

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
AUGUSTA, MAINE

REPORT of the

# MAINE STATE RETIREMENT SYSTEM

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1978

for the  
FISCAL YEAR  
ENDED JUNE 30, 1978



AUGUST 1966

MAINE STATE RETIREMENT SYSTEM

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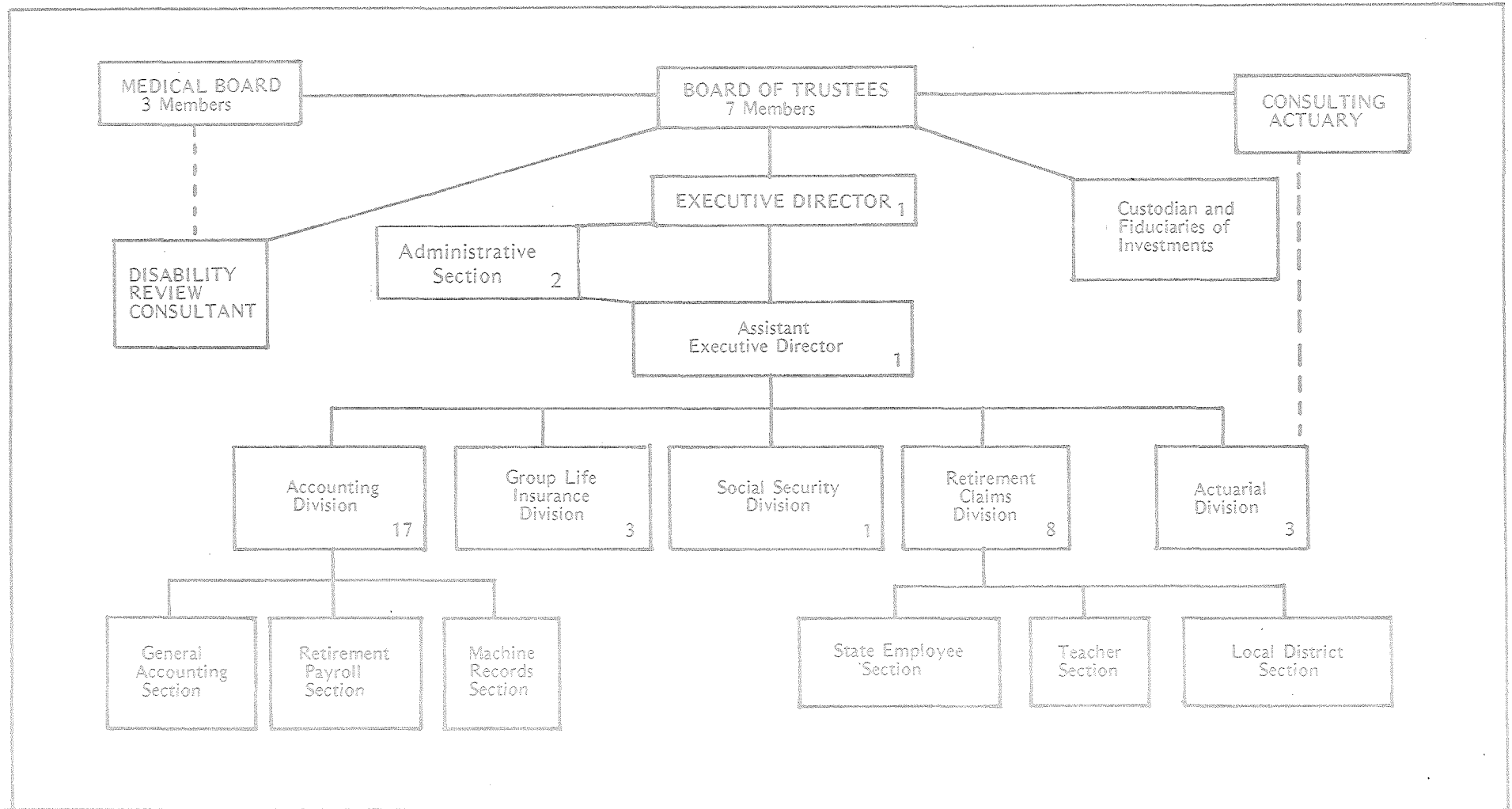
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MAINE STATE RETIREMENT SYSTEM  
ORGANIZATION CHART



## TABLE OF CONTENTS

### REPORT OF THE TRUSTEES

|   | <u>Page(s)</u> |
|---|----------------|
| Letter of Transmittal.....                      | 1-2            |
| Report of the Actuary.....                      | 3-52           |
| Report of Investment Counsel.....               | 53-55          |
| Report of the Executive Director.....           | 56-62          |
| Graphs - Financial Highlights - Statistics..... | 63-66          |

### MAINE STATE RETIREMENT SYSTEM

|  |       |
|--|-------|
| Comparative Balance Sheet.....                     | 67-68 |
| Balance Sheet.....                                 | 60    |
| Investments:                                       |       |
| Bonds.....   | 70-72 |
| Stocks.....  | 73-77 |
| Mortgages.....                                     | 78-79 |
| Time Deposits.....                                 | 80    |
| Statement of Trust Fund Balances.....              | 81-88 |
| Changes in Trust Fund Reserves.....                | 89-90 |
| Retirement Allowance Payroll.....                  | 91-95 |
| Survivor Benefit Payroll.....                      | 96    |
| Investment Losses/Income/Interest Distributed..... | 97    |
| Summary of Investment Earnings.....                | 98    |
| Administration.....                                | 99    |

### GROUP LIFE INSURANCE

|                                |         |
|--------------------------------|---------|
| Comparative Balance Sheet..... | 100     |
| Statement of Operations.....   | 101     |
| Group Life Insurance Report:   |         |
| Unionmutual - Underwriter..... | 103-108 |



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STATE OF MAINE

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## MAINE STATE RETIREMENT SYSTEM

AUGUSTA, MAINE 04333

February 15, 1979

Honorable Joseph E. Brennan  
Governor of Maine  
State House, Augusta

Members, 109th Legislature

Dear Governor Brennan and Members of the Legislature:

In accordance with the provisions of 5 MRSA, Section 1031, subsection 9, the Trustees of the Maine State Retirement System submit herewith a report of the financial transactions of the System for the fiscal year and the assets and liabilities of the Retirement System at the end of said year. Included are the following June 30, 1978, reports:

Report of the Actuary for the year ended June 30, 1978

Report of the Investment Consultant

Report of the Executive Director

Group Life Insurance Underwriter's Report for the  
policy year ended June 30, 1978

Membership on the Board is comprised of two members appointed by the Governor, subject to review of the Joint Standing Committee on Veterans & Retirement and to confirmation by the Legislature, one member appointed by the Governor from a list of three nominees submitted by the Maine Retired Teachers Association, one member selected by the Maine Teachers Association, one member elected by the Maine State Employees Association, one member appointed by the Maine Municipal Association, and one member who is a recipient of a retirement allowance through the System, selected by the foregoing members.



Governor Joseph E. Brennan  
Members, 109th Legislature  
Page 2 - February 15, 1979

During the past year the Board has held two meetings with investment managers to review the investment performance and future direction of the program. The time-weighted rate of return on investments during the year ended June 30, 1978, was 2.7%, which is approximately the same rate as the previous fiscal year. This rate of return has not been considered adequate in view of the assumed earnings rate and has caused the Trustees to direct more of the System's funds into the fixed income investment area. The Board has recently authorized an initial investment of \$3,000,000 in a real estate equity fund administered by The Travelers Insurance Company, an action which is felt will add to diversification and assure an investment return which is compatible with the interest assumption being used by the System's Actuary.

The Trustees have accepted revised actuarial assumptions for investment earnings (8½%), salary scale increases (5½%), cost-of-living increases for retirees (4%), and revised mortality tables, effective July 1, 1978. In connection with this action the Board has directed the System's Actuary to establish the employer contribution rates such that the unfunded liability amortization period will be reduced by one year annually, and that any actuarial gains or losses will be absorbed in the following year. Although it is realized that this action will involve significant cost increases by the state, it is the position of the Trustees that the integrity of the System should be maintained.

Although the Trustees have not included funding for the "non-contributory" teacher group in this year's appropriations request, as has been done during the past two regular legislative sessions (both requests were denied), it is believed most important that this matter be reviewed by the appropriate legislative committee. Expenditures for benefits applicable to this group, together with interest charges, have exceeded appropriations and other credits by an amount of \$105,881,000 as of June 30, 1978. A Joint Order introduced at the 108th Legislature to study the funding problems of the Maine State Retirement System, particularly those relating to this group of retired persons and beneficiaries, was indefinitely postponed.

Very truly yours,



William G. Blodgett,  
Executive Director for  
the Board of Trustees,  
Maine State Retirement System

TOWNE & ASSOCIATES

*Actuaries*

*Management Consultants*

EMPLOYEE BENEFIT PLANS

ROBERT J. TOWNE, F.S.A.  
164 MAIN STREET  
YARMOUTH, MAINE 04096  
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AUGUSTA, MAINE

ROBERT E. AKER  
QUECHEE, VERMONT

February 14, 1979

Robert Bourgault, Chairman  
Board of Trustees  
Maine State Retirement System

Dear Mr. Bourgault,

Enclosed is our report on the actuarial valuations we have made, as of June 30, 1978, of the assets and liabilities of the funds of the Maine State Retirement System. The valuations have been made on the basis of the actuarial assumptions that the board of trustees has adopted, in accordance with the provisions of the Maine State Retirement System Laws.

Respectfully submitted,  
Towne & Associates

By   
Robert J. Towne, President  
Fellow, Society of Actuaries

## TABLE OF CONTENTS

| <u>SECTION</u> | <u>TITLE</u>  | <u>PAGE</u> |
|----------------|---|-------------|
| A              | <u>SUMMARY OF REPORT</u>                                  |             |
|                | 1. Scope of Report  | 1           |
|                | 2. Contribution Rates                                     | 3           |
|                | 3. Financial Condition                                    | 8           |
| B              | <u>VALUATION RESULTS</u>                                  |             |
|                | 1. Actuarial Balance Sheet                                | 13          |
|                | 2. Unfunded Accrued Benefit Reserve                       | 16          |
|                | 3. Survivor Benefits Reserve                              | 20          |
|                | 4. Employer - Employee Contributions                      | 20          |
|                | 5. Fiscal Year Experience                                 | 22          |
| C              | <u>EMPLOYEE STATISTICS AS OF JULY 1, 1978</u>             |             |
|                | 1. Distribution of Active Employees (State and Teachers)  | 28          |
|                | 2. Distribution of Retired Employees (State and Teachers) | 31          |
|                | 3. Distribution of Participating District Employees       | 35          |
| D              | <u>ACTUARIAL ASSUMPTIONS</u>                              |             |
|                | 1. Amount of Benefits                                     | 36          |
|                | 2. Probability of Receipt of Benefits                     | 36          |
|                | 3. Investment Income                                      | 37          |
|                | 4. Contributions  | 37          |
|                | 5. Administrative Expenses                                | 38          |
|                | 6. Funding Method   | 38          |
| E              | <u>RETIREMENT SYSTEM BENEFIT PROVISIONS</u>               |             |
|                | I Bases for Benefits                                      | 43          |
|                | II Retirement Conditions                                  | 44          |
|                | III Benefit Formulas                                      | 45          |
|                | IV Optional Methods of Retirement Payment                 | 46          |
|                | V Cost of Living Adjustments                              | 46          |
|                | VI Death Benefits   | 47          |
|                | VII Termination of Employment Before Retirement           | 48          |
|                | VIII Employee Contributions                               | 48          |

SECTION A  
SUMMARY OF REPORT

1. Scope of Report

a) Purpose of the actuarial valuations

The purpose of the actuarial valuations was to secure the following information that is required under the Maine State Retirement System Laws:

- i) The financial condition of the retirement system as revealed by an actuarial valuation of the assets and liabilities of the system, to be shown in the annual report of the board of trustees of the retirement system, as provided in subsection 9 of section 1031 of said laws, and
- ii) The percentage rates of contributions payable by the state and participating districts under the system for the 1979-80 fiscal period, as provided in section 1062 and section 1092 of said laws.

The actuarial valuations thus measured the amount of the prospective benefits under the Maine State Retirement System and determined the sufficiency of future contributions by the members of the system, the state and the participating districts, together with the present invested assets of the system, in providing the funds for payment of the prospective benefits.

b) Employees covered

Several valuations covered state employees and teachers. Separate valuations were also made for 228 participating districts for the fiscal period 1979-80 and the results thereof submitted to them. A summary of such results is contained in this report. Actuarial valuations had previously been made for 6 additional districts that had joined the system on or after July 1, 1977 and whose membership in the system was for less than one year on July 1, 1978.

c) Benefits covered

The valuations covered all employee benefits provided by the system except those included in the group life insurance coverages.

d) Bases for valuations

Valuations were determined by using i) employee data as of June 30, 1978, which is summarized in Section C hereof, ii) the actuarial assumptions adopted by the board of trustees, which are set forth in Section D hereof, and iii) the provisions of the 1978 Revision of the Maine State Retirement System Laws, including amendments thereto enacted in 1977, which are outlined in Section E hereof.

e) Period of report

This report is with respect to the financial condition of the retirement system for the fiscal period July 1, 1977 through June 30, 1978, the state contribution requirements for the biennial 1979-81 fiscal period and participating district contribution requirements for the annual 1979-80 fiscal period.

## 2. Contribution Rates

### a) State contributions

The contribution rates, as percentages of total employee compensation, payable by the state under the provisions of the retirement system, which were determined for the biennial fiscal period 1979-81, based upon the actuarial valuation as of June 30, 1978, are as follows:

|  | Fiscal Period    |                  |
|--|------------------|------------------|
|  | <u>1979 - 80</u> | <u>1980 - 81</u> |
| i) <u>Retirement benefits (including disability)</u> |                  |                  |
| (A) <u>MTRA teachers</u>                             |                  |                  |
| Future service                                       | 5.58%            | 5.58%            |
| Accrued service                                      | <u>8.55</u>      | <u>8.81</u>      |
| Total service  | 14.13            | 14.39            |
| (B) <u>Regular state employees</u>                   |                  |                  |
| Future service                                       | 5.14%            | 5.14%            |
| Accrued service                                      | <u>7.58</u>      | <u>7.81</u>      |
| Total service  | 12.72            | 12.95            |
| (C) <u>Special state employee groups</u>             |                  |                  |

The total contribution for the following groups will be equal to the amount of total contribution for the regular state employees plus the following additional amounts for the normal cost contribution for each fiscal period.

|                          |  |
|--------------------------|--|
| State police             | 19.22%   |
| Marine resources wardens | 19.16  |
| Game wardens             | 20.99  |
| Prison guards            | 6.04   |
| Liquor inspectors        | 3.48   |
| Forest rangers           | 4.50   |
| All groups               | 14.87 (1.09% of salaries of all state employees) |

(D) Special benefits

i) Effective Prior to July 1, 1978

The costs for certain additional retirement benefits for state employees and teachers that have been granted by the legislature effective prior to July 1, 1978, and are to be funded by additional state contributions into the system, were estimated to equal \$116,224 for fiscal period 1979-80 and \$185,448 for fiscal period 1980-81.

ii) Effective After July 1, 1978

The cost of the additional prior service benefits for teachers granted by the legislature, to be effective in August 1978, are to be funded by additional state contributions into the system. The additional contributions were determined to equal \$940,202 for each fiscal period of the 1979-81 biennium.

(E) Old system teachers

The state contribution rates set forth in item A above do not include any provision for contributions to liquidate the unfunded liability for benefits of the old system teachers.

State contributions have, in previous years, been made to the retirement allowance fund based on only the future service rate determined for MTRA teachers, applied to the salaries paid to old system teachers. However, such teachers have all retired and therefore state contributions have ceased. Also, since state contributions never included any payment to

liquidate the accrued service reserve for the old system teachers state contributions and balances in the old system retirement allowance account have been insufficient after 1958 to provide the amount of retirement allowances paid to old system teachers. As a result, the funds required for payment of such retirement allowances have been borrowed from the retirement allowance accounts maintained for MTRA teachers and state employees. The interest rate has been charged on the basis of the average rate earned on all invested funds of the Retirement System but the rate obtained on new investments in fixed income indebtedness might be more applicable. The accumulated borrowings for the old system teachers retirement allowance account amounted to \$105,881,897 on June 30, 1978.

Recommendations have been made to the board at various times in the past as to provision for additional contribution requirements to liquidate the the unfunded accrued liability of the old system teachers benefits and the board has requested legislative appropriations for such contributions. However, such appropriations have, to date, not been approved. Without such additional contributions the funding period of the unfunded accrued benefit reserve will be extended as shown in the chart entitled Unfunded Accrued Benefit Reserve set forth in subsection 2 of Section B hereof.



(F) Contributions Required By Section 1062 (3) (D) of Chapter 101

Section 1062, subsection 3, paragraph D of Chapter 101 of the Maine State Retirement System Laws requires that the aggregate payment by the State into the Retirement Allowance Fund shall be at least sufficient, when combined with the amount in the Retirement Allowance Fund, to provide the benefits payable out of the fund during the current year.

It appears from the amount of the total Retirement Allowance Fund for state employees and teachers as of June 30, 1978 and the probable amount of benefits payable from the fund during the plan year July 1, 1978 through June 30, 1979 that the amount of the fund will be exhausted by June 30, 1979 which will require an additional contribution by the State for such period to make up the deficit.

The amount of the Retirement Allowance Fund at the end of the last 3 fiscal periods has been as follows:- (thousands)

| <u>Retirement Allowance Fund</u> | <u>6/30/78</u> | <u>6/30/77</u> | <u>6/30/76</u> |
|----------------------------------|----------------|----------------|----------------|
| 1. State employees               | \$ 46,106      | \$ 45,198      | \$ 42,867      |
| 2. MTRA teachers                 | 63,064         | 60,727         | 52,533         |
| 3. Old System teachers           | (105,882)      | (91,720)       | (79,578)       |
| Total                            | 3,288          | 14,205         | 15,822         |

The amount of the retirement allowance payroll (annual) at the end of the last 4 fiscal periods has been as follows:- (thousands)

| <u>Retired Employees</u> | <u>6/30/78</u> | <u>6/30/77</u> | <u>6/30/76</u> | <u>6/30/75</u> |
|--------------------------|----------------|----------------|----------------|----------------|
| 1. State employees       | \$22,786       | \$19,056       | \$16,495       | \$15,343       |
| 2. MTRA teachers         | 25,278         | 21,001         | 17,830         | 16,276         |
| 3. Old System teachers   | 8,979          | 8,651          | 8,396          | 8,675          |
| Total                    | 57,043         | 48,708         | 42,721         | 40,294         |

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The increases in the amount of retirement allowance payments in the last 4 years from retirement allowance adjustments and the lack of state contributions for old system teachers retirement benefits have been primarily responsible for the reduction of the total Retirement Allowance Fund for state employees and teachers to its present low point. An additional state contribution in excess of \$5,000,000 may be required to meet the deficit for the plan year ending June 30, 1979. The increased rate of state contributions for state and teachers benefits commencing with the fiscal period July 1, 1979 - June 30, 1980, based on the actuarial assumptions adopted by the board effective July 1, 1978, should be sufficient to prevent any deficits for future fiscal periods.

It may be noted that Section 1062, subsection 3 paragraph F provides that benefits shall be paid from the Retirement Allowance Fund, except those payable from the Members Contribution Fund and the Survivors Benefit Fund. Therefore any deficits in the Retirement Allowance Fund constitute borrowings from the other Funds which are not provided for in the Retirement System Laws.

ii) Survivor benefits

(A) Regular contribution rates

The contribution rates for each fiscal period are:

|                     |      |
|---------------------|------|
| All state employees | .83% |
| Teachers            | .38  |

- (B) The costs for certain additional survivor benefits that have been granted by the legislature, and are to be funded by additional contributions into the system, were estimated to equal \$18,708 for each year of the biennium.

b) Participating district contributions

The contribution rates, as percentages of employee compensation, payable by the participating districts under the provisions of the retirement system, that were determined for the annual fiscal period 1979-80, based upon the actuarial valuations as of June 30, 1978, were submitted to each district in separate actuarial valuation reports. The average contribution rates for the 228 districts with total annual salaries of \$88,326,708 were as follows:-

i) Retirement benefits

|                 |       |
|-----------------|-------|
| Future service  | 6.17% |
| Accrued service | 6.85  |
| Total service   | 13.02 |

ii) Survivor benefits

There are 66 districts, with total annual salaries of \$55,514,026, that have elected survivor benefits for their employees. The average annual contribution rate payable by those districts is .35%.

3. Financial Condition

a) Actuarial balance sheet

An actuarial balance sheet resulting from the actuarial valuations for state employees and teachers is presented in the next section. It shows the values of the various items of assets and liabilities that are involved in determining the funding requirements for retirement benefits of the system. Certain aspects of the unfunded accrued benefit reserve are also set forth in that section.

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b) Funding of costs of benefits

The method of funding used to determine the contributions payable under the system will adequately provide, on an actuarial basis, for payment of the benefits of the system. Year to year experience fluctuations in the actuarial assumptions used in the funding determination result in fluctuations in the rate of accrued benefit contribution payment. Also, contributions are adjusted when changes in the actuarial assumptions are made because of changes in future expectations as a result of studies of the factors included in the actuarial assumptions, as required in the Retirement System Laws, or when changes are made either in the benefits of the System or in the conditions for the receipt thereof.

The payment period of the accrued benefit contribution for any fiscal period is normally determined to be at least one year less than the period for the preceding fiscal period where there are no changes in benefit provisions from those of the preceding fiscal period. However, experience fluctuations may, at times, require an adjustment in the scheduled period, or when changes in the actuarial assumptions are made.

c) Revision of actuarial assumptions

The actuarial valuations which are made yearly to determine the financial condition of the retirement system and the contribution rates required to provide the benefits are based upon various assumptions as to the amounts of benefits that will be paid in the future, the periods during which such benefits will be paid and the rates of income that will be received from the invested assets of the system. The actuarial

assumptions upon which the valuations summarized in this report were based are set forth in Section D hereof. They were adopted by the board of trustees to be effective for all contributions payable under the retirement system on or after July 1, 1978.

Section 1031, subsection 12, paragraph C provides that the actuary shall make investigations as he deems necessary of the experience as to the factors affecting the cost of the benefits of the system in order to determine the actuarial assumptions to be recommended to the board of trustees for adoption in connection with actuarial determinations required under the Retirement System Laws. Such section also requires that the investigations shall be made as frequently as the actuary deems but at least once in each 3 year period following January 1, 1976 5 (a). (previously the period was 5 years). Section 1062, subsection 3, paragraph C, provides that the employer contribution rates used for contributions to the Retirement Allowance Fund shall be determined on actuarial bases adopted by the board of trustees with such rates determined after each valuation to continue until a new valuation is made.

A study of the experience as to the actuarial assumptions was made for the fiscal periods 1970 through 1975, as required by Section 1031, subsection 12, paragraph C, and a report was submitted to the board of trustees on the results of study, under date of January 19, 1978. The major results of the study indicated the advisability of changes in the assumptions as to the mortality of retirement lives, cost of living adjustments and investment income, because of their unfavorable experience.

## SECTION B

### VALUATION RESULTS

The results of the actuarial valuations as to contribution requirements are summarized in Section A hereof. This section contains certain additional details of the financial condition of the system, including an analysis of the factors affecting the fiscal experience of the system during the last fiscal period.

#### 1. Actuarial Balance Sheet

An actuarial balance sheet presents the numerical results of the solution of the basic cost equation for benefits under a retirement system, viz:

$$\text{Contributions} + \text{Investment Income} = \text{Benefits}$$

The actuarial mathematical techniques used in solving the equation remove investment income as a separate item by combining it with contributions and benefits through a discounting process for a designated period of time. This changes the expression for the equation to:

$$\begin{aligned} &\text{Discounted Value of Future Contributions} + \\ &\text{Invested Assets (Balance of Accumulated Past Contributions)} = \\ &\text{Discounted Value of Future Benefits} \end{aligned}$$

In the actuarial balance sheet the items of the left hand side of the equation are designated as "assets" and those of the right hand side as "liabilities". However, an actuarial balance sheet is not a presentation of net worth as in an accounting balance sheet and, for example, there is no such item as surplus. Also, liabilities do not represent present amounts of debt but are merely measurements of future benefit payments determined under a given set of assumptions as to future occurrence.

The actuarial balance sheet for the June 30, 1978 actuarial valuation of state employee and teacher benefits is presented on the next following page.

The contribution rates required to produce the present value of future membership service contributions shown in asset item (2) of the balance sheet are those set forth in subsection 2 of Section A hereof.

Asset item (2) (b) of the balance sheet is the present value of the future accrued service contributions that will be required for payment of accrued benefits, i.e. benefits measured by past membership service and prior service not provided by current invested assets. It is equal to the amount of unfunded accrued benefit reserve which is commonly referred to as the "unfunded liability".

It may be noted that the unfunded value of accrued benefits as shown in the balance sheet reflects the amount of such benefits projected by the salary scale and cost of living assumptions used in the actuarial valuation. Therefore, the amount of such accrued benefits is greater than the amount determined on salary experience to date of valuation, which would apply in the determination of the amount of accrued benefits applicable in the case of either employees terminating employment with vested benefits or termination of the plan. The "unfunded liability" is therefore not a proper measurement of past funding of accrued benefits for purposes not related to determining future contribution requirements under the retirement system, such as would apply to accrued benefit liabilities under the provisions of ERISA with respect to minimum vested benefits or plan termination insurance if the retirement system were subject to such legislation.

ACTUARIAL BALANCE SHEET - JUNE 30, 1978

| <u>Assets</u><br>(Expected income)                | <u>State</u><br><u>Employees</u> | <u>MTRA</u><br><u>Teachers</u> | <u>Old System</u><br><u>Teachers</u> | <u>All</u><br><u>Employees</u> |
|---|----------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| (1) <u>Invested Assets</u>                        |                                  |                                |                                      |                                |
| (a) Members contribution fund                     | \$ 64,137,221                    | \$ 93,109,237                  | \$ 0                                 | \$ 157,246,458                 |
| (b) Retirement allowance fund                     | 47,284,190                       | 64,732,813                     | (107,013,265)                        | 5,003,738                      |
| Value invested funds (a + b)                      | 111,421,411                      | 157,842,050                    | (107,013,265)                        | 162,250,196                    |
| (2) <u>Future Contributions</u>                   |                                  |                                |                                      |                                |
| (a) Future membership service                     | 95,985,057                       | 149,321,694                    | 0                                    | 245,306,751                    |
| (b) Accrued service                               | 284,243,737                      | 336,732,617                    | 177,667,186                          | 798,643,540                    |
| Value contribution income (a + b)                 | 380,228,794                      | 486,054,311                    | 177,667,186                          | 1,043,950,291                  |
| (3) <u>Value Total Income (1 + 2)</u>             | 491,650,205                      | 643,896,361                    | 70,653,921                           | 1,206,200,487                  |
| <u>Liabilities</u><br>(Expected benefit payments) |                                  |                                |                                      |                                |
| (1) <u>Active Employees</u>                       |                                  |                                |                                      |                                |
| (a) Future membership service                     | 95,985,057                       | 149,321,694                    | 0                                    | 245,306,751                    |
| (b) Past membership service                       | 143,362,908                      | 168,227,541                    | 0                                    | 311,590,449                    |
| (c) Prior service                                 | 1,940,418                        | 1,039,152                      | 0                                    | 2,979,570                      |
| Value active benefits (a + b + c)                 | 241,288,383                      | 318,588,387                    | 0                                    | 559,876,770                    |
| (2) <u>Retired Employees</u>                      |                                  |                                |                                      |                                |
| (a) Past membership service                       | 166,666,679                      | 188,672,248                    | 18,919,470                           | 374,258,397                    |
| (b) Prior service                                 | 26,725,833                       | 63,923,340                     | 22,222,608                           | 112,871,781                    |
| (c) Cost of living                                | 56,969,310                       | 72,712,386                     | 29,511,843                           | 159,193,539                    |
| Value retired benefits (a + b + c)                | 250,361,822                      | 325,307,974                    | 70,653,921                           | 646,323,717                    |
| (3) <u>Value Total Benefits (1 + 2)</u>           | 491,650,205                      | 643,896,361                    | 70,653,921                           | 1,206,200,487                  |



## 2. Unfunded Accrued Benefit Reserve

The discounted value of the accrued benefit reserve is equal to the value of the total benefits shown in the actuarial balance sheet (item (3) of the liabilities) after elimination of the value of the active employees future membership service benefits (item (1) (a) of the liabilities). The unfunded value of such reserve is the balance remaining after subtraction of the amount of invested assets (item (1) of the assets), which is equal to the amount of future contributions for accrued service (item (2) (b) of the assets).

### a) State employee and teacher valuations

The chart on page 18 shows the changes in the unfunded accrued benefit reserve of state employee and teacher benefits for the last five fiscal periods ending June 30, 1974, June 30, 1975, June 30, 1976, June 30, 1977 and June 30, 1978. Also, for comparative purposes, salaries, remaining funding period of the unfunded reserve, and the percentage of total reserve funded, are shown for each period.

The following considerations should be noted when interpreting the results shown in the chart:-

- i) The most reliable index of the adequacy of the funding method and contributions is the progress in the reduction of the remaining funding years, which is intended to reduce by one year for each succeeding fiscal period.
- ii) The unfunded reserve may increase in amount due to larger benefits influenced by salary increases, even though the funding contributions are adequate and the funding period is reducing as scheduled, since benefits and contributions

are a direct function of salaries (see ratios of unfunded reserve to salaries shown in items (B) of the chart).

- iii) The percentage of accrued benefits funded will be affected by any increase in benefits due to accrued service that is to be funded by future contributions. Also, it will be affected by the required yearly percentage increase in the accrued benefit contribution rate since that will result in an accelerated increase in the funding ratio in future years.
- v) The future funding years for all teachers is close to the level for state employees but the percentage of accrued benefits funded is lower because of the old system teachers unfunded reserve.
- vi) The amount of the unfunded reserve for the fiscal period ending June 30, 1978 is not directly comparable to that for previous periods because of the additional increase in the accrued benefit reserve due to the change in actuarial assumptions, which is discussed in subsection 5 of this section.

## Unfunded Accrued Benefit Reserve - State Employees and Teachers

| Employee Group   | (Amount shown in thousands) |                         |                               |                                  |                              |   |
|------------------|-----------------------------|-------------------------|-------------------------------|----------------------------------|------------------------------|---|
|                  | (1)<br>State                | (2)<br>MTRA<br>Teachers | (3)<br>Old System<br>Teachers | (4)<br>(2) + (3)<br>All Teachers | (5)<br>(1) + (2)<br>S & MTRA | (6)<br>(1) + (2) + (3)<br>All Employees |
|                  |                             |                         |                               | <u>June 30, 1978</u>             |                              |   |
| Annual Salaries  | 126,578                     | 188,666                 |                               | 188,666                          | 315,243                      | 315,243                                 |
| Ave - Ratio/1977 | 114                         | 99                      |                               | 99                               | 105                          | 105                                     |
| Unfunded Reserve | 284,244                     | 336,733                 | 177,667                       | 514,400                          | 620,977                      | 798,644                                 |
| -Ratio/salaries  | 225                         | 178                     |                               | 273                              | 197                          | 253                                     |
| -% funded        | 28.2                        | 31.9                    |                               | 9.0                              | 30.3                         | 16.9                                    |
| -Funding years   | 25.7                        | 18.1                    |                               | 26.8                             | 20.9                         | 26.4                                    |
|                  |                             |                         |                               | <u>June 30, 1977</u>             |                              |   |
| Annual Salaries  | \$110,785                   | \$190,356               |                               | \$190,356                        | \$301,141                    | \$301,141                               |
| Ave - Ratio/1976 | 101                         | 101                     |                               | 101                              | 101                          | 101                                     |
| Unfunded Reserve | 206,691                     | 235,126                 | \$147,208                     | 382,334                          | 441,817                      | 589,025                                 |
| -Ratio/salaries  | 187                         | 124                     |                               | 201                              | 147                          | 196                                     |
| -% funded        | 33.8                        | 38.3                    |                               | 12.3                             | 36.3                         | 21.2                                    |
| -Funding years   | 27.2                        | 17.0                    |                               | 26.7                             | 20.5                         | 26.9                                    |
|                  |                             |                         |                               | <u>June 30, 1976</u>             |                              |   |
| Annual Salaries  | 106,875                     | 176,250                 |                               | 176,250                          | 283,125                      | 283,125                                 |
| Ave - Ratio/1975 | 104                         | 105                     |                               | 105                              | 105                          | 105                                     |
| Unfunded Reserve | 180,745                     | 206,287                 | 141,355                       | 347,642                          | 387,032                      | 528,387                                 |
| -Ratio/salaries  | 169                         | 117                     |                               | 197                              | 137                          | 187                                     |
| -% funded        | 36.1                        | 40.1                    |                               | 13.1                             | 38.3                         | 22.6                                    |
| -Funding years   | 25.3                        | 16.5                    |                               | 26.7                             | 19.6                         | 26.2                                    |
|                  |                             |                         |                               | <u>June 30, 1975</u>             |                              |   |
| Annual Salaries  | 102,859                     | 158,110                 |                               | 158,110                          | 260,969                      | 260,969                                 |
| Ave - Ratio/1974 | 112                         | 104                     |                               | 104                              | 107                          | 107                                     |
| Unfunded Reserve | 175,793                     | 192,709                 | 127,344                       | 320,054                          | 368,502                      | 495,846                                 |
| -Ratio/salaries  | 171                         | 122                     |                               | 202                              | 141                          | 190                                     |
| -% funded        | 34.0                        | 39.8                    |                               | 16.1                             | 37.2                         | 23.4                                    |
| -Funding years   | 27.1                        | 17.5                    |                               | 28.1                             | 21.0                         | 27.7                                    |
|                  |                             |                         |                               | <u>June 30, 1974</u>             |                              |   |
| Annual Salaries  | 90,812                      | 141,054                 |                               | 141,054                          | 231,865                      | 231,865                                 |
| Ave - Ratio/1973 | 99                          | 100                     |                               | 100                              | 100                          | 100                                     |
| Unfunded Reserve | 151,924                     | 195,468                 | 117,324                       | 312,792                          | 347,392                      | 464,716                                 |
| -Ratio/salaries  | 167                         | 139                     |                               | 222                              | 150                          | 200                                     |
| -% funded        | 36.1                        | 38.4                    |                               | 18.0                             | 37.4                         | 25.0                                    |
| -Funding years   | 26.5                        | 19.1                    |                               | 30.7                             | 21.7                         | 28.8                                    |

b) Participating district employee valuations

The funding period of the accrued benefit reserve for the 228 participating districts included in the valuation varies as follows:

| Funding Period<br>(Years) | Number of Participating Districts |             | Percentage of Participating Districts |             |
|---------------------------|-----------------------------------|-------------|---------------------------------------|-------------|
|                           | For Period                        | Accumulated | For Period                            | Accumulated |
| 0                         | 69                                | 69          | 30%                                   | 30%         |
| 1 - 09                    | 110                               | 179         | 48                                    | 78          |
| 10 - 14                   | 20                                | 199         | 9                                     | 87          |
| 15 - 19                   | 14                                | 213         | 6                                     | 93          |
| 20 - 24                   | 11                                | 224         | 5                                     | 98          |
| 25 and over               | 4                                 | 228         | 2                                     | 100         |
| Total                     | 228                               | 228         | 100                                   | 100         |

An analysis of the total unfunded accrued benefit reserve of the 159 districts which had any unfunded reserves as of June 30, 1978 is as follows:

|     |                            |   |
|-----|----------------------------|---|
| i)  | Annual salaries            | \$79,719,924  |
| ii) | Unfunded reserve           | 94,130,263  |
|     | (A) Ratio/salaries         | 118   |
|     | (B) % funded               | 39.2%   |
|     | (C) Average funding period | 8.7 years, arithmetic average; or<br>23.5 years, weighted by unfunded reserves or 20.4 years, weighted by<br>contributions. |

It may be noted that the average funding status (% funded and funding years) for the districts with any unfunded reserve is similar to that for the state employees and MTRA teachers although the % funded is more favorable since the change in actuarial assumptions had less affect on the accrued benefit reserves of district employees. Also, the 13.02% average contribution rate for retirement benefits for all the districts (page 8 hereof) may be compared with the rate of 12.72% for state employees (13.81% after adjustment for special groups) and 14.13% for teachers for the fiscal period 1979-80 (page 3 of this report).

### 3. Survivor Benefits Reserve

The funding of the survivor benefits provided under the system for all members, i.e. state employees, teachers and participating district employees, is based upon a group term funding method and the system is liable for the payment of all survivor benefits to beneficiaries.

The assets of the system, creditable to the reserve for survivor benefits payable, amounted to \$9,356,788 on June 30, 1978. The contributions paid into the survivor benefits fund for the fiscal period ending June 30, 1978 were adequate in amount to provide for the reserve for new benefits incurred during the period and for an amortization payment on a deficit which arose in previous years. With a continuance of present experience, the deficit will be eliminated within 3 years.

### 4. Employer - Employee Contributions

Section 1031, subsection 12, para. B, of the retirement system laws states that the results of the actuary's annual valuation of the assets and liabilities of the system shall be separated between those applicable to benefits payable by employer contributions and employee contributions, where properly determinable. This requires separation of the invested assets of the system both as to the amount of the members contribution fund which currently exists for members who have not yet elected the commencement of benefits and as to the balance of the assets which has been allocated for payment of retirement benefits, and arises from both employer and employee past contributions. Also, it requires the separation of the liabilities for retirement benefits provided by the enactments in 1970 and later, in accordance with the provisions of section 1095, subsection 8 of the laws.

Complete information is currently not available as to the separation of invested assets between past employer and employee contributions and therefore it is not possible to determine the separation of the unfunded accrued benefit reserve as to future employer and employee contribution requirements. However, the proportions of the liabilities for expected benefit payments that are applicable to benefits payable by employer and employee contributions may be estimated from the following chart which shows the percentages of benefit liabilities that are due to benefits based on the retirement benefit provisions of the system that were in effect prior to the enactment of chapter 415, which was effective January 1, 1970. Presumably, the costs of the pre January 1, 1970 membership service benefits are to be paid equally by the employer and employees while the cost of the pre January 1, 1970 prior service benefits is to be paid by the employer. Also, increases in membership service and prior service benefits since January 1, 1970 are to be paid by the employees. Employee liabilities are based on actuarial assumptions in effect prior to July 1, 1978.

| <u>Benefits</u> |   | <u>Percentage of June 30, 1978 Liabilities<br/>Due to Pre January 1, 1970 Benefits</u> |
|-----------------|---|--|
| a)              | <u>Membership service</u><br>(regular employee benefits-<br>state and teachers) | 69%  |
| b)              | <u>Prior service</u>  |  |
|                 | (i) Regular employee benefits-<br>state employees                               | 97   |
|                 | (ii) Regular employee benefits-<br>active teachers                              | 80   |
|                 | retired teachers  | 87   |

The above percentages are based on data that was available for the June 30, 1974 valuation. Percentages for present active teachers would be lower and will approach 69% in the future, as will the percentage for retired teachers, but at a slower rate of change.

## 5. Fiscal Year Experience

The experience during the fiscal period July 1, 1977 through June 30, 1978 as to certain items which affected the financial condition of the retirement system are discussed in this subsection. It includes all of the actuarial assumptions except those factors that require an extended period for analysis and are reviewed in the periodic actuarial investigations, viz: mortality, disability and withdrawal rates. However, the effect of the change in assumptions on the unfunded accrued benefit reserve is analyzed herein.

### a) Accrued benefit reserve

#### i) Unfunded reserve

The unfunded accrued benefit reserve for all employees increased for the fiscal year due to the increased requirements of the revised actuarial assumptions, primarily the provision for greater longevity of retired employees, and to net adverse experience as to the actuarial assumptions. Approximately 56% of the increase was due to the change in actuarial assumptions and 44% was due to the net actuarial experience losses. The unfunded accrued benefit reserve for teachers will be increased by an additional \$9,077,578 for the fiscal period ending June 30, 1979 because of the additional prior reserve benefits for teachers, which is commented on in subsection 2 (D) of Section A of this report.

#### ii) Funding Period

The remaining funding period for all employees decreased by  $\frac{1}{2}$  year, reflecting the increased state contributions for state employees and MTRA teachers under the revised actuarial assumptions. This is  $\frac{1}{2}$  year less than required by the funding standard which will increase the state contribution rate beginning with the next fiscal period.

TOWN

It is estimated that the remaining period would have been as follows if the previous actuarial assumptions had been maintained:-

| <u>Employee Group</u> | <u>State Employees</u> | <u>MTRA Teachers</u> | <u>All Teachers</u> | <u>State Employees MTRA Teachers</u> | <u>All Employees</u> |
|-----------------------|------------------------|----------------------|---------------------|--------------------------------------|----------------------|
| Funding years         | 27.0                   | 18.5                 | 28.4                | 22.2                                 | 27.9                 |

The net actuarial experience losses for the fiscal period would have thus reflected a net two year loss in the funding period, i.e. a remaining period of 27.9 years for all employees instead of a scheduled period of 25.9 years.

b) Actuarial experience gains and losses

The experience under the actuarial assumptions for the fiscal year ending June 30, 1978 resulted in net losses which were distributed amongst the actuarial assumptions approximately as follows:-

|                               |     |
|-------------------------------|-----|
| i) Investment rates           | 10% |
| ii) Cost of living adjustment | 55  |
| iii) Normal retirement age    | 22  |
| iv) Other assumptions         | 13  |

Additional details are presented following in this subsection as to the experience under certain of the actuarial assumptions.



c) Investment experience

i) Investment rates

The rates of investment return for the fiscal period were as follows:

|                  |  |
|------------------|--|
| (A) Fixed income | 7.70% on book basis (7.18% after loss)   |
| (B) Equities     | 3.21% on book basis<br>2.30% with 5 year average market gains.   |
| (C) All assets   | 5.70% on book basis<br>5.32% on book basis plus 5 year average<br>stock market gains, which is the asset base<br>of the actuarial valuation. |

The investment earnings rate on all investments determined on the actuarial valuation assumption basis has been as follows for the last 5 fiscal periods: 3.23%, 5.67%, 5.77%, 3.56%, and 5.32%. Since the experience rate has been below the actuarial assumption rate of 8.50%, actuarial losses resulted in each fiscal period, when measured on that assumption.

The asset base of the actuarial valuation reflected the following adjustments for the excess or deficit of the market value of stocks over the book value of stocks at the respective endings of the last 5 fiscal periods, viz:- (values in thousands) \$-11,115, \$6,899, \$12,131, \$2,477 and \$2,502 for the years ending June 30, 1974 through June 30, 1978.

d) Salary scales

Average salaries used in the valuations increased approximately 12% from the previous fiscal period for both state employees and teachers. Therefore, accrued membership benefits increased more than expected and the value of contribution income also increased more than expected, but resulting in a net actuarial loss.

It may be noted that the salaries that are used in the actuarial valuations are based on the compensation of employees for the calendar year preceding the valuation date. Also, the total salaries for teachers for the period ending June 30, 1978 are not completely comparable to those for the previous fiscal period since certain inactive members that were previously included in the data were omitted.

e) Cost of living adjustment

The cost of living adjustment to benefits payable under the system for the fiscal period totaled 9.58% of benefits, which was at a greater rate than the 4% actuarial assumption and resulted in an actuarial loss.

f) Retirement age

The normal retirement age for regular employees commences at age 60 with continuance thereafter at the employee's option. The average retirement age has generally been close, in prior years, to age 65, the actuarial assumption, but it has been decreasing slowly since 1972. In the last fiscal period it was approximately 62.9 years for state employees and teachers combined, weighted by benefit reserves. Therefore, there was an actuarial loss during the fiscal period due to the higher than expected reserves required for new retirees electing normal retirement.

The retirement benefits of employees who retire prior to age 60 are classified in pension parlance as subsidized early retirement benefits since the amount of the early retirement benefits are of greater amount than the actuarial equivalent of the benefits that have accrued to commence at age 60, the earliest normal retirement age. Therefore, actuarial losses result from early retirements, increasing the accrued benefit reserve to be funded, which amounted to approximately 11% of the net actuarial experience losses for the last fiscal period for state employees and teachers.

g) Optional methods of payment of retirement allowances

Options 2 and 3 of the optional methods of payment of retirement allowances provide subsidized benefits when elected by male employees with their spouse as beneficiary, since the benefits in such cases are greater than the actuarial equivalent. Therefore, actuarial losses occur from such elections which amounted to approximately 2% of the net actuarial experience losses for the last fiscal period for state employees and teachers.

SECTION CEMPLOYEE STATISTICS AS OF JULY 1, 1978

This section of the report present certain compilations of the individual employee data which was used in the actuarial valuations.

TOWNE

1. Distribution of Active Employees (State and Teachers)a) State Employees

| Age Group          | No.   | Annual Salaries |          | Annual Retirement Benefits |            | Average Yrs. Serv. at Ret. |
|--------------------|-------|-----------------|----------|----------------------------|------------|----------------------------|
|                    |       | Total           | Average  | Average                    | % Salaries |                            |
| i) <u>Males</u>    |       |                 |          |                            |            |                            |
| 65 & over          | 194   | \$ 1,939,550    | \$ 9,998 | \$3,014                    | 30%        | 13                         |
| 60 - 64            | 466   | 5,010,963       | 10,753   | 4,156                      | 39         | 18                         |
| 55 - 59            | 799   | 9,170,182       | 11,477   | 5,728                      | 50         | 23                         |
| 50 - 54            | 959   | 11,754,470      | 12,257   | 7,407                      | 60         | 28                         |
| 45 - 49            | 946   | 11,389,420      | 12,040   | 7,920                      | 66         | 31                         |
| 40 - 44            | 891   | 10,909,257      | 12,244   | 8,834                      | 72         | 35                         |
| 35 - 39            | 932   | 10,805,955      | 11,594   | 8,793                      | 76         | 37                         |
| 30 - 34            | 1273  | 13,266,230      | 10,421   | 8,284                      | 79         | 39                         |
| 25 - 29            | 1131  | 8,962,989       | 7,925    | 6,617                      | 83         | 41                         |
| 24 & under         | 822   | 4,436,181       | 5,397    | 4,786                      | 89         | 44                         |
| Total              | 8413  | 87,645,197      | 10,418   | 7,099                      | 68         | 29                         |
| ii) <u>Females</u> |       |                 |          |                            |            |                            |
| 65 & over          | 92    | 792,450         | 8,614    | 3,108                      | 36         | 16                         |
| 60 - 64            | 290   | 2,607,558       | 8,992    | 3,411                      | 38         | 18                         |
| 55 - 59            | 494   | 4,209,091       | 8,520    | 3,820                      | 45         | 21                         |
| 50 - 54            | 531   | 4,509,720       | 8,493    | 4,301                      | 51         | 24                         |
| 45 - 49            | 456   | 3,855,324       | 8,455    | 4,820                      | 57         | 27                         |
| 40 - 44            | 480   | 3,854,984       | 8,031    | 5,066                      | 63         | 30                         |
| 35 - 39            | 493   | 3,981,687       | 8,076    | 5,768                      | 71         | 35                         |
| 30 - 34            | 612   | 5,012,641       | 8,191    | 6,353                      | 78         | 38                         |
| 25 - 29            | 841   | 5,959,548       | 7,086    | 5,927                      | 84         | 42                         |
| 24 & under         | 788   | 4,337,676       | 5,505    | 4,912                      | 89         | 45                         |
| Total              | 5077  | 39,120,679      | 7,705    | 5,055                      | 66         | 42                         |
| iii) <u>All</u>    |       |                 |          |                            |            |                            |
| 65 & over          | 286   | 2,732,000       | 9,552    | 3,044                      | 32         | 14                         |
| 60 - 64            | 756   | 7,618,521       | 10,077   | 3,870                      | 38         | 18                         |
| 55 - 59            | 1293  | 13,379,273      | 10,347   | 4,999                      | 48         | 22                         |
| 50 - 54            | 1490  | 16,264,190      | 10,916   | 6,300                      | 58         | 27                         |
| 45 - 49            | 1402  | 15,244,745      | 10,874   | 6,912                      | 64         | 30                         |
| 40 - 44            | 1371  | 14,764,240      | 10,769   | 7,515                      | 70         | 33                         |
| 35 - 39            | 1425  | 14,787,642      | 10,377   | 7,746                      | 75         | 36                         |
| 30 - 34            | 1885  | 18,278,871      | 9,697    | 7,657                      | 79         | 39                         |
| 25 - 29            | 1972  | 14,922,537      | 7,567    | 6,323                      | 84         | 41                         |
| 24 & under         | 1610  | 8,773,857       | 5,450    | 4,848                      | 89         | 45                         |
| Total              | 13490 | 126,765,876     | 9,397    | 6,329                      | 67         | 34                         |

b) Teachers

| Age Group          | No.   | Annual Salaries |          | Annual Retirement Benefits |            | Average Yrs. Serv. at Ret. |
|--------------------|-------|-----------------|----------|----------------------------|------------|----------------------------|
|                    |       | Total           | Average  | Average                    | % Salaries |                            |
| i) <u>Males</u>    |       |                 |          |                            |            |                            |
| 65 & over          | 24    | \$ 232,809      | \$ 9,700 | \$ 4,729                   | 49%        | 18                         |
| 60 - 64            | 100   | 1,248,229       | 12,482   | 6,627                      | 53         | 23                         |
| 55 - 59            | 260   | 3,529,022       | 13,573   | 8,139                      | 60         | 28                         |
| 50 - 54            | 431   | 6,048,750       | 14,034   | 9,006                      | 64         | 31                         |
| 45 - 49            | 731   | 10,604,038      | 14,506   | 10,289                     | 71         | 34                         |
| 40 - 44            | 904   | 12,653,038      | 13,997   | 10,383                     | 74         | 36                         |
| 35 - 39            | 1293  | 17,409,757      | 13,465   | 10,476                     | 78         | 38                         |
| 30 - 34            | 1802  | 20,551,787      | 11,405   | 9,220                      | 81         | 40                         |
| 25 - 29            | 1327  | 11,911,571      | 8,976    | 7,484                      | 83         | 41                         |
| 24 & under         | 238   | 1,544,972       | 6,491    | 5,557                      | 86         | 43                         |
| Total              | 7110  | 85,733,973      | 12,058   | 9,156                      | 76         | 38                         |
| ii) <u>Females</u> |       |                 |          |                            |            |                            |
| 65 & over          | 91    | 926,527         | 10,182   | 5,694                      | 56         | 22                         |
| 60 - 64            | 388   | 4,234,980       | 10,915   | 5,623                      | 52         | 24                         |
| 55 - 59            | 745   | 8,066,615       | 10,828   | 6,148                      | 57         | 26                         |
| 50 - 54            | 919   | 9,256,413       | 10,072   | 6,040                      | 60         | 28                         |
| 45 - 49            | 1118  | 10,962,471      | 9,805    | 6,318                      | 64         | 30                         |
| 40 - 44            | 1197  | 11,374,450      | 9,502    | 6,596                      | 69         | 33                         |
| 35 - 39            | 1470  | 13,534,865      | 9,207    | 6,863                      | 75         | 36                         |
| 30 - 34            | 2011  | 18,025,508      | 8,963    | 7,177                      | 80         | 39                         |
| 25 - 29            | 2679  | 21,937,107      | 8,189    | 6,851                      | 84         | 42                         |
| 24 & under         | 752   | 4,612,758       | 6,134    | 5,271                      | 86         | 43                         |
| Total              | 11370 | 102,931,694     | 9,053    | 6,564                      | 73         | 36                         |
| iii) <u>All</u>    |       |                 |          |                            |            |                            |
| 65 & over          | 115   | 1,159,336       | 10,081   | 5,493                      | 54         | 22                         |
| 60 - 64            | 488   | 5,483,209       | 11,236   | 5,829                      | 52         | 23                         |
| 55 - 59            | 1005  | 11,595,637      | 11,538   | 6,663                      | 58         | 27                         |
| 50 - 54            | 1350  | 15,305,163      | 11,337   | 6,987                      | 62         | 29                         |
| 45 - 49            | 1849  | 21,566,509      | 11,664   | 7,888                      | 68         | 32                         |
| 40 - 44            | 2101  | 24,027,488      | 11,436   | 8,225                      | 72         | 34                         |
| 35 - 39            | 2763  | 30,944,622      | 11,200   | 8,554                      | 76         | 37                         |
| 30 - 34            | 3813  | 38,577,295      | 10,117   | 8,143                      | 80         | 40                         |
| 25 - 29            | 4006  | 33,848,678      | 8,449    | 7,061                      | 84         | 42                         |
| 24 & under         | 990   | 6,157,730       | 6,220    | 5,339                      | 86         | 43                         |
| Total              | 18480 | 188,665,667     | 10,209   | 7,561                      | 74         | 36                         |

c) Summary of All Active Employees

|      |                                     |                      |
|------|-------------------------------------|----------------------|
| i)   | Number of employees                 | 31,970               |
| ii)  | Distribution by sex                 | 49% male, 51% female |
| iii) | Annual salaries                     | \$315,431,543        |
| iv)  | Average annual salaries             | \$9,866              |
| v)   | Average annual benefit              | \$7,041              |
| vi)  | % benefits of salaries              | 71%                  |
| vii) | Average years service at retirement | 35 yrs.              |

TOWNE

2. Distribution of Retired Employees (State and Teachers)

| a)                             |             | State Employees         |               |                |              |
|--------------------------------|-------------|-------------------------|---------------|----------------|--------------|
| Number of Employees            |             | Average Annual Benefits |               |                |              |
|                                |             | Membership Service      | Prior Service | Cost of Living | Total        |
| i) Regular Benefits            |             |                         |               |                |              |
| F                              | 1782        | \$1,942                 | \$447         | \$ 986         | \$3,375      |
| M                              | 1342        | 2,235                   | 530           | 1,008          | 3,773        |
|                                | <u>3124</u> | <u>2,068</u>            | <u>483</u>    | <u>996</u>     | <u>3,546</u> |
| ii) Option 1 Benefits          |             |                         |               |                |              |
| F                              | 308         | 2,207                   | 485           | 1,282          | 3,977        |
| M                              | 326         | 2,433                   | 498           | 1,346          | 4,278        |
|                                | <u>634</u>  | <u>2,323</u>            | <u>492</u>    | <u>1,316</u>   | <u>4,132</u> |
| iii) Option 2 Benefits         |             |                         |               |                |              |
| F                              | 46          | 1,987                   | 423           | 771            | 3,181        |
| M                              | 528         | 2,606                   | 494           | 818            | 3,919        |
|                                | <u>574</u>  | <u>2,556</u>            | <u>489</u>    | <u>814</u>     | <u>3,860</u> |
| iv) Option 3 Benefits          |             |                         |               |                |              |
| F                              | 71          | 3,206                   | 703           | 1,161          | 5,070        |
| M                              | 685         | 4,112                   | 809           | 1,466          | 6,388        |
|                                | <u>756</u>  | <u>4,027</u>            | <u>799</u>    | <u>1,437</u>   | <u>6,264</u> |
| v) Option 4 Benefits           |             |                         |               |                |              |
| F                              | 29          | 2,083                   | 168           | 502            | 2,752        |
| M                              | 127         | 4,428                   | 687           | 1,211          | 6,326        |
|                                | <u>156</u>  | <u>3,992</u>            | <u>590</u>    | <u>1,080</u>   | <u>5,662</u> |
| vi) 2/3 Disability Benefits    |             |                         |               |                |              |
| F                              | 25          | 4,946                   | 4             | 662            | 5,611        |
| M                              | 65          | 6,197                   | 99            | 938            | 7,234        |
|                                | <u>90</u>   | <u>5,849</u>            | <u>73</u>     | <u>861</u>     | <u>6,783</u> |
| vii) Other Disability Benefits |             |                         |               |                |              |
| F                              | 22          | 3,610                   | 144           | 1,383          | 5,137        |
| M                              | 79          | 4,950                   | 102           | 1,260          | 6,312        |
|                                | <u>101</u>  | <u>4,658</u>            | <u>111</u>    | <u>1,287</u>   | <u>6,056</u> |
| viii) All Benefits             |             |                         |               |                |              |
| F                              | 2283        | 2,068                   | 448           | 1,022          | 3,538        |
| M                              | 3152        | 2,964                   | 568           | 1,124          | 4,656        |
|                                | <u>5435</u> | <u>2,588</u>            | <u>518</u>    | <u>1,081</u>   | <u>4,186</u> |

TOWNE



b) MTRA Teachers

| Number of<br>Employees                |             | Average Annual Benefits |               |                |              |
|---------------------------------------|-------------|-------------------------|---------------|----------------|--------------|
|                                       |             | Membership Service      | Prior Service | Cost of Living | Total        |
| i) <u>Regular Benefits</u>            |             |                         |               |                |              |
| F                                     | 2801        | \$2,984                 | \$1,167       | \$1,270        | \$5,421      |
| M                                     | 349         | 2,918                   | 924           | 1,230          | 5,072        |
|                                       | <u>3150</u> | <u>2,976</u>            | <u>1,140</u>  | <u>1,265</u>   | <u>5,382</u> |
| ii) <u>Option 1 Benefits</u>          |             |                         |               |                |              |
| F                                     | 373         | 2,783                   | 1,345         | 1,722          | 5,850        |
| M                                     | 68          | 3,554                   | 1,399         | 2,113          | 7,066        |
|                                       | <u>441</u>  | <u>2,902</u>            | <u>1,353</u>  | <u>1,782</u>   | <u>6,038</u> |
| iii) <u>Option 2 Benefits</u>         |             |                         |               |                |              |
| F                                     | 132         | 2,791                   | 1,099         | 1,178          | 5,068        |
| M                                     | 189         | 4,116                   | 1,206         | 1,451          | 6,773        |
|                                       | <u>321</u>  | <u>3,572</u>            | <u>1,162</u>  | <u>1,339</u>   | <u>6,072</u> |
| iv) <u>Option 3 Benefits</u>          |             |                         |               |                |              |
| F                                     | 238         | 3,505                   | 1,346         | 1,379          | 6,230        |
| M                                     | 204         | 4,917                   | 1,637         | 2,082          | 8,637        |
|                                       | <u>442</u>  | <u>4,157</u>            | <u>1,480</u>  | <u>1,704</u>   | <u>7,341</u> |
| v) <u>Option 4 Benefits</u>           |             |                         |               |                |              |
| F                                     | 38          | 3,304                   | 1,006         | 935            | 5,245        |
| M                                     | 44          | 4,412                   | 1,118         | 1,494          | 7,025        |
|                                       | <u>82</u>   | <u>3,899</u>            | <u>1,066</u>  | <u>1,235</u>   | <u>6,200</u> |
| vi) <u>2/3 Disability Benefits</u>    |             |                         |               |                |              |
| F                                     | 39          | 5,929                   | 306           | 1,058          | 7,292        |
| M                                     | 27          | 7,880                   | 73            | 1,176          | 9,129        |
|                                       | <u>66</u>   | <u>6,727</u>            | <u>210</u>    | <u>1,106</u>   | <u>8,044</u> |
| vii) <u>Other Disability Benefits</u> |             |                         |               |                |              |
| F                                     | 26          | 4,690                   | 942           | 1,420          | 7,052        |
| M                                     | 13          | 8,039                   | 126           | 849            | 9,014        |
|                                       | <u>39</u>   | <u>5,806</u>            | <u>670</u>    | <u>1,229</u>   | <u>7,706</u> |
| viii) <u>All Benefits</u>             |             |                         |               |                |              |
| F                                     | 3647        | 3,037                   | 1,182         | 1,315          | 5,535        |
| M                                     | 894         | 3,974                   | 1,155         | 1,544          | 6,673        |
|                                       | <u>4541</u> | <u>3,222</u>            | <u>1,177</u>  | <u>1,360</u>   | <u>5,759</u> |

TOWNE

c) Old System Teachers

| Number of<br>Employees               |             | Average Annual Benefits |               |                |              |
|--------------------------------------|-------------|-------------------------|---------------|----------------|--------------|
|                                      |             | Membership Service      | Prior Service | Cost of Living | Total        |
| i) <u>Regular Benefits</u>           |             |                         |               |                |              |
| F                                    | 1398        | \$ 986                  | \$1,393       | \$1,798        | \$4,177      |
| M                                    | 105         | 960                     | 1,391         | 1,967          | 4,318        |
|                                      | <u>1503</u> | <u>984</u>              | <u>1,393</u>  | <u>1,810</u>   | <u>4,187</u> |
| ii) <u>Option 1 Benefits</u>         |             |                         |               |                |              |
| F                                    | 257         | 1,485                   | 1,617         | 2,428          | 5,530        |
| M                                    | 21          | 2,063                   | 1,636         | 2,529          | 6,491        |
|                                      | <u>278</u>  | <u>1,529</u>            | <u>1,618</u>  | <u>2,435</u>   | <u>5,582</u> |
| iii) <u>Option 2 Benefits</u>        |             |                         |               |                |              |
| F                                    | 36          | 1,747                   | 1,398         | 1,814          | 4,960        |
| M                                    | 12          | 762                     | 1,315         | 1,775          | 4,265        |
|                                      | <u>48</u>   | <u>1,501</u>            | <u>1,378</u>  | <u>1,805</u>   | <u>4,683</u> |
| iv) <u>Option 3 Benefits</u>         |             |                         |               |                |              |
| F                                    | 75          | 1,715                   | 1,556         | 2,180          | 5,452        |
| M                                    | 22          | 2,018                   | 2,535         | 3,545          | 8,097        |
|                                      | <u>97</u>   | <u>1,784</u>            | <u>1,778</u>  | <u>2,490</u>   | <u>6,052</u> |
| v) <u>Option 4 Benefits</u>          |             |                         |               |                |              |
| F                                    | 9           | 2,345                   | 2,127         | 2,057          | 6,528        |
| M                                    | 11          | 2,375                   | 2,681         | 3,952          | 9,008        |
|                                      | <u>20</u>   | <u>2,362</u>            | <u>2,431</u>  | <u>3,099</u>   | <u>7,892</u> |
| vi) <u>Other Disability Benefits</u> |             |                         |               |                |              |
| F                                    | 1           | 1,691                   | 2,991         | 2,189          | 6,871        |
| M                                    | 0           | -                       | -             | -              | -            |
|                                      | <u>1</u>    | <u>1,691</u>            | <u>2,991</u>  | <u>2,189</u>   | <u>6,871</u> |
| vii) <u>All Benefits</u>             |             |                         |               |                |              |
| F                                    | 1776        | 1,112                   | 1,437         | 1,907          | 4,456        |
| M                                    | 171         | 1,309                   | 1,646         | 2,353          | 5,308        |
|                                      | <u>1947</u> | <u>1,129</u>            | <u>1,455</u>  | <u>1,946</u>   | <u>4,531</u> |

TOWNE

d) Summary of All Retired Employees

|      |                                  |                      |
|------|----------------------------------|----------------------|
| i)   | Number of employees              | 11,932               |
| ii)  | Annual benefits                  | \$57,756,063         |
| iii) | Average annual benefit           | \$4,840              |
| iv)  | Distribution by sex              | 65% female, 35% male |
| v)   | Distribution by option:          |                      |
| -    | no option                        | = 66%                |
| -    | option 1                         | = 11                 |
| -    | option 2                         | = 08                 |
| -    | option 3                         | = 11                 |
| -    | option 4                         | = 02                 |
| -    | occupational disability          | = 01                 |
| -    | regular disability               | = 01                 |
| vi)  | Distribution of benefit credits: |                      |
| -    | membership credit                | = 53                 |
| -    | prior service credit             | = 19                 |
| -    | cost of living benefits          | = 28                 |

The cost of living benefits have thus increased  
the regular plan benefits by 38%.

### 3. Distribution of Participating District Employees

|   |              |
|---|--------------|
| a) Number of districts  | 242          |
| b) Number of active employees   | 10,510       |
| c) Annual salaries  | \$88,125,192 |
| d) Average annual salary  | 8,385        |
| e) Distribution of districts by membership credit:  |              |
| i) 1/50th   | 78%          |
| ii) 1/60th  | 21%          |
| iii) 1/70th   | 1%           |
| f) Districts with special benefits  | 16%          |
| g) Districts with retirement allowance adjustments  | 33%          |
| h) Retired employees:   |              |
| i) Districts with retired employees   | 65%          |
| ii) Number of retired employees   | 2,478        |
| iii) Annual retirement benefits   | \$8,037,029  |
| vi) Average annual retirement benefit   | 3,243        |
| v) Retired employees with retirement allowance adjustments  | 76%          |
| vi) Percentage of retirement allowance adjustment of total benefits for employees with the adjustment | 22%          |

SECTION D  
ACTUARIAL ASSUMPTIONS

The actuarial assumptions upon which the valuations as of June 30, 1978 were based were adopted by the board of trustees to be effective with liabilities determined on and after July 1, 1978. The assumptions are presented following in this section of the report.

1. Amount of Benefits

- a) Benefit formula under the 1978 law revision.
- b) Salary scales salaries increase at the rate of  $5\frac{1}{2}\%$  by attained age.
- c) Cost of living adjustment benefits increase after commencement at the rate of 4% per year, the maximum under current provisions.

2. Probability of Receipt of Benefits

- a) Mortality rates after retirement
  - i) Teachers 1971 group annuity tables, ages set back 2 years.
  - ii) State employees 1971 group annuity tables.
  - iii) Participating district employees 1951 group annuity tables.
- b) Disability rates claim costs based on 1964 commissioners disability table; sample annual costs per \$100 monthly benefit are as follows:

| Disability rates per \$100<br>monthly benefit | Age | Annual Cost |
|---|-----|-------------|
|   | 22  | \$ 5.05     |
|   | 27  | 5.37        |
|   | 32  | 6.96        |
|   | 37  | 9.61        |
|   | 42  | 13.95       |
|   | 47  | 21.79       |
|   | 52  | 31.97       |
|   | 57  | 45.17       |

- c) Termination rates before retirement, all causes

sample annual probabilities of termination after 5 or more years of service are as follows:

| <u>Age</u> | <u>Rate of Withdrawal</u> |
|------------|---------------------------|
| 20         | .08                       |
| 30         | .07                       |
| 40         | .05                       |
| 50         | .03                       |
| 60         | .00                       |

- d) Retirement age

65 or earliest normal retirement date for special groups.

### 3. Investment Income

- a) Rates of future income

8½% per annum.

- b) Value of investments

- i) fixed income  
ii) equities

book value.  
cost adjusted by spreading market gains and losses over 5 years.

### 4. Contributions

- a) Employees

6½% of compensation for teachers and state employees except 7½% for some special state employee groups, 6½% or 5% for district employees except 8% for some policemen and firemen.

- b) Employer

normal cost plus cost of unfunded accrued benefit reserve liquidation; the accrued benefit contribution rate of the state increases by 3% of itself in successive fiscal periods.

The contributions of the state, as an employer, and state employees and teachers, are affected by the provisions of subsection 8 of section 1095 of the retirement system laws, the effect of which is outlined in subsection 6 of this section of this report.

5. Administrative Expenses provided by separate employer contributions.
6. Funding Method normal cost plus an accrued benefit reserve contribution for any year that is sufficient to reduce the remaining funding period of any unfunded accrued benefit reserve by one year from that of the previous fiscal period; experience gains and losses resulting from variations from actuarial assumptions are thus amortized over the remaining funding period of the accrued benefit reserve, creating credits to or charges against employer contributions; yearly term costs for ancillary death and disability benefits.

The allocation of cost between member contributions and employer contributions is determined as follows for regular state employees and teachers under the provisions of subsection 8 of section 1095 of the retirement system laws:—

- i) Membership service benefits
  - (A) based on 1/70th formula and — matching share.  
5 year average compensation
  - (B) based on increases over (A) — member contributions only.

ii) Prior service benefits

- (A) based on 1/50th for state employees and 1/70th for teachers and 5 year average compensation - state contributions only.
- (B) based on increases over (A) - member contributions only, unless otherwise provided by legislative enactments.

The interest assumption of the actuarial basis for contributions has been increased at various times since 1968 to lower member contribution rates otherwise payable when benefits have been increased, with no change in state contribution rates. Such changes have been as shown in the following chart.

Effect Of Changes In Interest Assumption

| <u>Effective Date</u> | <u>Interest Assumption</u> | <u>Benefit Change</u>  | <u>Member Contribution Rate</u>        |
|-----------------------|----------------------------|--|--|
| Prior to 1968         | 3%                         | original retirement allowances, retirement allowance adjustments and survivor benefits | 5 3/4%                                 |
| September 1, 1968     | 4                          | no change  | 5                                      |
| January 1, 1970       | 5                          | Chapter 415  | 6.14                                   |
| September 1, 1970     | 5½                         | no change  | 5                                      |
| January 1, 1972       | 5½                         | 1/60th prior service for teachers  | 5.7 (made effective as part of C .542) |
| October 3, 1973       | 6½                         | Chapter 542  | 6.5                                    |



After accrued benefits become fully funded only the normal contribution rate will be payable. The required rate will be affected by the then composition of the group of state employees and teachers as to employment ages and sex, each of which has a major effect on the normal contribution rate. The experience as to the factors included in the actuarial assumptions will, of course, also affect the contribution rate. Also, the meaning of "matching share" for member and state contributions might require more explicit definition than stated in the Retirement System Laws.

The actuarial assumptions are reviewed periodically to determine how effectively the yearly financial requirements of the system are met by the projected experience.

Although the actuarial assumptions are individually examined, the net result of the interplay of all the assumptions is the primary consideration.

The experience as to some of the assumptions may be determined for each current fiscal period and such experience for the fiscal period 1977-78 is presented in section B hereof. Other assumptions require analyses over longer periods of time in order to determine probable trends. The retirement system laws currently require such investigations of the experience of the system by the actuary as he deems necessary but at least once in each 3 year period following January 1, 1976. The results of the latest investigation upon which the revised assumptions set forth herein were based are discussed in subsection 3 b) of Section A of this report.

## SECTION E

### RETIREMENT SYSTEM BENEFIT PROVISIONS

An outline of the conditions under which benefits become payable in accordance with the provisions of the Retirement System is presented in this section of the report. Benefits become available when an employee's status is changed for any of the following reasons:

1. Termination of employment under
  - a) Normal or early retirement conditions,
  - b) Ordinary disability retirement conditions, or
  - c) Occupational disability retirement conditions.
2. Death while
  - a) In active employment, or
  - b) After retirement; and
3. Termination of employment before completing any conditions for retirement when
  - a) Retirement benefits are vested, or
  - b) No benefits except refund of employee contributions are payable.

The provisions are based upon the retirement system laws in effect June 30, 1978.

The Maine State Retirement System has received, in the past, favorable determination letters from the Federal Internal Revenue Service, stating the system is a qualified retirement plan for state employees and teachers under the Federal Internal Revenue Code as in effect prior to the Employee Retirement Income Security Act of 1974 (ERISA). Although it is not required that the system conform to the provisions of ERISA as respects the provisions for state employees and teachers it is necessary that the system continue to conform to the provisions of the pre-ERISA Internal Revenue Code.

For practical purposes, the present provisions of the Maine State Retirement System meet the major ERISA requirements. The primary changes would be to increase the rate of interest credited on employee contributions to 5% and to allow employees to withdraw their contributions upon termination of employment after completing 10 years of service (the vesting conditions) and retain the right to receive the balance of their accrued benefits not provided by their contributions.

An additional feature that would arise because of ERISA would be automatic coverage under the termination insurance provided by the Pension Benefit Guaranty Corporation, the current annual premium for which is \$2.60 per participant, which includes active, terminated vested and retired employees. The insurance guarantees the sufficiency of plan assets in providing payment of accrued benefits if a plan is terminated, subject to assessment against the employer, up to 30% of the employer's net worth, for the amount of any plan asset deficiency. However, contributions to provide the benefits under the retirement system would have to be sufficient to meet the minimum funding standards of ERISA.

The qualification of the Maine State Retirement System under the requirements of the Federal Internal Revenue Code or ERISA as related to the participating districts would appear to depend upon the status of the individual districts.

I - BASES FOR BENEFITS

Employee  
Classification

Compensation

Years of Service Credits

- |                                    |  |   |
|------------------------------------|--|---|
| a) State employees and teachers    | average during 3 highest years,<br>not necessarily consecutive | <p>The following service credits are provided for state employees and teachers and may be chosen by any political subdivision:</p> <ul style="list-style-type: none"> <li>(1) Service prior to commencement of system.</li> <li>(2) Service while member contributes.</li> <li>(3) Military service - time of war</li> <li>(4) Additional service credits may be available for out of state service, military service, federal employment service, and private and parochial school service where membership began prior to January 1, 1976.</li> </ul> |
| b) Political subdivision employees | same as a) or prior law election                               |   |

## II - RETIREMENT CONDITIONS

| <u>Employee Classification</u>   | Normal Retirement   | Early Retirement                 | Disability Retirement<br>Regular and Occupational         |
|--|---|----------------------------------|---|
| a) State employees and teachers  | age 60  | 25 yrs. service before age 60    | anytime while in service and before normal retirement age |
| B) Political subdivision employees-regular benefits                    | same as a)  | same as a) or prior law election | same as a) or prior law election                          |
| c) Special classifications   |   |                                  |   |
| i) State police  | 20 yrs.   | same as normal                   | same as a)  |
| ii) Law enforcement-Marine Resources and Inland Fisheries and Wildlife | 20 yrs.   | "                                | "   |
| iii) Forest rangers  | 25 yrs. and age 50  | "                                | "   |
| iv) Law enforcement-Maine State Prison                                 | 20 yrs. and age 50  | "                                | "   |
| v) Airplane pilots   | 25 yrs. and age 55  | "                                | "   |
| vi) Liquor inspectors  | 25 yrs. and age 55  | "                                | "   |
| vii) Political subdivisions-all or only police-men or firemen          | 20 to 25 yrs. or may, for policemen or firemen, be 25 yrs. and age 55 | "                                | same as a) or prior law election                          |

| III - BENEFIT FORMULAS                              |   |   |  |
|---|---|---|--|
| Employee Classification                             | Normal Retirement   | Early Retirement  | Disability Retirement Regular and Occupational   |
| a) State employees and teachers                     | 2% of pay per yr. service; e.g. -<br>10 yrs. - 20%<br>20      40<br>25      50<br>35      70<br>50      100<br>-<br>\$100 minimum,<br>10 yrs. service | normal retire- formula, reduced by age, e.g. -<br>25 yrs. service, 50% reduced to<br>age      %<br>55      44<br>50      39<br>45      35 | 66-2/3% of average final pay- reduced by workmen's compen- sation benefits; changed to service retirement with disabi- lity years credited and pay assumed increased by cost of living adjustments when service benefit equals disability benefit but not later than 10 years after normal retirement age. |
| b) Political subdivision employees-regular benefits | same as a) or prior law election  | same as a) or prior law election  | same as a) or prior law election; reduced by social security disa- bility benefits if district has elected social security coverage.   |
| c) Special classifications                          |   |   |  |
| i) State group                                      | 50% of pay plus 2% additional for years past normal retirement  | same as normal  | same as a)   |
| ii) Political subdivisions                          | 50% of pay, may be 66-2/3% for policemen and firemen; may elect 2% addi- tional for years past normal retirement                                      | same as normal  | same as a) or prior law election.  |

#### IV - OPTIONAL METHODS OF RETIREMENT PAYMENT

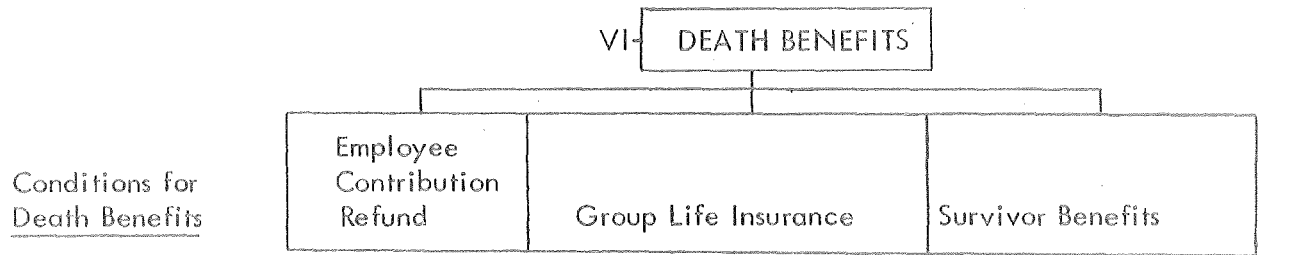
An employee may elect to receive his retirement allowance, normally payable only during his lifetime, under one of the following methods of payment:

- a) Cash refund option                      a reduced allowance with refund at death if payments provided by employee contributions have not totalled employee contributions.
- b) 100% survivor option                      a reduced allowance 100% of which is continued to another person after the employee's death.
- c) 50% survivor option                      a reduced allowance 50% of which is continued to another person after the employee's death.
- d) Equivalent value option                      benefits paid under some arrangement of equal value, as agreed to by the Board of Trustees.

#### V - COST OF LIVING ADJUSTMENTS

Adjustments are made in September of each year in the retirement allowances of retirees and dependents based on the percentage change in the Consumer Price Index for the preceding 12 months period from July 1st through June 30th.

These adjustments apply to all state and teacher employees and to participating district employees if elected by a district.



a) Death In Active Employ-  
ment or on Disability

i) Before eligibility for  
retirement

|  |     |                   |  |
|--|-----|-------------------|--|
| (A) <u>Ordinary death</u>  | yes | 1 or 2 yrs salary | \$100 to \$300 per month,<br>lieu of contribution refund           |
| (B) <u>Service connected<br/>death</u><br>-all employees,<br>except for prior<br>law election by<br>participating<br>districts | no  | same as ordinary  | 66-2/3% to 100% of<br>average final pay, lieu<br>of other benefits |

ii) After eligibility for  
retirement      same as before eligibility for retirement except survivor benefits  
based on option 2 retirement payment may apply in lieu thereof.

b) Death After Retirement

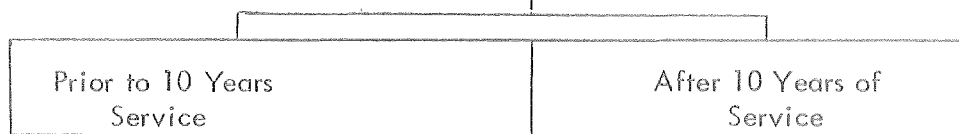
i) Service retirement

|   |                            |   |  |
|---|----------------------------|---|--|
| -all employees  | if elected<br>under option | 1yr's salary reducing<br>to 25% at age 70; 10 yrs<br>service required, exceptions | if elected under option  |
| -state police,<br>resources and inland<br>fisheries and wildlife,<br>political subdivisions | if elected<br>under option | same as above   | 50% of allowance to spouse<br>without option 3 reduction;<br>political subdivision election<br>includes children |

ii) Disability retirement      same as death in active employment per a) above, except for prior  
law election by participating districts.



## VII- TERMINATION OF EMPLOYMENT BEFORE RETIREMENT



Members contributions with interest credits are refunded except no interest is credited for any period beyond 5 years after termination of employment.

Retirement benefits will commence at age 60 based upon credited service and compensation during employment, unless member withdraws contributions prior to the commencement of benefits.

## VIII- EMPLOYEE CONTRIBUTIONS

a) Mandatory employee contribution rates are currently as follows:

- i) Regular state employees and teachers 6.5%
- ii) State law enforcement officers including state police, forest rangers, wardens and prison guards. 7.5
- iii) Participating district employees
  - (A) Regular benefits 6.5 or prior law election (6.14 or 5.0)
  - (B) Special benefits 8.0, 6.5 or prior law election (5.0)

b) Additional employee contributions may be made, up to 10% current compensation, to provide additional retirement benefits. Other additional amounts may be paid under prior law elections.

EVALUATION ASSOCIATES, INCORPORATED

25 SYLVAN ROAD SOUTH, WESTPORT, CONNECTICUT 06880 • (203) 226-7864

January 12, 1979

Board of Trustees  
Maine State Retirement System  
Augusta, Maine 04333

Dear Board Members:

This report covers our firm's work with the Board on investment related matters during fiscal year 1978. The period was one in which the activities of the previous year were continued, including an ongoing review of the Fund's asset mix, the direction of cash flow to diversify the investment vehicles used, and a reexamination of the Fund's financial condition. It is difficult to separate these activities as they are all related to how the Fund should be structured to meet future markets. During the fiscal year we continued to explore fixed income investment alternatives and to recommend moving to a higher fixed income content to reduce the Fund's volatility. One of the investment managers was asked to present the risk/reward trade-offs determined by an asset allocation simulation that was run with the Fund's 8½% investment return goal and various assumptions regarding inflation, stock and bond returns, and the economy. In addition, the actuary has been asked to develop projections on the future value of the Fund and cash flows using the new actuarial assumptions and assuming continuing volatile markets.

In conjunction with the raising of the actuarial assumptions, we began exploring various investment and related media that could potentially increase investment returns--security lending, options, real estate, foreign securities, private placements, lower quality bonds and guaranteed contracts. Morgan Guaranty Trust Company of New York in October 1977 began managing funds in its medium term corporate private placement and mortgage-leaseback commingled funds. Also in October 1977 a portion of the year's cash flow was designated to Merchants

Board of Trustees - M.S.R.S.  
January 12, 1979

National Bank, Merrill Trust Company and David L. Babson & Co. In early 1978 the unmanaged mortgage portfolio was valued but the price that would have been offered for the issues was not sufficiently attractive to pursue a sale or swap. In July 1978 a portion of the year's cash flow, together with some funds removed from the equity portfolio managed by The Putnam Advisory Company was apportioned between the fixed income commingled funds managed by Morgan Guaranty and a real estate commingled fund (containing both mortgages and income producing properties) managed by The Travelers Insurance Companies. The types of investment managers employed continued to be evaluated as to style and effectiveness of style in varying markets. In an investment-related matter, a securities lending program was agreed to during fiscal 1978, with actual implementation near year-end.

The Fund's performance for fiscal year 1978 matched that of the prior year, again outperforming the Standard & Poor's 500 Index and Dow Jones Industrials. Our firm continued to expand our publication, Investment Manager Profiles, and therefore we are able to compare the Fund, which is balanced, with 100 investment managers responsible for over \$100 billion in employee benefit assets. The Fund outperformed the median balanced manager in fiscal 1978. The median equity and fixed income manager performance is given for reference. Below is a breakout of the various indices:

|  | <u>Fiscal Year 1977</u> | <u>Fiscal Year 1978</u> |
|--|-------------------------|-------------------------|
| M.S.R.S. Total Fund                              | 2.7%                    | 2.7%                    |
| Market Indices                                   |                         |                         |
| Standard & Poor's 500                            | 0.4                     | 0.1                     |
| Dow Jones Industrials                            | -4.6                    | -5.5                    |
| Salomon Brothers                                 | 15.2                    | -0.8                    |
| Kuhn Loeb Bond                                   | 15.1                    | 0.4                     |
| 90 Day Treasury Bills                            | 4.8                     | 6.0                     |
| INVESTMENT MANAGER PROFILES - Median Performance |                         |                         |
| Balanced Fund Managers                           | 5.3                     | 2.2                     |
| Equity Fund Managers                             | -0.3                    | 2.8                     |
| Bond Fund Managers                               | 12.4                    | 1.8                     |

Board of Trustees - M.S.R.S.  
January 12, 1979

We continue to feel that the Fund is well postured to take advantage of a general advance in the equity and bond markets, but that a somewhat higher fixed income content would provide greater certainty of returns and protection in volatile markets.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ellen".

Ellen Petrino  
Vice President

EP/ch

## REPORT OF THE EXECUTIVE DIRECTOR

The Maine State Retirement System is a joint contributory system which covers all public school teachers in the State of Maine, state employees, except members of the judiciary, and the employees of 238 participating local districts. Participating local districts include cities, towns, counties, and various other quasi-municipal type units within the state.

The System is under the general supervision of a seven-member Board of Trustees which is responsible for the formulation of policies and the exercise of general supervision under the statutes. The administrative responsibility is vested in an Executive Director appointed by the Board. Board members, who serve for a three-year term, include three members appointed by the Governor and subject to review by the Joint Standing Committee on Veterans & Retirement and to confirmation by the Legislature, one of whom shall be a retired teacher selected from a list of three nominees submitted by the Maine Retired Teachers Association; one member elected by the Maine State Employees Association; one member elected by the Maine Teachers Association; one member appointed by the Maine Municipal Association, who is a member of the System through a participating local district; and one member selected by the foregoing members of the Board, who is receiving a retirement allowance under the System. The Board elects a chairman from its membership and names a consulting actuary whose duties include the computation of all retirement benefits, and the recommendation of funding requests to the Legislature in order that the System be maintained in a solvent position. A Medical Board, consisting of three physicians not eligible to participate in the System, is also provided for under the law.

The administrative responsibility and approval of the payment of all retirement benefits is vested in the Executive Director appointed by the Board. Membership in the System is comprised of public school teachers, state employees and the employees of participating local districts which elect to provide retirement and disability benefits for their employees. Total membership in the System, both active and inactive members, at June 30, 1978, was 59,569, representing 26,720 teacher accounts, 20,161 state employee accounts and 12,688 participating local district employee accounts.

Consultants are retained by the Board of Trustees for investment advisory, investment custody, and investment management services. As of June 30, 1978, there were seven investment managers under contract to manage various segments of the System's portfolio. During the year the Trustees entered into a contractual agreement with Morgan Guaranty Trust Company of New York to manage, under its Commingled Pension Trust Fund (Fixed Income Direct Placement - Corporate Medium Term) and its Commingled Pension Trust Fund (Fixed Income Direct Placement - Mortgage Real Property), an \$8,000,000 initial investment. Subsequent to the close of this fiscal year an additional \$4,000,000 was committed to these Funds by direction of the Board of Trustees.

The book value of investments at year end was \$230,676,904, and had a market value of \$230,171,364. The investment portfolio is comprised of corporate stock (43.6%), corporate bonds (45.1%), mortgages (3.1%), an insured guaranteed contract (2.2%), time deposits (2.4%), and commingled mortgage fund (3.6%). A major change has occurred in the composition of the investment portfolio in the common stock area, which portion of the total portfolio is 8.3% less than the

previous year. Fixed income investments at June 30, 1978, represented 5.9% more of the portfolio than at the end of the previous year.

The time-weighted rate of return on investments under management by the System's investment managers was 2.7% for the fiscal year ended June 30, 1978, and was the same as for the previous year. The time-weighted rate of return includes only investments under management by the System's investment managers, i.e., Alliance Capital Management Corp., Massachusetts Financial Services, Inc., The Putnam Advisory Company, Inc., Merrill Trust Company, Merchants National Bank, David L. Babson & Company and Morgan Guaranty Trust Company. This rate includes appreciation and/or depreciation of investments on a market value basis and takes into consideration earnings on investments and new funds turned over for management. The unmanaged mortgage portfolio, cash deposits with the State Treasurer's "Cash Pool" and insured guaranteed contracts are not included in the above investment performance percentages. This report includes data reflecting a return on investments on the basis of trust reserves, at a rate of 5.6902% based on the book value of investments and should not be confused with the time-weighted rate of return noted above, which is based on the market value of investments.

\*\*\*\*\*

Total trust reserves of the System were \$241,350,884 as of June 30, 1978, an increase of \$16,427,073 over trust reserves at the beginning of the year.

The year end composition of these reserves was as follows:

|                               |                      |
|-------------------------------|----------------------|
| State Employees               | \$112,709,460        |
| Teachers (post 7/1/24)        | 161,993,685          |
| Teachers (pre 7/1/24)         | ( 105,881,897)       |
| Participating Local Districts | <u>72,529,636</u>    |
| Total                         | <u>\$241,350,884</u> |

Expenditures for retirement benefits in excess of funding for the pre-July 1, 1924, teachers have totalled \$105,881,897 through the year end. This group, whose teaching service started before July 1, 1924, was not required to make contributions to any retirement plan until 1945. During each of the last legislative sessions the Board of Trustees has requested funding from the Legislature for this group of retired persons; however, was not successful in having funds appropriated. The System's Actuary's report for the year ended June 30, 1977, indicated that the total unfunded benefit reserve of this group amounted to \$147,208,000. Contributions by the State of Maine on account of state employee and teacher retirement totalled \$35,488,013, of which \$16,664,954 was made on account of state employees and \$18,823,059 on account of teachers. Participating local districts made contributions on account of employees in these units of \$10,968,325, and represented an increase from those employers of \$1,688,909 over the previous year.

Contributions to the System by members totalled \$28,002,557 during the past fiscal year, an increase of \$2,112,428 over the previous year, as follows:

|                               |                     |                     |
|-------------------------------|---------------------|---------------------|
|                               | <u>1977-78</u>      | <u>1976-77</u>      |
| Teachers                      | \$12,632,853        | \$12,181,041        |
| State Employees               | 9,339,152           | 8,341,022           |
| Participating Local Districts | <u>6,030,552</u>    | <u>5,368,066</u>    |
| Total                         | <u>\$28,002,557</u> | <u>\$25,890,129</u> |

Retirement allowances authorized during the year continued to increase, with 1,183 authorizations being processed during the past fiscal year, representing 391 teachers, 505 state employees and 287 employees of participating local districts. The June 30, 1978, retirement payroll included 14,272 persons and represented benefit payments totalling \$5,425,670. There were 6,394 retired teachers, 5,413 state employees and 2,465 employees of participating local districts included on this payroll. The number of retirement benefits being paid at the year end represented an increase of 826 over the number of benefits being paid at the beginning of the year.

Payments to retired employees and their beneficiaries during the year amounted to \$64,002,405, and included cost-of-living benefit payments of \$16,983,563. These payments represent an increase of \$9,932,878 over the previous year. This increase is due to the additional number of retired persons and the two cost-of-living increases granted during the year. In July of 1977 a 5.58% cost-of-living increase was authorized by the Legislature, and in November, 1977, a 4% cost-of-living increase was authorized under a general statute enacted by the 108th Legislature.

The following data, based on the average allowance under full benefits and age at retirement (exclusive of special groups) indicates that retirement benefits are continuing to increase and retirement ages decreasing:

|      | <u>State Employees</u> |                       |
|------|------------------------|-----------------------|
|      | <u>Annual Benefit</u>  | <u>Retirement Age</u> |
| 1975 | \$3,083.15             | 63.2366 yrs.          |
| 1976 | \$4,059.36             | 62.3463 yrs.          |
| 1977 | \$4,102.43             | 62.1949 yrs.          |
| 1978 | \$4,839.41             | 61.2339 yrs.          |

|      | <u>Teachers</u>       |                       |
|------|-----------------------|-----------------------|
|      | <u>Annual Benefit</u> | <u>Retirement Age</u> |
| 1975 | \$5,085.69            | 62.6637 yrs.          |
| 1976 | \$4,557.19            | 62.1791 yrs.          |
| 1977 | \$5,372.37            | 62.5535 yrs.          |
| 1978 | \$6,026.55            | 61.0603 yrs.          |

Benefits being paid to survivors of former members of the System, whose death occurred prior to retirement, totalled \$1,392,108, and as of June 30, 1978, included the survivors of 166 former school teachers, 399 state employees, and 131 employees of participating local districts.

\*\*\*\*\*

During the past year a special session of the 108th Legislature enacted the following legislation:

Chapter 580, PL 1977, which became effective July 1, 1978, eliminates any mandatory retirement age under the Maine State Retirement System. Heretofore the mandatory retirement age for the general plan was 70, and for certain special plans was 50-60 or 65.

Chapter 573, PL 1977, revised the System's basis for granting cost-of-living increases to retired persons. Under this law a maximum 4% benefit increase or decrease, based upon the movement of the Consumer Price Index for the 12 months ending June, is to be granted annually to all retired state employees, public school teachers, and the retired employees of those participating local districts which have accepted the cost-of-living principle. The first increase under this new law was 4% and was made in November, 1977.

Chapter 699, PL 1977, provides for a recomputation of benefits for teachers who served before July, 1942 on a basis of 1/50th of average final compensation, as opposed to 1/60th of average final compensation, up to a maximum of 25 years of service before 1947. This will provide for an added benefit for many retired teachers.

Chapter 700, PL 1977, provides that participating local districts may elect to provide the beneficiaries of members whose death occurs before retirement and who have completed 20 years of creditable service, with an option of either survivor benefits or Option #2 automatically. As a general rule 20 years of service would entitle a member to an Option #2 benefit considerably in excess of that benefit made available by the general survivor benefit statute.

\*\*\*\*\*

The following legislation is recommended by the Executive Director to the Board of Trustees, which if approved would be introduced at the 109th Legislature:

Legislation to exclude certain academies from the category of "public school" and provide that the employer cost for retirement, which is currently being paid by the State of Maine, be paid by the individual academy. There are three academies which appear to be in the category of private school at this time; however, many years ago served as the local high school for the surrounding communities. This legislation would save the State of Maine General Fund approximately \$70,000 per year.

Recommend a revision in the present statutes to provide for the closing out and transfer of miscellaneous small accounts of former employees which have remained inactive for a number of years. This appears to be a desirable step in eliminating unnecessary handling of these records on a periodic basis.

Recommend legislation to govern the amount of outside earnings persons receiving disability retirement benefits under the System could receive in event of their restoration to service. It is proposed that the limitation on earnings of these persons be the same as for persons whose earnings from outside sources are governed.

\*\*\*\*\*

Chapter 622, PL 1975, amended the Maine State Retirement System statutes with respect to disability retirement benefits for state employees and public school teachers significantly. This legislation became effective July 1, 1977, and



the benefit improvement applied to persons who had heretofore retired on disability retirement benefits, as well as to future disability retirees. The legislation was optional with respect to participating local districts and as of this writing relatively few local districts have adopted this new disability statute.

The basic change that occurred under this legislation provides that all disability retirement benefits, whether ordinary or occupational in nature, will be based on 2/3 of the member's average final compensation at point of retirement, or termination of service due to the disability. Heretofore ordinary disabilities had been based on 1/4 of the average final compensation and occupational disabilities on 2/3 of the average final compensation.

As of June 30, 1978, there were 58 more individuals drawing disability benefits under the System than at the beginning of the year, which represented 2.83% of the total individuals drawing retirement benefits. During the last fiscal year disability retirement payments totalled \$2,417,441 as compared with \$1,398,345 in the previous year, an increase of \$1,019,095. This increase is accounted for primarily in the provisions of Chapter 622, PL 1975, which required a re-computation of all disability benefits being paid prior to its effective date, as noted above.

Considerable staff effort is currently being expended to monitor and process disability payments and applications. Current applications are screened by the administrative staff and reviewed by Claims Service International, Inc., who is under contract with the Board of Trustees for this purpose. Under the existing statutes disability cases are required to be reviewed annually to determine eligibility for continued disability benefits and/or the ability of the recipient to be engaged in a gainful occupation. With the increasing workload involved in the processing and reviewing of disability retirement cases, the possibility of employing an additional staff person to review all new applications and existing claims rather than through outside contractors, is being studied.

\*\*\*\*\*

Administrative expenses totalled \$1,357,639, an increase of \$382,449 over the previous year. A major increase was reflected in retired state employees' health insurance premiums which were \$226,808 greater than those of the previous year, an initial year charge for STA-CAP (State Cost Allocation Program) of \$60,788, an increase of \$37,332 in salaries, and an increase in data processing charges of \$19,924. Retired state employee health premiums increased 40.7% for the year ended June 30, 1978, over the corresponding period of the previous year, and 28.7% for the 12 months ended June 30, 1977, over the prior fiscal year. This increase was due to increased premium rates in each of the last two fiscal years, and a greater number of retired persons who are eligible for this benefit.

During the past fiscal year staff members of the Maine State Retirement System have met with 85 groups of public school teachers, state employees and employees of participating local districts, both active and retired, for the purpose of reviewing and explaining the System's programs relating to retirement, survivor benefits, disability retirement and group life insurance coverage.

\*\*\*\*\*

## GROUP LIFE INSURANCE

The state Group Life Insurance program is administered by the Board of Trustees of the Maine State Retirement System and is available to all public school teachers, state employees and the employees of those participating local districts which elect to participate in the plan. There are three sections of the group life insurance program: a Basic plan, a Supplemental plan and a Dependent plan. The Basic and Supplemental plans each provide for \$1000 of coverage for each \$1000 of the participant's annual salary, up to a maximum of \$25,000 under the Basic plan and \$25,000 under the Supplemental plan. The Dependent plan provides coverage of \$2000 on the life of a spouse, \$500 and \$100 on the lives of children up to the age of 19 years and 6 months respectively. Participation is optional by the employee under all plans.

Total assets of the Group Life Insurance Fund amounted to \$6,478,268 at the year end, and were comprised of reserves and working capital of \$6,276,253 and liabilities of \$202,014. Accounts payable of \$202,822 represented June premiums which were not processed for payment to the underwriter until the following fiscal year.

Assets were primarily comprised of cash held in the Treasurer's "Cash Pool," in the amount of \$6,421,078, on which interest is credited monthly based upon the "Cash Pool" earnings during the month. Total interest earned on the Fund during the year was \$440,218, an increase of \$108,521 over interest earnings during the previous year. These earnings represented a return of 7.98% on the Fund's reserves, using the average balances.

Reserves for retiree premiums at June 30 were \$4,438,613, an increase of \$1,098,169 over reserves at the beginning of the year. This increase is accounted for primarily from the release of reserves by the underwriter during the year in the amount of \$477,174, and the excess of premiums over claim and retention requirements of \$651,614.

Reserves for Supplemental dividend distribution totalled \$1,762,640 at the year end and were approximately the same level as at the start of the year. This reserve is credited with dividends under the Supplemental insurance program and are charged with Supplemental dividend distributions which are paid to the beneficiaries of persons, both active and retired, who held Supplemental insurance either at the date of death or at point of retirement.

\*\*\*\*\*

## SOCIAL SECURITY

The Maine State Retirement System has been designated as the state agency to administer the Social Security program for political subdivisions in the State of Maine which elect to provide Social Security benefits for their employees. As of June 30, 1978, there were 620 agreements in force between the state and reporting units, which provide that this office administer the collection of the F.I.C.A. tax and audit the accompanying returns. Social Security benefits under these agreements are administered directly by the Social Security Administration. During the fiscal year 22 agreements were entered into between the state and political subdivisions to provide coverage under Social Security, and two agree-

ments were terminated. These agreements cover approximately 29,000 public employees under the Social Security program, and the F.I.C.A. tax collections totalled \$18,758,903. The Maine State Retirement System staff examiner has conducted 70 on-site reviews, 42 training sessions with reporting officials, and held 19 meetings with town representatives regarding extending Social Security coverage and termination proposals during the recent fiscal year.

The 1977 amendments to the Social Security Act made significant changes in future contribution rates and the taxable wage base, as indicated below:

| <u>Calendar Year</u> | <u>Employer/Employee Percent<br/>F.I.C.A. Contribution</u> | <u>Total Employer/Employee<br/>% Contribution</u> |
|----------------------|--|---|
| 1978                 | 6.05   | 12.10%  |
| 1979-80              | 6.13%  | 12.26%  |
| 1981                 | 6.65%  | 13.30%  |
| 1982-84              | 6.70%  | 13.40%  |
| 1985                 | 7.05%  | 14.10%  |
| 1986-89              | 7.15%  | 14.30%  |
| 1990 and after       | 7.65%  | 15.30%  |

The revised taxable wage base has been changed, as follows:

| <u>Calendar Year</u> | <u>Maximum Taxable Wage Base</u> |
|----------------------|----------------------------------|
| 1978                 | \$17,700                         |
| 1979                 | \$22,900                         |
| 1980                 | \$25,900                         |
| 1981                 | \$29,700                         |

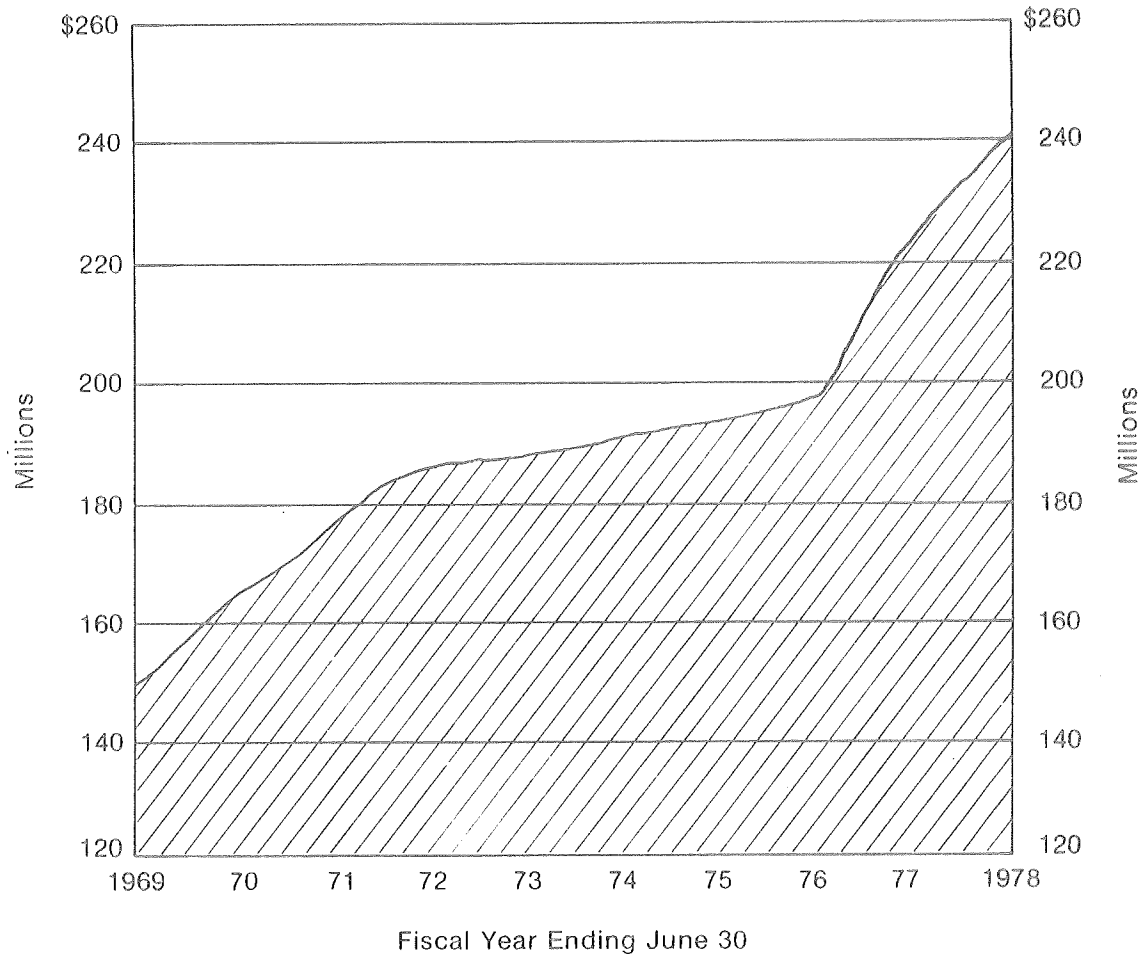
Of considerable significance to the State of Maine and its political subdivisions is a study currently being conducted by the Social Security Administration involving a proposal to mandatorily include all public employees under the Social Security program. At the present time state employees, public school teachers and the employees of several major cities in the State of Maine (Augusta-Bangor-Portland), are not included under the Social Security program. The mandatory inclusion of all public employees under the Social Security program would involve costs to the state and its political subdivisions of what is conservatively estimated to be in excess of \$20,000,000 per year. Currently there are six states which do not provide Social Security coverage for employees and fourteen states in which public school teachers are not covered by Social Security.

Earnings on investments of F.I.C.A. tax collections under the State Treasurer's "Cash Pool" totalled \$124,681 during the past fiscal year and administrative costs were \$47,650. Of continuing concern has been the proposal by the Social Security Administration to require more frequent deposits of F.I.C.A. tax collections by the states and to institute annual reporting of earnings and contributions. Our position has been that the institution of these procedures would drastically reduce the earnings on the cash flow of F.I.C.A. contributions which have permitted the Maine State Retirement System to defray administrative expenses involved in the Social Security program. A serious curtailment of this income would require the assessment of administrative costs against the local units for these expenses. During the past nine years there have been no administrative expenses assessed against local units participating in this program, inasmuch as earnings on investments have been adequate to cover these expenses.

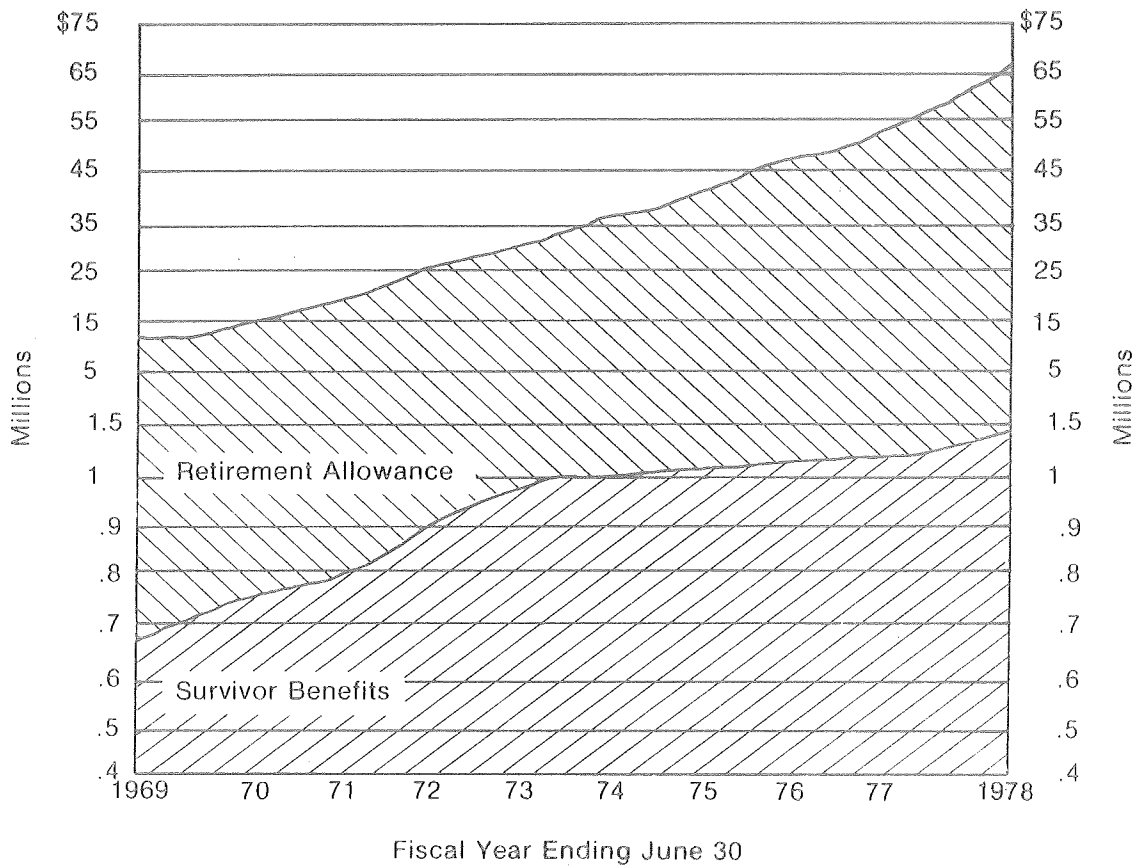


William G. Blodgett, Executive Director

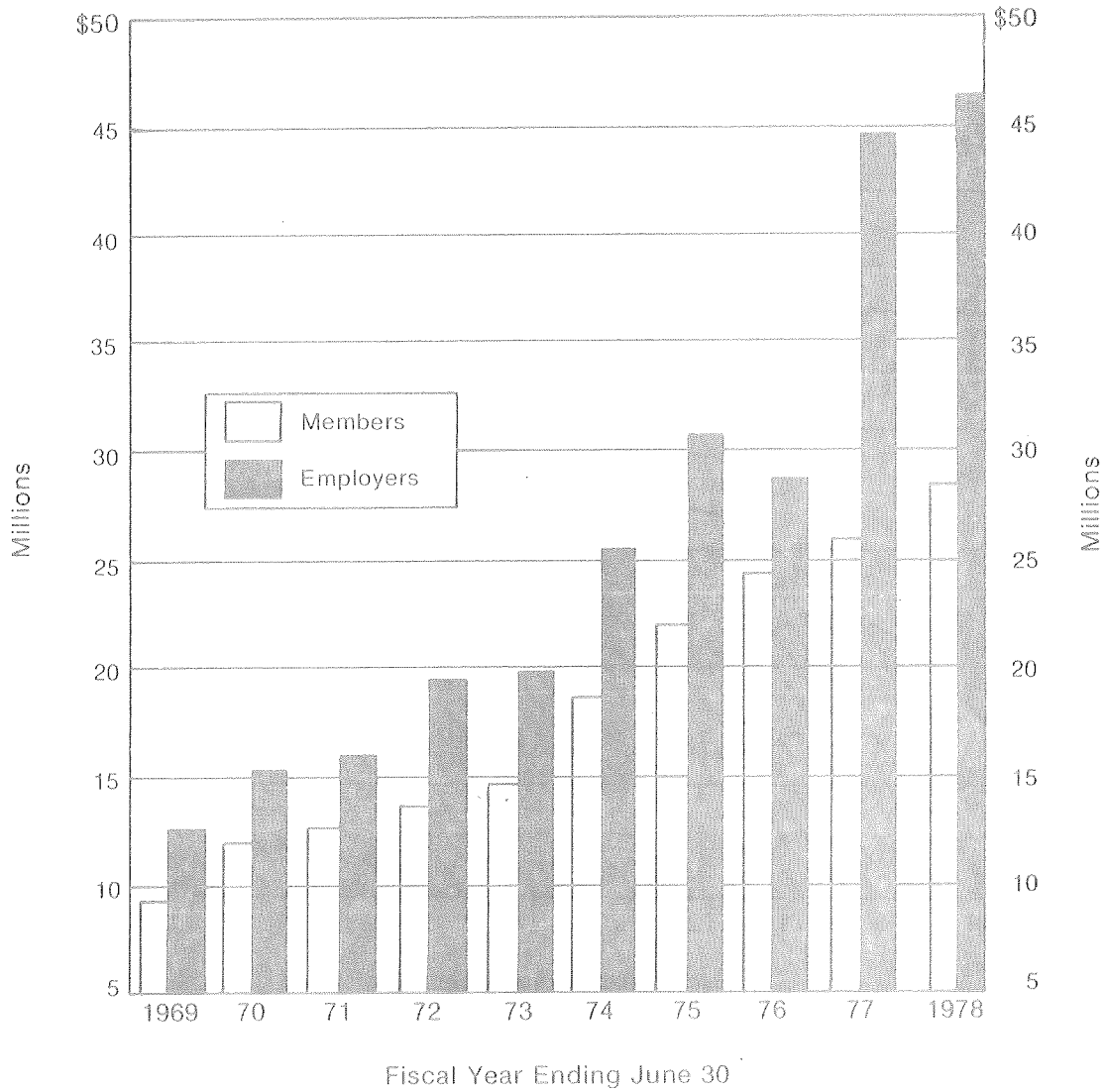
# MAINE STATE RETIREMENT SYSTEM ASSETS OF FUND



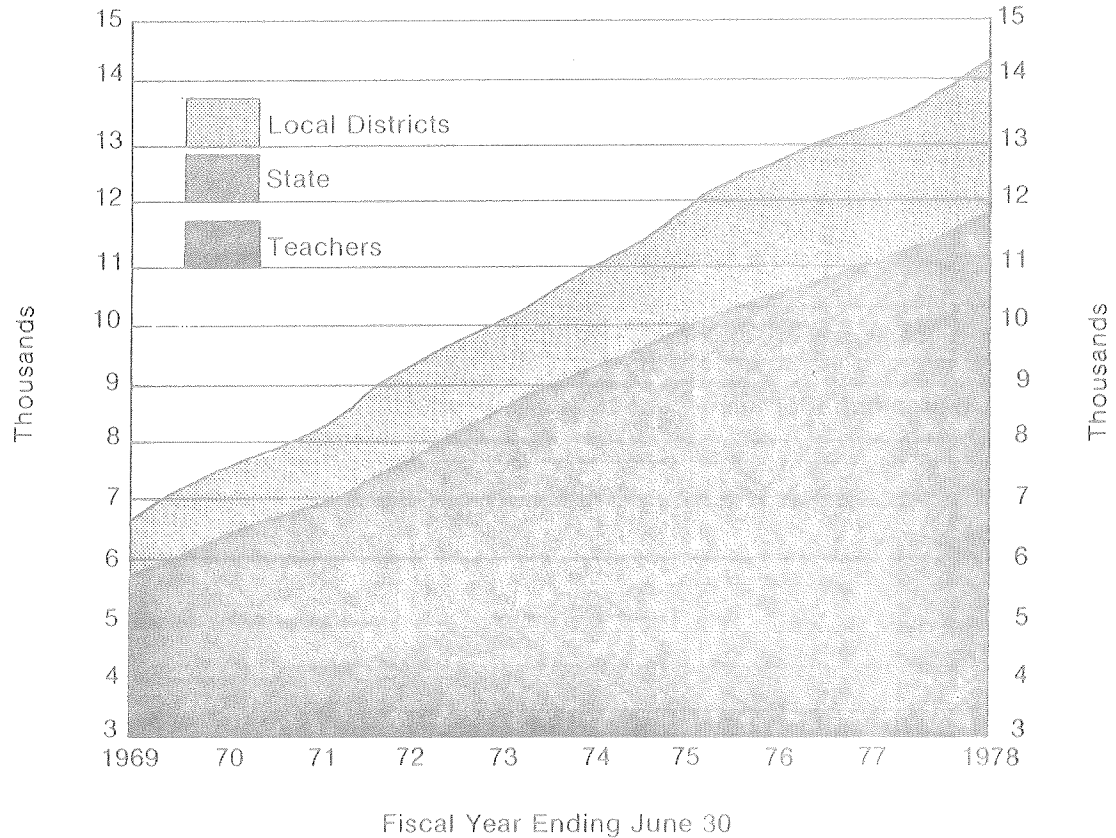
# RETIREMENT AND SURVIVOR PAYMENTS



### MEMBERS' AND EMPLOYERS CONTRIBUTIONS



### RETIREMENT ALLOWANCE RECIPIENTS



FINANCIAL HIGHLIGHTS

|                                     | <u>1978</u>   | <u>1977</u>   |
|-------------------------------------|---------------|---------------|
| Assets of the Fund at Year End      | \$242,114,704 | \$225,373,086 |
| Net Income From Investments         | \$ 12,521,208 | \$ 14,322,236 |
| Year End Investments (Cost)         | \$230,676,904 | \$206,401,916 |
| Year End Investments (Market)       | \$230,171,365 | \$210,352,615 |
| Corporate Stock in Portfolio (Cost) | \$100,538,385 | \$107,085,060 |
| Percent of Portfolio                | 43.6%         | 51.9%         |
| Bonds in Portfolio (Cost)           | \$104,052,377 | \$ 84,967,665 |
| Percent of Portfolio                | 45.1%         | 41.2%         |
| Mortgages in Portfolio (Cost)       | \$ 7,216,835  | \$ 9,349,191  |
| Percent of Portfolio                | 3.1%          | 4.5%          |
| Insured Guaranteed Contract (Cost)  | \$ 5,000,000  | \$ 5,000,000  |
| Percent of Portfolio                | 2.2%          | 2.4%          |
| Time Deposits in Portfolio (Cost)   | \$ 5,502,836  | ---           |
| Percent of Portfolio                | 2.4%          | ---           |
| Commingled Trust Fund               | \$ 8,366,471  | ---           |
| Percent of Portfolio                | 3.6%          | ---           |

| RETIREMENT ALLOWANCES paid - June 30, 1978 | <u>VALUE</u>       |                | <u>PERSONS</u> |                |
|--|--------------------|----------------|----------------|----------------|
|  | <u>Dollars</u>     | <u>Percent</u> | <u>Number</u>  | <u>Percent</u> |
| State Employees                            | \$1,898,820        | 35.0%          | 5,413          | 37.9%          |
| Teachers                                   | \$2,857,376        | 52.7%          | 6,394          | 44.8%          |
| Participating Local Districts              | \$ 669,473         | 12.3%          | 2,465          | 17.3%          |
| TOTAL                                      | <u>\$5,425,670</u> |                | <u>14,272</u>  |                |

| SURVIVOR BENEFITS paid - June 30, 1978 | <u>VALUE</u>      |                | <u>PERSONS</u> |                |
|--|-------------------|----------------|----------------|----------------|
|  | <u>Dollars</u>    | <u>Percent</u> | <u>Number</u>  | <u>Percent</u> |
| State Employees                        | \$ 68,658         | 57.8%          | 399            | 57.3%          |
| Teachers                               | \$ 30,905         | 26.1%          | 166            | 23.9%          |
| Participating Local Districts          | \$ 19,059         | 16.1%          | 131            | 18.8%          |
| TOTAL                                  | <u>\$ 118,622</u> |                | <u>696</u>     |                |

STATISTICS

MEMBERSHIP - June 30, 1978:

|                               | <u>ACTIVE</u> | <u>INACTIVE</u> |
|-------------------------------|---------------|-----------------|
| State Employees               | 13,490        | 6,671           |
| Teachers                      | 18,480        | 8,240           |
| Participating Local Districts | <u>10,510</u> | <u>2,178</u>    |
| TOTAL                         | <u>42,480</u> | <u>17,089</u>   |

RETIREMENT ALLOWANCES - Authorized Year Ended June 30, 1978:

|                               |              | <u>Percent</u> |
|-------------------------------|--------------|----------------|
| State Employees               | 505          | 42.6%          |
| Teachers                      | 391          | 33.1%          |
| Participating Local Districts | <u>287</u>   | 24.3%          |
| TOTAL                         | <u>1,183</u> |                |

SURVIVOR BENEFITS - Authorized Year Ended June 30, 1978:

|                               |           | <u>Percent</u> |
|-------------------------------|-----------|----------------|
| State Employees               | 17        | 48.5%          |
| Teachers                      | 10        | 28.6%          |
| Participating Local Districts | <u>8</u>  | 22.9%          |
| TOTAL                         | <u>35</u> |                |

Participating Local Districts

|                         |            |
|-------------------------|------------|
| Towns                   | 98         |
| Sewer & Water Districts | 41         |
| Cities                  | 19         |
| S.A.D.'s                | 17         |
| Counties                | 16         |
| Housing Authorities     | 8          |
| Public Libraries        | 4          |
| Miscellaneous           | <u>35</u>  |
| TOTAL                   | <u>238</u> |

MAINE STATE RETIREMENT SYSTEM  
Comparative Balance Sheet  
at June 30

ASSETS

|   |         | 1978                    | 1977                    | Increase<br>or<br>(Decrease) |
|---|---------|-------------------------|-------------------------|------------------------------|
| Investments:                              |         |                         |                         |                              |
| Bonds                                     | Note I  | \$104,052,376.79        | \$ 84,967,664.82        | \$ 19,084,711.97             |
| Stocks                                    |         |                         |                         |                              |
| Common                                    | Note I  | 100,230,884.93          | 106,460,179.70          | ( 6,229,294.77)              |
| Preferred                                 | Note I  | 307,500.00              | 624,880.00              | ( 317,380.00)                |
|   |         | 100,538,384.93          | 107,085,059.70          | ( 6,546,674.77)              |
| Mortgages                                 | Note II | 7,216,834.68            | 9,349,191.21            | ( 2,132,356.53)              |
| Morgan Guaranty - Commingled              |         |                         |                         |                              |
| Trust Fund                                | Note I  | 8,366,471.44            | --                      | 8,366,471.44                 |
| Insured Guaranteed Contract (Unionmutual) | Note I  | 5,000,000.00            | 5,000,000.00            | --                           |
| Cash - Time Deposit                       |         | 5,502,836.37            | --                      | 5,502,836.37                 |
| Total Investments                         |         | <u>230,676,904.21</u>   | <u>206,401,915.73</u>   | <u>24,274,988.48</u>         |
| Other Assets:                             |         |                         |                         |                              |
| Cash (Demand Deposit)                     |         | 8,331,568.83            | 15,533,894.38           | ( 7,202,325.55)              |
| Cash (Fiduciary)                          |         | 347,858.02              | 1,645,171.98            | ( 1,297,313.96)              |
| Accrued Interest                          |         | 2,749,795.85            | 1,786,839.49            | 962,956.36                   |
| Accounts Receivable (Net)                 |         | 4,432.08                | 1,854.27                | 2,577.81                     |
| Prepaid Expense                           |         | 4,145.73                | 3,360.12                | 785.61                       |
| Suspense Account - Debit Balance          |         | --                      | 50.00                   | ( 50.00)                     |
| Total Other Assets                        |         | <u>11,437,800.51</u>    | <u>18,971,170.24</u>    | <u>( 7,533,369.73)</u>       |
| Total Assets                              |         | <u>\$242,114,704.72</u> | <u>\$225,373,085.97</u> | <u>\$ 16,741,618.75</u>      |
| <u>TRUST RESERVES &amp; LIABILITIES</u>   |         |                         |                         |                              |
| Trust Reserves                            |         |                         |                         |                              |
| Members Contribution Fund - Current       |         | \$187,860,337.37        | \$168,960,559.61        | \$ 18,899,777.76             |
| Members Contribution Fund - Prior         |         | 428,578.19              | 515,102.54              | ( 86,524.35)                 |
| Retirement Allowance Fund                 |         | 43,705,181.32           | 47,351,731.91           | ( 3,646,550.59)              |
| Survivor Benefit Fund                     |         | 9,356,787.96            | 8,096,417.66            | 1,260,370.30                 |
| Total Trust Reserves                      |         | <u>241,350,884.84</u>   | <u>224,923,811.72</u>   | <u>16,427,073.12</u>         |



Liabilities & Operating Reserves:

|  |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| Accounts Payable                       | 319,404.75              | 224,725.09              | 94,679.66               |
| Reserve for Expenditures               | 440,269.40              | 221,189.04              | 219,080.36              |
| Due to Other Funds                     | <u>4,145.73</u>         | <u>3,360.12</u>         | <u>785.61</u>           |
| Total Liabilities & Operating Reserves | <u>763,819.88</u>       | <u>449,274.25</u>       | <u>314,545.63</u>       |
| Total Reserves & Liabilities           | <u>\$242,114,704.72</u> | <u>\$225,373,085.97</u> | <u>\$ 16,741,618.75</u> |

Note I Cost

Note II Cost less principle received and 1/15 discount

|   |                     |
|---|---------------------|
| Book Value of Investments per Northeast Banks of Lewiston & Auburn, Maine | \$232,114,825.36    |
| Deduct:   |                     |
| Trade-date Items not settled  | <u>1,437,921.15</u> |

|   |                         |
|---|-------------------------|
| Book Value of Investments per Maine State Retirement System | <u>\$230,676,904.21</u> |
|---|-------------------------|

Market Value of Securities, June 30, 1978

|                        | <u>PUTNAM</u>          | <u>ALLIANCE</u>        | <u>MASS. FINANCE</u>   | <u>MERRILL</u>        | <u>MERCHANTS</u>      | <u>BABSON</u>          | <u>NORTHEAST BANK</u>  | <u>TOTAL</u>            |
|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|-------------------------|
| Bonds                  | \$30,055,709.53        | \$32,181,643.85        | \$28,156,520.57        | \$5,280,993.35        | \$4,748,009.50        | \$ 814,000.00          | \$ --                  | \$101,236,876.80        |
| Stocks-Common          | 33,629,087.50          | 36,942,516.50          | --                     | 2,821,205.25          | 3,086,737.50          | 26,272,211.37          | --                     | 102,751,758.12          |
| Stocks-Preferred       | 288,750.00             | --                     | --                     | --                    | --                    | --                     | --                     | 288,750.00              |
| Mortgages              | --                     | --                     | --                     | --                    | --                    | --                     | 7,216,834.68           | 7,216,834.68*           |
| Commingled Trust Fund- |                        |                        |                        |                       |                       |                        |                        |                         |
| Morgan Guaranty Trust  | --                     | --                     | --                     | --                    | --                    | --                     | 8,174,145.00           | 8,174,145.00            |
| Insured Guaranteed     |                        |                        |                        |                       |                       |                        |                        |                         |
| Contract (Unionmutual) | --                     | --                     | --                     | --                    | --                    | --                     | 5,000,000.00           | 5,000,000.00*           |
| Cash-Time Deposits     | <u>5,503,000.00</u>    | <u>--</u>              | <u>--</u>              | <u>--</u>             | <u>--</u>             | <u>--</u>              | <u>--</u>              | <u>5,503,000.00</u>     |
| Totals                 | <u>\$69,476,547.03</u> | <u>\$69,124,160.35</u> | <u>\$28,156,520.57</u> | <u>\$8,102,198.60</u> | <u>\$7,834,747.00</u> | <u>\$27,086,211.37</u> | <u>\$20,390,979.68</u> | <u>\$230,171,364.60</u> |

\*Book Value - Market Value not available/Custodial Service Only

1Unfunded Accrued Benefits (Liability) at June 30, 1978 - State Employees & Teachers

2Included in Unfunded Benefits (Liability)<sup>1</sup> is the amount of \$105,881,897.14, representing benefits paid and interest costs on "non-contributory" teachers in excess of funding which is considered payable by the State of Maine.

3Unfunded Accrued Benefits (Liability) at June 30, 1978 - Participating Districts

\$ 798,644,000

\$ 94,130,263

MAINE STATE RETIREMENT SYSTEM

Balance Sheet

June 30, 1978

(69)

| <u>Assets</u>             |                         | <u>Trust Reserves &amp; Liabilities</u> |                         |                         |                                   |                                  |                                    |
|---------------------------|-------------------------|---|-------------------------|-------------------------|-----------------------------------|----------------------------------|------------------------------------|
|                           |                         |   | <u>Total Fund</u>       | <u>State</u>            | <u>Teachers<br/>Post - 7/1/24</u> | <u>Teachers<br/>Pre - 7/1/24</u> | <u>Participating<br/>Districts</u> |
| Investments:              |                         | Trust Reserves:                         |                         |                         |                                   |                                  |                                    |
| Bonds                     | \$104,052,376.79        |   |                         |                         |                                   |                                  |                                    |
| Stocks                    |                         |   |                         |                         |                                   |                                  |                                    |
| Common                    | 100,230,884.93          | Members Contribution                    |                         |                         |                                   |                                  |                                    |
| Preferred                 | 307,500.00              | Fund - Current                          | \$187,860,337.37        | \$ 64,137,221.44        | \$ 92,680,659.15                  | \$ --                            | \$31,042,456.78                    |
|                           | 100,538,384.93          | Members Contribution                    |                         |                         |                                   |                                  |                                    |
| Mortgages                 | 7,216,834.68            | Fund - Prior                            | 428,578.19              | --                      | 428,578.19                        | --                               | --                                 |
| Insured Guaranteed        |                         | Retirement Allowance                    |                         |                         |                                   |                                  |                                    |
| Contract (Unionmutual)    | 5,000,000.00            | Fund                                    | 43,705,181.32           | 46,106,218.05           | 63,064,071.98                     | (105,881,897.14)                 | 40,416,788.43                      |
| Commingled Trust Fund     |                         | Survivor Benefit                        |                         |                         |                                   |                                  |                                    |
| (Morgan Guaranty Trust)   | 8,366,471.44            | Fund                                    | 9,356,787.96            | 2,466,021.33            | 5,820,376.01                      | --                               | 1,070,390.62                       |
| Cash - Time Deposit       | 5,502,836.37            |   |                         |                         |                                   |                                  |                                    |
| Total Investments         | <u>230,676,904.21</u>   | Total Trust Reserves                    | <u>241,350,884.84</u>   | <u>112,709,460.82</u>   | <u>161,993,685.33</u>             | <u>(105,881,897.14)</u>          | <u>72,529,635.83</u>               |
| Other Assets:             |                         | Liabilities & Operating Reserves:       |                         |                         |                                   |                                  |                                    |
| Cash (Demand Deposit)     | 8,331,568.83            | Accounts Payable                        | 319,404.75              | 103,806.55              | 148,842.61                        | --                               | 66,755.59                          |
| Cash (Fiduciary)          | 347,858.02              | Reserves for Expenditures               | 440,269.40              | 322,673.45              | 89,154.55                         | --                               | 28,441.40                          |
| Accrued Interest          | 2,749,795.85            | Due to Other Funds                      | 4,145.73                | 3,038.41                | 839.51                            | --                               | 267.81                             |
| Accounts Receivable (Net) | 4,432.08                |   |                         |                         |                                   |                                  |                                    |
| Prepaid Expense           | 4,145.73                | Total Liabilities &                     |                         |                         |                                   |                                  |                                    |
|                           |                         | Operating Reserves                      | 763,819.88              | 429,518.41              | 238,836.67                        | --                               | 95,464.80                          |
| Total Other Assets        | <u>11,437,800.51</u>    |   |                         |                         |                                   |                                  |                                    |
| Total Assets              | <u>\$242,114,704.72</u> | Total Reserves &                        |                         |                         |                                   |                                  |                                    |
|                           |                         | Liabilities                             | <u>\$242,114,704.72</u> | <u>\$113,138,979.23</u> | <u>\$162,232,522.00</u>           | <u>(\$105,881,897.14)</u>        | <u>\$72,625,100.63</u>             |

Post 7/1/24 - Includes teachers who began teaching after this date and have made retirement contributions since July 1924

Pre 7/1/24 - Includes teachers who began teaching before this date and who were not required to make retirement contributions until 1945

MAINE STATE RETIREMENT SYSTEM

Investments - Bonds - By Issuer

June 30, 1978

Alliance Capital Management Corp.

| <u>Par</u><br><u>Value</u> | <u>Security</u>                    | <u>Market</u><br><u>Value</u> | <u>Book</u><br><u>Value</u> |
|----------------------------|------------------------------------|-------------------------------|-----------------------------|
|                            | <u>U.S. GOVERNMENT</u>             |                               |                             |
| 4,500M                     | United States Treas. Nts.          | \$ 4,406,880.00               | \$ 4,560,010.65             |
| 9,750                      | United States Treas. Bds.          | 9,376,717.50                  | 9,819,360.01                |
| <u>14,250</u>              | <u>TOTAL U.S. GOVERNMENT</u>       | <u>13,783,597.50</u>          | <u>14,379,370.66</u>        |
|                            | <u>CORPORATE &amp; OTHER</u>       |                               |                             |
| 1,000                      | American Tel. & Teleg. Co.         | 970,000.00                    | 1,040,000.00                |
| 500                        | Anheuser Busch, Inc.               | 508,750.00                    | 528,750.00                  |
| 500                        | BP North Amer. Fin. Corp.          | 496,875.00                    | 527,500.00                  |
| 500                        | Bell Tel. Co. Pa.                  | 455,625.00                    | 487,625.00                  |
| 500                        | DeKalb Agresearch, Inc.            | 498,165.00                    | 497,025.00                  |
| 500                        | DuPont E. I. DeNemours & Co.       | 485,000.00                    | 507,500.00                  |
| 1,000                      | General Elec. Co.                  | 980,000.00                    | 1,019,375.00                |
| 1,000                      | Gulf Sts. Utils. Co.               | 996,030.00                    | 993,645.83                  |
| 1,000                      | International Bk. for Reco. & Dev. | 922,500.00                    | 996,250.00                  |
| 500                        | Kerr McGee Cr. Corp.               | 498,165.00                    | 496,812.50                  |
| 500                        | Minnesota Mng. & Mfg. Co.          | 504,375.00                    | 517,268.24                  |
| 500                        | Mountain Sts. Tel. & Teleg. Co.    | 475,000.00                    | 485,000.00                  |
| 500                        | New Jersey Bell Tel. Co.           | 460,020.00                    | 500,000.00                  |
| 500                        | New York Tel. Co.                  | 491,250.00                    | 492,695.00                  |
| 500                        | Pacific Tel. & Teleg. Co.          | 500,000.00                    | 500,000.00                  |
| 1,000                      | Pacific Gas & Elec. Co.            | 998,560.00                    | 996,854.11                  |
| 500                        | Proctor & Gamble Co.               | 477,500.00                    | 485,312.50                  |
| 845                        | Prullease, Inc.                    | 841,645.35                    | 839,577.92                  |
| 500                        | Southern Bell Tel. & Teleg. Co.    | 455,000.00                    | 466,250.00                  |
| 500                        | Standard Oil, Co. Ind.             | 453,125.00                    | 473,540.00                  |
| 175                        | Texas Utils. Co.                   | 174,069.00                    | 173,847.19                  |
| <u>13,020</u>              | <u>TOTAL CORPORATE &amp; OTHER</u> | <u>12,641,654.35</u>          | <u>13,024,828.29</u>        |
| <u>27,270</u>              | <u>TOTAL BONDS</u>                 | <u>26,425,251.85</u>          | <u>27,404,198.95</u>        |

Massachusetts Financial Services, Inc.

|               |                                    |                      |                      |
|---------------|------------------------------------|----------------------|----------------------|
|               | <u>U.S. GOVERNMENT</u>             |                      |                      |
| 350           | Federal Farm Cr. Bks.              | 322,437.50           | 332,062.50           |
| 1,000         | Federal Home Ln. Bks.              | 960,000.00           | 1,023,595.63         |
| 9,773         | United States Treas. Nts.          | 9,341,538.24         | 9,976,011.93         |
| 5,695         | United States Treas. Bds.          | 5,419,235.50         | 5,676,564.78         |
| <u>16,818</u> | <u>TOTAL U.S. GOVERNMENT</u>       | <u>16,043,211.24</u> | <u>17,008,234.84</u> |
|               | <u>CORPORATE &amp; OTHER</u>       |                      |                      |
| 1,376         | Allstate Finl. Corp.               | 1,374,018.56         | 1,369,040.16         |
| 1,061         | American Express Cr. Corp.         | 1,056,787.83         | 1,054,258.23         |
| 1,250         | American Tel. & Teleg. Co.         | 780,075.00           | 811,155.00           |
| 1,350         | Beneficial Corp.                   | 1,302,750.00         | 1,331,887.50         |
| 1,341         | Ford Mtr. Cr. Co.                  | 1,329,564.48         | 1,340,895.91         |
| 1,500         | General Mtrs. Accep. Corp.         | 1,410,937.50         | 1,526,875.00         |
| 1,400         | Georgia Pac. Corp.                 | 1,394,862.00         | 1,390,807.64         |
| 500           | Itt. Finl. Corp.                   | 488,125.00           | 496,250.00           |
| 500           | Pacific Northwest Bell Tel. Co.    | 315,000.00           | 411,750.00           |
| 400           | Pennsylvania Pwr. & Lt. Co.        | 412,500.00           | 397,375.00           |
| 1,046         | Scott Paper Co.                    | 1,045,811.72         | 1,042,490.09         |
| 750           | Soo Line Rr. Co.                   | 712,500.00           | 724,095.00           |
| 493           | United States Stl. Cr. Co.         | 490,377.24           | 489,625.69           |
| <u>12,967</u> | <u>TOTAL CORPORATE &amp; OTHER</u> | <u>12,113,309.33</u> | <u>12,386,505.22</u> |
| <u>29,785</u> | <u>TOTAL BONDS</u>                 | <u>28,156,520.57</u> | <u>29,394,740.06</u> |

The Putnam Advisory Co., Inc.

| <u>Par<br/>Value</u> | <u>Security</u>                    | <u>Market<br/>Value</u> | <u>Book<br/>Value</u> |
|----------------------|------------------------------------|-------------------------|-----------------------|
|                      | <u>U.S. GOVERNMENT</u>             |                         |                       |
| 1,400M               | Federal Home Ln. Bks.              | \$ 1,376,829.00         | \$ 1,378,169.40       |
| 500                  | Federal Natl. Mtg. Assn.           | 471,875.00              | 500,000.00            |
| 2,777                | Govt. Natl. M g. Assn.             | 2,483,453.71            | 2,648,218.34          |
| 6,150                | United States Treas. Nts.          | 5,904,814.00            | 6,079,623.69          |
| <u>10,827</u>        | <u>TOTAL U.S. GOVERNMENT</u>       | <u>10,236,971.71</u>    | <u>10,606,011.43</u>  |
|                      | <u>CORPORATE &amp; OTHER</u>       |                         |                       |
| 75                   | Biddeford & Saco Wtr. Co.          | 58,500.00               | 75,000.00             |
| 250                  | Cleveland Elec. Illum. Co.         | 227,500.00              | 242,017.00            |
| 250                  | Columbia Gas Sys., Inc.            | 261,250.00              | 249,467.50            |
| 500                  | Exxon Pipeline Co.                 | 500,000.00              | 531,200.00            |
| 1,601                | Ford Mtr. Cr. Co.                  | 1,544,209.62            | 1,561,102.23          |
| 1,500                | General Mtrs. Accep. Corp.         | 1,426,670.00            | 1,491,045.00          |
| 123                  | General Elec. Cr. Corp.            | 123,000.00              | 121,448.06            |
| 750                  | Michigan Bell Tel. Co.             | 682,500.00              | 687,240.00            |
| 750                  | Mountain Sts. Tel. & Teleg. Co.    | 669,375.00              | 728,437.50            |
| 1,000                | New England Tel. & Teleg. Co.      | 822,500.00              | 921,560.00            |
| 500                  | Pacific Tel. & Teleg. Co.          | 499,280.00              | 496,979.17            |
| 350                  | Penney J.C. Finl. Corp.            | 312,375.00              | 335,926.50            |
| 1,236                | Sears Roebuck Accep. Corp.         | 1,227,138.40            | 1,188,188.89          |
| 1,250                | South Cent. Bell Tel. Co.          | 1,150,000.00            | 1,188,160.00          |
| 1,500                | Standard Oil Co. Ind.              | 1,378,185.00            | 1,481,250.00          |
| <u>11,635</u>        | <u>TOTAL CORPORATE &amp; OTHER</u> | <u>10,882,483.02</u>    | <u>11,299,021.85</u>  |
| <u>22,462</u>        | <u>TOTAL BONDS</u>                 | <u>21,119,454.73</u>    | <u>21,905,033.28</u>  |

Alliance Capital Management Corp. - Stock Account

|              |                                 |                     |                     |
|--------------|---------------------------------|---------------------|---------------------|
|              | <u>CORPORATE &amp; OTHER</u>    |                     |                     |
| 1,375        | Bank America Corp.              | 1,373,020.00        | 1,361,708.33        |
| 2,800        | Citicorp                        | 2,789,724.00        | 2,772,373.33        |
| <u>1,600</u> | <u>First Natl. Boston Corp.</u> | <u>1,593,648.00</u> | <u>1,589,733.33</u> |
| <u>5,775</u> | <u>TOTAL BONDS</u>              | <u>5,756,392.00</u> | <u>5,723,814.99</u> |

David L. Babson & Co., Inc. - Stock Account

|            |                                    |                   |                   |
|------------|------------------------------------|-------------------|-------------------|
|            | <u>CORPORATE &amp; OTHER</u>       |                   |                   |
| 405        | Ford Motor Credit Corp.            | 405,000.00        | 405,000.00        |
| 409        | General Motors Accep. Corp.        | 409,000.00        | 409,000.00        |
| <u>814</u> | <u>TOTAL CORPORATE &amp; OTHER</u> | <u>814,000.00</u> | <u>814,000.00</u> |
| <u>814</u> | <u>TOTAL BONDS</u>                 | <u>814,000.00</u> | <u>814,000.00</u> |

Merchants National Bank - Stock Account

|              |                                    |                     |                     |
|--------------|------------------------------------|---------------------|---------------------|
|              | <u>U.S. GOVERNMENT</u>             |                     |                     |
| <u>2,655</u> | <u>U.S. Treas. Bills</u>           | <u>2,646,009.50</u> | <u>2,611,782.61</u> |
| <u>2,655</u> | <u>TOTAL U.S. GOVERNMENT</u>       | <u>2,646,009.50</u> | <u>2,611,782.61</u> |
|              | <u>CORPORATE &amp; OTHER</u>       |                     |                     |
| 370          | Ford Motor Credit Corp.            | 370,000.00          | 370,000.00          |
| 370          | General Electric Credit Corp.      | 370,000.00          | 370,000.00          |
| 370          | General Motors Accep. Corp.        | 370,000.00          | 370,000.00          |
| 370          | J.C. Penney Finl. Corp.            | 370,000.00          | 370,000.00          |
| 252          | Prulease Inc.                      | 252,000.00          | 252,000.00          |
| 370          | Sears Roebuck Accep. Corp.         | 370,000.00          | 370,000.00          |
| <u>2,102</u> | <u>TOTAL CORPORATE &amp; OTHER</u> | <u>2,102,000.00</u> | <u>2,102,000.00</u> |
| <u>4,757</u> | <u>TOTAL BONDS</u>                 | <u>4,748,009.50</u> | <u>4,713,782.61</u> |

Merrill Trust Co. - Stock Account

| <u>Par<br/>Value</u> | <u>Security</u>              | <u>Market<br/>Value</u> | <u>Book<br/>Value</u> |
|----------------------|------------------------------|-------------------------|-----------------------|
|                      | <u>U.S. GOVERNMENT</u>       |                         |                       |
| 860                  | U.S. Treas. Bills            | \$ 848,993.35           | \$ 844,714.40         |
| 860                  | TOTAL U.S. GOVERNMENT        | <u>848,993.35</u>       | <u>844,714.40</u>     |
|                      | <u>CORPORATE &amp; OTHER</u> |                         |                       |
| 780                  | Allstate Finl. Corp.         | 780,000.00              | 780,000.00            |
| 652                  | Ford Motor Credit Co.        | 652,000.00              | 652,000.00            |
| 780                  | General Motors Accep. Corp.  | 780,000.00              | 780,000.00            |
| 787                  | Montgomery Ward Credit Co.   | 787,000.00              | 787,000.00            |
| 786                  | Prulease Inc.                | 786,000.00              | 786,000.00            |
| 647                  | Sears Roebuck Accep. Corp.   | 647,000.00              | 647,000.00            |
| 4,432                | TOTAL CORPORATE & OTHER      | <u>4,432,000.00</u>     | <u>4,432,000.00</u>   |
| 5,292                | TOTAL BONDS                  | <u>5,280,993.35</u>     | <u>5,276,714.40</u>   |

The Putnam Advisory Co., Inc. - Stock Account

|         |                               |                         |                         |
|---------|-------------------------------|-------------------------|-------------------------|
|         | <u>CORPORATE &amp; OTHER</u>  |                         |                         |
| 1,500   | Chase Manhattan Bank          | 1,466,700.00            | 1,450,779.16            |
| 1,500   | Crocker National Bank         | 1,485,230.00            | 1,467,737.91            |
| 1,374   | Ford Motor Credit Co.         | 1,364,300.98            | 1,339,914.73            |
| 1,823   | General Electric Credit Corp. | 1,823,000.00            | 1,823,000.00            |
| 1,720   | General Motors Accept. Corp.  | 1,685,775.36            | 1,650,746.86            |
| 1,138   | Sears Roebuck Accept. Corp.   | 1,111,248.46            | 1,087,913.84            |
| 9,055   | TOTAL BONDS                   | <u>8,936,254.80</u>     | <u>8,820,092.50</u>     |
| 105,210 | TOTAL BONDS ALL ACCOUNTS      | <u>\$101,236,876.80</u> | <u>\$104,052,376.79</u> |

MAINE STATE RETIREMENT SYSTEM

Investments - Stocks

June 30, 1978

Alliance Capital Management Corp.

| <u>Shares</u> | <u>Security</u>                            | <u>Market Value</u> | <u>Book Value</u>    |
|---------------|--|---------------------|----------------------|
|               | <u>Common Stocks</u>                       |                     |                      |
|               | <u>CREDIT RELATED</u>                      |                     |                      |
| 40,000        | Farmers Group Inc.                         | \$ 1,030,000.00     | \$ 823,750.00        |
| 6,000         | General Reins Corp. Del.                   | 1,080,000.00        | 908,200.00           |
| 30,000        | Great Westn. Finl. Corp.                   | 832,500.00          | 855,000.40           |
| 13,198        | Communications Satellite Corp. Com. Ser. 1 | 521,321.00          | 517,685.15           |
| 25,000        | Wisconsin Elec. Pwr. Co.                   | 693,750.00          | 718,750.00           |
|               | TOTAL CREDIT RELATED                       | <u>4,157,571.00</u> | <u>3,823,385.55</u>  |
|               | <u>CONSTRUCTION</u>                        |                     |                      |
| 25,300        | Armstrong Cork Co.                         | 433,262.50          | 641,085.50           |
| 36,000        | Owens Corning Fiberglas Corp.              | <u>1,102,500.00</u> | <u>1,071,205.00</u>  |
|               | TOTAL CONSTRUCTION                         | <u>1,535,762.50</u> | <u>1,712,290.50</u>  |
|               | <u>ENERGY</u>                              |                     |                      |
| 10,400        | Atlantic Richfield Co.                     | 525,200.00          | 443,137.00           |
| 15,000        | Marathon Oil Co.                           | 652,500.00          | 839,734.00           |
| 20,000        | Murphy Oil Corp.                           | 760,000.00          | 628,731.00           |
| 13,700        | Standard Oil Co. Ohio                      | 842,550.00          | 953,286.00           |
| 20,000        | Dresser Inds. Inc.                         | 885,000.00          | 884,123.00           |
| 13,000        | Halliburton Co.                            | 833,625.00          | 772,715.00           |
| 10,000        | Schlumberger Ltd.                          | <u>833,750.00</u>   | <u>598,217.00</u>    |
|               | TOTAL ENERGY                               | <u>5,332,625.00</u> | <u>5,119,943.00</u>  |
|               | <u>CONSUMER</u>                            |                     |                      |
| 20,000        | General Mls. Inc.                          | 600,000.00          | 351,314.62           |
| 50,445        | Norton Simon Inc.                          | 920,621.25          | 1,027,564.42         |
| 16,000        | Eastman Kodak Co.                          | 854,000.00          | 2,059,783.30         |
| 19,000        | Celanese Corp.                             | 767,125.00          | 819,180.00           |
| 20,000        | American Broadcasting Cos. Inc.            | 930,000.00          | 777,362.50           |
| 15,000        | Capital Cities Communications Inc.         | 1,072,500.00        | 835,200.00           |
| 22,500        | Combined Communications Corp.              | 646,875.00          | 649,847.50           |
| 25,000        | Donnelley R R & Sons Co.                   | 718,750.00          | 672,175.00           |
| 20,000        | Dow Jones & Co. Inc.                       | 697,500.00          | 622,836.00           |
| 30,000        | K Mart Corp.                               | 735,000.00          | 1,062,492.50         |
| 15,000        | McDonalds Corp.                            | 789,375.00          | 786,980.02           |
| 50,000        | Revco D.S. Inc.                            | <u>1,206,250.00</u> | <u>824,787.50</u>    |
|               | TOTAL CONSUMER                             | <u>9,937,996.25</u> | <u>10,489,523.36</u> |
|               | <u>DRUGS &amp; MEDICAL</u>                 |                     |                      |
| 10,000        | Johnson & Johnson                          | <u>813,750.00</u>   | <u>836,458.32</u>    |
|               | TOTAL DRUGS & MEDICAL                      | <u>813,750.00</u>   | <u>836,458.32</u>    |
|               | <u>SCIENCE &amp; TECHNOLOGY</u>            |                     |                      |
| 20,000        | Digital Equip. Corp.                       | 932,500.00          | 915,386.00           |
| 11,000        | International Business Machs. Corp.        | 2,829,750.00        | 2,687,936.40         |
| 12,000        | Hewlett Packard Co.                        | 972,000.00          | 793,395.30           |
| 8,700         | Intel. Corp.                               | <u>513,300.00</u>   | <u>505,575.00</u>    |
|               | TOTAL SCIENCE & TECHNOLOGY                 | <u>5,247,550.00</u> | <u>4,902,292.70</u>  |
|               | <u>INTERMEDIATE &amp; CAPITAL GOODS</u>    |                     |                      |
| 19,010        | Big Three Inds. Inc.                       | 684,360.00          | 631,047.00           |
| 33,801        | Boise Cascade Corp.                        | 904,176.75          | 882,374.60           |
| 35,000        | Koppers Inc.                               | 770,000.00          | 821,825.00           |
| 11,000        | Amax Inc.                                  | 368,500.00          | 370,903.24           |
| 15,000        | Caterpillar Tractor Co.                    | 838,125.00          | 666,305.50           |
| 15,000        | Cooper Inds. Inc.                          | 828,750.00          | 594,483.00           |
| 22,000        | Boeing Co.                                 | 1,163,250.00        | 469,827.00           |
| 29,900        | McDonnell Douglas Corp.                    | 1,005,387.50        | 706,577.40           |
| 20,000        | Signal Cos. Inc.                           | <u>900,000.00</u>   | <u>881,012.20</u>    |
|               | TOTAL INTERMEDIATE & CAPITAL GOODS         | <u>7,462,549.25</u> | <u>6,024,354.94</u>  |

Alliance Capital Management Corp. - Continued

| <u>Shares</u> | <u>Security</u>         | <u>Market Value</u>  | <u>Book Value</u>    |
|---------------|-------------------------|----------------------|----------------------|
|               | <u>Common Stocks</u>    |                      |                      |
|               | <u>TRANSPORTATION</u>   |                      |                      |
| 12,400        | Burlington Northn. Inc. | \$ 469,650.00        | \$ 580,302.00        |
| 20,000        | Missouri Pac. Corp.     | 1,020,000.00         | 694,915.00           |
| 2,700         | Northwest Airln. Inc.   | 72,562.50            | 63,801.00            |
| 20,000        | Union Pac. Corp.        | 892,500.00           | 987,670.00           |
|               | TOTAL TRANSPORTATION    | <u>2,454,712.50</u>  | <u>2,326,688.00</u>  |
|               | TOTAL COMMON STOCKS     | <u>36,942,516.50</u> | <u>35,234,936.37</u> |

David L. Babson & Co. Inc.

|        |                                     |                     |                     |
|--------|-------------------------------------|---------------------|---------------------|
|        | <u>Common Stocks</u>                |                     |                     |
|        | <u>CREDIT RELATED</u>               |                     |                     |
| 25,000 | Citicorp.                           | 584,375.00          | 981,558.81          |
| 20,000 | Connecticut Gen. Ins. Corp.         | 720,000.00          | 691,750.00          |
| 5,000  | General Reins Corp. Del.            | 900,000.00          | 761,200.00          |
| 18,000 | American Express Co.                | 630,000.00          | 694,269.50          |
| 10,000 | American Tel. & Teleg. Co.          | 598,750.00          | 474,430.90          |
|        | TOTAL CREDIT RELATED                | <u>3,433,125.00</u> | <u>3,603,209.21</u> |
|        | <u>CONSTRUCTION</u>                 |                     |                     |
| 20,000 | Armstrong Cork Co.                  | 342,500.00          | 512,227.50          |
|        | TOTAL CONSTRUCTION                  | <u>342,500.00</u>   | <u>512,227.50</u>   |
|        | <u>ENERGY</u>                       |                     |                     |
| 14,000 | Exxon Corp.                         | 614,250.00          | 705,523.50          |
| 12,000 | Atlantic Richfield Co.              | 606,000.00          | 523,652.67          |
| 14,000 | Marathon Oil Co.                    | 609,000.00          | 710,605.00          |
| 13,000 | Dresser Inds. Inc.                  | 575,250.00          | 550,974.00          |
| 13,500 | Halliburton Co.                     | 865,687.50          | 844,350.00          |
| 10,000 | Schlumberger Ltd.                   | 833,750.00          | 675,100.00          |
| 10,000 | Texas Eastn. Corp.                  | 408,750.00          | 501,099.30          |
|        | TOTAL ENERGY                        | <u>4,512,687.50</u> | <u>4,511,304.47</u> |
|        | <u>CONSUMER</u>                     |                     |                     |
| 7,500  | Ford Motor Co. Del.                 | 349,687.50          | 431,876.98          |
| 7,100  | General Mtrs. Corp.                 | 421,562.50          | 561,721.49          |
| 16,000 | Whirlpool Corp.                     | 364,000.00          | 458,057.50          |
| 20,000 | Revlon Inc.                         | 965,000.00          | 758,820.00          |
| 17,000 | Beatrice Foods Co.                  | 427,125.00          | 422,682.50          |
| 29,000 | Colgate Palmolive Co.               | 605,375.00          | 685,442.74          |
| 4,000  | Proctor & Gamble Co.                | 344,000.00          | 321,827.50          |
| 12,000 | Eastman Kodak Co.                   | 640,500.00          | 945,158.34          |
| 15,000 | K Mart Corp.                        | 367,500.00          | 505,728.40          |
| 8,000  | McDonalds Corp.                     | 421,000.00          | 483,003.80          |
| 13,195 | Disney Walt Prodtns.                | 527,800.00          | 627,113.48          |
|        | TOTAL CONSUMER                      | <u>5,433,550.00</u> | <u>6,201,432.73</u> |
|        | <u>DRUGS &amp; MEDICAL</u>          |                     |                     |
| 12,000 | Abbott Labs                         | 388,500.00          | 269,667.50          |
| 18,000 | American Home Prods. Corp.          | 510,750.00          | 509,622.50          |
| 10,000 | Johnson & Johnson                   | 813,750.00          | 842,108.52          |
| 14,000 | Lilly Eli & Co.                     | 647,500.00          | 512,507.50          |
| 10,000 | Merck & Co. Inc.                    | 555,000.00          | 547,725.00          |
| 20,000 | Pfizer Inc.                         | 670,000.00          | 525,990.00          |
|        | TOTAL DRUGS & MEDICAL               | <u>3,585,500.00</u> | <u>3,207,621.02</u> |
|        | <u>SCIENCE &amp; TECHNOLOGY</u>     |                     |                     |
| 9,200  | Burroughs Corp.                     | 664,700.00          | 995,862.50          |
| 15,000 | Digital Equip. Corp.                | 699,375.00          | 496,457.78          |
| 7,000  | International Business Machs. Corp. | 1,800,750.00        | 1,897,501.39        |
| 5,000  | Texas Instrs. Inc.                  | 395,625.00          | 338,402.74          |
|        | TOTAL SCIENCE & TECHNOLOGY          | <u>3,560,450.00</u> | <u>3,728,224.41</u> |

David L. Babson & Co. Inc. - Continued

| <u>Shares</u> | <u>Security</u>                         | <u>Market Value</u>  | <u>Book Value</u>    |
|---------------|---|----------------------|----------------------|
|               | <u>Common Stocks</u>                    |                      |                      |
|               | <u>INTERMEDIATE &amp; CAPITAL GOODS</u> |                      |                      |
| 12,000        | Air Prods. & Chems. Inc.                | \$ 333,000.00        | \$ 286,585.00        |
| 16,320        | Big Three Inds. Inc.                    | 587,520.00           | 548,082.50           |
| 20,000        | Mallinckrodt Inc.                       | 655,000.00           | 913,750.00           |
| 20,000        | Stauffer Chem. Co.                      | 802,500.00           | 775,028.00           |
| 18,483        | Georgia Pac. Corp.                      | 478,247.62           | 513,419.32           |
| 20,000        | Weyerhaeuser Co.                        | 497,500.00           | 539,211.04           |
| 10,000        | Amax Inc.                               | 335,000.00           | 327,638.85           |
| 16,000        | Engelhard Minerals & Chems. Corp.       | 346,000.00           | 465,348.00           |
| 15,000        | Emerson Elec. Co.                       | 523,125.00           | 515,850.00           |
| 15,150        | Caterpillar Tractor Co.                 | 846,506.25           | 614,140.35           |
|               | TOTAL INTERMEDIATE & CAPITAL GOODS      | <u>5,404,398.87</u>  | <u>5,499,053.06</u>  |
|               | TOTAL COMMON STOCKS                     | <u>26,272,211.37</u> | <u>27,263,072.40</u> |
|               | <u>Merchants National Bank</u>          |                      |                      |
|               | <u>Common Stocks</u>                    |                      |                      |
|               | <u>CREDIT RELATED</u>                   |                      |                      |
| 3,500         | Manufacturers Hanover Corp.             | 121,625.00           | 137,875.00           |
| 6,000         | Continental Corp.                       | 153,000.00           | 150,000.00           |
| 5,000         | General Tel. & Electrs. Corp.           | 143,125.00           | 148,074.76           |
| 3,200         | Texas Utils. Co.                        | 64,800.00            | 66,189.00            |
|               | TOTAL CREDIT RELATED                    | <u>482,550.00</u>    | <u>502,138.76</u>    |
|               | <u>ENERGY</u>                           |                      |                      |
| 3,500         | Gulf Oil Corp.                          | 81,375.00            | 103,292.55           |
| 8,000         | Phillips Pete Co.                       | 257,000.00           | 223,652.00           |
| 2,500         | Tenneco Inc.                            | 76,562.50            | 77,262.50            |
| 4,000         | Pittston Co.                            | 92,000.00            | 115,445.00           |
|               | TOTAL ENERGY                            | <u>506,937.50</u>    | <u>519,652.05</u>    |
|               | <u>CONSUMER</u>                         |                      |                      |
| 3,000         | General Mtrs. Corp.                     | 178,125.00           | 237,348.00           |
| 2,000         | Avon Prods. Inc.                        | 106,250.00           | 91,520.00            |
| 3,000         | Kraft Inc.                              | 142,875.00           | 135,236.44           |
| 2,500         | Reynolds R.J. Inds. Inc.                | 142,812.50           | 160,435.00           |
| 6,000         | Donnelley R.R. & Sons Co.               | 172,500.00           | 141,340.27           |
|               | TOTAL CONSUMER                          | <u>742,562.50</u>    | <u>765,879.71</u>    |
|               | <u>DRUGS &amp; MEDICAL</u>              |                      |                      |
| 2,000         | Bristol Myers Co.                       | 71,750.00            | 69,305.00            |
| 7,000         | Pfizer Inc.                             | 234,500.00           | 191,482.83           |
|               | TOTAL DRUGS & MEDICAL                   | <u>306,250.00</u>    | <u>260,787.83</u>    |
|               | <u>SCIENCE &amp; TECHNOLOGY</u>         |                      |                      |
| 1,000         | International Business Machs. Corp.     | 257,250.00           | 271,072.00           |
|               | TOTAL SCIENCE & TECHNOLOGY              | <u>257,250.00</u>    | <u>271,072.00</u>    |
|               | <u>INTERMEDIATE &amp; CAPITAL GOODS</u> |                      |                      |
| 7,000         | American Cyanamid Co.                   | 203,875.00           | 193,838.30           |
| 3,000         | Union Carbide Corp.                     | 114,000.00           | 176,293.63           |
| 4,000         | Champion Intl. Corp.                    | 79,000.00            | 76,534.61            |
| 2,500         | St. Regis Paper Co.                     | 68,437.50            | 77,800.00            |
| 2,000         | Inland Stl. Co.                         | 73,000.00            | 73,450.00            |
| 9,000         | Goodyear Tire & Rubr. Co.               | 151,875.00           | 188,472.48           |
| 2,000         | General Elec. Co.                       | 101,000.00           | 109,235.80           |
|               | TOTAL INTERMEDIATE & CAPITAL GOODS      | <u>791,187.50</u>    | <u>895,624.82</u>    |
|               | TOTAL COMMON STOCKS                     | <u>3,086,737.50</u>  | <u>3,215,155.17</u>  |



Merrill Trust Company

| Shares | Security                                | Market Value        | Book Value          |
|--------|---|---------------------|---------------------|
|        | <u>Common Stocks</u>                    |                     |                     |
|        | <u>CREDIT RELATED</u>                   |                     |                     |
| 8,250  | United States Fid. & Gty. Co.           | \$ 244,406.25       | \$ 252,331.38       |
| 4,000  | American Tel. & Teleg. Co.              | 239,500.00          | 189,772.00          |
|        | TOTAL CREDIT RELATED                    | <u>483,906.25</u>   | <u>442,103.38</u>   |
|        | <u>ENERGY</u>                           |                     |                     |
| 5,000  | Atlantic Richfield Co.                  | 252,500.00          | 219,818.54          |
| 5,000  | Union Oil Co. Calif.                    | 239,375.00          | 252,043.01          |
|        | TOTAL ENERGY                            | <u>491,875.00</u>   | <u>471,861.55</u>   |
|        | <u>CONSUMER</u>                         |                     |                     |
| 5,000  | McDonalds Corp.                         | 263,125.00          | 301,880.00          |
|        | TOTAL CONSUMER                          | <u>263,125.00</u>   | <u>301,880.00</u>   |
|        | <u>SCIENCE &amp; TECHNOLOGY</u>         |                     |                     |
| 733    | International Business Machs. Corp.     | 188,564.25          | 198,695.78          |
|        | TOTAL SCIENCE & TECHNOLOGY              | <u>188,564.25</u>   | <u>198,695.78</u>   |
|        | <u>INTERMEDIATE &amp; CAPITAL GOODS</u> |                     |                     |
| 7,650  | Big Three Inds. Inc.                    | 275,400.00          | 256,912.50          |
| 15,000 | N.L. Inds. Inc.                         | 283,125.00          | 261,975.00          |
| 6,554  | Georgia Pacific Corp.                   | 169,584.75          | 170,998.61          |
| 10,000 | Amsted Inds. Inc.                       | 330,000.00          | 240,975.00          |
| 7,500  | Sundstrand Corp.                        | 335,625.00          | 247,641.73          |
|        | TOTAL INTERMEDIATE & CAPITAL GOODS      | <u>1,393,734.75</u> | <u>1,178,502.84</u> |
|        | TOTAL COMMON STOCKS                     | <u>2,821,205.25</u> | <u>2,593,043.55</u> |

The Putnam Advisory Co., Inc.

|        |   |                     |                     |
|--------|---|---------------------|---------------------|
|        | <u>Common Stocks</u>                    |                     |                     |
|        | <u>CREDIT RELATED</u>                   |                     |                     |
| 29,000 | Citicorp                                | 677,875.00          | 846,494.03          |
| 23,000 | First Chicago Corp.                     | 477,250.00          | 519,472.00          |
| 3,900  | Alexander & Alexander Svcs. Inc.        | 222,787.50          | 192,437.10          |
| 5,500  | General Reins Corp. Del.                | 990,000.00          | 1,142,715.00        |
| 20,000 | American Express Co.                    | 700,000.00          | 865,200.00          |
| 25,000 | Duke Pwr. Co.                           | 496,875.00          | 547,724.50          |
|        | TOTAL CREDIT RELATED                    | <u>3,564,787.50</u> | <u>4,114,042.63</u> |
|        | <u>CONSTRUCTION</u>                     |                     |                     |
| 37,000 | Masco Corp.                             | 781,625.00          | 1,048,705.00        |
| 11,800 | American Std. Inc.                      | 494,125.00          | 319,795.80          |
| 30,000 | Ideal Basic Inds. Inc.                  | 637,500.00          | 644,465.50          |
|        | TOTAL CONSTRUCTION                      | <u>1,913,250.00</u> | <u>2,012,966.30</u> |
|        | <u>ENERGY</u>                           |                     |                     |
| 15,000 | Exxon Corp.                             | 658,125.00          | 785,200.00          |
| 12,000 | Atlantic Richfield Co.                  | 606,000.00          | 578,655.87          |
| 17,000 | Union Oil Co. Calif.                    | 813,875.00          | 904,712.50          |
| 10,000 | Falcon Seaboard Inc.                    | 280,000.00          | 224,097.00          |
| 20,000 | Halliburton Co.                         | 1,282,500.00        | 1,004,210.45        |
| 8,000  | Schlumberger Ltd.                       | 667,000.00          | 535,750.00          |
| 24,000 | Mapco Inc.                              | 786,000.00          | 756,472.68          |
| 25,000 | Texas Eastn. Corp.                      | 1,021,875.00        | 1,011,687.50        |
| 15,000 | Texas Oil & Gas Corp.                   | 465,000.00          | 364,871.50          |
|        | TOTAL ENERGY                            | <u>6,580,375.00</u> | <u>6,165,657.50</u> |
|        | <u>CONSUMER</u>                         |                     |                     |
| 36,000 | Tropicana Prods. Inc.                   | 1,638,000.00        | 1,643,075.30        |
| 15,000 | Avon Prods. Inc.                        | 796,875.00          | 694,170.00          |
| 22,900 | International Flavors & Fragrances Inc. | 535,287.50          | 509,498.00          |
| 12,000 | Northwest Inds. Inc.                    | 768,000.00          | 536,836.50          |
| 25,000 | Philip Morris Inc.                      | 1,656,250.00        | 1,359,234.32        |
| 24,000 | K Mart Corp.                            | 588,000.00          | 966,734.77          |

The Putnam Advisory Co., Inc. - Continued

| <u>Shares</u>                           | <u>Security</u>                               | <u>Market Value</u>  | <u>Book Value</u>    |
|---|---|----------------------|----------------------|
| <u>Common Stocks</u>                    |   |                      |                      |
| <u>CONSUMER - Continued</u>             |   |                      |                      |
| 22,000                                  | McDonalds Corp.                               | \$ 1,157,750.00      | \$ 1,161,956.32      |
| 10,000                                  | Melville Corp.                                | 297,500.00           | 245,950.00           |
| 3,200                                   | Walgreen Co.                                  | 78,000.00            | 79,891.20            |
|   | <u>TOTAL CONSUMER</u>                         | <u>7,515,662.50</u>  | <u>7,197,346.41</u>  |
| <u>DRUGS &amp; MEDICAL</u>              |   |                      |                      |
| 27,000                                  | Bristol Myers Co.                             | 968,625.00           | 848,676.19           |
| 7,200                                   | Pfizer Inc.                                   | 241,200.00           | 233,926.00           |
| 14,000                                  | Smithkline Corp.                              | 1,146,250.00         | 540,153.50           |
| 32,000                                  | Baxter Travenol Labs Inc.                     | 1,356,000.00         | 1,578,207.86         |
|   | <u>TOTAL DRUGS &amp; MEDICAL</u>              | <u>3,712,075.00</u>  | <u>3,200,963.55</u>  |
| <u>SCIENCE &amp; TECHNOLOGY</u>         |   |                      |                      |
| 12,000                                  | Data Gen. Corp.                               | 649,500.00           | 598,222.50           |
| 18,000                                  | Digital Equip. Corp.                          | 839,250.00           | 542,061.24           |
| 7,300                                   | International Business Machs. Corp.           | 1,877,925.00         | 1,769,816.70         |
| 2,500                                   | NCR Corp.                                     | 131,875.00           | 134,000.00           |
| 13,000                                  | Harris Corp. Del.                             | 708,500.00           | 475,864.50           |
| 4,000                                   | Intel Corp.                                   | 236,000.00           | 197,000.00           |
|   | <u>TOTAL SCIENCE &amp; TECHNOLOGY</u>         | <u>4,443,050.00</u>  | <u>3,716,964.94</u>  |
| <u>INTERMEDIATE &amp; CAPITAL GOODS</u> |   |                      |                      |
| 16,000                                  | Diamond Shamrock Corp.                        | 410,000.00           | 564,501.00           |
| 14,000                                  | Stauffer Chem. Co.                            | 561,750.00           | 574,275.00           |
| 25,500                                  | Georgia Pac. Corp.                            | 659,812.50           | 663,810.08           |
| 20,000                                  | Reynolds Metals Co.                           | 567,500.00           | 717,089.00           |
| 14,200                                  | Midland Ross Corp.                            | 502,325.00           | 420,431.10           |
| 22,000                                  | General Signal Corp.                          | 695,750.00           | 555,921.18           |
| 17,000                                  | Cooper Inds. Inc.                             | 939,250.00           | 665,050.50           |
| 16,000                                  | Sundstrand Corp.                              | 716,000.00           | 622,770.00           |
| 20,000                                  | United Technologies Corp.                     | 847,500.00           | 732,888.25           |
|   | <u>TOTAL INTERMEDIATE &amp; CAPITAL GOODS</u> | <u>5,899,887.50</u>  | <u>5,516,736.11</u>  |
|   | <u>TOTAL COMMON STOCKS</u>                    | <u>33,629,087.50</u> | <u>31,924,677.44</u> |

The Putnam Advisory Co., Inc. - Bond Account

|                         |                                    |                         |                         |
|-------------------------|------------------------------------|-------------------------|-------------------------|
| <u>Preferred Stocks</u> |                                    |                         |                         |
| 10,000                  | McDermott J. Ray & Co. Inc.        | 288,750.00              | 307,500.00              |
|                         | <u>TOTAL PREFERRED STOCKS</u>      | <u>288,750.00</u>       | <u>307,500.00</u>       |
|                         | <u>TOTAL STOCKS - ALL ACCOUNTS</u> | <u>\$103,040,508.12</u> | <u>\$100,538,384.93</u> |

MAINE STATE RETIREMENT SYSTEM

Investments - Mortgages

June 30, 1978

Northeast Banks

| <u>SECURITY</u>                              | <u>BOOK VALUE</u> |
|--|-------------------|
| Chandler Nursing Home, Inc.                  |                   |
| 1st Mtg. Nt. 5.50% 11/1/87                   | \$ 130,549.27     |
| Farmer Home Administration                   |                   |
| Inds. Lns. ~ 5.00% Various Maturities        | 277,188.58        |
| Hancock Dev. Corp. Partic. Ctf.              |                   |
| 1st Mtg. Nt. 6.00% 9/1/81                    | 28,774.41         |
| Hillcrest Manor Partic. Ctf.                 |                   |
| 1st Mtg. Nt. 5.25% 4/1/87                    | 59,052.93         |
| Misc. FHA & VA 5.25% Mtges.                  |                   |
| Georgia, Final Mat. 1/1/94                   | 451,286.03        |
| Misc. FHA & VA 5.50% Mtges.                  |                   |
| Georgia, Final Mat. 6/1/92                   | 114,993.72        |
| Misc. FHA & VA 5.75% Mtges.                  |                   |
| Georgia, Final Mat. 6/1/92                   | 149,853.77        |
| Misc. FHA & VA 5.25% Mtges.                  |                   |
| New Jersey, PA. & VA., Final Mat. 3/1/96     | 82,042.24         |
| Misc. FHA & VA 5.25% Mtges.                  |                   |
| Mississippi, Final Mat. 1/1/94               | 312,221.63        |
| Misc. FHA & VA 5.50% Mtges.                  |                   |
| Mississippi, Final Mat. 11/1/91              | 129,578.08        |
| Misc. FHA & VA 5.75% Mtges.                  |                   |
| Mississippi, Final Mat. 9/1/91               | 119,395.51        |
| Misc. FHA & VA 4.50% Mtges.                  |                   |
| Arizona, Final Mat. 11/1/87                  | 9,933.92          |
| Misc. FHA & VA 5.00% Mtges.                  |                   |
| Arizona, Final Mat. 11/1/87                  | 6,249.51          |
| Misc. FHA & VA 5.75% Mtges.                  |                   |
| Arizona, Final Mat. 11/1/90                  | 242,512.58        |
| Misc. FHA & VA 5.25% Mtges.                  |                   |
| North Carolina, Final Mat. 3/1/94            | 304,610.68        |
| Misc. FHA & VA 5.50% Mtges.                  |                   |
| North Carolina, Final Mat. 2/1/92            | 24,675.30         |
| Misc. FHA & VA 5.75% Mtges.                  |                   |
| North Carolina, Final Mat. 12/1/91           | 241,752.52        |
| Misc. FHA & VA 4.50% Mtges.                  |                   |
| Conn., Final Mat. 1/11/86                    | 20,879.65         |
| Misc. FHA & VA 4.50% Mtges.                  |                   |
| Virginia, Final Mat. 5/1/87                  | 48,959.92         |
| Misc. FHA & VA 5.00% Mtges.                  |                   |
| Virginia, Final Mat. 9/1/87                  | 41,234.92         |
| Misc. FHA & VA 5.25% Mtges.                  |                   |
| Virginia, Final Mat. 4/1/96                  | 1,824,170.01      |
| Misc. FHA & VA 5.50% Mtges.                  |                   |
| Virginia, Final Mat. 7/1/96                  | 167,182.25        |
| Misc. FHA & VA 5.75% Mtges.                  |                   |
| Virginia, Final Mat. 12/1/96                 | 58,945.13         |
| Misc. FHA & VA 6.00% Mtges.                  |                   |
| Virginia, Final Mat. 9/1/97                  | 98,620.73         |
| Misc. FHA & VA 4.50% Mtges.                  |                   |
| California, Final Mat. 2/1/86                | 16,212.01         |
| Misc. FHA & VA 5.00% Mtges.                  |                   |
| Arkansas, Final Mat. 4/1/88                  | 4,197.18          |
| Misc. FHA & VA 5.25% Mtges. California       |                   |
| New Mexico, Okla. & Texas, Final Mat. 2/1/95 | 1,277,775.84      |
| Misc. FHA & VA 5.50% Mtges.                  |                   |
| Texas, Final Mat. 5/1/93                     | 20,759.36         |
| Misc. FHA & VA 5.75% Mtges.                  |                   |
| California & Texas, Final Mat. 1/1/92        | 444,111.84        |
| Misc. FHA & VA 4.50% Mtges.                  |                   |
| Florida & Georgia, Final Mat. 1/1/88         | 19,759.10         |
| Misc. FHA & VA 5.25% Mtges.                  |                   |
| Florida, Final Mat. 1/1/94                   | 388,649.95        |

SECURITY

|   | <u>BOOK VALUE</u>     |
|---|-----------------------|
| Misc. FHA & VA 5.50% Mtges.<br>Florida, Final Mat. 5/1/92 | \$ 8,401.22           |
| Misc. FHA & VA 5.75% Mtges.<br>Florida, Final Mat. 2/1/92 | <u>92,304.89</u>      |
| TOTAL MORTGAGES   | <u>\$7,216,834.68</u> |

Note: Market Value not available

Northeast Bank

|  |                       |
|--|-----------------------|
| Insured Guaranteed Contract 9½% 12/31/80 (Unionmutual)<br>Effective Date: March 31, 1976 | \$5,000,000.00        |
| Interest earned to June 30, 1978   | <u>1,132,319.53</u>   |
| Fund Balance at June 30, 1978  | <u>\$6,132,319.53</u> |
| Commingled Trust Fund (Morgan Guaranty Trust)<br>Effective Date: November 1, 1977        | <u>\$8,366,471.44</u> |
| Fund Balance at June 30, 1978  | <u>\$8,366,471.44</u> |

MAINE STATE RETIREMENT SYSTEM

Investments - Time Deposits

June 30, 1978

The Putnam Advisory Co., Inc. - Stock Account

| <u>Security</u>          | <u>Market Value</u> | <u>Book Value</u>   |
|--------------------------|---------------------|---------------------|
| Bank America             | \$1,200,000.00      | \$1,200,000.00      |
| Security Pac. Natl. Bank | <u>1,000,000.00</u> | <u>1,000,000.00</u> |
|                          | \$2,200,000.00      | \$2,200,000.00      |

The Putnam Advisory Co., Inc. - Bond Account

|                             |                       |                       |
|-----------------------------|-----------------------|-----------------------|
| Bank of New York            | 440,000.00            | 440,000.00            |
| First Natl. Bank of Chicago | 1,463,000.00          | 1,463,000.00          |
| Security Pac. Natl. Bank    | 400,000.00            | 400,000.00            |
| Citibank N.A.               | <u>1,000,000.00</u>   | <u>999,836.37</u>     |
|                             | 3,303,000.00          | 3,302,836.37          |
| TOTAL ALL ACCOUNTS          | <u>\$5,503,000.00</u> | <u>\$5,502,836.37</u> |

MAINE STATE RETIREMENT SYSTEM  
Statement of Trust Fund Balances and  
Open Accounts by Activity  
June 30, 1978

(81)

|                                      | Date Entered<br>System | Number of<br>Open Accounts | Members<br>Contribution Fund | Retirement<br>Allowance Fund | Reserve Against<br>Future Losses<br>(Net Losses) | Total Trust<br>Reserves |
|--------------------------------------|------------------------|----------------------------|------------------------------|------------------------------|--|-------------------------|
| State Employees                      |                        | 20,161                     | \$ 64,137,221.44             | \$ 54,290,266.81             | (\$ 8,184,048.76)                                | \$110,243,439.49        |
| Teachers - Membership Service        |                        | 25,805                     | 92,680,659.15                | 74,770,694.50                | ( 11,706,622.52)                                 | 155,744,731.13          |
| Teachers - Prior Service             |                        | 915                        | 428,578.19                   | (105,881,897.14)             | --   | (105,453,318.95)        |
| Androscoggin County                  | 1/24/61                | 77                         | 148,044.54                   | 289,422.82                   | ( 23,670.55)                                     | 413,796.81              |
| Androscoggin Valley Reg. Plan. Comm. | 11/01/76               | 18                         | 16,212.14                    | 5,480.69                     | 29.96  | 21,722.79               |
| Aroostook County                     | 1/01/68                | 66                         | 136,264.40                   | 340,973.15                   | ( 17,329.88)                                     | 459,907.67              |
| Auburn                               | 1/01/48                | 403                        | 961,429.54                   | 1,846,714.67                 | ( 139,170.02)                                    | 2,668,974.19            |
| Auburn Housing Authority             | 1/01/71                | 9                          | 18,778.54                    | 37,654.57                    | ( 839.10)  | 55,594.01               |
| Auburn Public Library                | 7/01/50                | 8                          | 30,918.97                    | 117,887.03                   | ( 9,852.49)                                      | 138,953.51              |
| Auburn Sewerage District             | 10/01/53               | 12                         | 28,996.04                    | 86,938.18                    | ( 4,166.33)                                      | 111,767.89              |
| Auburn Water District                | 10/01/53               | 21                         | 45,445.73                    | 231,159.18                   | ( 13,232.01)                                     | 263,372.90              |
| Augusta                              | 10/01/47               | 363                        | 1,190,554.44                 | 1,562,640.29                 | ( 125,708.98)                                    | 2,627,485.75            |
| Augusta Sanitary District            | 1/04/60                | 27                         | 91,361.02                    | 100,725.35                   | ( 6,677.88)                                      | 185,408.49              |
| Augusta Water District               | 7/01/49                | 24                         | 131,209.81                   | 167,633.17                   | ( 20,146.82)                                     | 278,696.16              |
| Baileyville                          | 4/01/61                | 31                         | 56,709.59                    | 64,756.71                    | ( 5,685.84)                                      | 115,780.46              |
| Bangor                               | 7/01/47                | 1,008                      | 3,221,859.17                 | 3,664,006.27                 | ( 328,712.99)                                    | 6,557,152.45            |
| Bangor Public Library                | 7/01/47                | 37                         | 131,722.13                   | 270,364.81                   | ( 30,783.66)                                     | 371,303.28              |
| Bangor Water District                | 5/21/57                | 30                         | 121,143.43                   | 139,005.37                   | ( 17,913.97)                                     | 242,234.83              |
| Bar Harbor                           | 4/01/46                | 55                         | 159,655.45                   | 327,953.00                   | ( 28,138.01)                                     | 459,470.44              |
| Bath                                 | 4/01/63                | 158                        | 436,947.15                   | 949,673.15                   | ( 53,660.93)                                     | 1,332,959.37            |
| Bath Water District                  | 12/01/46               | 11                         | 67,806.52                    | 142,891.33                   | ( 11,370.02)                                     | 199,327.83              |
| Belfast                              | 7/01/49                | 42                         | 87,411.29                    | 133,162.96                   | ( 14,089.50)                                     | 206,484.75              |
| Belfast Water District               | 7/01/69                | 6                          | 23,207.99                    | 49,200.91                    | ( 2,104.18)                                      | 70,304.72               |
| Berwick                              | 4/01/68                | 12                         | 22,686.87                    | 26,328.47                    | ( 2,375.22)                                      | 46,640.12               |
| Berwick Sewerage District            | 11/04/74               | 7                          | 10,261.82                    | 5,114.51                     | 40.65  | 15,416.98               |
| Bethel                               | 4/01/78                | 7                          | 839.93                       | 516.73                       | ( .72)   | 1,355.94                |
| Biddeford                            | 1/01/72                | 229                        | 423,151.26                   | 332,929.53                   | ( 14,336.78)                                     | 741,744.01              |
| Bingham Water District               | 1/01/72                | 5                          | 1,388.04                     | 18,741.13                    | ( 245.83)  | 19,883.34               |
| Boothbay-Boothbay Harbor C.S.D.      | 7/01/74                | 8                          | 7,793.71                     | 11,809.81                    | 63.50  | 19,667.02               |

|                                | Date Entered<br>System | Number of<br>Open Accounts | Members<br>Contribution Fund | Retirement<br>Allowance Fund | Reserve Against<br>Future Losses<br>(Net Losses) | Total Trust<br>Reserves |
|--------------------------------|------------------------|----------------------------|------------------------------|------------------------------|--|-------------------------|
| Boothbay Harbor                | 3/01/71                | 24                         | \$ 35,354.34                 | \$ 36,115.28                 | (\$ 1,574.88)                                    | \$ 69,894.74            |
| Boothbay Harbor Water System   | 7/01/47                | 5                          | 18,925.34                    | 52,533.34                    | ( 4,787.61)                                      | 66,671.07               |
| Bradford                       | 4/01/74                | 4                          | 4,853.29                     | 1,980.74                     | 2.93   | 6,836.96                |
| Brewer                         | 1/02/60                | 155                        | 304,745.14                   | 304,432.68                   | ( 19,840.55)                                     | 589,337.27              |
| Brewer Water District          | 5/01/61                | 8                          | 41,060.30                    | 61,891.45                    | ( 5,903.30)                                      | 97,048.45               |
| Bridgton                       | 3/01/73                | 22                         | 30,565.01                    | 45,538.79                    | ( 785.33)  | 75,318.47               |
| Brownville                     | 4/05/73                | 10                         | 9,942.16                     | 8,550.82                     | ( 217.33)  | 18,275.65               |
| Brunswick                      | 7/01/50                | 258                        | 642,508.88                   | 1,190,524.61                 | ( 85,748.02)                                     | 1,747,285.47            |
| Brunswick Sewer District       | 1/01/63                | 9                          | 22,174.33                    | 54,143.04                    | ( 3,660.83)                                      | 72,656.54               |
| Bucksport                      | 7/01/69                | 78                         | 119,630.61                   | 174,149.98                   | ( 8,141.41)                                      | 285,639.18              |
| Calais                         | 7/01/49                | 73                         | 160,491.22                   | 250,736.86                   | ( 18,922.56)                                     | 392,305.52              |
| Camden                         | 4/01/44                | 44                         | 101,862.39                   | 135,443.33                   | ( 12,458.93)                                     | 224,846.79              |
| Cape Elizabeth                 | 4/01/66                | 132                        | 256,683.82                   | 328,061.98                   | ( 18,470.57)                                     | 566,275.23              |
| Caribou - Fire & Police        | 5/01/75                | 21                         | 33,740.34                    | 41,563.23                    | 264.77   | 75,568.34               |
| Chevrus High School            | 11/01/74               | 19                         | 23,004.17                    | 28,503.61                    | 138.40   | 51,646.18               |
| China                          | 3/05/77                | 2                          | 1,756.05                     | 803.17                       | 1.76   | 2,560.98                |
| Community School District #915 | 7/01/76                | 19                         | 7,182.71                     | 5,542.23                     | 20.79  | 12,745.73               |
| Corinna                        | 4/01/75                | 6                          | 10,765.76                    | 25,434.67                    | 195.91   | 36,396.34               |
| Cranberry Isle                 | 3/01/71                | 1                          | 88.64                        | 4,352.30                     | ( 236.07)  | 4,204.87                |
| Cumberland                     | 10/01/74               | 25                         | 40,312.61                    | 15,281.94                    | 279.10   | 55,873.65               |
| Cumberland County              | 1/01/44                | 73                         | 199,537.66                   | 373,618.35                   | ( 33,235.15)                                     | 539,920.86              |
| Damariscotta                   | 1/01/74                | 3                          | 3,201.34                     | 2,917.39                     | ( 59.32)   | 6,059.41                |
| Dexter                         | 3/01/67                | 23                         | 33,714.63                    | 71,330.08                    | ( 5,672.67)                                      | 99,372.04               |
| Dixfield                       | 4/01/74                | 12                         | 21,015.49                    | 23,998.38                    | ( 93.84)   | 44,920.03               |
| Dover-Foxcroft                 | 7/01/72                | 28                         | 49,283.33                    | 52,213.66                    | ( 843.02)  | 100,653.97              |
| Dover-Foxcroft Water District  | 5/01/70                | 2                          | 7,760.49                     | 9,958.88                     | ( 443.15)  | 17,276.22               |
| Durham                         | 9/01/76                | 6                          | 1,288.76                     | 623.40                       | ( 1.02)  | 1,911.14                |
| East Millinocket               | 1/01/56                | 43                         | 179,989.79                   | 232,219.53                   | ( 21,559.52)                                     | 390,649.80              |
| Easton                         | 7/01/77                | 7                          | 4,073.68                     | 3,562.36                     | ( 4.19)  | 7,631.85                |
| Eliot                          | 4/01/73                | 13                         | 20,080.54                    | 29,546.81                    | ( 292.03)  | 49,335.32               |
| Ellsworth                      | 1/01/46                | 147                        | 198,155.24                   | 260,737.32                   | ( 21,894.44)                                     | 436,998.12              |
| Exeter                         | 10/01/71               | 1                          | 648.59                       | 3,703.18                     | ( 148.16)  | 4,203.61                |
| Falmouth                       | 5/01/66                | 84                         | 213,849.55                   | 213,585.56                   | ( 18,274.73)                                     | 409,160.38              |
| Falmouth Memorial Library      | 1/01/57                | 2                          | 8,364.73                     | 14,142.90                    | ( 951.72)  | 21,555.91               |
| Farmington                     | 4/01/67                | 52                         | 88,065.92                    | 153,218.84                   | ( 5,722.42)                                      | 235,562.34              |

|   | Date Entered | Number of     | Members           | Retirement     | Reserve Against               | Total Trust  |
|---|--------------|---------------|-------------------|----------------|-------------------------------|--------------|
|   | System       | Open Accounts | Contribution Fund | Allowance Fund | Future Losses<br>(Net Losses) | Reserves     |
| Farmington Village Corporation            | 9/01/68      | 5             | \$ 8,886.23       | \$ 23,004.23   | (\$ 1,273.97)                 | \$ 30,616.49 |
| Fort Fairfield                            | 7/01/46      | 37            | 91,841.21         | 210,675.64     | ( 9,412.66)                   | 293,104.19   |
| Fort Fairfield Utilities District         | 4/01/69      | 6             | 11,756.26         | 34,159.27      | ( 2,205.26)                   | 43,710.27    |
| Fort Kent                                 | 1/01/67      | 22            | 46,686.33         | 74,199.04      | ( 4,052.28)                   | 116,833.09   |
| Franklin County                           | 7/01/67      | 38            | 55,125.77         | 109,471.42     | ( 8,230.94)                   | 156,366.25   |
| Franklin County Comm. Action Council      | 9/01/77      | 30            | 11,985.17         | 6,092.26       | ( 9.94)                       | 18,067.49    |
| Freeport                                  | 9/01/70      | 36            | 71,657.29         | 54,685.04      | ( 2,900.31)                   | 123,442.02   |
| Frenchville                               | 7/01/74      | 2             | 4,303.72          | 16,390.78      | 70.33                         | 20,764.83    |
| Fryeburg                                  | 5/01/71      | 1             | 3,689.25          | 5,838.54       | ( 249.90)                     | 9,277.89     |
| Gardiner                                  | 9/01/47      | 53            | 191,554.43        | 319,127.62     | ( 26,163.78)                  | 484,518.27   |
| Gardiner Water District                   | 1/01/76      | 13            | 18,277.69         | 12,592.76      | 106.57                        | 30,977.02    |
| Garland                                   | 7/01/71      | 2             | 870.83            | 8,083.03       | ( 176.07)                     | 8,777.79     |
| Glenburn                                  | 4/01/72      | 4             | 4,280.50          | 9,187.31       | ( 241.39)                     | 13,226.42    |
| Gorham                                    | 9/01/69      | 53            | 115,149.48        | 77,491.96      | ( 3,932.65)                   | 188,708.79   |
| Gould Academy                             | 1/01/75      | 8             | 8,452.26          | 44,884.31      | ( 282.53)                     | 53,054.04    |
| Greater Portland Council of Governments   | 7/01/74      | 41            | 67,641.87         | 74,396.15      | 495.39                        | 142,533.41   |
| Greater Portland Public Development Comm. | 1/01/62      | 7             | 54,732.16         | 100,731.82     | ( 13,911.48)                  | 141,552.50   |
| Greenville                                | 5/01/68      | 9             | 16,965.79         | 17,404.85      | ( 899.13)                     | 33,471.51    |
| Hallowell                                 | 4/01/72      | 12            | 16,984.18         | 18,756.95      | ( 866.85)                     | 34,874.28    |
| Hampden                                   | 6/01/71      | 24            | 57,775.94         | 88,982.04      | ( 3,072.84)                   | 143,685.14   |
| Hampden Water District                    | 6/01/70      | 4             | 9,932.15          | 4,476.13       | ( 272.35)                     | 14,135.93    |
| Hancock County                            | 1/01/57      | 53            | 98,819.36         | 253,858.79     | ( 17,431.84)                  | 335,246.31   |
| Hermon                                    | 5/01/71      | 32            | 32,381.91         | 38,235.68      | ( 1,601.87)                   | 69,015.72    |
| Hodgdon                                   | 4/01/75      | 6             | 4,921.39          | 10,561.61      | 85.36                         | 15,568.36    |
| Houlton                                   | 1/01/45      | 72            | 239,188.48        | 456,125.41     | ( 41,386.10)                  | 653,927.79   |
| Houlton Water District                    | 1/01/48      | 30            | 229,714.93        | 334,507.99     | ( 33,460.80)                  | 530,762.12   |
| Howland                                   | 11/01/76     | 5             | 4,017.74          | 2,160.76       | 4.07                          | 6,182.57     |
| Indian Township Passamaquoddy R.H.A.      | 1/01/73      | 10            | 5,363.19          | 20,538.12      | 11.49                         | 25,912.80    |
| Indian Township Tribal Government         | 1/01/77      | 36            | 14,730.98         | 5,177.03       | ( 10.92)                      | 19,897.09    |
| Jackman Water District                    | 3/01/76      | 1             | 1,583.81          | 3,968.03       | 17.83                         | 5,569.67     |
| Jay                                       | 10/01/50     | 59            | 105,827.04        | 121,817.53     | ( 9,300.54)                   | 218,344.03   |
| Kennebec County                           | 7/01/51      | 118           | 165,335.14        | 320,548.99     | ( 22,550.56)                  | 463,333.57   |
| Kennebec Sanitary Treatment District      | 10/01/75     | 19            | 15,977.17         | 21,146.92      | 134.70                        | 37,258.79    |
| Kennebec Water District                   | 1/01/49      | 34            | 90,666.25         | 68,909.73      | ( 10,325.74)                  | 149,250.24   |
| Kennebunk                                 | 4/01/66      | 42            | 69,645.24         | 114,773.15     | ( 6,895.11)                   | 177,523.28   |



|                                      | Date Entered<br>System | Number of<br>Open Accounts | Members<br>Contribution Fund | Retirement<br>Allowance Fund | Reserve Against<br>Future Losses<br>(Net Losses) | Total Trust<br>Reserves |
|--------------------------------------|------------------------|----------------------------|------------------------------|------------------------------|--|-------------------------|
| Kennebunk Light & Power              | 8/30/59                | 10                         | 60,876.67                    | 165,952.28                   | ( 13,197.68)                                     | 213,631.27              |
| Kennebunk Sewer District             | 8/01/74                | 3                          | 3,813.77                     | 10,679.68                    | 12.42  | 14,505.87               |
| Kennebunkport                        | 9/01/73                | 31                         | 43,819.19                    | 95,491.89                    | ( 683.64)  | 138,627.44              |
| Kittery                              | 4/01/46                | 111                        | 174,241.05                   | 322,951.87                   | ( 17,003.79)                                     | 480,189.13              |
| Kittery Water District               | 2/01/46                | 18                         | 50,825.93                    | 130,111.44                   | ( 11,910.07)                                     | 169,027.30              |
| Knox County                          | 3/01/49                | 13                         | 38,207.57                    | 168,886.31                   | ( 14,268.94)                                     | 192,824.94              |
| Lebanon                              | 3/10/73                | 11                         | 7,569.58                     | 18,225.52                    | ( 203.07)  | 25,592.03               |
| Lewiston                             | 7/01/51                | 531                        | 1,960,614.19                 | 3,189,090.45                 | ( 209,356.10)                                    | 4,940,348.54            |
| Lewiston-Auburn Water Pol. C.A.      | 3/01/72                | 20                         | 28,791.60                    | 38,390.33                    | ( 234.71)  | 66,947.22               |
| Lewiston Housing Authority           | 4/01/71                | 21                         | 22,655.42                    | 20,801.97                    | ( 357.66)  | 43,099.73               |
| Limestone                            | 4/01/78                | 4                          | 339.09                       | 197.76                       | ( .26)   | 536.59                  |
| Limestone Water & Sewer District     | 7/01/74                | 3                          | 6,849.64                     | 9,651.25                     | 18.91  | 16,519.80               |
| Lincoln                              | 4/01/64                | 40                         | 104,909.85                   | 154,371.72                   | ( 9,542.28)                                      | 249,739.29              |
| Lincoln Academy                      | 9/01/69                | 6                          | 10,002.94                    | 4,523.61                     | ( 274.24)  | 14,252.31               |
| Lincoln County                       | 1/01/67                | 35                         | 67,813.24                    | 140,173.46                   | ( 6,012.75)                                      | 201,973.95              |
| Lincoln Sanitary District            | 9/01/75                | 3                          | 5,064.96                     | 1,640.40                     | 28.08  | 6,733.44                |
| Lincoln Water District               | 1/01/74                | 3                          | 9,100.13                     | 12,546.46                    | ( 5.19)  | 21,641.42               |
| Linneus                              | 4/01/75                | 2                          | 1,832.58                     | 3,142.21                     | 19.89  | 4,994.68                |
| Lisbon                               | 1/01/68                | 84                         | 131,064.42                   | 260,760.79                   | ( 7,718.99)                                      | 384,106.22              |
| Lisbon Water District                | 10/01/77               | 3                          | 1,188.31                     | 1,642.71                     | ( 1.55)  | 2,829.47                |
| Livermore Falls                      | 4/01/68                | 27                         | 47,196.62                    | 68,412.65                    | ( 2,529.72)                                      | 113,079.55              |
| Livermore Falls Water District       | 3/01/49                | 4                          | 30,394.15                    | 37,848.33                    | ( 2,766.02)                                      | 65,476.46               |
| Lubec                                | 3/01/76                | 5                          | 4,904.31                     | 2,593.36                     | 27.93  | 7,525.60                |
| Lubec Water & Electric               | 7/01/66                | 13                         | 19,802.79                    | 73,619.33                    | ( 4,653.50)                                      | 88,768.62               |
| Madawaska                            | 9/01/65                | 59                         | 105,324.97                   | 111,373.87                   | ( 5,817.07)                                      | 210,881.77              |
| Madawaska Water District             | 4/01/77                | 4                          | 3,201.50                     | 1,179.89                     | .74  | 4,382.13                |
| Maine County Commissioners Assoc.    | 1/01/76                | 2                          | 2,063.23                     | 878.33                       | 12.50  | 2,954.06                |
| Maine Housing Authority              | 6/20/72                | 40                         | 56,034.96                    | 28,645.98                    | ( 1,782.76)                                      | 82,898.18               |
| Maine Maritime Academy               | 7/01/59                | 192                        | 512,105.06                   | 1,242,809.78                 | ( 61,716.83)                                     | 1,693,198.01            |
| Maine Municipal Association          | 11/05/56               | 47                         | 77,862.70                    | 73,401.56                    | ( 7,822.54)                                      | 143,441.72              |
| Maine Municipal Bond Bank            | 10/01/73               | 2                          | 5,061.09                     | 9,335.10                     | 26.74  | 14,422.93               |
| Maine-New Hampshire Bridge Authority | 8/01/50                | 8                          | 53,228.04                    | 131,051.04                   | ( 13,490.58)                                     | 170,788.50              |
| Maine School Management Association  | 7/01/77                | 7                          | 4,791.06                     | 4,969.29                     | ( 5.37)  | 9,754.98                |
| Maine Turnpike Authority             | 9/01/52                | 282                        | 1,015,076.78                 | 2,072,331.98                 | ( 158,233.24)                                    | 2,929,175.52            |
| Maine Vocational Region #7           | 2/01/76                | 10                         | 4,965.95                     | 3,718.21                     | 25.38  | 8,709.54                |

|                                       | Date Entered<br>System | Number of<br>Open Accounts | Members<br>Contribution Fund | Retirement<br>Allowance Fund | Reserve Against<br>Future Losses<br>(Net Losses) | Total Trust<br>Reserves |
|---------------------------------------|------------------------|----------------------------|------------------------------|------------------------------|--|-------------------------|
| Mars Hill                             | 5/01/76                | 4                          | 5,708.93                     | 4,476.75                     | 29.27  | 10,214.95               |
| Mechanic Falls                        | 4/01/68                | 19                         | 37,303.95                    | 41,189.57                    | ( 2,462.90)                                      | 76,030.62               |
| Medway                                | 3/01/74                | 12                         | 13,436.50                    | 14,928.44                    | 59.49  | 28,424.43               |
| Mexico                                | 3/01/63                | 26                         | 75,798.14                    | 55,495.03                    | ( 5,579.29)                                      | 125,713.88              |
| Milford                               | 7/01/73                | 7                          | 7,184.94                     | 8,874.71                     | ( 79.98)   | 15,979.67               |
| Millinocket                           | 7/01/43                | 85                         | 291,667.88                   | 481,363.12                   | ( 28,329.28)                                     | 744,701.72              |
| Milo                                  | 1/01/68                | 16                         | 33,867.89                    | 83,224.46                    | ( 3,582.04)                                      | 113,510.31              |
| Milo Water District                   | 6/01/77                | 4                          | 2,485.23                     | 5,043.14                     | ( 4.12)  | 7,524.25                |
| Monson                                | 7/01/73                | 3                          | 4,172.68                     | 2,815.04                     | ( 43.60)   | 6,944.12                |
| Mount Desert                          | 4/01/46                | 28                         | 112,092.12                   | 243,996.04                   | ( 18,137.49)                                     | 337,950.67              |
| Mount Desert Regional School District | 8/01/68                | 19                         | 22,716.39                    | 31,384.48                    | ( 2,005.25)                                      | 52,095.62               |
| Naples                                | 5/01/70                | 1                          | 2,882.05                     | 6,124.93                     | ( 248.60)  | 8,758.38                |
| New Canada Plantation                 | 11/01/72               | 3                          | 1,103.36                     | 2,412.14                     | 7.10   | 3,522.60                |
| New Gloucester                        | 4/01/75                | 13                         | 13,417.67                    | 11,688.09                    | 97.79  | 25,203.55               |
| Norway                                | 4/01/69                | 23                         | 57,706.59                    | 75,369.12                    | ( 5,168.97)                                      | 127,906.74              |
| Norway Water District                 | 5/01/70                | 3                          | 14,983.13                    | 9,906.42                     | ( 636.34)  | 24,253.21               |
| Old Orchard Beach                     | 7/01/70                | 59                         | 175,084.88                   | 238,315.73                   | ( 7,494.30)                                      | 405,906.31              |
| Old Town                              | 1/01/68                | 147                        | 305,001.10                   | 423,789.56                   | ( 24,937.98)                                     | 703,852.68              |
| Old Town Water District               | 1/01/65                | 9                          | 32,277.25                    | 48,632.14                    | ( 3,520.91)                                      | 77,388.48               |
| Orland                                | 1/01/72                | 15                         | 9,549.25                     | 48,899.81                    | ( 129.57)  | 58,319.49               |
| Orono                                 | 7/01/59                | 72                         | 159,782.14                   | 194,676.42                   | ( 17,752.35)                                     | 336,706.21              |
| Orrington                             | 5/01/75                | 22                         | 13,691.90                    | 7,501.76                     | 95.36  | 21,289.02               |
| Otisfield                             | 10/01/73               | 5                          | 842.72                       | 1,550.64                     | ( 9.11)  | 2,384.25                |
| Oxford                                | 9/01/74                | 3                          | 5,569.68                     | 15,338.13                    | 22.59  | 20,930.40               |
| Oxford County                         | 7/01/57                | 55                         | 89,809.08                    | 203,554.28                   | ( 14,464.53)                                     | 278,898.83              |
| Paris                                 | 4/01/69                | 15                         | 37,811.91                    | 62,417.10                    | ( 2,774.90)                                      | 97,454.11               |
| Paris Utilities District              | 1/01/72                | 16                         | 24,854.91                    | 34,216.08                    | ( 564.97)  | 58,506.02               |
| Penobscot County                      | 1/01/45                | 96                         | 161,667.08                   | 528,982.33                   | ( 27,289.27)                                     | 663,360.14              |
| Penquis C.A.P., Inc.                  | 6/01/77                | 79                         | 26,916.22                    | 19,106.56                    | ( 25.28)   | 45,997.50               |
| Phippsburg                            | 7/01/74                | 5                          | 3,057.48                     | 4,212.30                     | 9.27   | 7,279.05                |
| Piscataquis County                    | 1/01/69                | 44                         | 63,144.32                    | 52,127.96                    | ( 3,703.19)                                      | 111,569.09              |
| Pittsfield                            | 5/02/68                | 37                         | 30,742.36                    | 56,827.66                    | ( 3,536.62)                                      | 84,033.40               |
| Pleasant Point Passamaquoddy R.H.A.   | 1/01/72                | 75                         | 15,677.33                    | 12,838.28                    | ( 159.75)  | 28,355.86               |
| Portland                              | 3/01/43                | 1,648                      | 4,967,651.13                 | 2,961,044.66                 | ( 470,864.42)                                    | 7,457,831.37            |
| Portland Housing Authority            | 7/01/73                | 37                         | 94,466.12                    | 125,425.24                   | ( 985.27)  | 218,906.09              |

|                                    | Date Entered<br>System | Number of<br>Open Accounts | Members<br>Contribution Fund | Retirement<br>Allowance Fund | Reserve Against<br>Future Losses<br>(Net Losses) | Total Trust<br>Reserves |
|------------------------------------|------------------------|----------------------------|------------------------------|------------------------------|--|-------------------------|
| Portland Public Library            | 5/01/50                | 55                         | 190,754.91                   | 333,568.93                   | ( 21,054.01)                                     | 503,269.83              |
| Portland Renewal Authority         | 10/01/55               | 10                         | 54,331.52                    | 246,823.10                   | ( 11,539.29)                                     | 289,615.33              |
| Presque Isle                       | 1/01/43                | 103                        | 431,993.48                   | 496,717.09                   | ( 40,842.37)                                     | 887,868.20              |
| Readfield                          | 2/24/75                | 3                          | 2,601.52                     | 1,163.65                     | 12.65  | 3,777.82                |
| Richmond                           | 5/01/75                | 30                         | 9,733.82                     | 9,687.38                     | 76.63  | 19,497.83               |
| Richmond Utilities District        | 9/01/77                | 2                          | 941.55                       | 1,219.75                     | ( 1.17)  | 2,160.13                |
| Rockland                           | 11/01/46               | 92                         | 253,086.55                   | 491,867.16                   | ( 33,701.92)                                     | 711,251.79              |
| Rockport                           | 4/01/72                | 15                         | 27,919.49                    | 28,854.14                    | ( 1,342.96)                                      | 55,430.67               |
| Rumford                            | 4/01/65                | 161                        | 320,925.87                   | 369,656.21                   | ( 28,375.88)                                     | 662,206.20              |
| Rumford - Fire & Police            | 2/10/58                | 28                         | 148,571.12                   | 421,724.53                   | ( 24,693.70)                                     | 545,601.95              |
| Rumford Water District             | 4/01/60                | 5                          | 38,397.42                    | 68,938.12                    | ( 6,201.06)                                      | 101,134.48              |
| Sabattus                           | 1/01/73                | 19                         | 25,449.96                    | 20,784.53                    | ( 334.61)  | 45,899.88               |
| Saco                               | 12/31/73               | 133                        | 235,500.09                   | 451,703.38                   | ( 1,313.33)                                      | 685,890.14              |
| Sagadahoc County                   | 1/01/67                | 21                         | 36,496.22                    | 134,247.88                   | ( 7,274.65)                                      | 163,469.45              |
| St. Agatha                         | 7/01/74                | 6                          | 5,581.21                     | 13,182.32                    | 34.67  | 18,798.20               |
| Sanford                            | 1/01/66                | 221                        | 531,587.83                   | 644,062.95                   | ( 42,293.28)                                     | 1,133,357.50            |
| Sanford Housing Authority          | 6/01/71                | 8                          | 14,928.22                    | 9,270.31                     | ( 338.97)  | 23,859.56               |
| Sanford Sewerage District          | 11/01/66               | 11                         | 13,366.30                    | 59,692.80                    | ( 3,653.51)                                      | 69,405.59               |
| Sanford Water District             | 11/01/72               | 18                         | 37,739.45                    | 41,396.33                    | ( 951.78)  | 78,184.00               |
| Scarborough                        | 5/01/71                | 123                        | 203,940.72                   | 275,781.84                   | ( 8,543.37)                                      | 471,179.19              |
| School Administrative District #2  | 3/05/73                | 4                          | 7,598.47                     | 15,509.13                    | ( 458.19)  | 22,649.41               |
| School Administrative District #9  | 9/01/68                | 46                         | 127,639.01                   | 83,158.18                    | ( 7,415.25)                                      | 203,381.94              |
| School Administrative District #13 | 2/01/76                | 11                         | 8,066.83                     | 13,687.92                    | 81.20  | 21,835.95               |
| School Administrative District #16 | 10/01/73               | 20                         | 15,817.86                    | 52,228.72                    | ( 380.03)  | 67,666.55               |
| School Administrative District #21 | 7/01/75                | 10                         | 12,830.87                    | 9,172.52                     | 101.12   | 22,104.51               |
| School Administrative District #28 | 12/02/64               | --                         | --                           | 6,528.45                     | ( 402.95)  | 6,125.50                |
| School Administrative District #29 | 9/01/72                | 17                         | 24,000.58                    | 45,190.90                    | ( 737.09)  | 68,454.39               |
| School Administrative District #31 | 7/01/74                | 37                         | 33,947.17                    | 63,682.98                    | 92.23  | 97,722.38               |
| School Administrative District #34 | 4/18/64                | 172                        | 97,265.17                    | 128,544.30                   | ( 9,977.00)                                      | 215,832.47              |
| School Administrative District #41 | 10/01/70               | 68                         | 72,364.94                    | 113,139.44                   | ( 2,821.60)                                      | 182,682.78              |
| School Administrative District #49 | 4/01/73                | 28                         | 33,502.08                    | 49,518.35                    | ( 772.24)  | 82,248.19               |
| School Administrative District #51 | 7/01/74                | 46                         | 40,344.02                    | 22,405.12                    | 64.81  | 62,813.95               |
| School Administrative District #53 | 9/15/69                | 14                         | 18,282.39                    | 18,021.11                    | ( 1,429.64)                                      | 34,873.86               |
| School Administrative District #54 | 5/01/68                | 37                         | 61,269.62                    | 104,741.86                   | ( 5,211.47)                                      | 160,800.01              |
| School Administrative District #56 | 7/01/75                | 13                         | 14,864.58                    | 22,875.79                    | 188.09   | 37,928.46               |

|   | Date Entered | Number of     | Members           | Retirement     | Reserve Against               | Total Trust  |
|---|--------------|---------------|-------------------|----------------|-------------------------------|--------------|
|   | System       | Open Accounts | Contribution Fund | Allowance Fund | Future Losses<br>(Net Losses) | Reserves     |
| School Administrative District #60        | 7/01/73      | 78            | 41,502.69         | 51,007.77      | ( 509.95)                     | 92,000.51    |
| School Administrative District #66        | 12/01/67     | 1             | 981.14            | 56,424.18      | ( 3,793.22)                   | 53,612.10    |
| School Administrative District #67        | 7/01/68      | 103           | 77,403.58         | 107,125.65     | ( 3,912.07)                   | 180,617.16   |
| School Administrative District #71        | 5/01/69      | 81            | 101,470.87        | 100,900.42     | ( 7,536.74)                   | 194,834.55   |
| Searsport                                 | 4/01/68      | 11            | 26,589.29         | 28,075.42      | ( 1,571.10)                   | 53,093.61    |
| Searsport Water District                  | 1/01/69      | 4             | 11,212.73         | 14,984.17      | ( 826.91)                     | 25,369.99    |
| Skowhegan                                 | 4/01/65      | 56            | 122,836.15        | 173,219.39     | ( 10,500.90)                  | 285,554.64   |
| Somerset County                           | 7/10/67      | 43            | 51,052.06         | 121,860.98     | ( 6,127.16)                   | 166,785.88   |
| South Berwick                             | 7/01/70      | 21            | 25,692.16         | 26,407.02      | ( 1,314.89)                   | 50,784.29    |
| South Berwick Water District              | 11/01/72     | 2             | 4,630.49          | 6,092.24       | ( 46.63)                      | 10,676.10    |
| South Portland                            | 9/01/44      | 399           | 1,303,500.18      | 1,786,131.18   | ( 160,002.55)                 | 2,929,628.81 |
| South Portland Housing Authority          | 1/01/75      | 8             | 13,701.38         | 5,615.75       | 18.48                         | 19,335.61    |
| Southern Kennebec Valley Reg. Plan. Comm. | 1/01/70      | 8             | 15,902.74         | 9,930.33       | ( 748.59)                     | 25,084.48    |
| State Principals Association              | 8/07/67      | 4             | 22,689.41         | 73,400.14      | ( 251.10)                     | 95,838.45    |
| Thomaston                                 | 5/01/72      | 20            | 24,691.81         | 37,189.62      | ( 667.06)                     | 61,214.37    |
| Topsham                                   | 3/01/65      | 21            | 31,127.16         | 70,776.19      | ( 3,955.29)                   | 97,948.06    |
| Van Buren                                 | 6/01/73      | 10            | 12,327.30         | 12,004.47      | ( 123.49)                     | 24,208.28    |
| Van Buren Housing Authority               | 7/01/76      | 4             | 3,400.25          | 7,481.08       | 29.63                         | 10,910.96    |
| Vassalboro                                | 7/01/71      | 9             | 7,278.60          | 20,340.69      | ( 333.30)                     | 27,285.99    |
| Waldoboro                                 | 6/01/74      | 17            | 27,849.91         | 36,507.33      | 22.49                         | 64,379.73    |
| Waldo County                              | 1/01/51      | 28            | 75,593.37         | 158,820.46     | ( 13,044.94)                  | 221,368.89   |
| Wallagrass Plantation                     | 4/01/72      | 3             | 1,357.35          | 3,470.35       | ( 80.92)                      | 4,746.78     |
| Washburn                                  | 9/01/76      | 10            | 9,081.37          | 6,732.27       | 24.18                         | 15,837.82    |
| Washington County                         | 1/01/50      | 29            | 67,017.53         | 199,867.01     | ( 12,028.88)                  | 254,855.66   |
| Waterville - Fire & Police                | 2/01/61      | 50            | 397,194.84        | 364,062.93     | ( 32,499.05)                  | 728,758.72   |
| Waterville Sewerage District              | 10/01/75     | 11            | 13,020.74         | 15,086.22      | 108.26                        | 28,215.22    |
| Waterville Urban Renewal Authority        | 4/01/74      | 1             | 5,634.94          | 6,074.02       | 23.99                         | 11,732.95    |
| Wells                                     | 1/01/68      | 105           | 159,534.93        | 239,470.36     | ( 9,834.46)                   | 389,170.83   |
| Westbrook                                 | 3/01/69      | 113           | 303,191.73        | 401,706.87     | ( 18,331.10)                  | 686,567.50   |
| Westbrook - Fire & Police                 | 1/01/62      | 53            | 260,605.21        | 480,082.73     | ( 21,012.59)                  | 719,675.35   |
| Wilton                                    | 5/01/66      | 29            | 43,574.13         | 62,670.33      | ( 3,366.60)                   | 102,877.86   |
| Winslow                                   | 9/01/70      | 71            | 83,378.43         | 62,725.07      | ( 1,697.78)                   | 144,405.72   |
| Winthrop                                  | 5/01/73      | 67            | 73,136.49         | 83,637.09      | ( 893.89)                     | 155,879.69   |
| Yarmouth                                  | 4/01/68      | 108           | 179,187.05        | 349,715.53     | ( 12,862.07)                  | 516,040.51   |
| York                                      | 7/01/48      | 58            | 101,621.70        | 117,443.15     | ( 8,807.06)                   | 210,257.79   |

|                                 | Date Entered<br>System | Number of<br>Open Accounts | Members<br>Contribution Fund | Retirement<br>Allowance Fund | Reserve Against<br>Future Losses<br>(Net Losses) | Total Trust<br>Reserves |
|---------------------------------|------------------------|----------------------------|------------------------------|------------------------------|--|-------------------------|
| York County                     | 10/01/49               | 83                         | 156,659.17                   | 321,766.45                   | ( 20,819.53)                                     | 457,606.09              |
| York Sewer District             | 5/01/70                | 6                          | 21,066.53                    | 45,475.38                    | ( 1,221.65)                                      | 65,320.26               |
| York Water District             | 10/01/49               | 8                          | 15,205.35                    | 138,962.09                   | ( 9,156.86)                                      | 145,010.58              |
| Survivor Benefit - Consolidated | \$9,781,984.09         |                            |                              |                              | ( 425,196.13)                                    | 9,356,787.96            |
| TOTALS                          | <u>\$9,781,984.09</u>  | <u>59,569</u>              | <u>\$188,288,915.56</u>      | <u>\$ 66,797,807.97</u>      | <u>(\$23,517,822.78)</u>                         | <u>\$241,350,884.84</u> |

MAINE STATE RETIREMENT SYSTEM  
ANALYSIS OF CHANGES IN TRUST FUND RESERVES  
YEAR ENDING JUNE 30, 1978

|                                   |                       |
|-----------------------------------|-----------------------|
| Balance July                      | \$223,136,972.23      |
| Accrued Interest at June 30, 1977 | 1,786,839.49          |
| Adjustment of Balance Forward     | ( 6.44)               |
|                                   | <u>224,923,805.28</u> |

ADDITIONS:

|  |                      |
|--|----------------------|
| Contributions:                                 |                      |
| General Fund, State Employees                  | \$ 7,228,589.00      |
| General Fund, Contributory Teachers            | 5,185,928.00         |
| General Fund, Non-Contributory Teachers        | 31,520.00            |
| Revenue Sharing Fund-Contributory Teachers     | 13,511,051.13        |
| Revenue Sharing Fund-Non-Contributory Teachers | 94,560.00            |
| Highway Funds                                  | 4,625,654.34         |
| Special Revenue Funds                          | 3,870,473.45         |
| Enterprise Funds                               | 419,434.53           |
| Intragovernmental Service Funds                | 423,088.96           |
| All Other State Funds                          | <u>97,714.22</u>     |
| Total State Contributions                      | \$35,488,013.63      |
| Participating Districts                        | 10,968,325.02        |
| Individuals                                    | <u>28,002,557.89</u> |
| Total Contributions                            | 74,458,896.54        |
| Transfer From General Ledger                   | 24.20                |
| Net Income From Investments                    | <u>12,521,208.25</u> |
| TOTAL ADDITIONS                                | \$ 86,980,128.99     |

DEDUCTIONS:

| Retirement Allowance Paid    | Number |                 |
|------------------------------|--------|-----------------|
| Council Order                | 4      | 3,082.80        |
| Legislative Resolves         | 11     | 38,984.13       |
| Retirement Full Benefits     | 6314   | 21,472,325.23   |
| Ordinary Disability:         |        |                 |
| Old Law                      | 105    | 965,617.94      |
| Chapter 622, PL 1975         | 179    | 603,438.66      |
| Service Incurred Disability  | 121    | 463,474.27      |
| Option I                     | 1544   | 4,882,809.31    |
| Option II                    | 1280   | 4,219,132.33    |
| Option III                   | 1594   | 7,575,017.75    |
| Option IV                    | 268    | 1,175,291.33    |
| Option II - Beneficiary      | 312    | 616,039.02      |
| Automatic Option II -        |        |                 |
| Beneficiary                  | 429    | 966,587.30      |
| Option III - Beneficiary     | 388    | 560,445.58      |
| Option IV - Beneficiary      | 164    | 315,939.94      |
| Automatic Option IV -        |        |                 |
| Beneficiary                  | 79     | 90,626.62       |
| Service Incurred Death - P&F | 6      | 33,675.72       |
| 15-Year Teachers             | 164    | 161,842.96      |
| 10-Year Vested Right         | 956    | 1,305,934.15    |
| Service Incurred Death -     |        |                 |
| Sheriffs & Deputies          | 5      | 37,607.26       |
| 20-Year Teachers             | 37     | 35,753.41       |
| Law Enforcement Officers -   |        |                 |
| Marine Resources             | 20     | 115,897.61      |
| Fish & Wildlife              | 65     | 361,434.51      |
| State Police                 | 107    | 636,674.04      |
| 25-Year Service-Age 55       | 15     | 61,043.70       |
| Forest Rangers               | 3      | 15,216.60       |
| Fire Fighters & Police       |        |                 |
| Spec. Prov. - Sec. 1121      | 7      | 49,194.84       |
| Spec. Prov. - Sec. 1092      | 20     | 105,776.91      |
| Benefits by P & S Laws       | 64     | 101,654.89      |
| Prison Guards - Section 1121 |        |                 |
| Sub-Section 2-F              | 9      | 43,270.87       |
| Special Benefits - Sec. 1092 |        |                 |
| Sub-Section 4                | 2      | <u>5,052.52</u> |
|                              |        | 47,018,842.20   |

Analysis of Changes in Trust Fund Reserves - continued

Retirement Allowance Adjustment Paid

|                                   |  |              |               |
|-----------------------------------|--|--------------|---------------|
| Council Order                     |  | 6,310.96     |               |
| Legislative Resolves              |  | 4,902.57     |               |
| Retirement Full Benefits          |  | 8,137,838.65 |               |
| Ordinary Disability -             |  |              |               |
| Old Law                           |  | 147,153.87   |               |
| Chapter 622, PL 1975              |  | 78,143.36    |               |
| Service Incurred Disability       |  | 159,613.72   |               |
| Option I                          |  | 2,407,864.65 |               |
| Option II                         |  | 1,097,103.79 |               |
| Option III                        |  | 2,334,576.63 |               |
| Option IV                         |  | 339,390.00   |               |
| Option II - Beneficiary           |  | 306,595.69   |               |
| Automatic Option II - Beneficiary |  | 475,849.31   |               |
| Option III - Beneficiary          |  | 369,894.41   |               |
| Option IV - Beneficiary           |  | 75,400.91    |               |
| Automatic Option IV - Beneficiary |  | 43,476.46    |               |
| Service Incurred Death - P&F      |  | 12,679.28    |               |
| 15-Year Teachers                  |  | 103,126.57   |               |
| 10-Year Vested Right              |  | 468,658.55   |               |
| Service Incurred Death -          |  |              |               |
| Sheriffs & Deputies               |  | 7,718.20     |               |
| 20-Year Teachers                  |  | 26,622.97    |               |
| Law Enforcement Officers -        |  |              |               |
| Marine Resources                  |  | 29,193.68    |               |
| Fish & Wildlife                   |  | 97,803.20    |               |
| State Police                      |  | 158,094.33   |               |
| 25-Year Service-Age 55            |  | 28,845.53    |               |
| Forest Rangers                    |  | 3,601.36     |               |
| Fire Fighters & Police            |  |              |               |
| Spec. Prov. - Sec. 1121           |  | 12,962.44    |               |
| Spec. Prov. - Sec. 1092           |  | 23,849.04    |               |
| Benefits by P & S Laws            |  | 15,491.48    |               |
| Prison Guards - Section 1121      |  |              |               |
| Sub-Section 2-F                   |  | 10,802.18    |               |
|                                   |  |              | 16,983,563.79 |

Survivor Benefits

|                         | <u>Number</u> |            |              |
|-------------------------|---------------|------------|--------------|
| Accidental Death -      |               |            |              |
| Service Incurred        | 11            | 24,452.66  |              |
| Spouse - Age 60         | 240           | 367,773.72 |              |
| Spouse - 10-Year Clause | 175           | 271,785.36 |              |
| Spouse - Children       | 182           | 555,881.53 |              |
| Children                | 60            | 124,883.39 |              |
| Parents                 | 28            | 47,331.74  |              |
|                         |               |            | 1,392,108.40 |

Refunds

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| To Former Members                     | 4,839,370.80 |              |
| To Beneficiaries of Deceased Members  | 196,096.21   |              |
| To Survivor of a Disability Pensioner | 22,563.04    |              |
| To Beneficiary of Deceased - Option I | 100,504.99   |              |
|                                       |              | 5,158,535.04 |

|                  |                         |
|------------------|-------------------------|
| TOTAL DEDUCTIONS | <u>70,553,049.43</u>    |
| BALANCE JUNE 30  | <u>\$241,350,884.84</u> |

MAINE STATE RETIREMENT SYSTEM  
RETIREMENT ALLOWANCE PAYROLL  
June 30, 1977 and 1978

|                                  | Retired Persons |           | Increase<br>or<br>(Decrease) | Retirement Allowance Payroll |                | Increase<br>or<br>(Decrease) | Average Monthly<br>Payments |           |
|----------------------------------|-----------------|-----------|------------------------------|------------------------------|----------------|------------------------------|-----------------------------|-----------|
|                                  | June 1978       | June 1977 |                              | June 1978                    | June 1977      |                              | June 1978                   | June 1977 |
| State Employees                  | 5413            | 5035      | 378                          | \$1,898,820.86               | \$1,588,036.27 | \$310,784.59                 | \$350.79                    | \$315.40  |
| Teachers - Contributory          | 4396            | 4063      | 333                          | 2,106,525.09                 | 1,750,095.05   | 356,430.04                   | 479.19                      | 430.74    |
| Teachers - Non-Contributory      | 1989            | 2103      | (114)                        | 748,260.60                   | 720,903.63     | 27,356.97                    | 376.20                      | 342.80    |
| Teachers - Retired Prior to 1947 | 9               | 13        | ( 4)                         | 2,590.93                     | 3,412.36       | ( 821.43)                    | 287.88                      | 262.49    |
| Androscoggin County              | 34              | 32        | 2                            | 5,579.84                     | 4,552.47       | 1,027.37                     | 164.11                      | 142.26    |
| Aroostook County                 | 15              | 13        | 2                            | 2,681.57                     | 2,368.95       | 312.62                       | 178.77                      | 182.23    |
| Auburn                           | 64              | 60        | 4                            | 13,719.71                    | 11,693.48      | 2,026.23                     | 214.37                      | 194.89    |
| Auburn Housing Authority         | 1               | --        | 1                            | 117.86                       | --             | 117.86                       | 117.86                      | --        |
| Auburn Public Library            | 5               | 5         | --                           | 865.40                       | 865.40         | --                           | 173.08                      | 173.08    |
| Auburn Sewer District            | 3               | 4         | ( 1)                         | 668.29                       | 807.41         | ( 139.12)                    | 222.76                      | 201.85    |
| Auburn Water District            | 7               | 7         | --                           | 2,525.74                     | 2,156.46       | 369.28                       | 360.82                      | 308.07    |
| Augusta                          | 82              | 65        | 17                           | 30,604.54                    | 20,309.51      | 10,295.03                    | 373.23                      | 312.45    |
| Augusta Sanitary District        | 5               | 5         | --                           | 798.27                       | 1,028.27       | ( 230.00)                    | 159.65                      | 205.65    |
| Augusta Water District           | 10              | 9         | 1                            | 4,049.84                     | 3,579.09       | 470.75                       | 404.98                      | 397.68    |
| Baileyville                      | 4               | 4         | --                           | 798.19                       | 798.19         | --                           | 199.55                      | 199.55    |
| Bangor                           | 186             | 169       | 17                           | 65,638.96                    | 53,812.58      | 11,826.38                    | 352.90                      | 318.42    |
| Bangor Public Library            | 19              | 20        | ( 1)                         | 6,670.78                     | 6,271.08       | 399.70                       | 351.09                      | 313.55    |
| Bangor Water District            | 12              | 12        | --                           | 2,366.05                     | 2,392.06       | ( 26.01)                     | 197.17                      | 199.34    |
| Bar Harbor                       | 15              | 14        | 1                            | 3,244.79                     | 2,985.58       | 259.21                       | 216.32                      | 213.26    |
| Bath                             | 51              | 49        | 2                            | 19,276.90                    | 16,572.98      | 2,703.92                     | 377.98                      | 338.22    |
| Bath Water District              | 4               | 4         | --                           | 1,477.59                     | 1,352.80       | 124.79                       | 369.40                      | 338.20    |
| Belfast                          | 10              | 9         | 1                            | 881.48                       | 781.48         | 100.00                       | 88.15                       | 86.83     |
| Belfast Water District           | 1               | --        | 1                            | 274.99                       | --             | 274.99                       | 274.99                      | --        |
| Berwick                          | 1               | 1         | --                           | 205.73                       | 205.73         | --                           | 205.73                      | 205.73    |
| Biddeford                        | 30              | 26        | 4                            | 5,439.47                     | 4,933.40       | 506.07                       | 181.32                      | 189.75    |
| Bingham Water District           | 2               | 2         | --                           | 135.91                       | 135.91         | --                           | 67.96                       | 67.96     |
| Boothbay Harbor                  | 1               | 1         | --                           | 72.34                        | 86.80          | ( 14.46)                     | 72.34                       | 86.80     |
| Boothbay Harbor Water District   | 3               | 4         | ( 1)                         | 459.69                       | 470.74         | ( 11.05)                     | 153.23                      | 117.69    |
| Brewer                           | 10              | 8         | 2                            | 1,279.65                     | 1,099.41       | 180.24                       | 127.97                      | 137.43    |
| Brewer Water District            | 2               | 2         | --                           | 387.42                       | 387.42         | --                           | 193.71                      | 193.71    |
| Bridgton                         | 2               | 1         | 1                            | 387.20                       | 204.95         | 182.25                       | 193.60                      | 204.95    |
| Brunswick                        | 66              | 61        | 5                            | 13,705.45                    | 11,698.10      | 2,007.35                     | 207.66                      | 191.77    |



|  | Retired Persons |           | Increase<br>or<br>(Decrease) | Retirement Allowance Payroll |           | Increase<br>or<br>(Decrease) | Average Monthly<br>Payments |           |
|--|-----------------|-----------|------------------------------|------------------------------|-----------|------------------------------|-----------------------------|-----------|
|  | June 1978       | June 1977 |                              | June 1978                    | June 1977 |                              | June 1978                   | June 1977 |
| Brunswick Sewer District                       | 1               | 1         | -                            | \$ 44.12                     | \$ 44.12  | \$ --                        | \$ 44.12                    | \$ 44.12  |
| Bucksport                                      | 7               | 7         | -                            | 471.88                       | 468.95    | 2.93                         | 67.41                       | 66.99     |
| Calais   | 19              | 17        | 2                            | 2,067.78                     | 1,529.41  | 538.37                       | 108.83                      | 89.97     |
| Camden   | 12              | 10        | 2                            | 1,388.72                     | 1,047.45  | 341.27                       | 115.73                      | 104.75    |
| Cape Elizabeth                                 | 29              | 29        | -                            | 2,742.31                     | 2,677.71  | 64.60                        | 94.56                       | 92.33     |
| Chevrus High School                            | 3               | 1         | 2                            | 317.09                       | 140.42    | 176.67                       | 105.70                      | 140.42    |
| Corinna  | 1               | 1         | -                            | 102.10                       | 102.10    | --                           | 102.10                      | 102.10    |
| Cranberry Isle                                 | 2               | 2         | -                            | 138.38                       | 138.38    | --                           | 69.19                       | 69.19     |
| Cumberland County                              | 29              | 30        | ( 1)                         | 6,888.98                     | 6,130.26  | 758.72                       | 237.55                      | 204.34    |
| Dexter   | 8               | 8         | -                            | 1,265.13                     | 1,265.13  | --                           | 158.14                      | 158.14    |
| Dover-Foxcroft                                 | 2               | 2         | -                            | 56.95                        | 84.88     | ( 27.93)                     | 28.48                       | 42.44     |
| East Millinocket                               | 18              | 14        | 4                            | 4,209.32                     | 3,222.01  | 987.31                       | 233.85                      | 230.14    |
| Eliot  | 2               | 1         | 1                            | 611.62                       | 236.20    | 375.42                       | 305.81                      | 236.20    |
| Ellsworth                                      | 15              | 13        | 2                            | 1,793.48                     | 1,461.17  | 332.31                       | 119.57                      | 112.40    |
| Exeter   | 1               | 1         | -                            | 87.53                        | 87.53     | --                           | 87.53                       | 87.53     |
| Falmouth                                       | 20              | 17        | 3                            | 3,780.91                     | 2,799.79  | 981.12                       | 189.05                      | 164.69    |
| Falmouth Memorial Library                      | 1               | 1         | -                            | 100.00                       | 100.00    | --                           | 100.00                      | 100.00    |
| Farmington                                     | 3               | 3         | -                            | 981.99                       | 894.33    | 87.66                        | 327.33                      | 298.11    |
| Farmington Village Corporation                 | 1               | 1         | -                            | 104.07                       | 104.07    | --                           | 104.07                      | 104.07    |
| Fort Fairfield                                 | 8               | 6         | 2                            | 1,661.49                     | 1,102.84  | 558.65                       | 207.69                      | 183.81    |
| Fort Fairfield Utilities District              | 1               | 1         | -                            | 369.78                       | 369.78    | --                           | 369.78                      | 369.78    |
| Fort Kent                                      | 3               | 2         | 1                            | 962.48                       | 559.71    | 402.77                       | 320.83                      | 279.86    |
| Franklin County                                | 9               | 11        | ( 2)                         | 1,166.87                     | 1,221.12  | ( 54.25)                     | 129.65                      | 111.01    |
| Freeport                                       | 3               | 3         | -                            | 304.97                       | 304.97    | --                           | 101.66                      | 101.66    |
| Gardiner                                       | 12              | 11        | 1                            | 2,064.30                     | 1,863.16  | 201.14                       | 172.03                      | 169.38    |
| Garland  | 1               | 1         | -                            | 276.18                       | 276.18    | --                           | 276.18                      | 276.18    |
| Glenburn                                       | 1               | 1         | -                            | 90.17                        | 90.17     | --                           | 90.17                       | 90.17     |
| Gorham   | 3               | --        | 3                            | 425.20                       | --        | 425.20                       | 141.73                      | --        |
| Gould Academy                                  | 1               | --        | 1                            | 150.74                       | --        | 150.74                       | 150.74                      | --        |
| Greater Portland Public Development Commission | 6               | 6         | -                            | 2,813.81                     | 2,562.60  | 251.21                       | 468.97                      | 427.10    |
| Greenville                                     | 1               | 1         | -                            | 36.49                        | 36.49     | --                           | 36.49                       | 36.49     |
| Hampden  | 6               | 4         | 2                            | 1,013.91                     | 524.81    | 489.10                       | 168.99                      | 131.20    |
| Hancock County                                 | 12              | 12        | -                            | 1,867.31                     | 1,700.58  | 166.73                       | 155.61                      | 141.72    |
| Hermon   | 3               | 1         | 2                            | 188.24                       | 67.10     | 121.14                       | 62.75                       | 67.10     |
| Houlton  | 16              | 18        | ( 2)                         | 2,573.37                     | 2,939.17  | ( 365.80)                    | 160.84                      | 163.29    |

|  | Retired Persons |           | Increase<br>or<br>(Decrease) | Retirement Allowance Payroll |             | Increase<br>or<br>(Decrease) | Average Monthly<br>Payments |           |
|--|-----------------|-----------|------------------------------|------------------------------|-------------|------------------------------|-----------------------------|-----------|
|  | June 1978       | June 1977 |                              | June 1978                    | June 1977   |                              | June 1978                   | June 1977 |
| Houlton Water District                       | 11              | 10        | 1                            | \$ 4,635.16                  | \$ 3,476.90 | \$ 1,158.26                  | \$421.38                    | \$347.69  |
| Jay  | 7               | 9         | ( 2)                         | 693.16                       | 403.56      | 289.60                       | 99.02                       | 44.84     |
| Kennebec County                              | 19              | 19        | -                            | 2,815.94                     | 2,613.71    | 202.23                       | 148.21                      | 137.56    |
| Kennebec Water District                      | 9               | 9         | -                            | 2,203.32                     | 2,006.62    | 196.70                       | 244.81                      | 222.96    |
| Kennebunk                                    | 7               | 8         | ( 1)                         | 635.82                       | 676.50      | ( 40.68)                     | 90.83                       | 84.56     |
| Kennebunk Light & Power                      | 9               | 10        | ( 1)                         | 2,299.72                     | 2,163.86    | 135.86                       | 255.52                      | 216.39    |
| Kennebunkport                                | 4               | 4         | -                            | 599.21                       | 592.57      | 6.64                         | 149.80                      | 148.14    |
| Kittery                                      | 13              | 9         | 4                            | 3,266.49                     | 2,172.32    | 1,094.17                     | 251.27                      | 241.37    |
| Kittery Water District                       | 5               | 5         | -                            | 2,348.63                     | 2,138.95    | 209.68                       | 469.73                      | 427.79    |
| Knox County                                  | 15              | 15        | -                            | 3,168.10                     | 2,527.27    | 640.83                       | 211.21                      | 168.48    |
| Lewiston                                     | 119             | 97        | 22                           | 32,947.09                    | 22,484.67   | 10,462.42                    | 276.87                      | 231.80    |
| Limestone Water & Sewerage District          | 1               | --        | 1                            | 34.56                        | --          | 34.56                        | 34.56                       | --        |
| Lincoln                                      | 7               | 5         | 2                            | 1,396.70                     | 1,150.14    | 246.56                       | 199.53                      | 230.03    |
| Lincoln County                               | 6               | 6         | -                            | 735.73                       | 670.05      | 65.68                        | 122.62                      | 111.68    |
| Lisbon                                       | 8               | 7         | 1                            | 1,349.59                     | 1,078.69    | 270.90                       | 168.70                      | 154.10    |
| Livermore Falls                              | 3               | 3         | -                            | 345.62                       | 345.62      | --                           | 115.21                      | 115.21    |
| Livermore Falls Water District               | 1               | 1         | -                            | 351.11                       | 319.77      | 31.34                        | 351.11                      | 319.77    |
| Lubec Water & Electric                       | 3               | 3         | -                            | 700.14                       | 700.14      | --                           | 233.38                      | 233.38    |
| Madawaska                                    | 6               | 6         | -                            | 1,116.63                     | 1,116.63    | --                           | 186.11                      | 186.11    |
| Maine Maritime Academy                       | 30              | 30        | -                            | 6,310.84                     | 5,534.90    | 775.94                       | 210.36                      | 184.50    |
| Maine Municipal Association                  | 2               | 2         | -                            | 778.13                       | 754.82      | 23.31                        | 389.07                      | 377.41    |
| Maine-New Hampshire Bridge Authority         | 6               | 6         | -                            | 1,692.79                     | 1,541.65    | 151.14                       | 282.13                      | 256.94    |
| Maine Turnpike Authority                     | 95              | 84        | 11                           | 24,312.62                    | 18,046.43   | 6,266.19                     | 255.92                      | 214.84    |
| Medway                                       | 3               | 3         | -                            | 232.44                       | 232.44      | --                           | 77.48                       | 77.48     |
| Mexico                                       | 2               | 3         | ( 1)                         | 413.54                       | 445.35      | ( 31.81)                     | 206.77                      | 148.45    |
| Millinocket                                  | 23              | 19        | 4                            | 10,984.95                    | 8,002.19    | 2,982.76                     | 477.61                      | 421.17    |
| Milo   | 5               | 5         | -                            | 1,009.09                     | 1,012.43    | ( 3.34)                      | 201.82                      | 202.49    |
| Mount Desert                                 | 9               | 9         | -                            | 1,465.69                     | 1,465.69    | --                           | 162.85                      | 162.85    |
| Mount Desert Island Regional School District | 1               | 1         | -                            | 17.60                        | 17.60       | --                           | 17.60                       | 17.60     |
| New Canada Plantation                        | 1               | 1         | -                            | 80.00                        | 80.00       | --                           | 80.00                       | 80.00     |
| Norway                                       | 6               | 6         | -                            | 1,045.83                     | 1,045.83    | --                           | 174.31                      | 174.31    |
| Old Orchard Beach                            | 11              | 10        | 1                            | 2,299.21                     | 2,252.08    | 47.13                        | 209.02                      | 225.21    |
| Old Town                                     | 15              | 15        | -                            | 1,549.70                     | 1,654.85    | ( 105.15)                    | 103.31                      | 110.32    |
| Old Town Water District                      | 1               | 1         | -                            | 477.09                       | 477.09      | --                           | 477.09                      | 477.09    |
| Orland                                       | 5               | 5         | -                            | 504.97                       | 504.97      | --                           | 100.99                      | 100.99    |

|                                    | Retired Persons |           | Increase<br>or<br>(Decrease) | Retirement Allowance Payroll |             | Increase<br>or<br>(Decrease) | Average Monthly<br>Payments |           |
|------------------------------------|-----------------|-----------|------------------------------|------------------------------|-------------|------------------------------|-----------------------------|-----------|
|                                    | June 1978       | June 1977 |                              | June 1978                    | June 1977   |                              | June 1978                   | June 1977 |
| Orono                              | 7               | 7         | -                            | \$ 1,436.49                  | \$ 1,436.49 | \$ --                        | \$205.21                    | \$205.21  |
| Otisfield                          | 2               | 1         | 1                            | 33.10                        | 21.89       | 11.21                        | 16.55                       | 21.89     |
| Oxford County                      | 18              | 18        | -                            | 1,774.15                     | 1,922.77    | ( 148.62)                    | 98.56                       | 106.82    |
| Oxford                             | 2               | 2         | -                            | 268.00                       | 268.00      | --                           | 134.00                      | 134.00    |
| Paris                              | 2               | 1         | 1                            | 490.39                       | 111.59      | 378.80                       | 245.20                      | 111.59    |
| Paris Utilities District           | 2               | 2         | -                            | 309.98                       | 309.98      | --                           | 154.99                      | 154.99    |
| Penobscot County                   | 23              | 21        | 2                            | 4,282.45                     | 3,701.05    | 581.40                       | 186.19                      | 176.24    |
| Piscataquis County                 | 2               | 2         | -                            | 33.39                        | 33.39       | --                           | 16.70                       | 16.70     |
| Pittsfield                         | 3               | 4         | ( 1)                         | 137.43                       | 307.17      | ( 169.74)                    | 45.81                       | 76.79     |
| Portland                           | 514             | 471       | 43                           | 207,202.18                   | 168,306.25  | 38,895.93                    | 403.12                      | 357.34    |
| Portland Housing Authority         | 4               | 3         | 1                            | 456.19                       | 319.33      | 136.86                       | 114.05                      | 106.44    |
| Portland Public Library            | 8               | 8         | -                            | 3,727.11                     | 3,394.36    | 332.75                       | 465.89                      | 424.30    |
| Portland Renewal Authority         | 6               | 6         | -                            | 1,409.20                     | 1,311.02    | 98.18                        | 234.87                      | 218.50    |
| Presque Isle                       | 19              | 14        | 5                            | 5,206.32                     | 3,107.43    | 2,098.89                     | 274.02                      | 221.96    |
| Rockland                           | 30              | 28        | 2                            | 6,173.83                     | 5,820.76    | 353.07                       | 205.79                      | 207.88    |
| Rumford                            | 26              | 23        | 3                            | 4,855.99                     | 4,077.71    | 778.28                       | 186.77                      | 177.29    |
| Rumford Fire & Police              | 16              | 15        | 1                            | 8,462.58                     | 6,984.18    | 1,478.40                     | 528.91                      | 465.61    |
| Rumford Water District             | 2               | 2         | -                            | 378.09                       | 378.09      | --                           | 189.05                      | 189.05    |
| Saco                               | 9               | 6         | 3                            | 2,505.63                     | 1,431.01    | 1,074.62                     | 278.40                      | 238.50    |
| Sagadahoc County                   | 9               | 8         | 1                            | 1,673.92                     | 1,390.09    | 283.83                       | 185.99                      | 173.76    |
| Sanford                            | 42              | 40        | 2                            | 5,635.14                     | 5,196.57    | 438.57                       | 134.17                      | 129.21    |
| Sanford Sewer District             | 6               | 4         | 2                            | 1,078.65                     | 869.52      | 209.13                       | 179.78                      | 217.38    |
| Scarborough                        | 24              | 20        | 4                            | 2,546.84                     | 2,084.13    | 462.71                       | 106.12                      | 104.21    |
| School Administrative District #2  | 1               | 1         | -                            | 319.82                       | 319.82      | --                           | 319.82                      | 319.82    |
| School Administrative District #9  | 3               | 1         | 2                            | 184.24                       | 20.01       | 164.23                       | 61.41                       | 20.01     |
| School Administrative District #16 | 2               | 1         | 1                            | 162.08                       | 82.08       | 80.00                        | 81.04                       | 82.08     |
| School Administrative District #21 | 2               | 2         | -                            | 287.76                       | 287.76      | --                           | 143.88                      | 143.88    |
| School Administrative District #29 | 4               | 3         | 1                            | 640.06                       | 457.14      | 182.92                       | 160.02                      | 152.38    |
| School Administrative District #31 | 2               | 2         | -                            | 200.00                       | 200.00      | --                           | 100.00                      | 100.00    |
| School Administrative District #34 | 4               | 4         | -                            | 361.52                       | 329.24      | 32.28                        | 90.38                       | 82.31     |
| School Administrative District #41 | 3               | 3         | -                            | 233.69                       | 233.69      | --                           | 77.90                       | 77.90     |
| School Administrative District #49 | 4               | 4         | -                            | 302.86                       | 302.86      | --                           | 75.72                       | 75.72     |
| School Administrative District #53 | 1               | 1         | -                            | 179.03                       | 179.03      | --                           | 179.03                      | 179.03    |
| School Administrative District #54 | 10              | 10        | -                            | 788.85                       | 689.94      | 98.91                        | 78.89                       | 68.99     |
| School Administrative District #56 | 2               | 1         | 1                            | 261.28                       | 123.11      | 138.17                       | 130.64                      | 123.11    |

|                                    | Retired Persons |              | Increase<br>or<br>(Decrease) | Retirement Allowance Payroll |                       | Increase<br>or<br>(Decrease) | Average Monthly<br>Payments |                 |
|------------------------------------|-----------------|--------------|------------------------------|------------------------------|-----------------------|------------------------------|-----------------------------|-----------------|
|                                    | June 1978       | June 1977    |                              | June 1978                    | June 1977             |                              | June 1978                   | June 1977       |
| School Administrative District #66 | 1               | 1            | -                            | \$ 4.33                      | \$ 4.33               | \$ --                        | \$ 4.33                     | \$ 4.33         |
| School Administrative District #67 | 4               | 3            | 1                            | 577.71                       | 412.08                | 165.63                       | 144.43                      | 137.36          |
| School Administrative District #71 | 4               | 4            | -                            | 204.81                       | 204.81                | --                           | 51.20                       | 51.20           |
| Searsport                          | 2               | 2            | -                            | 88.73                        | 88.73                 | --                           | 44.37                       | 44.37           |
| Skowhegan                          | 8               | 8            | -                            | 1,170.01                     | 1,170.01              | --                           | 146.25                      | 146.25          |
| Somerset County                    | 8               | 7            | 1                            | 979.96                       | 846.14                | 133.82                       | 122.50                      | 120.88          |
| South Berwick                      | 1               | 1            | -                            | 47.97                        | 47.97                 | --                           | 47.97                       | 47.97           |
| South Berwick Water District       | 1               | 1            | -                            | 100.00                       | 100.00                | --                           | 100.00                      | 100.00          |
| South Portland                     | 123             | 105          | 18                           | 35,405.60                    | 28,361.61             | 7,043.99                     | 287.85                      | 270.11          |
| Thomaston                          | 1               | --           | 1                            | 157.29                       | --                    | 157.29                       | 157.29                      | --              |
| Topsham                            | 5               | 5            | -                            | 975.10                       | 888.03                | 87.07                        | 195.02                      | 177.61          |
| Van Buren Housing Authority        | 2               | --           | 2                            | 121.19                       | --                    | 121.19                       | 60.60                       | --              |
| Vassalboro                         | 2               | 2            | -                            | 94.94                        | 94.94                 | --                           | 47.47                       | 47.47           |
| Waldo County                       | 9               | 8            | 1                            | 1,493.85                     | 1,213.26              | 280.59                       | 165.98                      | 151.66          |
| Washington County                  | 15              | 15           | -                            | 2,915.02                     | 2,672.45              | 242.57                       | 194.33                      | 178.16          |
| Waterville - Fire & Police         | 5               | 4            | 1                            | 3,137.71                     | 2,448.60              | 689.11                       | 627.54                      | 612.15          |
| Wells                              | 8               | 7            | 1                            | 1,234.21                     | 792.16                | 442.05                       | 154.28                      | 113.17          |
| Westbrook                          | 26              | 27           | ( 1)                         | 3,896.32                     | 3,720.71              | 175.61                       | 149.86                      | 137.80          |
| Westbrook - Fire & Police          | 5               | 3            | 2                            | 1,418.01                     | 721.19                | 696.82                       | 283.60                      | 240.40          |
| Wilton                             | 2               | 1            | 1                            | 711.63                       | 196.10                | 515.53                       | 355.82                      | 196.10          |
| Winslow                            | 1               | --           | 1                            | 64.56                        | --                    | 64.56                        | 64.56                       | --              |
| Winthrop                           | 4               | 4            | -                            | 909.60                       | 909.60                | --                           | 227.40                      | 227.40          |
| Yarmouth                           | 9               | 7            | 2                            | 1,492.10                     | 1,123.25              | 368.85                       | 165.79                      | 160.46          |
| York                               | 4               | 3            | 1                            | 377.72                       | 225.37                | 152.35                       | 94.43                       | 75.12           |
| York County                        | 22              | 19           | 3                            | 3,569.57                     | 2,833.37              | 736.20                       | 162.25                      | 149.12          |
| York Water District                | 6               | 6            | -                            | 2,078.53                     | 1,892.95              | 185.58                       | 346.42                      | 315.49          |
| Totals                             | <u>14272</u>    | <u>13446</u> | <u>826</u>                   | <u>\$5,425,670.72</u>        | <u>\$4,606,831.56</u> | <u>\$818,839.16</u>          | <u>\$380.16</u>             | <u>\$342.62</u> |

MAINE STATE RETIREMENT SYSTEM  
SURVIVOR BENEFIT PAYROLL  
June 30, 1978 and 1977

|  | Persons Receiving Benefits |            | Increase<br>or<br>(Decrease) | Benefits Paid       |                     | Increase<br>or<br>(Decrease) |
|--|----------------------------|------------|------------------------------|---------------------|---------------------|------------------------------|
|  | June 1978                  | June 1977  |                              | June 1978           | June 1977           |                              |
| State  | 399                        | 389        | 10                           | \$ 68,658.45        | \$ 62,208.36        | \$6,450.09                   |
| Teachers                                       | 166                        | 160        | 6                            | 30,905.17           | 29,272.50           | 1,632.67                     |
| Androscoggin County                            | 3                          | 2          | 1                            | 513.90              | 372.48              | 141.42                       |
| Auburn   | 8                          | 6          | 2                            | 1,100.00            | 700.00              | 400.00                       |
| Augusta  | 4                          | 4          | --                           | 400.00              | 400.00              | --                           |
| Bangor   | 18                         | 17         | 1                            | 2,350.00            | 2,250.00            | 100.00                       |
| Bath   | 3                          | 3          | --                           | 354.78              | 319.26              | 35.52                        |
| Brewer   | 1                          | 1          | --                           | 100.00              | 100.00              | --                           |
| Cumberland County                              | 5                          | 5          | --                           | 700.00              | 700.00              | --                           |
| East Millinocket                               | 1                          | 1          | --                           | 100.00              | 100.00              | --                           |
| Ellsworth                                      | 2                          | 2          | --                           | 200.00              | 200.00              | --                           |
| Fort Fairfield                                 | 1                          | 1          | --                           | 200.00              | 200.00              | --                           |
| Greater Portland Public Development Commission | 1                          | 1          | --                           | 100.00              | 100.00              | --                           |
| Houlton  | 2                          | 2          | --                           | 350.00              | 350.00              | --                           |
| Houlton Water District                         | 2                          | 2          | --                           | 475.83              | 487.44              | ( 11.61)                     |
| Kittery  | 1                          | 0          | 1                            | 100.00              | --                  | 100.00                       |
| Kittery Water District                         | 2                          | 2          | --                           | 650.42              | 638.54              | 11.88                        |
| Lewiston                                       | 2                          | 1          | 1                            | 550.00              | 250.00              | 300.00                       |
| Maine Turnpike Authority                       | 19                         | 19         | --                           | 3,046.80            | 2,744.27            | 302.53                       |
| Millinocket                                    | 1                          | 1          | --                           | 150.00              | 150.00              | --                           |
| Penobscot County                               | 1                          | 0          | 1                            | 250.00              | --                  | 250.00                       |
| Portland                                       | 38                         | 39         | ( 1)                         | 4,700.00            | 5,050.00            | ( 350.00)                    |
| Presque Isle                                   | 4                          | 4          | --                           | 500.00              | 500.00              | --                           |
| Rumford  | 2                          | 2          | --                           | 300.00              | 300.00              | --                           |
| South Portland                                 | 5                          | 5          | --                           | 652.52              | 612.84              | 39.68                        |
| Waterville Fire & Police                       | 2                          | 2          | --                           | 500.00              | 500.00              | --                           |
| Wells  | 1                          | 1          | --                           | 354.78              | 319.27              | 35.51                        |
| Westbrook Fire & Police                        | 1                          | 1          | --                           | 100.00              | 100.00              | --                           |
| York   | 1                          | 1          | --                           | 260.00              | 250.00              | 10.00                        |
| TOTALS   | <u>696</u>                 | <u>674</u> | <u>22</u>                    | <u>\$118,622.65</u> | <u>\$109,174.96</u> | <u>\$9,447.69</u>            |

MAINE STATE RETIREMENT SYSTEM  
CUMULATIVE STATEMENT OF NET GAINS (LOSSES) ON SALE OF SECURITIES  
(Memo Account - Reserve Against Future Losses)

|  |                  |                            |
|--|------------------|----------------------------|
| Net (Losses) on Securities Sales and Exchanges Through June 30, 1977             |                  | (\$23,139,961.79)          |
| ADDITIONS:   |                  |                            |
| Profit on Sale of Stocks   | \$ 244,976.86    |                            |
| Discount on Mortgage Loans   | <u>13,255.03</u> | 258,231.89                 |
| DEDUCTIONS:  |                  |                            |
| Loss on Sale of Bonds  | 625,501.07       |                            |
| Loss on Sale of Mortgages  | <u>10,591.81</u> | <u>636,092.88</u>          |
| Net Cumulative (Losses) on Sales or Exchange of Securities Through June 30, 1978 |                  | (\$ <u>23,517,822.78</u> ) |

\* \* \* \* \*

STATEMENT OF INVESTMENT OPERATIONS

Year Ended June 30, 1978

|                                       |                     |                         |
|---------------------------------------|---------------------|-------------------------|
| Net Loss on Sale of Securities        |                     | (\$ 391,116.02)         |
| Income From Investments:              |                     |                         |
| Interest - Time Deposits              | \$ 28,435.09        |                         |
| Interest - Bonds Note I               | 9,454,169.28        |                         |
| Interest - Mortgages                  | 424,905.51          |                         |
| Dividends on Stocks                   | <u>3,471,535.54</u> | <u>13,379,045.42</u>    |
| Total Earnings From Investments       |                     | 12,987,929.40           |
| Deductions From Investment Income:    |                     |                         |
| Investment Advisor Fees               | 352,323.26          |                         |
| Custodial Fees                        | 87,397.89           |                         |
| Investment Evaluation Consultant Fees | <u>27,000.00</u>    | <u>466,721.15</u>       |
| Net Income From Investments           |                     | \$ <u>12,521,208.25</u> |

Note I - Includes accrued interest earned during 1977-78

\* \* \* \* \*

INTEREST DISTRIBUTED TO ACCOUNT BALANCES

Year Ended June 30, 1978

|  |  |                         |
|--|--|-------------------------|
| Net Income From Investments              |  | \$12,521,208.25         |
| Additions:                               |  |                         |
| Net Loss on Sale of Securities           |  | 391,116.02              |
| Deductions:                              |  |                         |
| Discount on Mortgage Loans               |  | <u>13,255.03</u>        |
| Net Interest Distributed (Accrual Basis) |  | \$ <u>12,899,069.24</u> |

MAINE STATE RETIREMENT SYSTEM  
Summary of Earnings - July 1, 1942 through June 30, 1978

| Year Ending   | Market Value<br>of<br>Investments | Book Value<br>of<br>Investments | Net Increase in<br>Book Value of<br>Investments for<br>the year | Earnings<br>During<br>Year<br>Accrual Basis | Rate<br>of<br>Return % |
|---------------|-----------------------------------|---------------------------------|---|---|------------------------|
| June 30, 1943 | \$                                | \$ 576,142.97                   | \$ 318,000.00   | \$ 1,884.35                                 |                        |
| June 30, 1944 |                                   | 1,026,142.97                    | 450,000.00  | 12,154.46                                   |                        |
| June 30, 1945 |                                   | 1,486,142.97                    | 460,000.00  | 25,560.90                                   |                        |
| June 30, 1946 |                                   | 1,930,142.97                    | 444,000.00  | 50,140.29                                   |                        |
| June 30, 1947 |                                   | 2,489,142.97                    | 559,000.00  | 52,522.09                                   | 2.590                  |
| June 30, 1948 |                                   | 7,263,648.72                    | 4,774,505.75  | 159,487.91                                  | 2.517                  |
| June 30, 1949 |                                   | 9,038,648.72                    | 1,775,000.00  | 206,934.14                                  | 2.566                  |
| June 30, 1950 |                                   | 11,023,648.72                   | 1,985,000.00  | 256,668.07                                  | 2.578                  |
| June 30, 1951 |                                   | 12,934,768.72                   | 1,911,120.00  | 317,497.98                                  | 2.649                  |
| June 30, 1952 |                                   | 15,432,488.89                   | 2,497,720.17  | 386,620.65                                  | 2.722                  |
| June 30, 1953 |                                   | 17,823,719.34                   | 2,391,230.45  | 464,578.19                                  | 2.799                  |
| June 30, 1954 |                                   | 21,346,256.29                   | 3,522,536.95  | 576,314.21                                  | 2.953                  |
| June 30, 1955 |                                   | 24,801,155.43                   | 3,454,899.14  | 713,411.34                                  | 3.095                  |
| June 30, 1956 |                                   | 29,012,312.28                   | 4,211,156.85  | 820,511.51                                  | 3.068                  |
| June 30, 1957 |                                   | 33,137,935.09                   | 4,125,622.81  | 1,014,162.82                                | 3.3035                 |
| June 30, 1958 |                                   | 38,302,811.29                   | 5,164,876.20  | 1,233,750.20                                | 3.4975                 |
| June 30, 1959 |                                   | 44,511,070.88                   | 6,208,259.59  | 1,473,324.30                                | 3.609                  |
| June 30, 1960 |                                   | 50,880,174.72                   | 6,369,103.84  | 1,781,368.02                                | 3.787                  |
| June 30, 1961 |                                   | 57,633,773.71                   | 6,753,598.99  | 2,145,427.31                                | 4.0045                 |
| June 30, 1962 |                                   | 66,498,248.08                   | 8,864,474.37  | 2,540,623.88                                | 4.1582                 |
| June 30, 1963 |                                   | 75,022,765.44                   | 8,524,517.36  | 2,925,300.13                                | 4.2023                 |
| June 30, 1964 |                                   | 85,913,758.52                   | 10,890,993.08   | 3,328,056.40                                | 4.2074                 |
| June 30, 1965 | 94,667,062.00                     | 96,930,762.57                   | 11,017,004.05   | 3,870,496.12                                | 4.3196                 |
| June 30, 1966 | 101,309,145.00                    | 108,555,742.38                  | 11,624,979.81   | 4,475,359.34                                | 4.4431                 |
| June 30, 1967 | 106,476,959.00                    | 120,564,775.29                  | 12,009,032.91   | 5,070,389.31                                | 4.5177                 |
| June 30, 1968 | 119,861,036.70                    | 135,081,371.78                  | 14,516,596.49   | 5,741,943.99                                | 4.5899                 |
| June 30, 1969 | 126,512,881.54                    | 150,501,422.09                  | 15,420,050.31   | 6,103,338.79                                | 4.3610                 |
| June 30, 1970 | 115,813,988.62                    | 163,500,431.87                  | 12,999,009.78   | 6,310,034.78                                | 4.0939                 |
| June 30, 1971 | 158,897,761.53                    | 175,261,654.19                  | 11,761,222.32   | 6,357,344.92                                | 3.8132                 |
| June 30, 1972 | 187,053,699.54                    | 184,789,453.85                  | 9,527,799.66  | 6,593,475.25                                | 3.7203                 |
| June 30, 1973 | 186,239,980.28                    | 185,867,989.22                  | 1,078,535.37  | 6,651,554.76                                | 3.6460                 |
| June 30, 1974 | 170,627,572.09                    | 188,846,484.91                  | 2,978,495.69  | 8,344,366.67                                | 4.5292                 |
| June 30, 1975 | 193,791,992.58                    | 188,397,103.61                  | ( 449,381.30)   | 9,386,916.98                                | 5.0539                 |
| June 30, 1976 | 205,710,550.54                    | 193,878,411.56                  | 5,481,307.95  | 8,861,728.87                                | 4.6566                 |
| June 30, 1977 | 210,352,614.94                    | 206,401,915.73                  | 12,523,504.17   | 10,751,249.86                               | 5.2269                 |
| June 30, 1978 | 230,171,364.60                    | 230,676,904.21                  | 24,274,988.48   | 12,899,069.24                               | 5.6902                 |

\*Market Value data not available prior to 1965

MAINE STATE RETIREMENT SYSTEM  
Administration Funds  
Fiscal Year Ending June 1978 and 1977

|  | <u>General Administration</u> |                      | <u>Participating Districts<br/>Actuarial Services</u> |                  |
|--|-------------------------------|----------------------|---|------------------|
|  | <u>1978</u>                   | <u>1977</u>          | <u>1978</u>   | <u>1977</u>      |
| <u>Revenue:</u>                        |                               |                      |   |                  |
| General Funds - State                  | \$ 494,049.57                 | \$ 330,981.37        |   |                  |
| General Funds - Teachers               | 79,682.00                     | 187,380.00           |   |                  |
| Revenue Sharing Fund - Teachers        | 239,047.00                    | -0-                  |   |                  |
| Highway Funds                          | 288,214.22                    | 195,240.66           |   |                  |
| Special Revenue Funds                  | 273,480.28                    | 178,354.93           |   |                  |
| Other State Funds                      | 71,793.50                     | 45,605.47            |   |                  |
| University of Maine & Indian Education | 26,173.99                     | 18,928.92            |   |                  |
| Participating Districts                | 103,917.11                    | 93,589.16            |   |                  |
| Actuarial Services                     | -0-                           | 144.76               | 51,906.05   | 51,563.50        |
| Miscellaneous Income                   | 361.77                        | 20.40                |   |                  |
| Total Revenue                          | <u>1,576,719.44</u>           | <u>1,050,245.67</u>  | <u>51,906.05</u>                                      | <u>51,563.50</u> |
| <u>Expenditures:</u>                   |                               |                      |   |                  |
| Personal Services                      | 288,573.83                    | 251,241.90           |   |                  |
| Actuarial Services                     | 13,937.44                     | 14,049.86            | 51,906.05   | 51,563.50        |
| Data Processing                        | 46,415.47                     | 26,491.45            |   |                  |
| Utilities                              | 3,953.99                      | 4,386.03             |   |                  |
| Postage & Mailing                      | 33,613.44                     | 30,450.67            |   |                  |
| Repairs to Equipment                   | 9,220.93                      | 8,092.77             |   |                  |
| Printing & Binding                     | 10,434.51                     | 11,988.27            |   |                  |
| Office Supplies                        | 6,110.39                      | 7,766.27             |   |                  |
| Retirement Costs                       | 37,290.92                     | 29,713.28            |   |                  |
| Research & Legal Services              | 23,022.04                     | 11,305.81            |   |                  |
| Health Insurance                       |                               |                      |   |                  |
| Active Employees                       | 11,221.21                     | 9,037.42             |   |                  |
| Retirees                               | 783,593.11                    | 556,785.42           |   |                  |
| STA-CAP Costs                          | 60,788.19                     | --                   |   |                  |
| General Operating Costs                | 11,235.78                     | 10,368.42            |   |                  |
| Office Equipment                       | 18,227.83                     | 3,513.34             |   |                  |
| Total Expenditures                     | <u>1,357,639.08</u>           | <u>975,190.91</u>    | <u>51,906.05</u>                                      | <u>51,563.50</u> |
| Current Year Reserves                  | 219,080.36                    | 75,054.76            |   |                  |
| Prior Year Reserves                    | 221,189.04                    | 146,134.28           |   |                  |
| Balance of Reserves                    | <u>\$ 440,269.40</u>          | <u>\$ 221,189.04</u> | <u>-0-</u>  | <u>-0-</u>       |

Note: Expenditures for the year 1978 have been reduced by \$80,840.08 and charged to the Insurance (\$33,190.00) and Social Security (\$47,650.08) administration accounts



MAINE STATE RETIREMENT SYSTEM

Comparative Balance Sheet

Group Life Insurance

At June 30, 1977, Compared to June 30, 1978

|                              | <u>ASSETS</u>         |                       | Increase<br>or<br>(Decrease) |
|------------------------------|-----------------------|-----------------------|------------------------------|
|                              | <u>1978</u>           | <u>1977</u>           |                              |
| Assets:                      |                       |                       |                              |
| Cash (Demand Deposit) Note I | \$6,421,078.31        | \$5,428,537.31        | \$ 992,541.00                |
| Accounts Receivable (Net)    | 7,190.00              | 6,660.00              | 530.00                       |
| Due From Other Funds         | <u>50,000.00</u>      | <u>50,000.00</u>      | <u>--</u>                    |
| Total Assets                 | <u>\$6,478,268.31</u> | <u>\$5,485,197.31</u> | <u>\$ 993,071.00</u>         |

RESERVES, LIABILITIES AND WORKING CAPITAL

|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| Reserves and Working Capital:                   |                       |                       |                       |
| Reserve for Retirees Premiums                   | \$4,438,613.49        | \$3,340,443.74        | \$1,098,169.75        |
| Reserve for Contingencies                       | 25,000.00             | 25,000.00             | --                    |
| Reserve for Supplemental Distribution           | 1,762,640.18          | 1,781,974.20          | ( 19,334.02)          |
| Working Capital                                 | <u>50,000.00</u>      | <u>50,000.00</u>      | <u>--</u>             |
| Total Reserves and Working Capital              | <u>\$6,276,253.67</u> | <u>\$5,197,417.94</u> | <u>\$1,078,835.73</u> |
| Liabilities:                                    |                       |                       |                       |
| Group Life Insurance Deductions-Basic           | ( 340.42)             | ( 7.56)               | ( 332.86)             |
| Group Life Insurance Deductions-Supplemental    | ( 415.83)             | ( 4.32)               | ( 411.51)             |
| Group Life Insurance Deductions-Dependent       | ( 51.80)              | ( -0- )               | ( 51.80)              |
| Accounts Payable                                | <u>202,822.69</u>     | <u>287,791.25</u>     | <u>( 84,968.56)</u>   |
| Total Liabilities                               | <u>202,014.64</u>     | <u>287,779.37</u>     | <u>( 85,764.73)</u>   |
| Total Reserves, Liabilities and Working Capital | <u>\$6,478,268.31</u> | <u>\$5,485,197.31</u> | <u>\$ 993,071.00</u>  |

Note I - Invested in State Treasurer's "Cash Pool"

MAINE STATE RETIREMENT SYSTEM

Statement of Operations

Group Life Insurance Fund

Year Ended June 30, 1978

Available Funds:

Premiums Collected (1977-78) -

|              |                  |
|--------------|------------------|
| Basic        | \$1,799,492.40   |
| Supplemental | 828,826.61       |
| Dependent    | <u>72,862.64</u> |

\$2,701,181.65

Dividend Received -

|                         |                   |
|-------------------------|-------------------|
| State & Teachers        | 890,700.94        |
| Participating Districts | <u>225,301.00</u> |

1,116,001.94

Reserves Released by Underwriter

489,528.23

Appropriation from General Fund -

|                   |                   |
|-------------------|-------------------|
| Active Employees  | 24,000.00         |
| Retired Employees | <u>359,000.00</u> |

383,000.00

Reimbursement of Administration Costs -

|                         |                 |
|-------------------------|-----------------|
| State                   | 26,000.00       |
| Participating Districts | <u>7,190.00</u> |

33,190.00

Earnings on Investments -

|                      |            |
|----------------------|------------|
| Treasury "Cash Pool" | 440,218.46 |
|----------------------|------------|

TOTAL

\$5,163,120.28

Expenditures, Dividend Distributions and  
Additions to Reserves:

Premiums Paid to Insurer -

Active Employees:

|                                     |                  |
|-------------------------------------|------------------|
| State Funds                         | \$ 24,000.00     |
| Employees & Employers Contributions |                  |
| Basic                               | 1,799,832.82     |
| Supplemental                        | 829,242.44       |
| Dependent                           | <u>72,914.44</u> |

2,725,989.70

Retired Persons -

|                              |                   |
|------------------------------|-------------------|
| Employees Insurance Premiums | <u>694,381.90</u> |
|------------------------------|-------------------|

3,420,371.60

Supplemental Distribution

406,230.00

Administration Expense

33,190.00

Overpayment of Premiums to Insurer

( 808.05)

Dividend Distributed to Participating Districts -

|                                   |                 |
|-----------------------------------|-----------------|
| Cash Payments                     | 219,835.57      |
| Retained for Administration Costs | <u>5,465.43</u> |

225,301.00

Addition to Reserves -

|                                       |                     |
|---------------------------------------|---------------------|
| Reserve for Retiree Premiums          | 1,098,169.75        |
| Reserve for Supplemental Distribution | <u>( 19,334.02)</u> |

1,078,835.73

TOTAL

\$5,163,120.28

MAINE STATE RETIREMENT SYSTEM  
GROUP LIFE INSURANCE FUND

The following dividend summary of the State of Maine Group Life Insurance program administered by the Board of Trustees has been submitted by Unionmutual and covers the fiscal period July 1, 1977, to June 30, 1978.

Dividends and interest on all sections of the plan totalled \$1,271,554, an increase of \$231,006 over the dividend from all plan operations for the previous year. This increase was reflected for the most part in dividends applicable to the state/teacher Basic plan, which were \$121,150 more than the previous year, and dividends applicable to participating local districts which were \$81,962 greater than dividends in the previous year. A comparison of the dividends applicable to the several groups and plans for the past two fiscal periods is as follows:

|                                 | <u>Year Ended June 30</u> |                    |
|---------------------------------|---------------------------|--------------------|
|                                 | <u>1978</u>               | <u>1977</u>        |
| State & Teacher (Basic)         | \$ 715,136                | \$ 593,986         |
| State & Teacher (Supplemental)  | 266,144                   | 238,250            |
| City of Portland                | 56,190                    | 60,225             |
| City of Bangor                  | 10,704                    | 23,078             |
| Pooled Districts (Basic)        | 179,310                   | 98,557             |
| Pooled Districts (Supplemental) | <u>44,070</u>             | <u>26,452</u>      |
| Total                           | <u>\$1,271,554</u>        | <u>\$1,040,548</u> |

The Basic dividend (state/teacher) has been added to the existing reserve for future premiums account and used to assist in the funding of premiums on retired state employees and teachers whose group life insurance is continued into retirement. The Supplemental dividend (state/teacher) will be added to the existing reserve for Supplemental dividend distribution, which is disbursed in the form of a benefit payment to the beneficiaries of retired and active participants in the Supplemental plan, at the rate of 30% of coverage for those individuals who were under the plan for five years. Beneficiaries of participants with less than five years in the plan receive a prorata Supplemental dividend distribution.

The local district dividends will be distributed in December in the amounts indicated in the Underwriter's report, less any administrative charges applicable.

Interest credited on cash balances held by the Underwriter covering the recent policy year totalled \$61,842. This amount was comprised of interest credits on the cash flow and reserves of \$38,845, interest credited on dividends of \$22,997, less interest charges on Supplemental dividend distribution funding of \$5,733. This latter charge represents the Underwriter's charge to fund the Supplemental dividend distributions (30%) which is initially paid by the Underwriter and reimbursed by the System.

MAINE STATE RETIREMENT SYSTEM  
DIVIDEND SUMMARY  
POLICY NUMBER: 2200  
7/1/77 to 7/1/78

|  | <u>STATE &amp;<br/>TEACHER<br/>BASIC</u> | <u>STATE &amp;<br/>TEACHER<br/>SUPPLEMENTAL</u> | <u>PORTLAND</u> | <u>BANGOR</u> | <u>PD<br/>BASIC</u> | <u>PD<br/>SUPPLEMENTAL</u> | <u>ALL PLANS</u> |
|--|--|---|-----------------|---------------|---------------------|----------------------------|------------------|
| EARNED PREMIUM                             | \$1,969,297                              | \$757,613                                       | \$127,163       | \$73,175      | \$421,495           | \$71,630                   | \$3,420,373      |
| PAID CLAIMS*                               | 1,220,040                                | 501,072   | 69,615          | 61,594        | 229,798             | 25,110                     | 2,107,229        |
| BEGINNING RESERVE                          | 279,716                                  | 190,914   | 2,285           | 6,579         | 42,222              | 13,800                     | 535,516          |
| END RESERVE **                             | 280,364                                  | 168,930   | -0-             | 4,918         | 39,509              | 13,800                     | 507,521          |
| INCURRED CLAIMS                            | 1,220,688                                | 479,088   | 67,330          | 59,933        | 227,085             | 25,110                     | 2,079,234        |
| GROSS RETENTION                            | 67,372                                   | 19,231  | 6,536           | 3,645         | 24,510              | 4,400                      | 125,694          |
| INTEREST CREDITS                           | 22,365                                   | 8,604   | 1,444           | 831           | 4,787               | 814                        | 38,845           |
| NET RETENTION                              | 45,007                                   | 10,627  | 5,092           | 2,814         | 19,723              | 3,586                      | 86,849           |
| GROSS DIVIDEND                             | 703,602                                  | 267,898   | 54,741          | 10,428        | 174,687             | 42,934                     | 1,254,290        |
| INT. CHARGE ON<br>SUPPLEMENTAL DIVIDEND    | -0-                                      | -5,733  | -0-             | -0-           | -0-                 | -0-                        | -5,733           |
| INT. ON PREL.<br>DIV. AT 9.2% TO 9/1       | 10,146                                   | 3,451   | -0-             | -0-           | -0-                 | -0-                        | 13,597           |
| INT. ON ADD'L DIV.<br>DUE AT 9.2% TO 10/15 | 1,388                                    | 528   | 1,449           | 276           | 4,623               | 1,136                      | 9,400            |
| DIV. PLUS NET INT.                         | 715,136                                  | 266,144   | 56,190          | 10,704        | 179,310             | 44,070                     | 1,271,554        |
| LESS PREL. PAYMENT 9/1                     | 680,864                                  | 231,528   | -0-             | -0-           | -0-                 | -0-                        | 912,392          |
| BALANCE DUE ON<br>DIV. PAYMENT PLUS INT.   | 34,272                                   | 34,616  | 56,190          | 10,704        | 179,310             | 44,070                     | 359,162          |



MAINE STATE RETIREMENT SYSTEM  
BASIC AND DEPENDENT  
7/1/77 to 7/1/78

| PD<br>NUMBER | PD NAME                        | PAID BASIC<br>AND DEP<br>PREMIUM | PAID<br>CLAIMS | LOSS<br>RATIO | DIVIDEND | INTEREST | TOTAL    |
|--------------|--------------------------------|----------------------------------|----------------|---------------|----------|----------|----------|
| 04           | City of Presque Isle           | \$ 9,292                         | \$--           | --            | \$ 5,760 | \$152    | \$ 5,912 |
| 05           | County of Cumberland           | 7,865                            | 2,138          | 27.1          | 4,875    | 129      | 5,004    |
| 08           | Town of Camden                 | 3,573                            | 8,045          | 225.2         | --       | --       | --       |
| 09           | City of South Portland         | 40,013                           | 17,561         | 43.9          | 20,052   | 530      | 20,582   |
| 10           | Town of Houlton                | 5,409                            | 2,438          | 45.1          | 2,646    | 70       | 2,716    |
| 11           | County of Penobscot            | 7,840                            | 13,746         | 175.3         | --       | --       | --       |
| 12           | Kittery Water District         | 1,228                            | --             | --            | 762      | 20       | 782      |
| 13           | City of Ellsworth              | 3,278                            | --             | --            | 2,032    | 54       | 2,086    |
| 15           | Town of Bar Harbor             | 4,291                            | 3,013          | 70.2          | --       | --       | --       |
| 16           | Town of Mt. Desert             | 3,474                            | --             | --            | 2,154    | 57       | 2,211    |
| 17           | Town of Fort Fairfield         | 3,998                            | --             | --            | 2,479    | 66       | 2,545    |
| 18           | City of Rockland               | 7,610                            | --             | --            | 4,718    | 125      | 4,843    |
| 21           | Boothbay Harbor Water System   | 659                              | --             | --            | 409      | 11       | 420      |
| 22           | Bangor Public Library          | 3,371                            | 1,077          | 32.0          | 2,090    | 55       | 2,145    |
| 23           | City of Augusta                | 26,773                           | --             | --            | 16,598   | 439      | 17,037   |
| 24           | City of Gardiner               | 4,238                            | --             | --            | 2,627    | 70       | 2,697    |
| 26           | Houlton Water District         | 3,968                            | --             | --            | 2,460    | 65       | 2,525    |
| 28           | Town of York                   | 1,868                            | --             | --            | 1,158    | 31       | 1,189    |
| 29           | Limestone Water                | 240                              | --             | --            | 149      | 4        | 153      |
| 30           | Town of St. Agatha             | 197                              | 2,008          | 1019.3        | --       | --       | --       |
| 31           | Kennebec Water District        | 2,315                            | 8,080          | 349.0         | --       | --       | --       |
| 32           | Livermore Falls Water District | 655                              | --             | --            | 406      | 11       | 417      |
| 33           | County of Knox                 | 1,914                            | --             | --            | 1,187    | 31       | 1,218    |
| 34           | Augusta Water District         | 2,999                            | --             | --            | 1,859    | 49       | 1,908    |
| 35           | City of Belfast                | 2,781                            | 9,071          | 326.2         | --       | --       | --       |
| 38           | Maine Maritime Academy         | 20,392                           | 14,521         | 71.2          | --       | --       | --       |
| 39           | York Water District            | 1,410                            | --             | --            | 874      | 23       | 897      |
| 40           | County of Washington           | 3,059                            | 1,043          | 34.1          | 1,832    | 48       | 1,880    |
| 41           | Portland Public Library        | 2,548                            | --             | --            | 1,581    | 42       | 1,623    |
| 42           | Town of Brunswick              | 19,133                           | 16,990         | 89.0          | --       | --       | --       |
| 46           | County of Waldo                | 1,991                            | --             | --            | 1,234    | 33       | 1,267    |
| 49           | Maine Turnpike Authority       | 38,096                           | 27,626         | 72.5          | --       | --       | --       |
| 51           | Auburn Sewerage District       | 751                              | 2,810          | 374.2         | --       | --       | --       |
| 52           | Auburn Water District          | 1,991                            | --             | --            | 1,234    | 33       | 1,267    |
| 54           | Town of E. Millinocket         | 3,874                            | 10,082         | 2602.5        | --       | --       | --       |



(104)

MAINE STATE RETIREMENT SYSTEM  
BASIC AND DEPENDENT  
7/1/77 to 7/1/78

| PD<br>NUMBER | PD NAME                       | PAID BASIC<br>AND DEP<br>PREMIUM | PAID CLAIMS | LOSS<br>RATIO | DIVIDEND | INTEREST | TOTAL  |
|--------------|-------------------------------|----------------------------------|-------------|---------------|----------|----------|--------|
| 55           | Maine Municipal Bond Banks    | \$ 826                           | \$--        | --            | \$ 512   | \$ 14    | \$ 526 |
| 59           | Bangor Water District         | 4,200                            | 1,004       | 23.9          | 2,603    | 69       | 2,672  |
| 60           | Rumford Police and Fire       | 5,005                            | --          | --            | 3,102    | 82       | 3,184  |
| 61           | Town of Orono                 | 3,350                            | --          | --            | 2,076    | 55       | 2,131  |
| 62           | Kennebunk Light               | 2,469                            | --          | --            | 1,532    | 40       | 1,572  |
| 64           | Augusta Sewerage              | 2,250                            | --          | --            | 1,394    | 37       | 1,431  |
| 65           | Rumford Water District        | 920                              | --          | --            | 570      | 15       | 585    |
| 67           | County of Androscoggin        | 8,856                            | 22,082      | 249.3         | --       | --       | --     |
| 72           | Brunswick Sewerage            | 790                              | --          | --            | 490      | 13       | 503    |
| 73           | City of Bath                  | 9,294                            | --          | --            | 5,762    | 151      | 5,913  |
| 77           | S.A.D. #34                    | 2,098                            | 5,025       | 239.5         | --       | --       | --     |
| 78           | S.A.D. #28                    | 265                              | --          | --            | 164      | 4        | 168    |
| 80           | Town of Skowhegan             | 3,264                            | --          | --            | 2,024    | 54       | 2,078  |
| 81           | Town of Topsham               | 1,010                            | --          | --            | 626      | 17       | 643    |
| 83           | Town of Sanford               | 16,321                           | --          | --            | 10,118   | 268      | 10,386 |
| 84           | Town of Kennebunk             | 2,712                            | --          | --            | 1,682    | 45       | 1,727  |
| 85           | Town of Cape Elizabeth        | 6,897                            | 1,749       | 25.4          | 4,275    | 113      | 4,388  |
| 86           | Town of Wilton                | 772                              | --          | --            | 479      | 13       | 492    |
| 87           | Town of Falmouth              | 8,134                            | 1,633       | 20.1          | 5,043    | 133      | 5,176  |
| 89           | Sanford Sewerage              | 570                              | --          | --            | 353      | 9        | 362    |
| 90           | Rumford (General)             | 8,775                            | 1,258       | 14.3          | 5,440    | 144      | 5,584  |
| 93           | Maine Municipal Bond Banks    | 192                              | --          | --            | 119      | 3        | 122    |
| 94           | Gr. Portland Council of Govt. | 1,406                            | 9,077       | 645.6         | --       | --       | --     |
| 96           | Sagadahoc County              | 1,539                            | --          | --            | 954      | 25       | 979    |
| 98           | Town of Frenchville           | 180                              | --          | --            | 112      | 3        | 115    |
| 104          | Town of Milo                  | 1,535                            | 3,531       | 230.0         | --       | --       | --     |
| 105          | State Principals Association  | 337                              | --          | --            | 209      | 6        | 215    |
| 109          | Town of Livermore Falls       | 1,525                            | --          | --            | 945      | 25       | 970    |
| 114          | Town of Mechanic Falls        | 1,879                            | --          | --            | 1,165    | 31       | 1,196  |
| 115          | S.A.D. #54                    | 2,652                            | --          | --            | 1,644    | 44       | 1,688  |
| 116          | Town of Yarmouth              | 3,410                            | --          | --            | 2,114    | 56       | 2,170  |
| 121          | County of Piscataquis         | 2,035                            | --          | --            | 1,262    | 33       | 1,295  |
| 125          | Town of Norway                | 1,524                            | --          | --            | 945      | 25       | 970    |
| 127          | Town of Paris                 | 890                              | 761         | 85.5          | --       | --       | --     |
| 128          | S.A.D. #71                    | 1,781                            | --          | --            | 1,104    | 29       | 1,133  |



MAINE STATE RETIREMENT SYSTEM  
BASIC AND DEPENDENT  
7/1/77 to 7/1/78

| PD<br>NUMBER | PD NAME                      | PAID BASIC<br>AND DEP<br>PREMIUM | PAID CLAIMS | LOSS<br>RATIO | DIVIDEND | INTEREST | TOTAL    |
|--------------|------------------------------|----------------------------------|-------------|---------------|----------|----------|----------|
| 130          | Town of Bucksport            | \$ 6,232                         | \$ 517      | 8.3           | \$ 3,864 | \$102    | \$ 3,966 |
| 131          | Fort Fairfield Utilities     | 817                              | --          | --            | 506      | 13       | 519      |
| 132          | Belfast Water District       | 739                              | 16,154      | 2185.9        | --       | --       | --       |
| 133          | Town of Gorham               | 5,650                            | --          | --            | 3,503    | 93       | 3,596    |
| 135          | So. Kennebec Valley          | 84                               | --          | --            | 52       | 1        | 53       |
| 143          | S.A.D. #41                   | 1,624                            | 1,018       | 62.7          | 509      | 13       | 522      |
| 145          | Auburn Housing Authorities   | 1,127                            | --          | --            | 699      | 18       | 717      |
| 150          | Town of Hermon               | 1,015                            | --          | --            | 629      | 17       | 646      |
| 152          | Sanford Housing Authorties   | 473                              | --          | --            | 293      | 8        | 301      |
| 159          | Paris Utility                | 903                              | --          | --            | 560      | 15       | 575      |
| 161          | Town of Rockport             | 647                              | --          | --            | 402      | 11       | 413      |
| 163          | Lewiston/Auburn Water        | 1,460                            | --          | --            | 905      | 24       | 929      |
| 164          | Town of Thomaston            | 1,155                            | --          | --            | 716      | 19       | 735      |
| 167          | Town of Dover Foxcroft       | 3,470                            | 1,872       | 53.9          | 1,390    | 37       | 1,427    |
| 169          | Maine Housing Authorities    | 1,311                            | --          | --            | 813      | 22       | 835      |
| 179          | Town of Winthrop             | 3,325                            | --          | --            | 2,062    | 55       | 2,117    |
| 185          | Portland Housing Authorities | 3,235                            | 12,097      | 373.9         | --       | --       | --       |
| 195          | Town of Waldoboro            | 741                              | --          | --            | 459      | 12       | 471      |
| 198          | S.A.D. #51                   | 1,156                            | --          | --            | 717      | 19       | 736      |
| 205          | Gould Academy                | 550                              | --          | --            | 342      | 9        | 351      |
| 215          | Town of Hodgdon              | 236                              | --          | --            | 146      | 4        | 150      |
| 219          | Lincoln Sanitary District    | 254                              | --          | --            | 157      | 4        | 161      |
| 220          | Kennebec Sanitary District   | 2,270                            | --          | --            | 1,407    | 37       | 1,444    |
| 222          | Waterville Sewerage District | 1,074                            | --          | --            | 666      | 18       | 684      |
| 717          | Town of Wiscasset            | 2,974                            | 4,027       | 135.4         | --       | --       | --       |
| 718          | Town of Ashland              | 158                              | --          | --            | 98       | 3        | 101      |
| 721          | Town of Anson                | 591                              | --          | --            | 366      | 10       | 376      |
| 727          | Hallowell Water District     | 642                              | --          | --            | 398      | 11       | 409      |
| 729          | Town of Fairfield            | 4,296                            | --          | --            | 2,663    | 70       | 2,733    |
| 228          | Town of Lubec                | 155                              | --          | --            | 96       | 3        | 99       |
| 733          | Town of Limestone            | 961                              | --          | --            | 596      | 16       | 612      |
| 734          | Presque Isle Water District  | 785                              | --          | --            | 487      | 13       | 500      |
| 736          | Town of West Paris           | 174                              | --          | --            | 108      | 3        | 111      |
| 739          | S.A.D. #1                    | 3,799                            | 7,268       | 191.3         | --       | --       | --       |
| 742          | Brunswick and Topsham Water  | 1,113                            | 251         | 22.6          | 690      | 18       | 708      |
| 744          | Anson Water District         | 283                              | --          | --            | 175      | 5        | 180      |



MAINE STATE RETIREMENT SYSTEM  
BASIC AND DEPENDENT  
7/1/77 to 7/1/78

| PD<br>NUMBER | PD NAME                       | PAID BASIC<br>AND DEP<br>PREMIUM | PAID CLAIMS | LOSS<br>RATIO | DIVIDEND | INTEREST | TOTAL   |
|--------------|-------------------------------|----------------------------------|-------------|---------------|----------|----------|---------|
| 746          | S.A.D. #17                    | \$ 552                           | \$--        | --            | \$ 342   | \$ 9     | \$ 351  |
| 227          | Town of Mars Hill             | 376                              | --          | --            | 233      | 6        | 239     |
| 748          | S.A.D. #36                    | 882                              | --          | --            | 547      | 14       | 561     |
| 750          | M.S.E.A.                      | 725                              | --          | --            | 449      | 12       | 461     |
| 751          | S.A.D. #40                    | 241                              | --          | --            | 149      | 4        | 153     |
| 753          | S.A.D. #50                    | 1,005                            | --          | --            | 623      | 16       | 639     |
| 755          | Presque Isle Sewerage         | 572                              | --          | --            | 355      | 9        | 364     |
| 757          | Waldoboro Sewerage            | 16                               | --          | --            | 10       | --       | 10      |
| 758          | S.A.D. #68                    | 967                              | --          | --            | 599      | 16       | 615     |
| 760          | S.A.D. #74                    | 1,099                            | --          | --            | 682      | 18       | 700     |
| 761          | S.A.D. #52                    | 502                              | --          | --            | 312      | 8        | 320     |
| 224          | Region #7                     | 411                              | --          | --            | 255      | 7        | 262     |
| 36           | Town of Calais                | 3,160                            | 225         | 7.1           | 1,959    | 52       | 2,011   |
| 117          | Town of Searsport             | 1,360                            | --          | --            | 843      | 22       | 865     |
| 238          | Milo Water District           | 465                              | --          | --            | 288      | 8        | 296     |
| 763          | Town of Castine               | 386                              | --          | --            | 239      | 6        | 245     |
| 764          | Region #8                     | 63                               | --          | --            | 39       | 1        | 40      |
| 229          | Van Buren Housing Authorities | 477                              | --          | --            | 295      | 8        | 303     |
| TOTAL        |                               | 421,495                          | 229,798     | --            | 174,687  | 4,623    | 179,310 |





MAINE STATE RETIREMENT SYSTEM  
POLICY NUMBER: 2200  
SUPPLEMENTAL LIFE  
7/1/77 to 7/1/78

| <u>PD<br/>NUMBER</u> | <u>PD NAME</u>                 | <u>PAID<br/>PREMIUM</u> | <u>PAID<br/>CLAIMS</u> | <u>LOSS<br/>RATIO</u> | <u>DIVIDEND</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|----------------------|--------------------------------|-------------------------|------------------------|-----------------------|-----------------|-----------------|--------------|
| 05                   | County of Cumberland           | \$ 6,517                | \$---                  | ---                   | \$ 6,191        | \$ 164          | \$ 6,355     |
| 12                   | Kittery Water District         | 914                     | ---                    | ---                   | 868             | 23              | 891          |
| 26                   | Houlton Water Company          | 3,473                   | ---                    | ---                   | 3,299           | 87              | 3,386        |
| 49                   | Maine Turnpike Authority       | 35,935                  | 25,110                 | 69.9                  | 9,025           | 239             | 9,264        |
| 85                   | Town of Cape Elizabeth         | 3,841                   | ---                    | ---                   | 3,649           | 97              | 3,746        |
| 86                   | Town of Wilton                 | 742                     | ---                    | ---                   | 705             | 19              | 724          |
| 93                   | Maine Municipal Bond Banks     | 174                     | ---                    | ---                   | 165             | 4               | 169          |
| 94                   | Gr. Portland Council of Govt.  | 338                     | ---                    | ---                   | 321             | 8               | 329          |
| 96                   | Sagadahoc County               | 1,457                   | ---                    | ---                   | 1,384           | 37              | 1,421        |
| 105                  | State Principals Assoc.        | 330                     | ---                    | ---                   | 314             | 8               | 322          |
| 109                  | Town of Livermore Falls        | 569                     | ---                    | ---                   | 541             | 14              | 555          |
| 121                  | County of Piscataquis          | 1,664                   | ---                    | ---                   | 1,581           | 42              | 1,623        |
| 130                  | Town of Bucksport              | 4,798                   | ---                    | ---                   | 4,558           | 121             | 4,679        |
| 131                  | Fort Fairfield Utilities       | 773                     | ---                    | ---                   | 734             | 19              | 753          |
| 135                  | So. Kennebec Valley            | 76                      | ---                    | ---                   | 72              | 2               | 74           |
| 152                  | Sanford Housing Authority      | 158                     | ---                    | ---                   | 150             | 4               | 154          |
| 164                  | Town of Thomaston              | 1,155                   | ---                    | ---                   | 1,097           | 29              | 1,126        |
| 169                  | Maine Housing Authority        | 963                     | ---                    | ---                   | 915             | 24              | 939          |
| 195                  | Town of Waldoboro              | 588                     | ---                    | ---                   | 559             | 15              | 574          |
| 205                  | Gould Academy                  | 512                     | ---                    | ---                   | 486             | 13              | 499          |
| 219                  | Lincoln Sanitary District      | 184                     | ---                    | ---                   | 175             | 5               | 180          |
| 220                  | Kennebec Sanitary Treat. Dist. | 300                     | ---                    | ---                   | 285             | 8               | 293          |
| 222                  | Waterville Sewerage            | 973                     | ---                    | ---                   | 924             | 24              | 948          |
| 717                  | Town of Wiscasset              | 2,043                   | ---                    | ---                   | 1,941           | 51              | 1,992        |
| 721                  | Town of Anson                  | 584                     | ---                    | ---                   | 555             | 15              | 570          |
| 727                  | Hallowell Water District       | 584                     | ---                    | ---                   | 555             | 15              | 570          |
| 744                  | Anson Water District           | 274                     | ---                    | ---                   | 260             | 7               | 267          |
| 227                  | Town of Mars Hill              | 288                     | ---                    | ---                   | 274             | 7               | 281          |
| 750                  | M.S.E.A.                       | 485                     | ---                    | ---                   | 461             | 12              | 473          |
| 757                  | Waldoboro Sewerage             | 8                       | ---                    | ---                   | 7               | --              | 7            |
| 760                  | S.A.D. #74                     | 293                     | ---                    | ---                   | 278             | 7               | 285          |
| 761                  | S.A.D. #52                     | 363                     | ---                    | ---                   | 345             | 9               | 354          |
| 224                  | Region 7                       | 216                     | ---                    | ---                   | 205             | 6               | 211          |
| 764                  | Region 8                       | 58                      | ---                    | ---                   | 55              | 1               | 56           |
| TOTAL                |                                | \$71,630                | \$25,110               |                       | \$42,934        | \$1,136         | \$44,070     |

Unionmutual

1096-70 (Blank)





JK 2860 .P4 A3 1978  
Maine. State Retirement  
System.  
Report

## MAINE STATE RETIREMENT SYSTEM

For Public School Teachers,  
Employees of the  
State of Maine  
Participating Local Districts



### Constitution of the State of Maine

All of the assets, and proceeds there-  
from, of the Maine State Retirement System  
or any successor system and all contribu-  
tions and payments made to the system to  
provide for retirement and related benefits  
shall be held, invested or disbursed as in  
trust for the exclusive purpose of provid-  
ing for such benefits and shall not be en-  
cumbered for, or diverted to, other purposes.

Chapter 95 Resolves 1961  
Voted, General Election, November 6, 1962  
Proclaimed, November 21, 1962  
Adopted and Effective December 21, 1962