

Municipal Employees' Retirement System

Annual Financial Statement as of June 30, 1993

Actuarial Valuation

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND

BALANCE SHEET

JUNE 30, 1993

Assets

Cash and cash equivalents (Note 4)	\$45,477,961
Accrued interest and dividends receivable	3,568,151
Investments (Note 4)	291,764,062
Open trades receivable	1,120,444
Contributions receivable	<u>2,623,263</u>
Total assets	<u>\$344,553,881</u>

Liabilities and Fund Balance

Liabilities:	
Accounts and vouchers payable	\$407,187
Open trades payable	<u>3,847,115</u>
Total liabilities	<u>4,254,302</u>
Fund balance available for pension benefits	<u>340,299,579</u>
Total liabilities and fund balance	<u>\$344,553,881</u>

See notes to financial statements.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

MUNICIPAL EMPLOYEES' RETIREMENT FUND

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Operating revenues:	
Employer contributions	\$9,513,580
Employee contributions	9,070,110
Income from investments	28,571,614
Interest on contributions	<u>140,075</u>
Total operating revenues	<u>47,295,379</u>
Operating expenses:	
Retirement benefits	17,700,324
Refunds of contributions	696,022
Management and professional fees	<u>627,509</u>
Total operating expenses	<u>19,023,855</u>
Operating income	<u>28,271,524</u>
Other financing sources (uses):	
Transfers from other funds	58,667
Transfers to other funds	<u>(246,704)</u>
Total other financing uses	<u>(188,037)</u>
Net income before extraordinary item	28,083,487
Extraordinary item (Note 10):	
Increase in carrying value of investments	<u>5,597,143</u>
Net income	33,680,630
Fund balance, July 1	307,167,613
Prior period adjustment (Note 9)	<u>(548,664)</u>
Fund balance, July 1, restated	<u>306,618,949</u>
Fund balance, June 30	<u>\$340,299,579</u>

See notes to financial statements.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

MUNICIPAL EMPLOYEES' RETIREMENT FUND

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Cash flows from operating activities:	
Cash received from employers and employees	\$17,843,634
Cash payments to suppliers for goods and services	(508,520)
Cash payments to retirees and survivors	(17,720,995)
Interest on contributions	120,546
Refunds of contributions	(696,022)
Other operating revenue	<u>20,671</u>
Net cash used for operating activities	<u>(940,686)</u>
Cash flows from noncapital financing activities:	
Operating transfers in from other funds	223,662
Operating transfers out to other funds	<u>(411,699)</u>
Net cash used for noncapital financing activities	<u>(188,037)</u>
Cash flows from investing activities:	
Purchase of investment securities	(322,747,919)
Proceeds from sale and maturities of investment securities	301,948,379
Interest and dividends on investments	<u>35,087,065</u>
Net cash provided by investing activities	<u>14,287,525</u>
Net increase in cash and cash equivalents	13,158,802
Cash and cash equivalents, July 1	<u>32,319,159</u>
Cash and cash equivalents, June 30	<u>\$45,477,961</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$28,271,524</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Income from investments	(28,571,614)
Change in assets and liabilities:	
Increase in contributions receivable	(759,585)
Increase in vouchers payable	89,669
Increase in accounts payable	<u>29,320</u>
Total adjustments	<u>(29,212,210)</u>
Net cash used for operating activities	<u>\$(940,686)</u>
<i>See notes to financial statements.</i>	

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

MUNICIPAL EMPLOYEES' RETIREMENT FUND

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Cash flows from operating activities:	
Cash received from employers and employees	\$17,843,634
Cash payments to suppliers for goods and services	(508,520)
Cash payments to retirees and survivors	(17,720,995)
Interest on contributions	120,546
Refunds of contributions	(696,022)
Other operating revenue	<u>20,671</u>
Net cash used for operating activities	<u>(940,686)</u>
Cash flows from noncapital financing activities:	
Operating transfers in from other funds	223,662
Operating transfers out to other funds	<u>(411,699)</u>
Net cash used for noncapital financing activities	<u>(188,037)</u>
Cash flows from investing activities:	
Purchase of investment securities	(322,747,919)
Proceeds from sale and maturities of investment securities	301,948,379
Interest and dividends on investments	<u>35,087,065</u>
Net cash provided by investing activities	<u>14,287,525</u>
Net increase in cash and cash equivalents	13,158,802
Cash and cash equivalents, July 1	<u>32,319,159</u>
Cash and cash equivalents, June 30	<u>\$45,477,961</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$28,271,524
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Income from investments	(28,571,614)
Change in assets and liabilities:	
Increase in contributions receivable	(759,585)
Increase in vouchers payable	89,669
Increase in accounts payable	<u>29,320</u>
Total adjustments	<u>(29,212,210)</u>
Net cash used for operating activities	<u>\$(940,686)</u>
<i>See notes to financial statements.</i>	

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements

Note 1. Plan Description

The State of Rhode Island (the State), through the Retirement Board, administers the Municipal Employees' Retirement System (the System), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for pension benefits to be provided to employees of municipalities, housing authorities, water and sewer districts, and municipal police and firemen that have elected to participate. The activities of the System are accounted for in the Municipal Employees' Retirement Fund (the fund). The financial statements of the Fund are included as a pension trust fund in the State of Rhode Island Comprehensive Annual Financial Report.

The plan generally provides retirement benefits equal to 2% of final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years 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 2½% for each year of service 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.

Rhode Island General Laws, Section 45-21-41 requires that members contribute a fixed percentage of their earnings to the System. For the year ended June 30, 1993 this percentage was 6% for general employees and 7% for police and fire personnel. For groups that elect the optional cost-of-living provision, or for police and fire personnel electing the 20 year service pension, the employee contribution rate is increased by 1%. Rhode Island General Laws, Section 45-21-42 contains the contribution requirements for participating employers. The rates are actuarially determined and vary by participating employer. The State does not make contributions to the System and assumes no liability for funding pension benefits to members.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements

Eighty-four municipalities and agencies participate in the System. Membership in the System, as of the most recent actuarial valuation date, June 30, 1992, is as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	3,418
Active employees (including 2,273 fully vested and 602 eligible to retire)	<u>6,122</u>
Total	<u>9,540</u>

Note 2. Summary of Significant Accounting Policies

These financial statements were prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

- (a) Basis of Accounting - The financial statements of the Municipal Employees' Retirement Fund are prepared on 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.
- (b) Method Used to Value Investments - Investments are recorded in the financial statements on the cost basis. The cost of investments sold is determined using the average cost method. Investment transactions are accounted for on the date the investments are traded. See Note 10 regarding pooling of assets with the State Employees' Retirement Fund.
- (c) Security Loans - The State Investment Commission has authorized the securities custodian and transfer agent, State Street Bank and Trust Company (SSB), to also act as its agent for the purpose of lending certain securities of the Fund to borrowers selected by SSB. The loans are collateralized at all times by cash, securities issued or guaranteed by the United States government or its agencies, or certain irrevocable letters of credit, with a market value at least equal to the market value of the securities loaned. As with other extensions of credit, the Fund may

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements

bear the risk of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially. The Fund receives compensation for lending its securities in the form of fees or from all or a portion of the income from the investment of the collateral. The Fund also continues to earn income on the securities loaned. At June 30, 1993 the Fund loaned securities having an estimated value of \$92.9 million.

As the Fund does not trade or sell the collateral received in the securities lending program, such collateral is not considered an asset of the Fund and a corresponding liability is not required on the balance sheet.

Note 3. Administration of the System

The System is administered by the State Retirement Board which consists of 15 members: the General Treasurer; the Director of the Department 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 to be elected by active state employees; two (2) active teacher members of the retirement system to be elected by active teachers; one active municipal employee member of the retirement system 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.

The State Investment Commission oversees all investments made by the State, including those made for the Fund. Certain investments are made by investment managers, engaged by the Commission, at their discretion in accordance with the investment objectives and guidelines for the Fund. Short-term investments are made on a daily basis by the General Treasurer. 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. The State Investment Commission shall not

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements

invest pension funds in any United States company, subsidiary, or affiliate doing business in, or with, the Republic of South Africa.

Note 4. Cash Deposits and Investments

Cash Deposits

At June 30, 1993, the carrying amount of the Municipal Employees' Retirement Fund's cash deposits was \$646,549 and the bank balance was \$549,615. Of the bank balance, \$538,606 was covered by federal depository insurance and \$11,009 was uninsured and uncollateralized. The carrying amount of cash deposits and the bank balance include \$203,060 of certificates of deposit.

In accordance with Rhode Island General Laws, 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 which 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 Fund's deposits was required to be collateralized at June 30, 1993.

Investments

The Municipal Employees' Retirement Fund's investments are categorized in the following table to give an indication of the level of risk assumed by the entity at June 30, 1993. The investments of the Municipal Employees' Retirement Fund were pooled with those of the State Employees' Retirement Fund (see Note 10 for further explanation).

- Category 1 includes investments that are insured or registered or for which the securities are held by the Fund or its agent in the Fund's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's, broker's or dealer's trust department or agent in the Fund's name.

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements**

- Category 3 includes uninsured and unregistered cash equivalents and investments for which the securities are held by the financial institution, broker or dealer; or investments held by the financial institution's, broker's or dealer's trust department or agency but not in the Fund's name.

June 30, 1993

	Category			Carrying Amount	Market Value at June 30, 1993
	1	2	3		
U.S. Government and Agency Securities	\$117,171,233	\$	\$	\$117,171,233	\$132,767,317
Corporate Bonds and Notes	23,660,619			23,660,619	24,106,569
Equity Securities	127,455,010			127,455,010	204,494,928
Foreign Securities	<u>4,537,829</u>			<u>4,537,829</u>	<u>4,579,056</u>
	<u>\$272,824,691</u>	<u>\$</u>	<u>\$</u>	\$272,824,691	\$365,947,870
Money Market Funds				44,831,412	44,831,412
Real Estate and Venture Capital Limited Partnerships				<u>18,939,371</u>	<u>16,496,271</u>
Total				336,595,474	427,275,553
Less amount classified as cash equivalents				<u>44,831,412</u>	<u>44,831,412</u>
				<u>\$291,764,062</u>	<u>\$382,444,141</u>

Commitments

Under agreements with certain investment portfolio managers, the Fund is committed to provide additional contributions for investments. At June 30, 1993 approximately \$1.6 million of unfulfilled commitments remained outstanding.

Note 5. Administrative Expenses

Expenses of the Retirement Board and the cost of maintaining the Retirement Fund are paid from a restricted receipt account within the State's general fund which is used solely to pay such expenses. This account is reimbursed

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements

through the transfer of 1.5% of the investment income from the Fund up to a defined limit. Any non-encumbered funds at June 30 of any year are transferred back to the Fund. Administrative expenses incurred by the Fund for the year ended June 30, 1993 amounted to \$201,043 and are included as transfers to other funds.

Note 6. Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Fund on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the System.

The pension benefit obligation was computed as part of the actuarial valuation performed as of June 30, 1992 and was the most recent available at the date of this report. Significant actuarial assumptions used in that valuation included (a) annual rate of return on the investment of assets of 8%, compounded annually; (b) projected annual salary increases of 4.5%, compounded annually; (c) mortality rates based on the 1971 group annuity mortality table; and (d) a retirement age of 65 for general employees and 60 for police and fire personnel, or completion of service requirement, if later.

The total unfunded pension benefit obligation, expressed in thousands, at June 30, 1992 is summarized on the next page.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements

	General Employees	Police and Fire	Total
Pension benefit obligation:			
Retirees and beneficiaries receiving benefits and terminated employees not yet receiving benefits	\$ 115,908	\$ 16,531	\$ 132,439
Current employees			
Accumulated employee contributions	40,315	6,996	47,311
Employer-financed vested	31,650	6,040	37,690
Employer-financed nonvested	<u>33,236</u>	<u>8,131</u>	<u>41,367</u>
Total pension benefit obligation	<u>\$ 221,109</u>	<u>\$ 37,698</u>	<u>\$ 258,807</u>

Net assets available for benefits, at carrying value, of the Municipal Employee's Retirement Fund at June 30, 1992 were approximately \$307 million (market value was \$388 million). This exceeds the pension benefit obligation by \$48 million.

Note 7. Actuarially Determined Contribution Requirement and Contributions Made

The funding policy, as set forth in Rhode Island General Laws, Section 45-21-42 provides for actuarially determined periodic contributions to the System. Each employer's contribution to the System includes normal cost and a payment, where applicable, to amortize the unfunded actuarial liability. The normal cost is determined using the entry age normal cost method. In 1989, the rules regarding the amortizing of the unfunded liability were changed. The new rules provided that the unfunded liability in 1988 will be amortized over the remainder of a 25-year period which commenced on the date the unit joined the System. Subsequent divergence's from the actuarial assumptions are funded over the projected future salaries of active members. Due to large fluctuations in the contribution rates of certain municipalities, the Retirement Board adopted a procedure which allows a unit the option of paying a contribution rate equal to the previous year's rate plus the greater of 2 percent or one eighth of the increase in the contribution rate, plus the cost of any benefit improvements. The significant actuarial assumptions used to

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
MUNICIPAL EMPLOYEES' RETIREMENT FUND
Notes to Financial Statements**

determine the actuarial valuation are described in Note 6. The actuarial value of assets was book value as of June 30, 1991, which is the actuarial valuation date used to determine the fiscal year 1993 employers' contribution rates.

Employers' contributions to the Fund for fiscal year 1993 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 1991. The portions of employer contributions that represent normal cost and amortization of the unfunded actuarial liability are determined by the actuary and vary for each employer.

Note 8. Historical Trend Information

Historical trend information, designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits when due and required by the Governmental Accounting Standards Board (GASB) Statement No. 5 to be presented as additional information in the annual financial statements, has been presented for all years for which it is available. This information can be found in the Required Supplementary Information section of this report.

Note 9. Prior Period Adjustment

An error in recording the cost of the Fund's investments in real estate and venture capital limited partnerships, and the related income and expenses resulted in a prior year adjustment to decrease the beginning fund balance at July 1, 1992 by \$548,664.

Note 10. Extraordinary Item

On July 1, 1992, the State Investment Commission pooled the assets held by State Street Bank (the custodian) for the Employees' Retirement Fund and the Municipal Employees' Retirement Fund. Units were assigned to each Fund based on its share of the market value of the pooled assets, and a new cost basis was established for each Fund based on the number of units held and the pooled average cost per unit. This resulted in a reallocation of the Funds' carrying value of investments, decreasing and increasing the carrying value of investments of the State and Municipal Employees' Funds by approximately \$5.6 million, respectively.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

MUNICIPAL EMPLOYEES' RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS

(Expressed in Thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year	Net Assets Available for Benefits*	Pension Benefit Obligation	Percentage Funded <u>(1)/(2)</u>	Unfunded (Assets in Excess of) Pension Benefit Obligation <u>(2)-(1)</u>	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll <u>(4)/(5)</u>
1987	\$ 170,009	\$ 172,672	98.5%	\$ 2,663	\$ 74,615	3.6%
1988	193,697	196,233	98.7%	2,536	87,386	2.9%
1989	232,252	216,436	107.3%	(15,816)	98,184	(16.1)%
1990	254,498	241,767	105.3%	(12,731)	112,542	(11.3)%
1991	275,640	253,387	108.8%	(22,253)	117,732	(18.9)%
1992	306,619	258,807	118.5%	(47,812)	124,021	(38.6)%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Retirement Fund's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Fund is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Fund. Trends in the unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Fund's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Fund. Historical trend information has been presented for all years for which it is available. The pension benefit obligation was not computed for years prior to 1987. Data for subsequent years will be added to the schedule.

(Unaudited)

* At cost

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

MUNICIPAL EMPLOYEES' RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION
REVENUES BY SOURCE AND EXPENSES BY TYPE

(Expressed in Thousands)

Revenues by Source

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Total</u>
1984	\$ 3,742	\$ 6,273	\$ 10,968	\$ 43	\$ 21,026
1985	4,026	7,217	10,869	42	22,154
1986	4,648	8,451	14,579	61	27,739
1987	4,937	8,258	16,947	105	30,247
1988	5,328	6,331	22,046	103	33,808
1989	5,925	8,754	32,236	88	47,003
1990	6,986	8,034	22,811	94	37,925
1991	8,157	9,649	19,524	383	37,713
1992	8,636	8,501	32,600	24	49,761
1993	9,070	9,514	28,572	140	47,296

Expenses by Type

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Operating Expenses</u>	<u>Refunds</u>	<u>Other Expenses</u>	<u>Total</u>
1984	\$ 5,436	\$	\$ 489	\$	\$ 5,925
1985	6,092		566	9	6,667
1986	6,732		592		7,324
1987	7,765		740	1	8,506
1988	9,135	100	669	2	9,906
1989	10,114	240	741		11,095
1990	11,304	678	654		12,636
1991	15,216	536	564		16,316
1992	16,385	749	683		17,817
1993	17,700	628	696		19,024

Data for 1984 through 1988 is reported on the cash basis; data for 1989 through 1993 is reported on the accrual basis.

(Unaudited)

**ACTUARIAL VALUATION OF THE
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF RHODE ISLAND
AS OF JUNE 30, 1993**

Prepared by:

**WILLIAM M. MERCER, INCORPORATED
200 Clarendon Street
Boston, Massachusetts 02116**

TABLE OF CONTENTS

Section I - Summary of the Valuation	
Section II - Employee Data	
Table 1A - Distribution of Municipal General Employees in Active Service	
Table 1B - Distribution of Policemen and Firemen in Active Service	
Table 2 - Distribution of Retirees and Beneficiaries	
Section III - Plan Assets	
Table 3 - Calculation of Actuarial Asset Value at June 30, 1993	
Table 4 - Summary Statement of Income and Expense	
Table 5 - Composition of Plan Assets at Market Value	
Section IV - Results of the Valuation	
Table 6 - Recommended Employer Contribution Rates	
Table 7 - Liabilities and Funded Status as of June 30, 1993	
Certificate of Actuarial Valuation	
Exhibit I - Actuarial Cost Factors as of June 30, 1993	
A. General Employees	
B. Policemen and Firemen	
Exhibit II - Pension Benefit Obligation	
Exhibit III - Participant Information	
Exhibit IV - Actuarial Method and Assumptions	
Exhibit V - Summary of Plan Provisions	

SECTION I - SUMMARY OF THE VALUATION

Contribution Requirements

The contribution rates for fiscal 1996 for each unit in the Municipal Retirement System are set out in Section IV. The rates are split into the normal cost percentage and the past service cost percentage. The past service cost percentage represents the amortization of the unfunded liability. For comparison the rates for the 1994 and 1995 fiscal years are also shown.

The aggregate employer normal cost for all units for general employees is 1.48% of total general employees payroll. The previous year percentage was 1.45% of payroll. The rate has remained steady because there has been only marginal changes in the participant group. The past service cost for general employees (the annual amount required to pay off the unfunded liabilities) decreased from 0.50% in the previous year to 0.47% of payroll. As in the previous valuation, the predominant factor causing the reduction was the favorable investment experience.

The combined employer normal cost for police and fire departments is 4.34% of police and fire payroll, an increase from 4.16% last year. The increase in the normal cost percentage reflects the increase in the average age of plan participants. The past service cost for police and fire departments in aggregate (the annual amount required to pay off the unfunded liabilities) has increased from 0.76% last year to 0.99% of payroll. The increase in past service cost results from the combination of a reduction due to favorable investment experience offset by an increase due to units electing benefit improvements. As noted later in this report, there were 10 police and fire departments which elected benefit improvements since the last valuation.

Please refer to Section IV for a presentation of liabilities and costs for each unit separately.

SECTION I - SUMMARY OF THE VALUATION (Cont'd)

Funded Status

Of the 54 municipalities covering general employees, 8 have unfunded liabilities. Many of the unfunded units were recent participants in the System with prior service credits. The total unfunded liability on the valuation date for all general employees was \$4,529,300.

Of the 33 police and fire departments, 11 had unfunded liabilities. As above most of the units with unfunded liabilities were recent participants in the System with prior service credits or have recently improved the level of benefits offered. The total unfunded liability for all Police and Fire units on the valuation date was \$2,177,400.

The recent change in valuing assets for valuation purposes (effective as of the June 30, 1991 valuation) which recognizes a portion of the unrealized gains or losses in the market value of assets, has reduced or eliminated the unfunded liabilities for many units. (Previously, the book value of assets was used for valuation purposes.)

Recent favorable investment experience has also caused the unfunded liabilities to decrease. The majority of units are overfunded as of the valuation date. Employer contributions (equal to the normal cost) and employee contributions are still made to overfunded units which will most likely maintain the fully funded status of these units in the future.

The value of the System's vested benefits for both general employees and policemen and firemen is approximately \$234.9 million. The market value of assets on June 30, 1993 exceeded this amount by \$202.6 million. Last year the market value of assets exceeded vested benefit liabilities by \$164.5 million. However there are 10 units in total with unfunded vested liabilities. It should be noted that because each unit is individually evaluated the surplus plan assets from one unit may not be used to offset the unfunded liabilities from another unit.

SECTION I - SUMMARY OF THE VALUATION (Cont'd)

Section IV and Exhibit II provide financial details for each unit and also show vested liabilities and benefit obligations for disclosure as required by Governmental Accounting Standards Board Statement No. 5.

Assets of the Retirement System

As of June 30, 1993 the market value of assets for the general employee units was \$373.7 million and for police and fire units the market value of assets was \$63.8 million. Section III presents an income statement and provides a breakdown of the investments of the System into investment categories.

The table below provides a summary for recent plan years of certain key statistics of the performance and transactions of the retirement fund:

	<u>7/1/92 to 6/30/93</u>	<u>7/1/91 to 6/30/92</u>	<u>7/1/90 to 6/30/91</u>
Investment yield*	11.10%	13.50%	7.36%
Market Value of Assets at end of period	\$ 437,549,000	\$ 381,973,000	\$ 334,701,000
Total Contributions	18,022,800	17,305,900	16,995,000
Investment Income	<u>26,711,200</u>	<u>30,910,500</u>	<u>18,243,400</u>
Total Income	44,734,000	48,216,400	35,238,400
Total Benefit Payments	\$ 18,428,600	\$ 17,104,700	\$ 15,780,400
Net Income	\$ 26,305,400	\$ 31,111,700	\$ 19,458,000

*Provided by Wilshire Associates.

SECTION I - SUMMARY OF THE VALUATION (Cont'd)

The investment yields should be compared with the assumed return of 8%. In recent years, the total benefit payments have grown at a faster rate than the contributions to the plan and benefit payments now exceed the level of plan contributions. However the total income to the fund, including investment income, still exceeds the benefit outgo.

Actuarial Method and Assumptions

Exhibit IV describes the actuarial method adopted to calculate the contribution rates for each unit and also describes the actuarial assumptions utilized.

The assumptions remained unaltered since the previous valuation of June 30, 1992.

Participant Data

Section II discusses the participant data in detail and Exhibit III provides charts showing key statistics for each unit's participant data.

We received the participant data from the Retirement System. There were 5,508 current active participants in the general employee units and 703 police and firemen. These figures represent increased participation and result from the fact that there were more new hires than retirements and terminations during the year. The number of current retirees reported was 2,720, up from 2,638 in the previous year.

Changes in the Retirement System

The following units have been included in the valuation of the Municipal Retirement System separately as of June 30, 1993:

	<u>Unit</u>	<u>Date of Split</u>
4060	Barrington Police	7/1/93
4061	Barrington Fire	7/1/93

Plan Benefits

Plan provisions are summarized in Exhibit V. In the valuation results, Section IV, we list the benefit structures for each unit separately indicating which units have adopted a COLA benefit or the 20 year police and fire plan.

The following units adopted benefit changes:

	<u>Unit</u>	<u>Benefit Change (Effective Date)</u>
3026	Pawtucket	COLA C (1/1/94)
3033	Tiverton	COLA C (1/1/95)
3059	Bristol Housing	COLA C (1/1/95)
4042	Valley Falls Fire	20 Year Plan (7/1/93)
4060	Barrington Police	20 Year Plan (7/1/93)
4088	Glocester Police	COLA C (1/1/94)
4090	Burrillville Police	COLA C (1/1/94)
4091	Cumberland Police	20 Year Plan (7/1/93)
4095	Cumberland Hill Fire	20 Year Plan (7/1/93)
		COLA C (1/1/94)
4100	Tiogue Fire	COLA C (1/1/94)
4101	North Cumberland Fire	20 Year Plan (7/1/94)
4106	Cumberland Fire	20 Year Plan (7/1/93)

If certain units, prior to fiscal 1996, reach a decision to adopt a new benefit structure, the contribution rates incorporated in this report will be altered accordingly.

Smoothed Contribution Rate

Exhibit IV describes the smoothed contribution rate option. The following units are eligible to elect the option for fiscal 1996.

	<u>Unit</u>	<u>Contribution Rate</u>	<u>Smoothed Contribution Rate</u>
3004	Central Falls	18.04%	15.00%
3012	Foster	5.43%	5.27%
3036	Westerly	44.89%	44.15%
3045	Coventry Lighting District	53.44%	37.81%
3046	Hope Valley Fire	24.03%	23.72%
3096	Central Falls Housing	23.26%	18.60%
4095	Cumberland Hill Fire	14.59%	14.13%*

* The smoothed rate is based on the adjusted cost reflecting the benefit improvement.

In determining whether a unit is eligible to elect a smoothed contribution rate, we have calculated whether the difference between the fiscal 1995 cost, adjusted for benefit improvements if any, and the fiscal 1996 cost exceeds 2%. The only exception to this rule applies for units which were eligible for a smoothed rate for fiscal 1995. In those cases we have compared the fiscal 1995 smoothed rate with the fiscal 1996 cost.

SECTION II - EMPLOYEE DATA

Active Employees

A summary of the key employee statistics as of June 30, 1993 is as follows:

	<u>General Employees</u>		<u>Policemen and Firemen</u>	
	<u>June 30, 1993</u>	<u>June 30, 1992</u>	<u>June 30, 1993</u>	<u>June 30, 1992</u>
Number of Covered Employees	5,508	5,422	703	700
Average Annual Salary	\$19,800	\$19,400	\$29,000	\$28,100
Average Age (years)	46.2	46.0	34.7	34.4
Average Service (years)	9.6	8.8	8.4	8.2
Number of Vested Employees	1,909	1,871	219	201
Number of Employees Eligible for Retirement	594	562	57	40

The average annual salary for general employees has remained approximately level. This is a combination of several factors. Average salaries for continuing members increased by 7.0%. However, this increase was offset by the addition of new employees earning less than current members or retirees whom they replaced. The ratio of average salaries of new entrants to the average salaries of terminated employees was approximately 60%.

The average annual salary for policemen and firemen rose by 3.2%. As above however, policemen and firemen employed continuously throughout the year experienced an average pay increase of 6.4% and new hires were paid less than the terminating employees they were replacing.

SECTION II - Employee Data (Cont'd)

Missing data was estimated by using an average for employees with similar available data. For example, a person missing a date of hire, would be given an estimated date of hire based on his date of birth. Active employees missing salaries were given the average salary of employees within the same municipal group. For active general employees there were 27 missing salaries, 176 missing dates of birth, and 188 missing dates of hire. For policemen and firemen there were approximately 9 missing dates of birth and 27 missing hire dates. The impact of missing data varies depending on the individual unit and the data missing from that unit.

This year there were far fewer missing data items. This reflects the efforts of the Board's staff to improve the quality of data.

Tables 1A and 1B provide a distribution of employees by age and service for general employees and policemen and firemen, respectively.

Retirees and Beneficiaries

The data provided for retirees and beneficiaries included dates of hire and retirement, sex, monthly benefit, type of benefit, and payment option. The more significant statistics for retirees and beneficiaries are summarized as follows:

	<u>June 30, 1993</u>	<u>June 30, 1992</u>
Pensioners		
Number	2,599	2,530
Average Age	69.9	69.6
Average Monthly Benefit	\$ 533	\$ 511
Beneficiaries		
Number	121	108
Average Age	68.9	68.1
Average Monthly Benefit	\$ 406	\$ 388

SECTION II - Employee Data (Cont'd)

The increase in the average monthly benefit can be attributed to the ratio of the average benefits payable to those who died in the past year versus those who retired. This ratio was 55% indicating that the new retirees have almost twice as large a pension as those retirees who died in the past year. The increase in average monthly benefits can also be partly attributed to increases caused by cost of living adjustments.

Table 2 shows distributions for pensions in payment status as of June 30, 1993 by age and pension type. This table also indicates total monthly pension payments by age, average payments by age, and total monthly payments by type.

Exhibit III shows a summary of key data statistics for each municipality as of June 30, 1993 and June 30, 1992.

Table 1A - Distribution of Municipal General Employees in Active Service at June 30, 1993

Years of Service and Average Annual Earnings

<u>Age</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	<u>Total</u>
0-19										0
20-24	83 \$15,767	4 16,951								87 15,733
25-29	219 18,105	112 20,925	4 22,384							335 19,099
30-34	198 18,205	186 21,160	49 21,929	8 26,803						441 19,977
35-39	288 15,807	241 20,695	94 25,124	56 23,571	7 20,957					686 19,489
40-44	381 16,776	269 19,615	115 23,715	95 26,655	66 25,358	11 29,073				937 20,193
45-49	220 17,901	370 16,560	129 22,358	78 25,111	52 26,879	25 30,158	3 29,641			877 19,478
50-54	153 17,733	211 19,590	125 20,427	122 22,270	68 23,224	24 29,339	7 26,995	2 27,338		712 20,565
55-59	109 18,972	171 19,210	95 21,503	119 20,814	114 20,820	38 24,813	13 27,954	3 28,059	7 22,450	669 20,613
60-64	65 18,574	139 18,280	78 21,669	88 21,799	63 20,519	37 18,052	6 24,934	1 25,041	9 19,946	486 19,900
65-69	31 18,229	42 16,089	25 19,135	41 25,317	37 18,302	18 17,049	3 14,368	3 16,316	7 47,832	207 19,309
70-74	4 10,377	5 10,557	5 18,672	10 20,015	11 23,563	15 12,934			8 20,452	58 16,891
75+	3 14,273	1 6,128		2 29,505	1 1,500				6 23,154	13 16,576
TOTAL	1,754 17,733	1,751 19,093	719 22,248	619 23,319	419 22,448	168 23,152	32 25,760	9 23,463	37 19,447	5,508 19,839

104.

Table 1B - Distribution of Policemen and Firemen in Active Service at June 30, 1993

Years of Service and Average Annual Earnings

<u>Age</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	<u>Total</u>
0-19										0
20-24	42 22,883									42 22,883
25-29	119 25,412	60 30,007	1 34,272							180 26,993
30-34	71 25,428	87 29,882	28 32,617							186 28,593
35-39	29 27,252	39 30,090	43 31,412	19 32,305	1 40,223					131 30,294
40-44	13 27,671	5 30,160	17 30,148	17 33,055	15 34,878					67 31,478
45-49	4 27,644	3 34,677	2 27,547	12 31,601	23 33,056	2 34,937	1 50,059			47 32,569
50-54	1 46,351	2 28,660		4 30,878	10 31,133	5 36,157	1 30,263			23 32,590
55-59	2 34,296	1 38,038	1 47,462	2 31,566	6 32,497	3 30,727	1 42,212		2 33,253	18 34,162
60-64	1 30,855			1 21,999	2 31,606		2 35,872	1 42,212		7 32,860
65-69		1 44,591				1 36,035				2 40,313
70-74										
75+										
TOTAL	282 25,521	198 30,143	92 31,667	55 32,065	58 33,263	10 34,284	5 38,855	1 42,212	2 33,253	703 29,043

Table 2 - Distribution of Retirees and Beneficiaries at June 30, 1993

Number of Pensioners and Total Monthly Pensions Paid by Age

Age	Pension Type				Total by Age	Percent of Pensioners/ Average Pension
	Service Retirements	Beneficiaries	Accidental Disabilities	Ordinary Disabilities		
< 30	0	1	1	0	2	0.07%
	\$ 0	\$ 290	\$ 1,575	\$ 0	\$ 1,865	\$ 932
30-39	0	3	3	2	8	0.29%
	0	1,270	4,422	560	6,252	781
40-49	17	4	9	12	42	1.54%
	26,026	3,271	12,562	5,630	47,489	1,130
50-54	36	6	9	17	68	2.50%
	64,179	3,036	7,835	6,930	81,980	1,205
55-59	87	11	10	26	134	4.93%
	105,883	4,738	10,016	10,333	130,970	977
60-64	379	24	12	23	438	16.10%
	273,905	12,132	10,291	6,913	303,241	692
65-69	644	26	9	23	702	25.81%
	375,244	11,363	7,607	6,642	400,856	571
70-74	582	28	6	16	632	23.24%
	246,740	8,317	3,694	3,724	262,475	415
75-79	336	21	4	5	366	13.46%
	109,849	5,657	1,980	903	118,389	323
80-84	203	14	0	2	219	8.05%
	53,683	4,734	0	417	58,834	268
85-89	76	3	1	1	81	2.98%
	15,437	1,107	459	54	17,057	210
90-94	25	0	0	1	26	0.96%
	4,004	0	0	55	4,059	156
95+	2	0	0	0	2	0.07%
	334	0	0	0	334	167
Total	2,387	141	64	128	2,720	
	\$ 1,275,284	\$ 55,915	\$ 60,441	\$ 42,161	\$ 1,433,801	\$ 527

SECTION III - PLAN ASSETS

The Fund receives all member and employer contributions. The assets are invested by the State Investment Commission, with the investment earnings being added to the Fund and available for reinvestment. Payments from the Fund are primarily for refunds of employee contributions, lump sum death benefits, and pension payments. Contribution refunds occur when an employee terminates employment before completing 10 years of service and elects to take a refund, or when he or she dies after retirement without having received payments from the Fund equal to his or her total contributions.

As of the July 1, 1991 actuarial valuation, the value of assets utilized to assess the contribution rates, referred to as the actuarial value of assets, was altered from the book value of assets to a market related value of assets. The actuarial value recognizes investment gains and losses, relative to the assumed 8% return, over a three year period, and is developed in Table 3. The actuarial value of assets for each unit is assessed in proportion to the amount of reserves allocated to each unit relative to the total reserves, refer to Table 7.

During fiscal 1993 the investment earnings represented 11.10% of the average market value of assets of the Fund during the fiscal year as reported by Wilshire Associates. The yield for the previous fiscal year was 13.50%.

Table 4 provides a summary of income and expenses for the years ended June 30, 1993 and 1992. For the plan year ended June 30, 1993 the market value of the Municipal Employees' Retirement Fund showed a net increase of \$55,575,575 from \$381,973,321 to \$437,548,896. The increase is represented by net income of \$26,305,408 and unrealized assets gains during the year of \$29,270,167.

SECTION III - PLAN ASSETS (Cont'd)

Table 5 provides a distribution of the assets by category of investment. As of June 30, 1993, the Fund was comprised of 48.1% equities, 35.5% fixed income securities, 6.0% real estate and venture capital, with the balance, 10.4%, held in cash, short term paper, and other highly liquid assets.

The financial statements indicate that 85.4% of the assets are allocated to general employees and 14.6% are for policemen and firemen. There is also a small unallocated reserve for unclaimed benefits.

Table 3 - Calculation of Actuarial Asset Value at June 30, 1993

1.	Actuarial Asset Value at June 30, 1992		
2.	Contributions	\$	368,448,830
	a. Employees		
	b. Employers		
	c. Miscellaneous		8,841,514
	d. Total		9,005,072
			<u>176,261</u>
3.	Disbursements	\$	18,022,847
	a. Pensions in payment		
	b. Death Benefits		17,029,905
	c. Refund of Employee Contributions		670,392
	d. Total		<u>728,296</u>
4.	Assumed Return at 8.00%	\$	18,428,593
	a. On Beginning of Year Assets		
	b. On Contributions		29,475,906
	c. On Benefit Payments		720,914
	d. Total		<u>(737,144)</u>
5.	Tentative Actuarial Asset Value June 30, 1993 1. + 2.d. - 3.d. + 4.d.	\$	29,459,676
6.	Market Value June 30, 1993		397,502,760
7.	Excess of Market Value over Tentative Actuarial Asset Value		437,548,896
8.	Prior Adjustments not Recognized		
	1992 x 2		13,524,490
	1991 x 1		<u>0</u>
	Total		13,524,490
9.	Current Year Investment Gain/(Loss)		26,521,646
10.	Current Year Adjustment to be recognized (1/3 of Gain/(Loss))		8,840,549
11.	Cumulative Adjustment		
	1993		8,840,549
	1992		6,762,245
	1991		<u>0</u>
	Total		15,602,794
12.	Actuarial Asset Value on June 30, 1993 5. + 11		413,105,554

Table 4
Summary Statement of Income and Expenses

	1993	1992
Employer contributions	\$ 8,841,514	\$ 8,589,268
Member contributions	9,005,074	<u>8,529,264</u>
Total contributions	\$ 17,846,586	\$ 17,118,532
Net miscellaneous items	176,261	187,371
Investment Income:		
Dividends	\$ 4,727,363	\$ 4,834,697
Interest	12,451,175	12,976,086
Capital gains	10,331,874	14,131,407
Net transfers less expenses	<u>(799,231)</u>	<u>(1,031,719)</u>
Net investment income	<u>26,711,181</u>	<u>30,910,471</u>
Total income available for benefit payments	\$ 44,734,028	\$ 48,216,374
Benefit payments:		
Pension benefits	\$ 17,029,905	\$ 15,829,624
Death benefits	670,392	555,678
Contribution refunds	<u>728,323</u>	<u>719,337</u>
Total benefit payments	<u>18,428,620</u>	<u>17,104,639</u>
Excess of income over expenses	\$ <u>26,305,408</u>	\$ <u>31,111,735</u>

Note: Detail figures may not add to totals shown because of rounding.

Table 4
Summary Statement of Income and Expenses

	1993	1992	
Employer contributions	\$ 8,841,514	\$ 8,589,268	
Member contributions	9,005,074	<u>8,529,264</u>	
Total contributions	\$ 17,846,586	\$ 17,118,532	
Net miscellaneous items	176,261	187,371	
Investment income:			
Dividends	\$ 4,727,363	\$ 4,834,697	
Interest	12,451,175	12,976,086	
Capital gains	10,331,874	14,131,407	
Net transfers less expenses	<u>(799,231)</u>	<u>(1,031,719)</u>	
Net investment income	<u>26,711,181</u>	<u>30,910,471</u>	
Total income available for benefit payments	\$ 44,734,028	\$ 48,216,374	
Benefit payments:			
Pension benefits	\$ 17,029,905	\$ 15,829,624	
Death benefits	670,392	555,678	
Contribution refunds	<u>728,323</u>	<u>719,337</u>	
Total benefit payments	<u>18,428,620</u>	<u>17,104,639</u>	
Excess of income over expenses	\$ <u>26,305,408</u>	\$ <u>31,111,735</u>	

Note: Detail figures may not add to totals shown because of rounding.

Table 5
Composition of Plan Assets at Market Value
June 30, 1993

Cash/Short Term Investments		
Short Term Investment Fund		
Money Market Instruments	\$ 45,695,081	10.4%
Equities - Domestic	206,150,860	47.1%
Equities - International	4,432,581	1.0%
Fixed Income - Government	137,161,189	31.3%
Fixed Income - Corporate	18,459,973	4.2%
Real Estate	13,387,072	3.1%
Venture Capital	<u>12,262,140</u>	<u>2.9%</u>
 TOTAL FUND INVESTMENTS	 \$ 437,548,896	 100.0%

SECTION IV - RESULTS OF THE VALUATION

The purpose of the actuarial valuation of the System as of July 1, 1993 is to calculate the contribution requirements for the 1996 fiscal year.

The table below sets out the results of the valuation in the aggregate.

General Employees

The costs for general employees computed as of June 30, 1993 for fiscal 1996 are developed as follows:

<u>Item</u>	Fiscal 1996		<u>Previous Year</u>
	<u>Amount</u>	<u>% of Payroll</u>	
1. Participating payroll	\$ 109,273,600	---	
2. Total normal cost	8,755,300	8.01%	7.86%
3. Employee Contributions	7,136,200	6.53%	6.41%
4. Employer Normal Cost 2. - 3.	1,619,100	1.48%	1.45%
5. Amortization of unfunded actuarial liability	511,300	0.47%	0.50%
6. Total annual cost = 4. + 5.	2,130,400	1.95%	1.95%
7. Total annual cost payable monthly = 6. plus 1/2 year interest	2,215,600	2.03%	2.03%

The funding method calculates a normal cost which remains level as a percentage of payroll over each participant's working life. The normal cost for the whole System will remain stable if the average age at entry remains stable. The total normal cost percentage for general employees increased to 8.01%. This result reflects several factors including the fact that a number of municipalities chose to improve benefits to its participants.

SECTION IV - RESULTS OF THE VALUATION (Cont'd)

Police and Fire

The costs for police and fire units computed as of June 30, 1993 for fiscal 1996 are developed as follows:

<u>Item</u>	Fiscal 1996		<u>Previous Year</u>
	<u>Amount</u>	<u>% of Payroll</u>	
1. Participating payroll	\$ 20,417,300	---	
2. Total normal cost	2,545,400	12.47%	12.11%
3. Employee Contributions	1,659,600	8.13%	7.95%
4. Employer Normal Cost 2. - 3.	885,800	4.34%	4.16%
5. Amortization of unfunded actuarial liability	201,500	0.99%	0.76%
6. Total annual cost 4. + 5.	1,087,300	5.33%	4.92%
7. Total annual cost payable monthly = 6. plus 1/2 year interest	1,130,800	5.54%	5.12%

Note: Detail figures may not add to totals shown because of rounding.

The total normal cost percentage for police and fire units increased from 12.11% to 12.47%. This increase is due to the adoption of COLA's and 20-year benefit plans by a number of units since the last year.

SECTION IV - RESULTS OF THE VALUATION (Cont'd)

Exhibit 1 shows that the total unfunded liability for general employees was \$4,529,300 and for policemen and firemen was \$2,177,400. These figures equal the sum of the individual unit's unfunded liabilities with negative unfunded liabilities (i.e. assets exceed liabilities) for certain units set equal to zero.

Table 6 shows the normal cost and past service cost for each unit and also the employer costs produced by the previous two actuarial valuations.

Table 7 shows each unit's reserves, accrued liabilities and vested liabilities. In aggregate the assets cover the value of vested liabilities.

GASB Disclosure Information

Exhibit II provides the pension benefit obligation amounts required for disclosure by the Governmental Accounting Standards Board (GASB) Statement No. 5. Liabilities are shown in the aggregate and for each unit separately.

SECTION IV - RESULTS OF THE VALUATION (Cont'd)

GASB Statement #5 requires the calculation of a standardized measure called the "pension benefit obligation" which is independent of the actuarial funding method. This amount is the actuarial present value of projected benefits prorated by service credited to date. It differs from the "value of vested benefits" due to:

- future salary increases,
- inclusion of non-vested benefit, and
- proration of benefits over projected service.

For the entire Retirement System, the "pension benefit obligation" as of June 30, 1993 is \$284,477,900. Approximately one-half of this amount is attributable to benefits on behalf of active employees and the other half is attributable to the benefits of pensioners and inactive employees not yet receiving benefits.

Table 6 - Recommended Employer Contribution Rates

MUNICIPALITY		EMPLOYEE CONTRIBUTION RATE	FISCAL 1996			Total Employer Rates for the Fiscal Years	
			EMPLOYER NORMAL COST	PAST SERVICE COST	TOTAL EMPLOYER RATE	1995	1994
General Employees							
1	Barnington	6.00%	1.67%	0.00%	1.67%	1.60%	2.01%
2	Bristol	B 7.00%	0.73%	0.00%	0.73%	0.82%	0.86%
3	Burrillville	C 7.00%	3.33%	0.00%	3.33%	3.75%	3.81%
4	Central Falls	6.00%	0.75%	17.29%	18.04%	13.00%	15.26%
5	Charlestown	C 7.00%	1.11%	12.56%	13.67%	14.84%	9.95%
7	Cranston	B 7.00%	1.60%	0.00%	1.60%	1.54%	1.74%
8	Cumberland	6.00%	3.14%	0.00%	3.14%	3.18%	4.53%
9	East Greenwich	6.00%	1.17%	0.00%	1.17%	1.29%	1.91%
10	East Providence	B 7.00%	2.04%	0.00%	2.04%	2.19%	4.58%
11	Exeter/West Greenwich	6.00%	3.48%	0.00%	3.48%	3.62%	3.83%
12	Foster	6.00%	1.72%	3.71%	5.43%	3.27%	4.38%
13	Glocester	6.00%	2.80%	0.00%	2.80%	3.32%	3.41%
14	Hopkinton	6.00%	2.32%	0.00%	2.32%	2.31%	1.72%
15	Jamestown	C 7.00%	0.94%	0.00%	0.94%	1.09%	0.77%
16	Johnston	C 7.00%	1.57%	0.00%	1.57%	1.99%	2.18%
21	Newport	B 7.00%	0.44%	0.00%	0.44%	0.45%	1.39%
22	New Shoreham	6.00%	1.74%	0.00%	1.74%	3.21%	3.03%
23	North Kingstown	6.00%	1.85%	0.00%	1.85%	1.75%	1.87%
24	North Providence	6.00%	0.76%	0.00%	0.76%	0.66%	1.72%
25	North Smithfield	6.00%	3.26%	0.00%	3.26%	3.03%	3.03%
26	Pawtucket	C 7.00%	1.38%	0.00%	1.38%	0.72%	1.34%
29	Richmond	6.00%	1.82%	0.00%	1.82%	1.88%	4.93%
30	Scituate	B 7.00%	2.08%	0.00%	2.08%	2.24%	2.49%
31	Smithfield	6.00%	1.98%	0.00%	1.98%	2.33%	2.69%
32	South Kingstown	6.00%	1.52%	0.00%	1.52%	1.38%	1.37%
33	Tiverton	C 7.00%	3.97%	0.00%	3.97%	3.34%	3.34%
34	Warren	6.00%	1.82%	0.00%	1.82%	1.73%	2.11%
36	Westerly	6.00%	0.30%	44.59%	44.89%	42.15%	5.96%
37	West Greenwich	6.00%	4.44%	0.00%	4.44%	4.68%	4.71%
39	Woonsocket	6.00%	1.82%	0.00%	1.82%	1.99%	2.25%
40	Charlho School Dist.	6.00%	2.28%	0.00%	2.28%	2.18%	2.52%
41	Foster/Glocester	6.00%	4.44%	0.00%	4.44%	4.82%	5.93%
44	Southern RI Collaborative	1 6.00%	0.00%	0.00%	0.00%	0.00%	0.00%
45	Coventry Lighting Dist.	6.00%	0.00%	53.44%	53.44%	63.41%	75.64%
46	Hope Valley Fire	C 7.00%	6.90%	17.13%	24.03%	22.60%	19.72%
51	Cranston Housing	6.00%	3.11%	0.00%	3.11%	3.49%	3.72%
52	East Providence Housing	6.00%	2.71%	0.00%	2.71%	2.93%	4.12%
53	Pawtucket Housing	6.00%	1.57%	0.00%	1.57%	1.20%	1.44%
56	Cumberland Housing	6.00%	2.24%	0.00%	2.24%	2.51%	2.62%
57	Lincoln Housing	B 7.00%	4.66%	0.00%	4.66%	5.60%	5.92%
59	Bristol Housing	C 7.00%	2.34%	0.00%	2.34%	0.77%	2.48%
65	Burrillville Housing	6.00%	3.71%	0.00%	3.71%	3.23%	3.25%
66	North Providence Housing	B 7.00%	4.31%	0.00%	4.31%	4.84%	3.47%
67	East Smithfield Water	C 7.00%	6.12%	0.00%	6.12%	6.75%	6.21%
68	Greenville Water	6.00%	0.00%	0.00%	0.00%	0.00%	10.03%
71	Warren Housing	6.00%	3.71%	0.00%	3.71%	1.75%	3.89%
72	Johnston Housing	6.00%	4.29%	0.00%	4.29%	4.87%	3.72%
79	Coventry Housing	6.00%	4.10%	0.00%	4.10%	4.38%	4.28%
83	West Warwick Housing	6.00%	3.29%	0.00%	3.29%	3.11%	3.11%
84	Smithfield Housing	6.00%	0.00%	0.00%	0.00%	0.00%	0.00%
96	Central Falls Housing	6.00%	3.39%	19.87%	23.26%	25.50%	23.80%
98	Lime Rock Administrative Svcs.	6.00%	0.00%	0.00%	0.00%	0.00%	1.58%
99	Central Falls Schools	6.00%	2.90%	2.94%	5.84%	11.04%	
100	Bristol/Warren Schools	6.00%	2.89%	0.00%	2.89%	2.63%	3.15%

Table 6 - Recommended Employer Contribution Rates

MUNICIPALITY		EMPLOYEE CONTRIBUTION RATE	FISCAL 1996			Total Employer Rates for the Fiscal Years	
			EMPLOYER NORMAL COST	PAST SERVICE COST	TOTAL EMPLOYER RATE	1995	1994
Police and Fire	D	8.00%	4.68%	19.08%	23.76%	18.14%	20.39%
42 Valley Falls Fire	1	7.00%	1.68%	2.06%	3.74%	3.74%	3.74%
46 Lime Rock Fire	D	8.00%	5.57%	0.40%	5.97%	6.97%	7.38%
47 North Smithfield Vol. Fire	D	8.00%	5.39%	0.00%	5.39%	5.46%	5.63%
50 East Greenwich Fire	D	8.00%	5.24%	0.00%	5.24%	5.02%	5.73%
54 East Greenwich Police	D	8.00%	4.59%	0.00%	4.59%	4.69%	4.60%
55 North Kingstown Fire	D	8.00%	4.41%	0.00%	4.41%	4.60%	5.10%
58 North Providence Police & Fire	D	8.00%	4.18%	0.00%	4.18%	2.94%	2.85%
60 Barrington Police	D	8.00%	3.11%	0.00%	3.11%	3.17%	3.17%
61 Barrington Fire	D	8.00%	5.13%	0.00%	5.13%	5.65%	7.10%
62 Warren Police	D	8.00%	3.68%	0.00%	3.68%	3.69%	2.93%
63 South Kingstown Police & Fire	C	8.00%	5.98%	0.00%	5.98%	5.57%	5.40%
64 Pimrose Volunteer Fire	D	8.00%	4.22%	0.00%	4.22%	5.54%	5.04%
76 North Smithfield Police	D	8.00%	4.52%	0.00%	4.52%	4.54%	6.06%
77 Tiverton Fire	D	8.00%	3.89%	0.00%	3.89%	3.44%	4.59%
82 Foster Police	D	8.00%	6.29%	0.00%	6.29%	6.23%	6.24%
85 Woonsocket Police	C,D	9.00%	3.78%	0.00%	3.78%	3.96%	4.20%
86 Charlestown Police	D	8.00%	3.08%	0.00%	3.08%	5.05%	3.05%
87 Hopkinton Police	D	8.00%	8.62%	0.00%	8.62%	6.48%	4.22%
88 Gloucester Police	C,D	9.00%	2.85%	0.00%	2.85%	4.94%	6.71%
89 West Greenwich Police	D	8.00%	8.64%	0.00%	8.64%	7.00%	9.59%
90 Burnsville Police	C,D	9.00%	4.54%	0.00%	4.54%	2.80%	2.91%
91 Cumberland Police	D	8.00%	2.92%	0.78%	3.70%	4.54%	5.31%
92 Washington Fire	C,D,2	9.00%	6.02%	0.34%	6.36%	7.11%	9.26%
93 Woonsocket Fire	C,D,2	9.00%	6.42%	0.00%	6.42%	6.42%	6.42%
94 Bristol Fire	D	7.00%	7.02%	7.57%	14.59%	5.01%	5.88%
95 Cumberland Hill Fire	C,D	9.00%	2.88%	4.59%	7.47%	10.74%	10.01%
98 Coventry Fire	C	8.00%	3.88%	6.71%	10.59%	10.31%	11.25%
100 Tiogue Fire	D	8.00%	3.11%	6.29%	9.40%	8.20%	8.31%
101 North Cumberland	D	8.00%	3.04%	5.88%	8.92%	10.72%	11.34%
102 Central Coventry Fire	D	7.00%	2.26%	0.00%	2.26%	3.33%	3.13%
103 Hopkins Hill Fire	D	8.00%	4.87%	14.12%	18.99%	12.50%	10.84%
106 Cumberland Fire	D	7.00%	2.96%	5.87%	8.83%	9.15%	
107 Lincoln Rescue							

NOTES

- 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 - No data was reported for either Souther RI Collaborative or Lime Rock Fire.
 2 - By special agreement, the Woonsocket Firefighters are currently contributing 8.0% of salary; please note that the above employer costs assume an employee contribution of 9.0%.

MUNICIPALITY		ACTUARIAL VALUE OF ASSETS	TOTAL ACCRUED LIABILITY	VESTED LIABILITY	TOTAL UNFUNDED LIABILITY	UNFUNDED VESTED LIABILITY
General Employees						
1 Barnington		\$11,716,649	\$8,276,069	\$6,351,749	\$0	\$0
2 Bristol	B	5,204,390	5,732,237	4,395,297	0	0
3 Burnsville	C	8,068,103	6,011,752	4,263,893	0	0
4 Central Falls		524,100	2,402,679	1,871,938	1,878,579	1,347,838
5 Charlestown	C	176,448	887,722	567,384	711,274	390,936
7 Cranston	B	59,115,456	41,266,877	29,944,095	0	0
8 Cumberland		7,689,187	7,300,679	5,199,153	0	0
9 East Greenwich		8,558,462	5,569,232	4,259,079	0	0
10 East Providence	B	38,188,257	30,587,224	24,274,872	0	0
11 Exeter/West Greenwich		1,426,634	1,008,928	615,165	0	0
12 Foster		976,407	1,165,988	819,095	189,581	0
13 Gloucester		1,109,643	957,981	692,666	0	0
14 Hopkinton		1,117,123	681,910	478,881	0	0
15 Jamestown	C	2,655,713	2,058,264	1,347,995	0	0
16 Johnston	C	15,227,088	12,785,603	9,905,220	0	0
21 Newport	B	23,493,605	20,026,971	13,879,196	0	0
22 New Shoreham		913,134	737,762	591,190	0	0
23 North Kingstown		13,511,613	12,305,761	8,766,091	0	0
24 North Providence		11,929,301	9,017,315	6,673,779	0	0
25 North Smithfield		5,611,789	3,477,872	2,820,624	0	0
26 Pawtucket	C	45,690,438	40,217,644	27,568,666	0	0
29 Richmond		339,432	290,535	206,563	0	0
30 Scituate	B	4,123,842	3,398,783	2,369,669	0	0
31 Smithfield		9,086,684	6,134,012	4,665,027	0	0
32 South Kingstown		12,194,990	8,243,719	5,225,518	0	0
33 Tiverton	C	5,908,689	4,625,219	3,562,612	0	0
34 Warren		3,846,023	3,606,908	3,247,914	0	0
36 Westerly		730,428	1,192,063	1,089,715	461,635	359,287
37 West Greenwich		478,936	476,559	392,781	0	0
39 Woonsocket		30,061,475	19,437,684	15,454,705	0	0
40 Charho School Dist.		2,363,055	2,144,247	1,141,180	0	0
41 Foster/Glocester		1,144,411	903,597	538,892	0	0
44 Southern RI Collaborative	1	1,723	0	591	0	0
45 Coventry Lighting Dist.		113,492	391,356	308,413	277,864	194,921
46 Hope Valley Fire	C	9,891	58,763	38,310	48,872	28,419
51 Cranston Housing		1,069,583	724,359	540,280	0	0
52 East Providence Housing		958,885	758,360	607,952	0	0
53 Pawtucket Housing		4,014,175	1,991,990	1,632,483	0	0
56 Cumberland Housing		546,664	535,385	457,637	0	0
57 Lincoln Housing	B	632,850	496,530	399,830	0	0
59 Bristol Housing	C	600,030	465,216	277,939	0	0
65 Burnsville Housing		219,640	80,968	33,218	0	0
66 North Providence Housing	B	361,672	216,184	153,323	0	0
67 East Smithfield Water	C	154,001	150,911	91,186	0	0
68 Greenville Water		359,646	270,024	190,268	0	0
71 Warren Housing		378,367	261,032	169,292	0	0
72 Johnston Housing		381,384	340,524	277,069	0	0
79 Coventry Housing		387,171	330,215	293,345	0	0
83 West Warwick Housing		358,001	289,883	196,690	0	0
84 Smithfield Housing		81,712	66,139	60,410	0	0
96 Central Falls Housing		502,980	999,686	903,535	496,706	400,555
98 Lime Rock Administrative Svcs.		12,524	9,774	2,485	0	0
99 Central Falls Schools		803,230	1,268,003	441,385	464,773	0
100 Bristol/Warren Schools		4,595,502	2,422,294	1,435,374	0	0

Table 7 - Liabilities and Funded Status as of June 30, 1993

MUNICIPALITY		ACTUARIAL VALUE OF ASSETS	TOTAL ACCRUED LIABILITY	VESTED LIABILITY	TOTAL UNFUNDED LIABILITY	UNFUNDED VESTED LIABILITY
Police and Fire	D	\$248,226	\$972,228	\$658,616	\$724,002	\$410,390
42 Valley Falls Fire	1	111,668	9,033	21,131	0	0
46 Lime Rock Fire	D	143,217	155,065	63,435	11,848	0
47 North Smithfield Vol. Fire	D	3,258,155	2,187,291	1,813,011	0	0
50 East Greenwich Fire	D	4,204,858	2,568,933	1,951,467	0	0
54 East Greenwich Police						
55 North Kingstown Fire	D	10,157,345	8,338,008	6,860,540	0	0
58 North Providence Police & Fire	D	6,659,358	5,212,793	3,207,177	0	0
60 Barrington Police	D	3,786,272	3,586,715	3,083,998	0	0
61 Barrington Fire		5,728,913	3,086,231	2,825,132	0	0
62 Warren Police	D	3,247,992	2,420,747	1,855,525	0	0
63 South Kingstown Police & Fire	C	6,545,480	4,394,355	3,018,359	0	0
64 Primrose Volunteer Fire	D	673,690	286,174	173,620	0	0
76 North Smithfield Police	D	2,203,746	1,374,596	1,015,109	0	0
77 Tiverton Fire	D	2,918,215	2,108,000	1,688,185	0	0
82 Foster Police	D	606,313	418,701	255,900	0	0
85 Woonsocket Police	C,D	2,870,674	2,345,762	1,067,472	0	0
86 Charlestown Police		659,762	595,437	454,391	0	0
87 Hopkinton Police	D	514,587	308,237	150,145	0	0
88 Gloucester Police	C,D	536,518	421,675	165,263	0	0
89 West Greenwich Police		325,980	303,922	179,528	0	0
90 Burnsville Police	C,D	1,623,680	921,752	661,106	0	0
91 Cumberland Police	D	382,320	160,807	88,922	0	0
92 Washington Fire		150,758	153,882	61,292	3,124	0
93 Woonsocket Fire	C,D	1,272,840	1,346,450	499,833	73,610	0
94 Bristol Fire		25,470	11,881	6,675	0	0
95 Cumberland Hill Fire	C,D	392,349	633,658	304,598	241,309	0
98 Coventry Fire		273,554	369,592	171,493	96,038	0
100 Tiogue Fire	C	54,427	125,370	52,371	70,943	0
101 North Cumberland	D	241,075	507,602	192,577	266,527	0
102 Central Coventry Fire		145,074	275,940	185,749	130,866	40,675
103 Hopkins Hill Fire		23,374	20,383	11,131	0	0
106 Cumberland Fire	D	90,196	462,908	302,325	372,712	212,129
107 Lincoln Rescue		54,321	240,721	56,270	186,400	1,949

NOTES

- 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 - No data was reported for either Southern RI Collaborative or Lime Rock Fire.
 2 - The above exhibit does not include the liabilities in respect of the closed South Kingstown Housing and Scituate Police units.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

CERTIFICATE OF ACTUARIAL VALUATION

This is to certify that we have prepared an actuarial valuation of the plan as of June 30, 1993.

This certificate contains the following attached exhibits:

EXHIBIT I - Actuarial Cost Factors as of June 30, 1993

- A. General employees
- B. Police and firemen

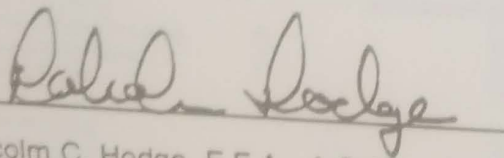
EXHIBIT II - Pension Benefit Obligation

EXHIBIT III - Participant Information

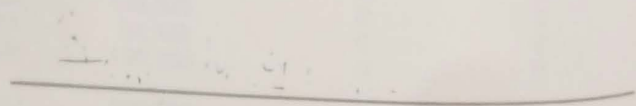
EXHIBIT IV - Actuarial Method and Assumptions

EXHIBIT V - Summary of Plan Provisions

To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate (except as noted in Exhibit I) and in our opinion the assumptions used in the aggregate (a) are reasonably related to the experience of the plan and to reasonable expectations and (b) represent our best estimate of anticipated experience under the plan.



Malcolm C. Hodge, F.F.A., A.S.A.
Associate



Barry M. Gilman, F.S.A., M.A.A.A.
Principal

A. GENERAL EMPLOYEES

The valuation was made with respect to the following data supplied to us by the Retirement Board:

- a. 5,508 active participants (including 1,909 fully vested) with total annual salaries of \$109,273,600)
- b. 849 inactive participants
- c. 2,567 pensioners (including 115 beneficiaries of deceased pensioners and active employees)

The cost factors as of the valuation date are as follows:

1. Total normal cost		\$	8,755,300
2. Projected employee contributions			7,136,200
3. Employer normal cost			1,619,100
4. Actuarial liability			
Active employees	\$	151,492,500	
Inactive employees		2,584,000	(a)
Pensioners (including beneficiaries of deceased pensioners and active employees)		121,009,300	
Total			275,085,800
5. Assets (Actuarial Value)			352,794,300
6. Unfunded actuarial liability			4,529,300 (b)
Liability for accrued vested benefits:	\$	201,720,100	(c)

- (a) The liability for inactive participants is equal to their outstanding contributions.
- (b) Equal to the sum of the individual municipalities unfunded liabilities with negative unfunded liabilities for certain units set equal to zero.
- (c) The liability for accrued vested benefits is based on the same retirement age assumptions as are costs, following the procedure required by Statement No. 5 of the Governmental Accounting Standards Board.
- (d) Detail figures may not add to totals shown because of rounding.
- (e) The assets and liabilities of the closed South Kingston Housing unit are included above, but are not shown in table 7.

B. POLICE AND FIRE

The valuation was made with respect to the following data supplied to us by the Retirement Board:

- a. 703 active participants (including 219 fully vested) with total annual salaries of \$20,417,300)
- b. 28 inactive participants
- c. 153 pensioners (including 6 beneficiaries of deceased pensioners and active employees)

The cost factors as of the valuation date are as follows:

1. Total normal cost	\$	2,545,400
2. Projected employee contributions		1,659,600
3. Employer normal cost		885,800
4. Actuarial liability		
Active employees	\$	28,890,900
Inactive employees		234,200 (a)
Pensioners (including beneficiaries of deceased pensioners and active employees)		17,251,200
Total		46,376,300
5. Assets (Actuarial Value)		60,311,300
6. Unfunded actuarial liability		2,177,400 (b)
Liability for accrued vested benefits:	\$	33,153,700 (c)

- (a) The liability for inactive employees is equal to their outstanding contributions.
- (b) Equal to the sum of the individual municipalities unfunded liabilities with negative unfunded liabilities for certain units set equal to zero.
- (c) The liability for accrued vested benefits is based on the same retirement age assumptions as are costs, following the procedure required by Statement No. 5 of the Governmental Accounting Standards Board.
- (d) Detail figures may not add to totals shown because of rounding.
- (e) The assets and liabilities of the closed Scituate Police unit are included above, but are not shown in table 7.

EXHIBIT II - PENSION BENEFIT OBLIGATION

The value of the pension benefit obligation required for disclosure by Statement No. 5 of the Governmental Accounting Standards Board is shown below as of June 30, 1993.

	Pension Benefit Obligation		
	<u>General Employees</u>	<u>Police and Fire</u>	<u>Total</u>
1. Participants currently receiving benefits and terminated employees not yet receiving benefits	\$ 123,593,300	\$ 17,485,400	\$ 141,078,700
2. Current employees			
Accumulated employee contributions	44,964,500	8,442,100	53,406,600
Employer-financed vested	33,161,300	7,226,200	40,387,500
Employer-financed nonvested	<u>40,657,800</u>	<u>8,947,300</u>	<u>49,605,100</u>
3. Total pension benefit obligation	\$ 242,376,900	\$ 42,101,000	\$ 284,477,900

Note: Detail figures may not add to totals shown because of rounding.

Exhibit II - PENSION BENEFIT OBLIGATION (Cont'd)

Pension Benefit Obligation as of June 30, 1993 by Plan

MUNICIPALITY		RETIREE AND INACTIVE LIABILITY	ACCUMULATED EMPLOYEE CONTRIBUTIONS	EMPLOYER FINANCED VESTED	EMPLOYER FINANCED NON-VESTED	TOTAL BENEFIT OBLIGATION
General Employees						
1	Barnington	\$4,341,600	\$1,277,900	\$732,200	\$1,075,100	\$7,426,800
2	Bristol	3,090,200	879,000	426,100	652,400	5,047,700
3	Burrillville	2,481,700	1,084,400	697,800	1,007,000	5,270,900
4	Central Falls	1,398,100	227,100	246,700	251,600	2,123,500
5	Charlestown	314,300	72,300	180,800	176,100	743,500
7	Cranston	15,713,200	7,514,100	6,716,800	5,874,400	35,818,500
8	Cumberland	3,257,000	1,194,300	747,800	1,321,800	6,520,900
9	East Greenwich	2,310,900	1,074,000	874,100	655,400	4,914,400
10	East Providence	17,689,200	3,821,800	2,763,800	3,433,300	27,708,100
11	Exeter/West Greenwich	241,200	236,500	137,400	225,700	840,800
12	Foster	566,600	193,200	59,300	180,200	999,300
13	Glocester	467,700	225,000	0	136,100	828,800
14	Hopkinton	295,200	150,200	33,500	111,000	589,900
15	Jamestown	646,000	395,000	307,000	351,200	1,699,200
16	Johnston	5,456,100	1,744,400	2,704,800	1,606,600	11,511,900
21	Newport	8,566,800	3,303,000	2,009,400	3,167,200	17,046,400
22	New Shoreham	262,300	199,300	129,600	17,000	608,200
23	North Kingstown	5,398,300	2,027,800	1,340,100	1,918,300	10,684,500
24	North Providence	3,326,500	1,830,800	1,516,500	1,262,000	7,935,800
25	North Smithfield	1,836,500	596,400	387,700	346,800	3,167,400
26	Pawtucket	17,751,500	6,275,500	3,541,700	7,926,700	35,495,400
29	Richmond	137,400	66,700	2,500	36,500	243,100
30	Scituate	1,180,300	566,800	622,500	600,700	2,970,300
31	Smithfield	2,478,500	1,145,900	1,040,600	848,000	5,513,000
32	South Kingstown	2,261,200	1,959,500	1,004,800	1,552,600	6,778,100
33	Tiverton	2,291,100	616,500	655,000	629,400	4,192,000
34	Warren	2,883,600	221,300	143,000	202,300	3,450,200
36	Westerly	832,600	101,400	155,700	66,400	1,156,100
37	West Greenwich	307,800	85,000	0	43,400	436,200
39	Woonsocket	10,778,900	3,064,200	1,611,600	2,107,900	17,562,600
40	Charho School Dist.	382,500	504,700	254,000	538,000	1,679,200
41	Foster/Glocester	324,800	214,000	0	261,800	800,600
44	Southern RI Collaborative	0	0	0	0	0
45	Coventry Lighting Dist.	0	15,400	293,000	50,900	359,300
46	Hope Valley Fire	0	1,600	36,700	15,900	54,200
51	Cranston Housing	398,200	118,400	23,700	101,900	642,200
52	East Providence Housing	382,400	113,100	112,500	93,800	701,800
53	Pawtucket Housing	1,118,100	444,700	69,600	142,100	1,774,500
56	Cumberland Housing	402,500	52,600	2,500	32,300	489,900
57	Lincoln Housing	295,400	60,700	43,700	69,600	469,400
59	Bristol Housing	120,900	69,400	87,600	115,200	393,100
65	Burrillville Housing	0	30,400	2,800	29,400	62,600
66	North Providence Housing	26,400	76,700	50,200	25,500	178,800
67	East Smithfield Water	39,100	19,900	32,200	42,400	133,600
68	Greenville Water	0	77,100	113,100	37,400	227,600
71	Warren Housing	59,100	53,400	56,800	57,100	226,400
72	Johnston Housing	178,500	29,200	69,400	40,100	317,200
79	Coventry Housing	201,300	40,000	52,000	20,500	313,800
83	West Warwick Housing	99,200	61,000	36,500	51,100	247,800
84	Smithfield Housing	50,500	9,900	0	0	60,400
96	Central Falls Housing	759,000	49,600	94,900	57,100	960,600
98	Lime Rock Administrative Svcs.	0	2,500	0	1,900	4,400
99	Central Falls Schools	5,800	148,400	287,200	527,900	969,300
100	Bristol/Warren Schools	158,800	622,500	654,100	564,300	1,999,700

Exhibit II - PENSION BENEFIT OBLIGATION (Cont'd)

Pension Benefit Obligation as of June 30, 1993 by Plan

		RETIREE AND INACTIVE LIABILITY	ACCUMULATED EMPLOYEE CONTRIBUTIONS	EMPLOYER FINANCED VESTED	EMPLOYER FINANCED NON-VESTED	TOTAL BENEFIT OBLIGATION
MUNICIPALITY						
Police and Fire	D	\$155,300	\$46,500	\$456,800	\$212,400	\$871,000
42 Valley Falls Fire	1	0	12,100	0	64,900	77,000
46 Lime Rock Fire	D	100	41,300	22,000	59,700	123,100
47 North Smithfield Vol. Fire	D	1,469,200	299,800	44,000	247,800	2,060,800
50 East Greenwich Fire	D	1,130,200	441,700	379,600	425,000	2,376,500
54 East Greenwich Police						
55 North Kingstown Fire	D	4,854,700	1,134,600	871,200	949,900	7,810,400
58 North Providence Police & Fire	D	982,300	1,126,700	1,098,100	1,444,500	4,651,600
60 Barrington Police	D	1,890,700	485,600	707,800	295,700	3,379,800
61 Barrington Fire						
62 Warren Police	D	1,148,600	407,900	299,000	384,900	2,240,400
63 South Kingstown Police & Fire	C	1,254,800	821,800	941,800	950,800	3,969,200
64 Pimrose Volunteer Fire	D	21,500	82,300	69,800	71,900	245,500
76 North Smithfield Police	D	310,400	301,800	402,800	238,000	1,253,000
77 Tiverton Fire	D	641,900	393,300	653,000	279,600	1,967,800
82 Foster Police	D	105,000	94,700	56,100	112,400	368,200
85 Woonsocket Police	C,D	235,200	764,200	68,100	805,600	1,873,100
86 Charlestown Police		329,800	124,600	0	99,000	553,400
87 Hopkinton Police	D	14,200	125,800	10,100	117,900	268,000
88 Gloucester Police	C,D	44,900	120,400	0	197,300	362,600
89 West Greenwich Police		5,300	58,900	115,300	83,800	263,300
90 Burnsville Police	C,D	501,800	136,100	23,200	193,900	855,000
91 Cumberland Police	D	10,800	78,100	0	37,600	126,500
92 Washington Fire		0	49,300	11,900	61,500	122,700
93 Woonsocket Fire	C,D	0	484,300	15,500	535,100	1,034,900
94 Bristol Fire		0	6,700	0	5,100	11,800
95 Cumberland Hill Fire	C,D	0	57,000	247,600	238,100	542,700
98 Coventry Fire		68,600	45,600	57,300	138,800	310,300
100 Tivogue Fire	C	200	13,300	38,900	50,200	102,600
101 North Cumberland	D	0	50,900	141,700	211,700	404,300
102 Central Coventry Fire		300	30,600	154,800	62,600	248,300
103 Hopkins Hill Fire		1,700	9,500	0	4,600	15,800
106 Cumberland Fire	D	0	31,100	271,200	118,000	420,300
107 Lincoln Rescue		0	19,100	37,200	135,400	191,700

NOTES

- 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 - No data was reported for either Southern RI Collaborative or Lime Rock Fire.
- 2 - The above exhibit does not include the liabilities in respect of the closed South Kingstown Housing and Scituate Police units.

EXHIBIT III - PARTICIPANT INFORMATION

Active Employees as of June 30, 1993

Active Employees as of June 30, 1992

MUNICIPALITY	NUMBER	AVERAGE AGE	AVERAGE SERVICE	AVERAGE SALARY	NUMBER	AVERAGE AGE	AVERAGE SERVICE	AVERAGE SALARY
General Employees								
1 Barrington	129	47.4	10.7	\$22,000	130	47.2	10.4	\$22,000
2 Bristol	76	43.1	10.3	22,500	80	42.1	9.5	22,300
3 Burrilville	133	47.1	8.5	20,100	142	47.0	7.9	18,200
4 Central Falls	50	41.4	8.1	22,200	62	43.3	8.1	21,000
5 Charlestown	27	39.0	6.3	22,400	21	39.1	6.5	22,600
7 Cranston	791	46.1	10.1	19,400	776	46.0	9.7	19,900
8 Cumberland	230	48.2	6.9	19,200	229	47.9	6.1	19,000
9 East Greenwich	131	46.3	9.4	19,200	133	46.7	9.5	18,700
10 East Providence	399	46.8	9.1	22,600	402	46.6	8.4	22,600
11 Exeter/West Greenwich	49	449.0	6.4	16,700	43	45.9	6.0	15,800
12 Foster	39	43.6	7.7	15,000	38	42.8	6.6	16,000
13 Glocester	54	43.9	4.6	16,900	57	43.9	4.1	15,200
14 Hopkinton	24	43.4	6.2	20,300	23	43.2	5.4	20,600
15 Jamestown	41	42.5	9.5	24,200	44	42.0	8.6	23,600
16 Johnston	203	48.7	10.6	19,300	221	48.1	9.4	18,700
21 Newport	312	44.2	10.9	22,200	312	44.2	10.5	21,800
22 New Shoreham	34	43.0	6.4	20,800	34	40.6	6.9	24,500
23 North Kingstown	301	46.2	8.6	19,300	219	45.6	8.5	22,100
24 North Providence	250	47.1	10.7	16,700	245	46.5	10.1	17,300
25 North Smithfield	73	47.8	8.3	19,800	76	46.1	7.6	19,800
26 Pawtucket	648	46.6	10.8	20,500	641	46.2	10.2	15,400
29 Richmond	18	40.0	3.9	20,100	18	39.0	2.9	18,700
30 Scituate	77	49.3	9.3	16,800	75	47.9	8.7	15,700
31 Smithfield	121	48.6	10.0	22,700	126	47.3	8.4	21,500
32 South Kingstown	269	44.2	8.5	18,900	265	44.0	8.1	19,600
33 Tiverton	77	49.1	8.7	21,400	82	48.6	7.9	19,400
34 Warren	29	45.9	9.0	20,600	32	47.4	10.7	21,600
36 Westerly	4	57.7	16.3	40,400	5	56.8	16.0	31,200
37 West Greenwich	19	47.0	3.9	17,600	21	45.5	3.3	17,100
39 Woonsocket	379	46.6	8.8	19,100	371	46.7	8.7	19,100
40 Charho School Dist.	113	43.7	6.5	16,900	115	42.6	5.6	15,900
41 Foster/Glocester	42	47.6	6.0	16,800	40	48.1	5.5	16,800
44 Southern RI Collaborative	0	0.0	0.0	0	1	29.1	2.8	12,800
45 Coventry Lighting Dist.	3	57.3	26.5	31,100	3	56.3	25.5	29,100
46 Hope Valley Fire	1	57.8	10.9	28,900	1	56.8	9.9	31,300
51 Cranston Housing	15	46.1	6.8	25,200	15	47.0	6.5	24,700
52 East Providence Housing	13	48.7	7.5	25,300	13	48.9	7.3	22,100
53 Pawtucket Housing	42	43.4	7.3	24,500	39	42.8	6.9	26,100
56 Cumberland Housing	8	43.7	6.3	26,100	9	44.9	5.0	24,800
57 Lincoln Housing	8	43.8	6.4	22,700	8	47.3	5.8	20,900
59 Bristol Housing	8	44.4	9.7	22,000	8	45.9	9.2	22,700
65 Burrilville Housing	2	50.1	10.2	29,600	2	49.1	10.2	28,400
66 North Providence Housing	7	46.0	8.2	21,200	7	47.5	7.3	22,900
67 East Smithfield Water	4	48.6	9.7	13,400	2	49.4	9.6	33,500
68 Greenville Water	4	52.0	15.1	35,000	4	51.0	13.9	33,000
71 Warren Housing	6	49.6	8.6	22,100	6	52.9	11.4	22,000
72 Johnston Housing	6	45.6	7.2	20,200	5	49.8	7.5	20,200
79 Coventry Housing	4	50.1	8.3	24,300	5	50.3	8.3	22,400
83 West Warwick Housing	7	47.7	9.0	22,200	6	47.4	9.3	23,200
84 Smithfield Housing	2	36.3	4.8	22,000	2	35.3	3.8	18,100
96 Central Falls Housing	11	46.8	6.4	23,800	13	46.8	11.5	25,700
98 Lime Rock Administrative Svcs.	1	33.5	5.3	23,800	1	32.5	4.3	20,400
99 Central Falls Schools	96	44.0	6.3	15,100	74	45.1	6.6	15,700
100 Bristol/Warren Schools	118	46.7	7.8	15,500	120	48.2	9.5	18,200

EXHIBIT III - PARTICIPANT INFORMATION

Active Employees as of June 30, 1993

Active Employees as of June 30, 1992

MUNICIPALITY	Active Employees as of June 30, 1993				Active Employees as of June 30, 1992			
	NUMBER	AVERAGE AGE	AVERAGE SERVICE	AVERAGE SALARY	NUMBER	AVERAGE AGE	AVERAGE SERVICE	AVERAGE SALARY
Police and Fire								
42 Valley Falls Fire	13	39.3	14.6	\$26,400	13	38.3	13.6	\$25,300
46 Lime Rock Fire	1	0	0.0	\$0	5	30.9	8.9	23,200
47 North Smithfield Vol. Fire	9	33.4	4.9	22,300	9	31.8	4.4	24,300
50 East Greenwich Fire	24	33.1	6.1	32,500	24	32.1	4.9	30,000
54 East Greenwich Police	27	36.5	10.3	28,500	28	37.9	11.0	29,200
55 North Kingstown Fire	68	35.8	10.6	29,400	69	35.3	9.8	29,400
58 North Providence Police & Fire	92	35.2	8.7	33,300	93	35.0	8.2	29,700
60 Barrington Police	24	37.9	13.3	32,000	57	37.8	12.1	28,800
61 Barrington Fire	24	36.6	10.5	29,600	—	—	—	—
62 Warren Police	21	37.0	11.2	32,400	21	37.2	10.3	30,400
63 South Kingstown Police & Fire	43	38.6	13.6	33,200	43	37.6	12.5	32,800
64 Primrose Volunteer Fire	6	37.3	10.2	25,400	7	34.3	8.2	25,200
76 North Smithfield Police	19	37.7	10.5	30,900	17	37.8	10.4	30,900
77 Tiverton Fire	27	39.1	11.0	26,900	27	38.1	10.0	25,700
82 Foster Police	6	35.6	12.4	28,200	8	33.1	10.7	22,800
85 Woonsocket Police	76	29.8	5.1	30,000	73	28.8	4.2	26,900
86 Charlestown Police	15	34.3	5.4	26,500	14	34.8	5.9	25,700
87 Hopkinton Police	10	34.1	5.9	31,600	10	33.1	4.6	28,300
88 Gloucester Police	13	37.2	5.6	26,500	13	36.2	4.6	25,000
89 West Greenwich Police	7	38.3	12.5	27,000	8	36.5	10.4	25,000
90 Burrillville Police	18	39.1	5.1	25,700	17	39.0	3.8	27,400
91 Cumberland Police	12	28.8	4.1	25,000	12	27.3	2.7	26,200
92 Washington Fire	9	31.2	5.9	24,000	8	30.9	5.4	25,500
93 Woonsocket Fire	68	29.0	4.3	24,500	52	28.5	4.3	27,600
94 Bristol Fire	1	43.9	3.0	32,100	1	42.9	2.0	31,700
95 Cumberland Hill Fire	10	38.0	11.9	26,200	10	37.0	10.9	26,200
98 Coventry Fire	9	35.8	10.3	27,000	8	35.3	10.5	27,400
100 Tiogue Fire	4	33.2	6.9	25,600	6	38.1	8.7	18,100
101 North Cumberland	14	32.0	10.0	26,100	14	31.1	9.4	26,300
102 Central Coventry Fire	10	33.4	6.9	24,200	8	32.6	7.3	27,700
103 Hopkins Hill Fire	4	27.3	2.7	17,000	4	26.2	2.1	18,800
106 Cumberland Fire	9	40.6	9.7	27,800	9	39.6	8.7	26,000
107 Lincoln Rescue	11	33.1	7.4	27,200	12	32.1	6.3	26,200

NOTES

1 - No data was reported for either Southern RI Collaborative or Lime Rock Fire.

Retirees and Beneficiaries

MUNICIPALITY	NUMBER	AVERAGE AGE	AVERAGE MONTHLY BENEFIT
General Employees			
1 Barrington	108	72.1	\$398
2 Bristol	76	70.2	441
3 Burnilville	48	70.1	531
4 Central Falls	21	62.9	605
5 Charlestown	3	64.5	836
7 Cranston	358	71.7	465
8 Cumberland	65	67.2	485
9 East Greenwich	56	69.2	417
10 East Providence	263	68.3	812
11 Exeter/West Greenwich	7	66.8	292
12 Foster	10	68.3	586
13 Gloucester	6	65.2	661
14 Hopkinton	8	72.1	351
15 Jamestown	16	70.3	430
16 Johnston	99	69.0	516
21 Newport	160	71.2	569
22 New Shoreham	6	64.6	350
23 North Kingstown	98	69.8	545
24 North Providence	96	70.4	330
25 North Smithfield	52	70.1	317
26 Pawtucket	384	71.3	465
29 Richmond	5	67.9	380
30 Scituate	38	71.6	345
31 Smithfield	58	70.6	413
32 South Kingstown	67	72.4	328
33 Tiverton	50	69.5	446
34 Warren	53	68.8	512
36 Westerly	13	72.1	647
37 West Greenwich	5	69.5	602
39 Woonsocket	250	70.8	430
40 Chariho School Dist.	8	65.7	434
41 Foster/Glocester	7	65.9	403
44 Southern RI Collaborative			
45 Coventry Lighting Dist.			
46 Hope Valley Fire			
51 Cranston Housing	8	70.9	1,998
52 East Providence Housing	9	73.5	430
53 Pawtucket Housing	23	70.9	467
56 Cumberland Housing	6	63.8	600
57 Lincoln Housing	4	69.8	658
59 Bristol Housing	2	65.8	555
65 Burnilville Housing			
66 North Providence Housing	1	75.5	239
67 East Smithfield Water	1	76.6	523
68 Greenville Water			
71 Warren Housing	1	77.1	478
72 Johnston Housing	3	70.5	562
79 Coventry Housing	5	64.7	337
83 West Warwick Housing	1	69.5	947
84 Smithfield Housing	1	69.5	574
96 Central Falls Housing	5	63.7	1,208
98 Lime Rock Administrative Svcs.			
99 Central Falls Schools			
100 Bristol/Warren Schools	2	60.4	

EXHIBIT III - PARTICIPANT INFORMATION (Cont'd)

Retirees and Beneficiaries

<u>MUNICIPALITY</u>	<u>NUMBER</u>	<u>AVERAGE AGE</u>	<u>AVERAGE MONTHLY BENEFIT</u>
Police and Fire			
42 Valley Falls Fire	1	65.8	\$1,615
46 Lime Rock Fire			
47 North Smithfield Vol. Fire			
50 East Greenwich Fire	10	64.6	1,218
54 East Greenwich Police	10	67.7	1,075
55 North Kingstown Fire	36	62.1	1,155
58 North Providence Police & Fire	9	65.9	980
60 Barrington Police	17	61.4	973
61 Barrington Fire	22	62.2	921
62 Warren Police	14	62.9	730
63 South Kingstown Police & Fire	12	57.9	873
64 Primrose Volunteer Fire	1	79.1	304
76 North Smithfield Police	2	57.8	1,362
77 Tiverton Fire	9	65.3	698
82 Foster Police	1	57.4	731
85 Woonsocket Police	1	36.7	1,625
86 Charlestown Police	2	34.7	1,081
87 Hopkinton Police			
88 Gloucester Police	1	57.1	378
89 West Greenwich Police			
90 Burnsville Police	3	48.4	1,273
91 Cumberland Police			
92 Washington Fire			
93 Woonsocket Fire			
94 Bristol Fire			
95 Cumberland Hill Fire			
98 Coventry Fire	1	52.9	549
100 Tiogue Fire			
101 North Cumberland			
102 Central Coventry Fire			
103 Hopkins Hill Fire			
106 Cumberland Fire			
107 Lincoln Rescue			

NOTE: The above exhibit does not include the inactive participants of the closed South Kingstown Housing and Scituate Police units.

EXHIBIT IV - ACTUARIAL METHOD AND ASSUMPTIONS

a. Actuarial Funding Method

Actuarial Funding Method - Entry age normal cost method has been utilized. This method spreads the cost of benefits to be provided to an individual participant as a level percentage of pay from his or her date of employment to the assumed date of retirement.

Due to experience gains and losses or amendments to the benefits, accrued liabilities will not exactly equal the value of assets. The difference between the accrued liabilities and assets is called the unfunded liability. In 1988 the rules regarding amortizing the unfunded liability were changed. Under the new rules the existing unfunded liability in 1988 was amortized over the remainder of a 25 year period which commenced on the date the unit joined the System. Subsequent divergences from the actuarial assumptions are to be funded over the projected future salaries of active members.

Smoothed Contribution Rate - Due to large fluctuations in the contribution rates of certain municipalities, the Retirement Board elected to adopt a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2% or one eighth of the increase in contribution rate (plus the cost of any benefit improvements).

EXHIBIT IV - ACTUARIAL METHOD AND ASSUMPTIONS (Cont'd)

b. Actuarial Assumptions Concerning Future Events

Mortality - 1971 Group Annuity Mortality Table with Mortality for disabled persons set equal to the age 65 mortality under 1971 Group Annuity Mortality Table.

<u>Age</u>	<u>Sample Rates</u>		<u>Expected Future Lifetime</u>	
	<u>Mortality</u>	<u>Mortality</u>	<u>Males</u>	<u>Females</u>
	<u>Males</u>	<u>Females</u>		
20	.050%	.026%	55.3 yrs.	61.6 yrs.
25	.062	.035	50.4	56.7
30	.080	.047	45.6	51.8
35	.112	.065	40.8	47.0
40	.163	.094	36.1	42.1
45	.292	.140	31.4	37.4
50	.529	.215	26.9	32.6
55	.852	.326	22.8	28.0
60	1.312	.549	18.8	23.5
65	2.126	.956	15.2	19.3
70	3.611	1.648	11.9	15.3

Investment Return - 8.0%, compounded annually.

Salary Increases - Salaries will increase at a rate of 4.5%, compounded annually.

Retirement Age - Municipal employees are assumed to retire at the later of age 65 or completion of the service requirements. Police and Firemen are assumed to retire at the later of age 60 or completion of the service requirements. For police and fire departments electing the optional plan paying unreduced benefits after 20 years of service, employees are assumed to retire at the later of age 57 and completion of 10 years of service.

Disability - Disability is assumed to occur in accordance with the following table with 15% of disabilities being occupational for municipal employees and 50% of disabilities being occupational for police and firemen.

EXHIBIT IV - ACTUARIAL METHOD AND ASSUMPTIONS (Cont'd)

Disability - Sample Rates

<u>Municipal Employees</u>		<u>Police and Firemen</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.06%	20	.12%
25	.09	25	.17
30	.11	30	.22
35	.15	35	.29
40	.22	40	.44
45	.36	45	.72
50	.61	50	1.21
55	1.01	55	--
60	--	60	--

Withdrawal - Termination of service for reasons other than death, retirement, or disability will be in accordance with the following tables. For police and firemen no withdrawal for reasons other than death, disability, or retirement is assumed.

Sample Withdrawal Rates

<u>Age</u>	<u>Municipal Employees</u>
20	21.20%
25	15.80%
30	11.60%
35	8.40%
40	6.20%
45	4.20%
50	2.60%
55	--
60	--

Cost of Living Adjustments - 3%, not compound, beginning on the January 1st following a participant's retirement if the municipal group elects this optional benefit provision.

EXHIBIT IV - ACTUARIAL METHOD AND ASSUMPTIONS (Cont'd)

Actuarial Value of Assets - The actuarial value of assets spreads investment gains and losses relative to the assumed return of 8%, over a three year period.

Estimation of Unknown Employee Characteristics - Missing dates for participants are estimated using a band-type averaging method assigning band grouped average dates to those individuals with missing dates of birth or hire. For example, an employee missing a date of hire is given an estimated date of hire based on the average of known dates of hire for persons in his age band. For Employees who are missing salaries, their salaries are estimated by the average salaries for those employees in the same municipal group whose data is complete.

EXHIBIT V - SUMMARY OF PLAN PROVISIONS (Cont'd)

EARLY RETIREMENT

Age and Service Requirement

Early retirement is only available to policemen and firemen under the normal plan.

Amount of Retirement Benefits

Regular pension accrued, reduced by 6% for each year of age less than 55.

DISABILITY BENEFIT

Non-occupational

Service Requirement: 5 years

Amount of Benefit: Regular pension benefit based on service to disability and final average salary at time of disability, payable immediately. The minimum benefit is 20% of final average salary.

Occupational

There is no age or service requirements for the occupational disability benefit.

Amount of Benefit: Two thirds of final salary at time of disability, payable immediately.

VESTING

Employees are vested in their retirement benefits on completion of 10 years of service.

EXHIBIT V - SUMMARY OF PLAN PROVISIONS (Cont'd)

PRE-RETIREMENT DEATH
BENEFITS

Lump Sum Benefit

There are no age or service requirements for this benefit.

Amount of Benefit:

- (a) \$800 per year of service with a minimum of \$4,000 and a maximum of \$16,000, plus
- (b) Refund of employee contributions.

Joint and Survivor Benefit (optional)

Service Requirement: 10 years.

Amount of Benefit: Benefit employee would have received had he/she retired the day before he/she died and chosen the 100% joint and survivor option.

Police and Firemen's Survivor Benefit

There is no age of service requirement for this benefit.

Amount of Benefit:

- (a) 30% of final average salary to spouse plus 10% to each child under age 18, plus
- (b) refund of employee contributions.

EXHIBIT V - SUMMARY OF PLAN PROVISIONS (Cont'd)

PRE-RETIREMENT DEATH
BENEFITS (Cont'd)

Occupational Death Benefit

This benefit has no age or service requirement.

Amount of benefit:

- (a) 50% of salary to spouse or children of employees under age 18, less workmen's compensation. Police and firemen also receive 10% for each child under 18 to a maximum of 66-2/3%.
 - (b) refund of employee contributions.
-

POST-RETIREMENT
DEATH BENEFITS

Lump sum in the amount of:

- (a) 100% of employee contributions less benefits paid, plus
 - (b) Pre-retirement death benefit, reduced 25% per year of retirement, with a minimum of \$4,000.
-

EMPLOYEE CONTRIBUTIONS

Municipal Employees: 6% until maximum benefit (75% of final average salary) is accrued. Increased to 7% with post-retirement cost-of-living increase.

Policemen and Firemen: 7% until maximum benefit (75% of final average salary) is accrued. Increased to 8% with post-retirement cost-of-living increase. Increased by 1% for 20 year service plan.

EXHIBIT V - SUMMARY OF PLAN PROVISIONS (Cont'd)

AVAILABLE BENEFIT OPTIONS Joint and Survivor: Actuarially Equivalent Benefit paying either 100% or 50%, depending on option selected, of retirement benefit to surviving beneficiary.

Social Security: Pays an increased benefit until age 62 and a reduced benefit thereafter to provide a level benefit when Social Security payments are accounted for.

POST-RETIREMENT
COST OF LIVING
ADJUSTMENT

Retirees' benefits are adjusted annually by 3%, not compounded, to allow for increases in cost of living if their municipal group adopts this benefit provision.
