The Commonwealth of Massachusetts

Division of Insurance

100 Cambridge Street, Boston 02202

June 4, 1980

Frederick Kilfoyle, Executive Secretary
City of Cambridge Contributory Retirement System
City Hall
Cambridge, Massachusetts 02138

Dear Mr. Kilfoyle:

A copy of the report of examination of the City of Cambridge Contributory Retirement System as of December 31, 1978 is enclosed.

The Division requires that the report be read at the next meeting of the Board of Retirement or by each Board Member individually. Please notify us when this has been done.

Please acknowledge receipt of this report. It will be filed as a public document.

Very truly yours,

Leo F. Manley (MAM)

Leo F. Manley
Director
Retirement Systems/Field Audit

LFM/m

Enc.

REPORT OF EXAMINATION

OF THE

CITY OF CAMBRIDGE CONTRIBUTORY RETIREMENT SYSTEM

AS OF

DECEMBER 31, 1978

The Commonwealth of Massachusetts
Division of Insurance
100 Cambridge Street, Boston 02202

Honorable Michael J. Sabbagh
Commissioner of Insurance
Boston, Massachusetts 02202

Sir:

In accordance with the instructions given to the participating examiners, and pursuant with the requirements of Chapter 32, Section 21 of the Massachusetts General Laws, the regular examination of the

CITY OF CAMBRIDGE CONTRIBUTORY RETIREMENT SYSTEM

having been completed, this report is respectfully submitted.

HISTORY

This system was organized in accordance within the provisions of Chapter 32 of the General Laws of the Commonwealth of Massachusetts and became operative on July 1, 1937. The Legislature by the Acts of 1945, Chapter 658 instituted a law that is uniform for all the Retirement Systems which became operative on January 1, 1945.

SCOPE OF EXAMINATION

The examination covers the period from January 1, 1976 through December 31, 1978, with emphasis on the year 1978. It includes a verification of the assets and funds as well as a review of the income and disbursements. Trial balances were taken from the ledger as of December 31, 1976, 1977 and 1978 and the date of entry December 31, 1979. Income and disbursements were verified from the cashbook and journal entries to the general ledger and proved to be in balance. Securities are held by the Baybank Harvard Trust Company, located at Six-Hundred-Eighty-Nine (689 Massachusetts Avenue, Cambridge, Massachusetts. A count of securities was made and reconciled to the ledger and annual statement.

A complete analysis of the funds of this system was made and the correct balances reported in the 1976, 1977 and 1978 annual statements, investment income was verified by analysis of the cashbook, contributions from employees and payments of appropriations for the year 1978. These were thoroughly reviewed, and no errors or omissions were noted. Appropriations from the City of Cambridge and contributing authorities were received and properly noted in the cashbook. Annuity and pension payments were verified through analysis of individual pensioners' cards. Monthly checks to the pensioners' were tested to the extent deemed necessary. Administrative expenses, refunds, and all other payments were verified by analysis of their respective accounts.

MEMBERS OF THE RETIREMENT BOARD

The members of the City of Cambridge Board of Retirement on December 31, 1978 were as follows:

Ex-Officio Member	George W. Mickle(Chairman)
Elected Board Member	Joseph E. Connarton
Appointed Member	Arthur F. Libitz

FIDELITY BONDS

The City Treasurer is covered by a standard performance bond in the amount of Two-Hundrend Sixty Thousand Dollars ($260,000) and issued by the American Casualty Company, a corporation duly organized and existing under the laws of the State of Pennsylvania and authorized to conduct business in the Commonwealth of Massachusetts. The members of the Retirement Board are bonded for $5,000 each and Retirement Board staff for the amount of $30,000 with the Peerless Insurance Company, Keene, New Hampshire.

RECORDS

The minutes of the meetings of the Board of Retirement were reviewed. Regular meetings were held and it was noted that notes and authorizations were properly and duly recorded.

MEMBERSHIP EXHIBIT

The Cambridge Retirement System showed that the membership was, as of December 31, 1978 to be:

Active Members	3,006
Retired Members	750
Beneficiaries	199
Total	3,955

STATEMENT OF ASSETS AND FUNDS

AS OF DECEMBER 31, 1978

ASSETS	
Book Value of Bonds	$17,254,258.95
Market Value of Stocks	5,230,893.38
Book Value of Cooperative Shares	32,000.00
Cash	1,059,186.31
Interest Due and Accrued on Bonds Not in Default	325,111.45
TOTAL ASSETS	$23,901,450.09
FUNDS	
Annuity Savings Fund	$18,254,584.05
Annuity Reserve Fund	4,925,731.23
Special Fund for Military Service Credit	6,674.56
Pension Fund	698,639.96
Expense Fund	15,820.29
TOTAL FUNDS	$23,901,450.09

INCOME STATEMENT

FOR YEAR ENDING DECEMBER 31, 1978

Regular Contributions or Payments	$1,949,793.91
Late Entry Payments (Section 3(3))	13,651.69
Redeposits	9,130.94
Members Deductions, Outside Sources	120,748.81
Transfers from Other Systems	47,560.32
Sub-Total	$2,140,885.67
Contributions to Pension Fund	$2,288,255.00
Contributions for Expenses	81,762.50
Sub-Total	$2,370,017.50
From Housing Authority	$272,968.62
From Redevelopment Authority	110,500.00
Pension Reimbursements Received Other Systems	36,780.29
Adjustment of Cash Account to Books	30,713.41
Return of Overpayment of Refund, 1977	1,000.00
Checks returned, Refunds Undeliverable	215.78
From Interest	
Gross interest on bonds and dividends on stocks less 48,604.20 accrued interest on bonds acquired during year	1,522,228.36
Gross interest on cooperative shares	1,783.91

From Interest Cont.

Gross interest on deposits	66,995.82
Accrued interest on bonds (current year)	325,111.45
Accrued interest on bonds (previous year)	(290,516.39)
Sub-total	$1,625,603.15

Gross Profit on Sale or Maturity of Ledger Assets

Stocks	$242,620.11
Sub-total	$242,620.11

Gross Increase by Adjustment of Ledger Assets

Bonds by Amortization	$34,139.70
Stocks	483,810.00
Sub-total	$517,949.70

TOTAL INCOME	$7,349,254.23

DISBURSEMENT STATEMENT

FOR YEAR ENDING DECEMBER 31, 1978

Annuity Payments	$479,725.70
Pension Payments	2,409,687.67
Survivorship Payments	465,230.08
Disability Pension Payments (Ordinary)	207,486.44
Accidental	1,531,748.10
Sub-Total	$5,093,877.99
Accidental Death Benefits	471,996.63
Pension Reimbursements paid to Other Systems	33,714.19
Refunds	467,312.76
Transfers of Members' Accounts to Other Systems	33,575.94
Administrative Expenses	79,466.13
Overpayment of Refund	79.45
Correction of Prior Years Error, 1974	126.00
Gross Loss on Sale or Maturity of Ledger Assets (Stocks)	89.85
Sub-Total	89.85
Gross Decrease by Adjustment of Ledger Assets	
Bonds by Amortization	11,885.49
Stocks	685,889.09
Sub-Total	$697,774.58
TOTAL DISBURSEMENTS	$6,878,013.52

SCHEDULE OF INVESTMENTS

The following schedule shows the invested assets of the System by category and a comparison of percentages allowed by Statute:

Classification	Amount	Percentage Owned	Percentage Allowed
Government	$350,183.77	1.32%	100%
Railroads	329,021.16	1.30	20
Telephone	4,796,096.70	18.00	35
Public Utilities	11,758,756.23	44.20	50
Industrials	2,140,067.44	8.00	15
Cooperative Banks	32,000.00	.12	20
Stocks	6,292,438.88	23.65	25
Cash	580.531.15	2.19	-0-
Accrued Interest	325,111.45	1.22	-0-
	$26,604,206.78	100%	

SCHEDULE OF INVESTMENT EARNINGS

Gross Interest Income Less Accrued Interest	$1,591,008.09
Plus Gross Increase, by Amortization	34,139.70
Less Gross Increase by Amortization	(11,885.49)
Balance	$1,613,262.30
Plus Interest Due and Accrued December 31,1978	325,111.45
Less Interest Due and Accrued December 31, 1977	(290,516.39)
Total Investment Earnings	$1,647,857.36
Total Regular Interest Required	1,143,990.80
Balance	$503,866.56

INVESTMENT EARNINGS

Interest Required:

Annuity Savings Fund	$1,004,851.33
Annuity Reserve Fund	138,896.16
Military Service Credit	243.31
Total	1,143,990.80
Total Interest Earned	1,647,857.36
Surplus of Defiency	$503,866.56

ACKNOWLEDGEMENT

The State Examiners wish to acknowledge the cooperation of the staff of the Cambridge Retirement System during the course of this examination.

In addition to the undersigned, members of the Examining staff of the Commonwealth of Massachusetts, Division of Insurance included Raymond T. Carver and Michael C. Hegarty.

RESPECTFULLY SUBMITTED,

John Hoey (mam)

John Hoey,
Examiner-in-Charge

CITY OF CAMBRIDGE

INTEROFFICE CORRESPONDENCE

To The Honorable, the City Council **Date** June 12, 1980

From Joseph E. Connarton, Chairman
Retirement Board **Reference**

Subject
Examination of accounts of the Retirement System.

Please be advised an examination of our accounts was recently completed by the Division of Insurance of the Commonwealth. The examination covered the period beginning January 1976 and ending December 31, 1979. I am pleased, on behalf of the Board to inform you our accounts were found to be in order. I am enclosing a copy of said report for your review.

Enc. copy of report

c.c. James L. Sullivan, City Manager.

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Comm. from Joseph E. Connarton, Chrm. of the Retirement Board transmitting a report on the examination of accounts of the Retirement System.

In City Council,

June 16, 1980

6/16/80

Placed on File -