect is given to the accrued liabilities and accruing costs under the prescribed benefit schedule. The results of this valuation are presented in the latter part of this report.

In the valuation process, an analysis is made of the changes in the active membership among the several participating municipalities. In this analysis, account is taken of the additions to membership during the year under review and the characteristics thereof, and the separations from service resulting from resignations, deaths and retirements. The experience of the system among members on retirement is also studied and evaluated. In his report on the valuation, the actuary points up the several factors that are basic in the valuation procedure and discusses briefly other problems of special significance in the operations of the system.

FINANCIAL REVIEW

Net present assets of the system at June 30, 1973 amounted to \$21,880,960. These net assets are credited to specific reserve accounts, as required, to give effect to the requirements of the retirement law. These reserves are subject to periodic reviews and analyses as a check of their adequacy in meeting the accrued pension liabilities under the prescribed benefit schedule.

Revenues and expenditures for the year are summarized as follows:

<u>REVENUES</u>	<u>GENERAL EMPLOYEES</u>	<u>POLICEMEN & FIREMEN</u>
Members' Contributions	\$1,329,949	\$220,135
Employers' Contributions	2,701,763	344,724
Investment Earnings	1,031,971	92,793
Other	16,941	72,975
<u>Total Revenues</u>	<u>\$5,080,624</u>	<u>\$730,627</u>
<u>EXPENDITURES</u>		
Monthly Pensions	\$1,173,110	\$ 39,374
Survivor Benefits	--	13,420
Ordinary Death Benefits	114,000	--
Death Retirement Allowance	115,932	--
Refunds	288,987	33,963
Other	612,826	1,180
<u>Total Expenditures</u>	<u>\$2,304,855</u>	<u>\$ 87,937</u>
Net Additions to Reserves	<u>\$2,775,769</u>	<u>\$642,690</u>

DISTRIBUTION OF NET ADDITIONS TO RESERVES

	<u>GENERAL EMPLOYEES</u>	<u>POLICEMEN & FIREMEN</u>
Unclaimed Benefits	\$ 4,049	\$ --
Members' Contributions	719,712	261,662
Employers' Accumulations	- 593,725	213,900
Retirement Reserve	<u>2,645,733</u>	<u>167,128</u>
<u>Totals</u>	<u>\$2,775,769</u>	<u>\$642,690</u>

The additions to the reserves are to cover the accruing pension credits created by the additional service rendered by the employees during the year. The reserves are required to meet future maturing pension obligations.

Reserves at June 30, 1973

Members' contributions	\$ 6,766,417
Employers' contributions	610,800
Retirement reserve	<u>14,503,743</u>
Total	<u>\$21,880,960</u>

Reserves at June 30, 1972

Members' contributions	\$ 5,785,042
Employers' contributions	990,626
Retirement reserve	<u>11,690,882</u>
Total	<u>\$18,466,550</u>

Increase in reserves for the year \$ 3,414,410

Add - increase in provision for current liabilities 4,049

Increase in net assets \$ 3,418,459

INVESTMENTS

Investments at the close of the year amounted to \$21,643,859 at amortized book value for bonds and cost for stocks. The rate of investment income for the year on average investments was 5.67%. This is a reasonably satisfactory rate of income on high quality rated bonds and choice stocks comprising the investment account.

Investment income constitutes one of the three major sources of revenue for the retirement system. For the 1973 fiscal year, such income was equal to 20% of total revenues. This rate should continue to increase with the future growth of the system and its expanded operations.

Total Investments at July 1, 1972	\$18,222,590
Acquisitions during the year	<u>7,915,866</u>
Total	\$26,138,456
Less, redemptions and sales during the year	<u>4,494,597</u>
TOTAL INVESTMENTS AT JUNE 30, 1973	<u>\$21,643,859</u>

The following is a summary of total investments at June 30, 1973 with the amounts at the end of the preceding fiscal year given for comparison:

	<u>June 30, 1973</u>		<u>June 30, 1972</u>	
	<u>Par value for bonds and cost for stocks</u>	<u>Per cent of total</u>	<u>Par value for bonds and cost for stocks</u>	<u>Per cent of total</u>
U. S. Government	\$ 1,275,000	5.9%	\$ 1,575,000	8.6%
Commercial Paper	450,000	2.1	--	0.0
Federal Land Bank	465,000	2.1	465,000	2.5
FNMA Certificates	300,000	1.4	300,000	1.7
Railroad Bonds	250,000	1.1	250,000	1.4
Public Utility Bonds	6,616,000	30.6	6,716,000	36.9
Industrial Cor- porate Bonds	2,491,200	11.5	2,190,400	12.0
Bank Stocks	541,431	2.5	485,344	2.7
Other Common Stocks	<u>9,255,228</u>	<u>42.8</u>	<u>6,240,846</u>	<u>34.2</u>
Totals	<u>\$21,643,859</u>	<u>100.0%</u>	<u>\$18,222,590</u>	<u>100.0%</u>

In the foregoing exhibit, fixed investments such as bonds and certificates are shown at par value. Equity or stock investments are valued at cost. At June 30, 1973, the market value of investments in stocks was above their original cost.

CONCLUSION

The system is steadily broadening its operations. Financial stability and security for the system has been established and will be maintained under the prescribed law as implemented by the standards adopted by the Board.

The policies of the Board are in accord with current concepts of sound management in fulfillment of the stated objectives of the system. These objectives are to provide an adequate schedule of pensions and benefits for employees of the cities and towns of the State as an adjunct of a progressive personnel program for government in the State of Rhode Island.

Retirement Board of the Municipal
Employees' Retirement System of
the State of Rhode Island

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JOSEPH G. IANNELLI
Executive Secretary

REPORT OF THE ACTUARY

An actuarial valuation of the System has been completed as of June 30, 1973, the results of which are presented herewith. The benefit and contribution provisions forming the basis of this valuation are summarized in the appendix. The basic actuarial factors applied in this valuation are:

1. Mortality expectancy: The 1951 Group Annuity Table (modified)
2. Interest rate: Compound interest at 5% per annum
3. Turnover factors: Assumed annual rates of withdrawal from all causes -

Age	Rate per 1,000
20	182
25	167
30	121
35	92
40	63
45	48
50	22
55	10
60 and over	Mortality only
4. Future salary increments: Assumed at an annual average rate of 4-1/2%
5. Age at retirement: Average of 62 years
6. Disability rates: Class (1) rates of disablement from the Society of Actuaries 1952 Inter-company study were used. It was assumed that 12 1/2% of all disablements would occur in line of duty
7. Marital status: 85% of employees in service were assumed to be married with the average of the wives 4 years younger than the employees; 75% of the employees retiring on pension are married
8. Administrative expense: No provision

MEMBERSHIP STATISTICS

Code Reference	City or Town	Number of Active Members	Number of Pensioners		Total Membership
			Male	Female	
1	Barrington	122	22	6	150
2	Bristol	89	12	3	104
3	Burrillville	67	--	--	67
7	Cranston	500	84	139	639
9	East Greenwich	111	3	3	117
10	East Providence	268	56	15	339
14	Hopkinton	12	5	--	17
15	Jamestown	44	4	1	49
16	Johnston	210	3	1	214
21	Newport	291	39	6	336
23	North Kingstown	241	21	4	266
24	North Providence	148	22	4	174
25	North Smithfield	58	8	2	68
26	Pawtucket	963	130	29	1,122
30	Scituate	65	13	1	79
31	Smithfield	71	5	--	76
32	South Kingstown	110	2	3	115
33	Tiverton	78	11	1	90
34	Warren	62	11	1	74
39	Woonsocket	284	61	14	359

Code Reference	City or Town	Number of Active Members	Number of Pensioners		Total Membership
			Male	Female	
<u>SPECIAL UNITS</u>					
50	East Greenwich Fire District	9	--	--	9
51	Cranston Housing Authority	13	--	--	13
52	East Providence Housing Authority	10	--	--	10
53	Pawtucket Housing Authority	37	7	--	44
54	East Greenwich Policemen	20	3	--	23
55	North Kingstown Policemen and Firemen	69	6	--	75
56	Cumberland Housing Authority	3	--	--	3
57	Lincoln Housing Authority	5	--	--	5
58	North Providence Policemen	49	2	--	51
59	Bristol Housing Authority	4	--	--	4
60	Barrington Policemen and Firemen	58	4	--	62
61	Smithfield Policemen and Firemen	41	--	--	41
62	Warren Policemen	16	1	--	17
63	South Kingstown Police- men and Firemen	27	--	--	27
64	North Smithfield Policemen	4	--	--	4
65	Burrillville Housing Authority	2	--	--	2
	Totals	4,161	535	149	4,845

The pension roll at the close of the year and a valuation thereof was as follows:

	Male	Female
Number on pension roll	535	149
Proportion of total	78.2%	21.8%
Annual payments	\$1,037,280	\$255,932
Average annual payment	\$1,924	\$1,718
Average age	66.1	65.3
Actuarial reserve requirements	\$11,220,487	\$3,046,445

The total actuarial reserve requirements on pensioners at June 30, 1973 amounted to \$14,266,932. This compares with the balance in the "Retirement Reserve" at that date of \$14,503,743. The results of this determination are indicative of adequate coverage of matured pension liabilities. It is also evidence of relative financial stability according to the standards applied in this valuation.

OBLIGATIONS OF MUNICIPALITIES

In subscribing to membership in the system for their employees, the cities and towns and the several special governmental units participating in the system have assumed pension obligations consisting of (a) the accrued liabilities for service rendered by the employees prior to the effective dates of participation designated as "prior service"; and (b) the accruing cost for

future service commonly referred to as "normal cost".

Prior service. The liability for prior service in the case of each municipality for the previous service rendered by their employees was determined at the initial date of participation. A prior service contribution rate was fixed, as required by law, as a percentage of payroll, at a rate deemed sufficient to amortize the total accrued liability over a period of 25 years from the effective dates of participation of the particular municipality. The period of 25 years for amortization purposes was fixed in order that, on the average, the prior service or accrued liability may be fully amortized by the time all employees in service at the date of participation were separated from service by death, resignation or retirement.

Current service. Normal cost was calculated upon the basis of total membership giving full effect to the particular age and service characteristics of the employees. This rate was determined as a percentage of payroll. The rate is to be applied by each municipality to the current payroll budget covering the employees participating in the system. The amount of its contributions for such service, additional to the annual amortization payment on account of the accrued liability, is thus established.

Unfunded accrued liability. Prior service and normal cost or current service contribution rates are presented in the preceding pages of this report. The following statement shows, for the

several participating municipalities and special units, the unfunded accrued liability at June 30, 1973. This liability in the case of each participating entity represents the amount of its unpaid indebtedness to the system on account of prior service and for deficiencies in current service or normal cost contributions. Some part of these deficiencies probably arose as the result of variances between the established contribution rates for such service reflecting actuarial assumptions and the actual operating experience of the municipality. A part thereof may have occurred due to liberalizing changes in the benefit schedule occurring since the dates of participation.

Code	Municipality	Year of entry	Plan	Unfunded Accrued Liability
<u>General Employees</u>				
		1957	2%	\$ 207,271
1	Barrington	1957	2	107,393
2	Bristol	1968	1-2/3	242,747
3	Burrillville	1963	2	1,758,194
7	Cranston	1957	2	135,425
9	East Greenwich	1961	1-2/3	688,611
10	East Providence	1969	1-2/3	113,059
14	Hopkinton	1964	2	134,663
15	Jamestown	1968	2	402,532
16	Johnston	1966	1-2/3	1,053,291
21	Newport	1957	2	287,183
23	North Kingstown	1961	2	338,392
24	North Providence	1964	2	165,488
25	North Smithfield	1962	1-2/3	2,968,991
26	Pawtucket	1967	2	363,723
30	Scituate	1959	2	88,334
31	Smithfield	1957	2	54,072
32	South Kingstown	1964	1-2/3	288,213
33	Tiverton	1957	1-2/3	169,332
34	Warren	1962	1-2/3	1,338,407
39	Woonsocket			
<u>Housing Authorities</u>				
51	Cranston Housing Authority	1968	2	47,188
52	East Providence Housing Authority	1968	2	41,932
53	Pawtucket Housing Authority	1968	1-2/3	254,853
56	Cumberland Housing Authority	1969	1-2/3	9,601
57	Lincoln Housing Authority	1969	1-2/3	10,111
59	Bristol Housing Authority	1970	2	8,973
65	Burrillville	1972	2	9,479
<u>Policemen & Firemen</u>				
50	East Greenwich Fire District	1967	2	37,733
54	East Greenwich Policemen	1968	2	54,887
55	North Kingstown Policemen & Firemen	1968	2	238,931
58	North Providence Policemen	1969	2	87,882
60	Barrington Policemen & Firemen	1970	2	98,938
62	Warren Policemen	1970	2	38,752
63	South Kingstown Policemen & Firemen	1971	2	78,381
61	Smithfield Policemen & Firemen	1972	2	93,739
64	No. Smithfield Policemen & Firemen	1972	2	31,334
Total				<u>\$12,038,556</u>

The aforesaid liabilities are subject to periodic verification by a check of the operating experience of each participating unit.

RESERVE ACCOUNTS

The reserve accounts maintained by the system for the purpose of recording the pension credits established for active members and pensioners, respectively, are financed by contributions by the members and by the participating cities and towns.

Maintaining these reserves makes it possible to evaluate closely the current progress of the system in the accumulation of assets to meet the accrued and accruing liabilities for the benefit payouts that will ultimately become due in the case of members who qualify for retirement.

A negative balance exists in the "Employers' Contribution Reserve" for several cities and towns. This has come about principally by the retirement of aged employees shortly after the commencement of participation in the system in the applicable city or town. Eventually, with additional revenues resulting from continued operations of the system, these negative balances will be removed.

RE-EVALUATION OF THE RATES OF CONTRIBUTION OF PARTICIPATING CITIES AND TOWNS HAVING ABOUT 15 YEARS OF PARTICIPATION

A periodic review of the rates of contribution has been undertaken for the cities and towns who are participants in the Municipal Employees' Retirement System. This review applies to cities and towns having at least 15 years of participation in the System. As other participating units attain this status, a check will

be made of their contribution rates to ascertain their adequacy and validity in the light of actual operating experience. An adjustment or revision of these rates will be recommended, if necessary.

Participating cities subject to review. The following cities and towns participating in the System have been subject to this initial review:

<u>Name of City or Town</u>	<u>Date of Participation</u>	<u>Number of Members</u> <u>June 30, 1972</u>	
		<u>Employees</u>	<u>Pensioners</u>
Barrington	1957	104	23
Bristol	1957	102	14
East Greenwich	1957	73	5
North Kingstown	1957	155	22
Smithfield	1959	109	5
South Kingstown	1957	102	6
Warren	1957	62	14

All of the foregoing cities and towns are subject to a 2% per year rate of retirement annuity, except the Town of Warren which maintains a 1-2/3% rate.

The additional cities to be considered next in this review, having been participants in the System for at least 12 years, are the following:

<u>Name of City or Town</u>	<u>Dates of Participation</u>
Cranston	1963
East Providence	1961
North Providence	1961
Pawtucket	1962
Woonsocket	1962

Basic Factors. Pension obligations are of long term character, maturing many years after the obligations are incurred. These obligations, therefore, must be evaluated on a long term basis. Transitory factors or short term fluctuations cannot be considered in an evaluation of their cost aspects. For this reason, the initial valuation or re-examination of contribution rates was made for those cities and towns that have been participants for a period of about 15 years. This period of time, by coincidence, approximates two-thirds of the period prescribed for the amortization of the initial accrued liability.

A period of 10 to 12 years is regarded as a reasonable period to allow for any unusual or abnormal changes in basic factors. These factors include mortality among active and retired members, turnover in employment, ages at retirement, salary levels and others that are pertinent in a determination of actuarial costs and liabilities. As participating units acquire more operating experience in the System, a review of their contribution rates will be undertaken and adjustments thereof will be proposed, as may be required.

Results of Re-evaluation. The valuation discloses the cost of financing the currently accruing pension obligation designated as the "normal cost", and the requirements for the amortization of the accrued liability. Each of these items is expressed as a percentage of payroll.

Amortization of Accrued Liabilities. The suggestion has been made that a longer period of amortization be provided for the accrued liabilities than the remaining period of 25 years from the initial dates of participation of the cities and towns in the retirement system. There is some merit to this suggestion. A number of substantive amendments have been made in the law governing the Municipal Employees' Retirement System, since it became effective. These new amendments have substantially increased costs and liabilities. While it is desirable that the accrued liabilities be liquidated as soon as possible in order to assure a sound financial condition for the retirement system with respect to all participating cities and towns, this condition may still be achieved and maintained according to recognized standards by apportioning the existing unfunded accrued liabilities over a longer term.

Accordingly, in the calculation of the rates of contribution hereinabove set forth, a 25-year period of amortization, dating from July 1, 1974, was used and a 5% interest rate assumption was applied. This rate of interest may be considered a reasonable

total return expectancy for the long term under the prescribed investment authority, and the progressive investment management policy maintained by the Retirement Board.

Name of Participating City or Town	Percent of Payroll		
	Normal Cost	Accrued Liability	Total Annual Cost
Barrington	10.7%	1.4%	12.1%
Bristol	11.5	1.3	12.8
East Greenwich	10.8	1.5	12.3
North Kingstown	8.9	1.2	10.1
Smithfield	8.7	1.0	9.7
South Kingstown	9.0	0.4	9.4
Warren	8.2	2.0	10.2

Although the determination of these costs were made as of June 30, 1972, based upon the provisions of the law in force at such date, the rates of contribution were projected to June 30, 1974 for the purpose of facilitating budgetary requirements on the part of the applicable cities and towns.

Explanatory Statement. It should be noted that for the most part little change occurred in the total rates of contribution for the cities and towns. While a reduction in the total rate was realized as the result of an extension of the period of time for the amortization of the unfunded accrued liabilities, this reduction was substantially offset by increases in cost due principally to the following factors: (1) improvements in the benefit schedule, the full effect of which had not been previously expressed in the

current rates as evidenced by actual operating experience over the years; (2) salary increments during recent years at materially higher rates than assumed in the salary projection scales applied in cost determinations under the 3-year final average salary concept governing the computation of the retirement annuity; (3) improved mortality among active members and pensioners; and (4) a lower turnover in employment.

The recommended rates realistically reflect the employer's share of the cost of the retirement system under the established benefit schedule after giving effect to past operating experience, current pension standards and the prevailing conditions affecting the membership.

Recommendation. The foregoing rates, expressed as a percentage of employees' payroll, are hereby recommended to the Retirement Board of the Employees' Retirement System of the State of Rhode Island as the rates of contribution to be certified to the applicable cities and towns of the State to become effective on July 1, 1974.

FUTURE PENSION AND BENEFIT PAYOUTS

For the purpose of giving emphasis to the importance of adequate funding of pension obligations on a systematic basis, in accordance with the accruing aspects of pension cost, a projection of these payouts has been prepared and is presented in this report. Such a projection serves to dramatize and focus attention on the

full meaning of the pension obligations in terms that can be more readily understood by the officials having the responsibility of formulating budgets and more particularly by members of the legislative bodies.

The following projection is presented to illustrate the persistent upward trend in pension and benefit payouts for a number of years:

<u>Years</u>	<u>Estimate of future benefit and pension payouts (in millions)</u>
1973	\$1.4
1975	1.9
1980	3.5
1985	5.6
1990	8.1

The foregoing projection will be reviewed and re-examined each year for each annual report upon the basis of operating results.

CONCLUSION

The results reported herewith reflect satisfactory progress during the year in the operation of the System. Some adjustments were made in the accrued liabilities to give effect to salary increases above the assumed projected rates. Management and administrative policies of the Retirement Board reflect sound and constructive methods of procedure with the principal

aim of effectuating fully the basic objectives and purposes of the retirement system.

The policies maintained in the investment of the system's reserves are designed to maximize the total return on investments for the long run in accord with high standards of quality and prudent judgment within the established investment limitations. Its efforts also are continuously directed towards improved administrative practices in order that a full measure of service will be provided the members and the participating municipalities in the operations of the System.

A. A. Weinberg
Actuary

FINANCIAL STATEMENTS

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FINANCIAL BALANCE SHEET

JUNE 30, 1973

ASSETS

Cash		\$ 172,008
Accrued Interest Receivable		234,254
Investments	\$21,643,859	
Less Unamortized Premiums and Discounts on bonds (Net)	<u>158,049</u>	
Net Investments		<u>21,485,810</u>
<u>Total Assets</u>		<u><u>\$21,892,072</u></u>

RESERVES AND LIABILITIES

Unclaimed Benefits		\$ 11,110
<u>General Employees -</u>		
Members' Contribution Reserve	\$ 5,883,086	
Employers' Accumulation Reserve	378,473	
Retirement Reserve	13,637,640	
<u>Police & Fire Plan -</u>		
Members' Contribution Reserve	883,331	
Employers' Accumulation Reserve	232,328	
Retirement Reserve	866,104	
Total Reserves	\$	<u>21,880,962</u>
<u>Total Liabilities & Reserves</u>		<u><u>\$21,892,072</u></u>

STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1973

REVENUES:

<u>Contributions -</u>			
Members	\$ 1,329,949		
Employers	<u>2,701,763</u>		\$ 4,031,712
<u>Policemen & Firemen -</u>			
Members	220,136		
Employers	<u>344,724</u>		564,860
<u>Investments -</u>			
Interest & Dividends	1,057,020		
Capital Gain (or Loss)	<u>67,768</u>		1,124,788
<u>Miscellaneous -</u>			
Unclaimed Benefits	4,262		
Interest on Service Purchases	13,698		
Transferred from State	<u>4,005</u>		<u>21,965</u>
<u>Total Revenues</u>			<u><u>\$ 5,743,325</u></u>

EXPENDITURES:

<u>Benefits -</u>			
<u>General Employees -</u>			
Pensions	\$1,173,110		
Ordinary Death Benefits	114,000		
Death Retirement Allowances	115,932		
<u>Policemen & Firemen -</u>			
Pensions	39,374		
Survivor Benefits	<u>13,420</u>		\$ 1,455,836
<u>Refunds of Contributions -</u>			
<u>General Employees -</u>			
Members	\$ 264,836		
Municipalities	24,151		
<u>Policemen & Firemen -</u>			
Members	11,838		
Employers	<u>22,125</u>		322,950
<u>Investment Expense -</u>			
Postage & Insurance			24
<u>Miscellaneous: -</u>			
Transferred to State	\$ 545,842		
Miscellaneous Refunds	14		
Unclaimed Benefits	<u>199</u>		<u>5 46,055</u>
<u>Excess of Revenues over Expenditures -</u>			
Transferred to Reserves			<u><u>\$ 3,418,460</u></u>

ANALYSIS OF REVENUES & EXPENDITURES - YEAR ENDED JUNE 30, 1973

REVENUES	General Employees		Policemen & Firemen		Totals
	Amount	% of Total	Amount	% of Total	
Members' Contributions	\$1,329,949.22	26.2%	\$220,136.10	33.2%	\$1,550,085.32
Employers' Contributions	2,701,763.29	53.2	344,723.95	51.9	3,046,487.24
Investment Earnings	1,031,971.14	20.3	92,793.04	14.0	1,124,764.18
Other	15,760.59	0.3	6,203.92	0.9	21,964.51
Total Revenues	\$5,079,444.24	100.0%	\$663,857.01	100.0%	\$5,743,301.25
<u>EXPENDITURES</u>					
Monthly Pensions	\$1,173,109.61	23.1%	\$ 39,373.73	5.9%	\$1,212,483.34
Survivor Benefits	--	--	13,419.84	2.1	13,419.84
Ordinary Death Benefits	114,000.00	2.2	--	--	114,000.00
Death Retirement Allow.	115,931.79	2.3	--	--	115,931.79
Refunds of Contributions	288,987.39	5.7	33,963.45	5.1	322,950.84
Other	546,055.67	10.8	--	--	546,055.67
Total Expenditures	\$2,238,084.46	44.1%	\$ 86,757.02	13.1%	\$2,324,841.48
Excess of Revenues over Expenditures Transferred to Reserves	\$2,841,359.78	55.9%	\$577,099.99	86.9%	\$3,418,459.77

DISTRIBUTION OF EXCESS OF REVENUES OVER EXPENDITURES

GENERAL EMPLOYEES

Members' Contribution Reserve	\$ 719,712.63
Employers' Accumulation Reserve	(593,725.47)
Retirement Reserve	2,645,733.22

POLICEMEN & FIREMEN

Members' Contribution Reserve	\$ 261,662.80
Employers' Accumulation Reserve	213,899.89
Retirement Reserve	167,127.62
Unclaimed Benefits	4,049.08

Total Distribution

\$3,418,459.77

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEARS ENDED - JUNE 30, 1973 AND 1972

REVENUES	1973		1972	
<u>Contributions-General Emp.</u>				
Members	\$1,329,949		\$1,311,014	
Employers	<u>2,701,763</u>	\$4,031,712	<u>2,416,577</u>	\$3,727,591
<u>Contributions-Police & Fire</u>				
Members	220,136		174,661	
Employers	<u>344,724</u>	564,860	<u>270,915</u>	445,576
<u>Investment Income</u>				
Interest & Dividends	1,057,020		912,332	
Capital Gain or (Loss)	<u>67,768</u>	1,124,788	<u>(2,811)</u>	909,521
<u>Miscellaneous</u>				
Transfers from State	4,005		6,405	
Unclaimed Benefits	4,262		2,213	
Miscellaneous Refunds			575	
Interest On Service Pur.	<u>13,698</u>	<u>21,965</u>	<u>9,589</u>	<u>18,782</u>
<u>Total Revenues</u>		<u>\$5,743,325</u>		<u>\$5,101,470</u>

EXPENDITURES

<u>Benefits-Gen. Employees</u>				
Monthly Pensions	\$1,173,109		\$1,025,623	
Ordinary Death Benefits	114,000		73,750	
Death Retirement Allow.	<u>115,932</u>	\$1,403,041	<u>110,783</u>	\$1,210,156
<u>Benefits-Police & Fire</u>				
Monthly Pensions	39,374		18,919	
Survivor Benefits	13,420		13,520	
Ordinary Death Benefits			1,500	
Death Retirement Allow.		52,794		33,939
<u>Refunds-General Employees</u>				
Members	264,837		177,375	
Employers	<u>24,151</u>	288,988	<u>41,843</u>	219,218
<u>Refunds-Police & Fire:</u>				
Members	11,838		13,930	
Employers	<u>22,125</u>	33,963	<u>402</u>	14,332
<u>Investment Expense</u>				
Postage & Insurance	23	23	8	8
<u>Miscellaneous</u>				
Transfer to State	545,843		200,116	
Miscellaneous Refunds	14			
Unclaimed Benefits	<u>199</u>	<u>546,056</u>		<u>200,116</u>
<u>Total Expenditures</u>		<u>\$2,324,865</u>		<u>\$1,677,769</u>
Excess Revenues over Expenditures		<u>\$3,418,460</u>		<u>\$3,423,701</u>

STATEMENT OF INVESTMENT EARNINGS
FISCAL YEAR ENDED JUNE 30, 1973

Interest and Dividends		\$1,030,326
<u>Add:</u>		
Accrued Interest June 30, 1973	\$234,254	
Accrued Interest July 1, 1972	<u>236,003</u>	
	\$- 1,749	
Discounts Amortized	<u>35,441</u>	
<u>Total Addition</u>		<u>33,692</u>
<u>Total</u>		<u>\$1,064,018</u>
<u>Less:</u>		
Accrued Interest Purchased	\$ 3,824	
Premiums Amortized	<u>3,174</u>	
<u>Total Deductions</u>		<u>6,998</u>
Investment Income for the Year		\$1,057,020
Capital Gain		<u>67,768</u>
<u>Total</u>		<u>\$1,124,788</u>