

Annual Statement

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· **OF THE FINANCIAL CONDITION**
· **OF THE DUKES COUNTY RETIREMENT SYSTEM**
· **TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**
· **FOR THE YEAR ENDED 12/31/2017**
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Annual Statement for the Year Ended December 31, 2017 of the conditions and Affairs of the Dukes County Retirement System.

Organized Under the Laws of the Commonwealth of Massachusetts to the Public Employee Retirement Administration Commission.

Date of Certificate 03/01/1939

Effective Date 01/01/1940

ADMINISTRATION OFFICE

9 Airport Road, Suite 1
Street & Number

Vineyard Haven, MA 02568
City/Town, State and Zip Code

(508) 696-3846
Telephone Number

We, the undersigned, members of the Dukes County Retirement System certify under penalties of perjury, that that we are the official board members of said retirement system, and that on the thirty-first date of December last, all of the herein-described assets were the absolute property of said retirement system, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all of the assets, liabilities, income and disbursements, changes in fund balances, and the conditions and affairs of said retirement system on the said thirty-first date of December last, and for the year ended on that date, according to the best of our information, knowledge, and belief respectively.

Board Of Retirement

Ex-Officio Member

Noreen Mavro Flanders (Chairperson)

(Name)

(Signature)

Appointed Member

Term Expires 12/31/2020

Roger Wey

(Name)

(Signature)

Elected Member

Term Expires 12/31/2019

Jo Ann Murphy

(Name)

(Signature)

Elected Member

Term Expires 12/31/2019

David Rossi

(Name)

(Signature)

Member Appointed by Other Members

Term Expires 12/31/2020

Melanie Becker

(Name)

(Signature)

Investment Managers

Investment Managers list on next page

Investment Consultant

Dahab & Associates

423 So. Country Rd., Bay Shore, NY 11706

Custodian

People's United Bank

240 Cabot St., Beverly, MA 01915

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	132,147,342.55
Income Current Year	<u>33,748,655.31</u>
Disbursements Current Year	<u>10,309,888.24</u>
Assets Current Year	<u>155,586,109.62</u>

2. ASSET DIFFERENCE

Assets Current Year	155,586,109.62
Assets Previous Year	<u>132,147,342.55</u>
Difference	<u>23,438,767.07</u>

3. INCOME DIFFERENCE

Income Current Year	33,748,655.31
Disbursements Current Year	<u>10,309,888.24</u>
Difference	<u>23,438,767.07</u>

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	35,665,900.05
Total Fund Change Debits Current Year	<u>-12,227,132.98</u>
Difference	<u>23,438,767.07</u>

Note: The difference as a result of tests 2, 3 and 4 should be the same.

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2017.

ASSETS & LIABILITIES

	<u>2017</u>	<u>2016</u>	<u>2015</u>
1. 1040 Cash	5,160,972.21	5,025,169.78	4,104,081.41
2. 1100 Short Term Investments	0.00	0.00	0.00
3. 1180 Fixed Income Securities	13,947,194.33	13,431,897.74	12,925,670.66
4. 1170 Equities	38,055,636.80	30,909,980.79	28,430,271.24
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	19,018,574.19	16,235,301.37	13,891,469.09
7. 1173 Pooled International Equity Funds	6,842,946.11	3,760,950.02	3,701,475.91
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	0.00	0.00	0.00
10. 1182 Pooled International Fixed Income Funds	0.00	0.00	0.00
11. 1183 Pooled Global Fixed Income Funds	0.00	0.00	0.00
12. 1193 Pooled Alternative Investments	0.00	0.00	0.00
13. 1194 Pooled Real Estate Funds	12,179,800.04	11,232,911.34	10,473,907.88
14. 1195 Pooled Domestic Balanced Funds	0.00	0.00	0.00
15. 1196 Pooled International Balanced Funds	0.00	0.00	0.00
16. 1197 Hedge Funds	0.00	0.00	0.00
17. 1198 PRIT Cash	0.00	0.00	0.00
18. 1199 PRIT Fund	59,981,692.82	51,144,165.47	47,534,126.43
19. 1550 Interest Due and Accrued	58,902.31	77,071.88	53,613.61
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	353,526.14	425,764.02	840,739.23
22. 1910 Land	0.00	0.00	0.00
23. 1920 Buildings	0.00	0.00	0.00
24. 1929 Accumulated Depreciation – Buildings	0.00	0.00	0.00
25. 2020 Accounts Payable (A)	(-13,135.33)	(-95,869.86)	(-110,845.62)
TOTAL	<u>155,586,109.62</u>	<u>132,147,342.55</u>	<u>121,844,509.84</u>
FUNDS			
1. 3293 Annuity Savings Fund	35,886,136.94	34,257,994.16	32,820,580.27
2. 3294 Annuity Reserve Fund	9,506,294.72	8,824,061.44	8,125,331.96
3. 3295 Military Service Fund	30,136.36	13,425.92	13,412.51
4. 3296 Pension Fund	8,479,645.64	9,070,195.78	136,012.41
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	101,683,895.96	79,981,665.25	80,749,172.69
TOTAL ASSETS AT MARKET VALUE	<u>155,586,109.62</u>	<u>132,147,342.55</u>	<u>121,844,509.84</u>

(A) Specific details for Accounts Receivable and Accounts Payable are to be disclosed on Schedule A

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2017.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	34,257,994.16	4,151,940.39	-1,848,836.72	-674,960.89	35,886,136.94
Annuity Reserve Fund	8,824,061.44	265,186.03	1,882,845.58	-1,465,798.33	9,506,294.72
Pension Fund	9,070,195.78	6,406,686.84	0.00	-6,997,236.98	8,479,645.64
Military Service Fund	13,425.92	16,710.44	0.00	0.00	30,136.36
Expense Fund	0.00	1,171,892.04	0.00	-1,171,892.04	0.00
Pension Reserve Fund	79,981,665.25	21,736,239.57	-34,008.86	0.00	101,683,895.96
Total All Funds	132,147,342.55	33,748,655.31	- 0 -	-10,309,888.24	155,586,109.62

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	1,882,845.58	on acct of	2017 Retirements
	Control Acct						
Xfer from	Pension Reserve Fund	to	Annuity Savings Fund	in the amt of	34,204.01	on acct of	10-year reversal E.Rubick
	Control Acct		Control Acct				
Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	195.15	on acct of	Interest not Eligible J. Brewer
	Control Acct		Control Acct				ADR
Xfer from		to		in the amt of		on acct of	
Xfer from		to		in the amt of		on acct of	
Xfer from		to		in the amt of		on acct of	

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2017.

RECEIPTS

	2017	2016	2015
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	3,875,821.65	3,682,783.52	3,512,321.30
(b) 4892 Transfers from Other Systems	130,871.54	179,384.95	81,674.28
(c) 4893 Member Make Up Payments and Redeposits	30,095.92	129,176.58	19,601.83
(d) 4900 Member Payments from Rollovers	61,902.00	13,413.32	60,258.21
(e) Investment Income Credited to Members' Accounts	53,249.28	50,430.37	36,718.01
Subtotal	<u>4,151,940.39</u>	<u>4,055,188.74</u>	<u>3,710,573.63</u>
2. Annuity Reserve Fund:			
(a) 4750 Recovery of Annuity from Reinstatement	0.00	0.00	0.00
(b) Investment Income Credited to Annuity Reserve Fund	265,186.03	250,733.45	200,669.28
Subtotal	<u>265,186.03</u>	<u>250,733.45</u>	<u>200,669.28</u>
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	170,170.14	171,125.28	171,599.65
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	11,123.46	23,086.13	27,507.22
(c) 4894 Pension Fund Appropriation	6,220,443.24	5,083,751.24	5,016,898.98
(d) 4840 Workers Compensation Settlement	4,950.00	9,000.00	13,491.57
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	0.00	0.00	4,299.26
Subtotal	<u>6,406,686.84</u>	<u>5,286,962.65</u>	<u>5,233,796.68</u>
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	16,697.01	0.00	0.00
(b) Investment Income Credited	13.43	13.41	13.40
Subtotal	<u>16,710.44</u>	<u>13.41</u>	<u>13.40</u>
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	1,171,892.04	999,850.23	907,440.38
Subtotal	<u>1,171,892.04</u>	<u>999,850.23</u>	<u>907,440.38</u>
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	62,832.76	897,134.22	760,765.02
(c) 4822 Interest Not Refunded	3,441.37	1,798.31	58.89
(d) 4825 Miscellaneous Income	21.78	14.15	1,274.54
(e) Excess Investment Income	21,669,943.66	8,333,545.88	4,050,428.73
Subtotal	<u>21,736,239.57</u>	<u>9,232,492.56</u>	<u>4,812,527.18</u>
TOTAL RECEIPTS	<u>33,748,655.31</u>	<u>19,825,241.04</u>	<u>14,865,020.55</u>

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2017.

DISBURSEMENTS

	2017	2016	2015
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	334,247.19	456,798.39	213,494.78
(b) 5756 Transfers to Other Systems	340,713.70	432,640.50	142,054.05
Subtotal	<u>674,960.89</u>	<u>889,438.89</u>	<u>355,548.83</u>
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	1,465,798.33	1,280,339.93	1,112,688.25
(b) 5759 Option B Refunds	0.00	0.00	0.00
Subtotal	<u>1,465,798.33</u>	<u>1,280,339.93</u>	<u>1,112,688.25</u>
3. Pension Fund:			
(a) 5751 Pensions Paid	6,334,657.27	5,849,090.50	5,342,532.74
Regular Pension Payments	5,046,151.09	4,650,427.70	4,277,338.67
Survivorship Payments	135,157.53	121,446.96	100,603.43
Ordinary Disability Payments	101,691.84	102,214.79	94,703.40
Accidental Disability Payments	858,020.85	781,365.09	766,426.85
Accidental Death Payments	183,047.76	183,047.76	180,527.76
Section 101 Benefits	10,588.20	10,588.20	10,279.80
(b) 5755 3(8)(c) Reimbursements To Other Systems	562,337.15	410,810.59	408,478.49
(c) 5752 COLAs Paid	100,242.56	92,878.19	87,347.17
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	<u>6,997,236.98</u>	<u>6,352,779.28</u>	<u>5,838,358.40</u>
4. Military Service Fund:			
(a) 4890 Return to Municipality for Members who Withdrew Funds	0.00	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
5. Expense Fund:			
(a) 5118 Board Member Stipend	15,000.00	15,000.00	15,000.00
(b) 5119 Salaries	167,178.34	159,309.72	155,622.55
(c) 5304 Management Fees	648,364.45	568,690.94	502,746.58
(d) 5305 Custodial Fees	40,387.66	42,543.40	43,328.66
(e) 5307 Investment Consultant Fees	43,750.00	35,000.00	37,500.00
(f) 5308 Legal Expenses	29,464.32	18,288.01	7,142.85
(g) 5309 Medical Expenses	139.90	198.07	123.09
(h) 5310 Fiduciary Insurance	6,009.00	5,925.00	5,752.00
(i) 5311 Service Contracts	28,150.00	25,330.00	31,250.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	1,525.00	0.00	36.85
(l) 5316 Actuarial Services	19,970.00	10,240.00	-3,625.00
(k) 5317 Accounting Services	76,000.00	36,878.00	36,878.00
(n) 5320 Education And Training	1,250.00	3,400.00	6,030.00
(o) 5589 Administrative Expenses	69,010.90	67,129.90	52,440.87
(p) 5599 Furniture and Equipment	16,048.99	1,429.00	838.98
(q) 5719 Travel	9,643.48	10,488.19	16,374.95
(r) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	<u>1,171,892.04</u>	<u>999,850.23</u>	<u>907,440.38</u>
TOTAL DISBURSEMENTS	<u>10,309,888.24</u>	<u>9,522,408.33</u>	<u>8,214,035.86</u>

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2017.

INVESTMENT INCOME

Investment Income received from:	<u>2017</u>	<u>2016</u>	<u>2015</u>
(a) Cash (from Schedule 1)	17,632.98	17,809.70	12,588.49
(b) Short Term Investments (from Schedule 2)	0.00	0.00	3,411.19
(c) Fixed Income Securities (from Schedules 3A and 3C)	370,452.45	439,726.23	559,468.25
(d) Equities (from Schedules 4A and 4C)	892,800.54	262,847.69	255,467.98
(e) Pooled Funds (from Schedule 5)	2,273,236.84	2,449,922.23	2,179,769.07
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	<u>3,554,122.81</u>	<u>3,170,305.85</u>	<u>3,010,704.98</u>
Plus:			
4884 Realized Gains (Profits)	3,706,773.95	2,209,753.39	2,759,477.73
4886 Unrealized Gains (Increase in Market Value)	16,613,436.43	10,237,999.93	8,672,247.69
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	<u>58,902.31</u>	<u>77,071.88</u>	<u>53,613.61</u>
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	12,437.79	41,757.09	30,524.32
4885 Realized Losses	258,697.82	288,029.56	254,094.83
4887 Unrealized Losses (Decrease in Market Value)	424,743.57	5,677,157.45	9,016,155.06
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	<u>77,071.88</u>	<u>53,613.61</u>	<u>0.00</u>
NET INVESTMENT INCOME	<u>23,160,284.44</u>	<u>9,634,573.34</u>	<u>5,195,269.80</u>
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	53,249.28	50,430.37	36,718.01
Annuity Reserve Fund	265,186.03	250,733.45	200,669.28
Expense Fund	1,171,892.04	999,850.23	907,440.38
Military Service Fund	13.43	13.41	13.40
TOTAL INCOME REQUIRED	<u>1,490,340.78</u>	<u>1,301,027.46</u>	<u>1,144,841.07</u>
Net Investment Income	<u>23,160,284.44</u>	<u>9,634,573.34</u>	<u>5,195,269.80</u>
Less Income Required	<u>1,490,340.78</u>	<u>1,301,027.46</u>	<u>1,144,841.07</u>
EXCESS INCOME TO PENSION RESERVE FUND	<u>21,669,943.66</u>	<u>8,333,545.88</u>	<u>4,050,428.73</u>

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2017.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	569	92	661
Inactive Membership, Dec. 31st, Previous Year	184	12	196
Enrolled During Current Year	90	2	92
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	90	2	92
Deduct:			
Death	1	0	1
Withdrawals	43	3	46
Retirements	21	2	23
SUBTOTAL	65	5	70
Active Membership, Dec. 31st, Current Year	593	89	682
Inactive Membership, Dec. 31st, Current Year	185	12	197

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	242	54	296
Retirements During the Year			
Superannuation	21	2	23
Ordinary Disability	0	0	0
Accidental Disability	0	0	0
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	0	0	0
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	21	2	23
Deduct:			
Deaths of Retired Members	3	2	5
Termination of Survivor Benefits	0	0	0
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	3	2	5
Retired Membership, Dec. 31st, Current Year			
Superannuation	233	30	263
Ordinary Disability	2	3	5
Accidental Disability	9	13	22
Termination	0	1	1
Beneficiaries from Accidental Deaths	1	5	6
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	0	0	1
Beneficiaries under Option C	8	1	9
Option (D) Survivor Allowance	7	1	8
Section 12B Survivor Allowance	0	0	0
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	260	54	315
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,038	155	1,194

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2017.

Schedule A: Detail of Accounts Receivable and Accounts Payable

Accounts Receivable	Amount	Original Date
4751 Recovery of Pension from Reinstatement	0.00	
4840 Workers Compensation Settlements	0.00	
4841 Recovery of 91A Overearnings	0.00	
4891 Members Deductions	350,665.36	12/31/2017
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	2,860.78	12/31/2017
4900 Member Payments from Rollovers	0.00	
4898 3(8)(c) Reimbursements from Other Systems	0.00	
4899 Received from Commonwealth for COLA and Survivor Benefits	0.00	
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	0.00	12/31/2017
4894 Pension Fund Appropriation (Previous Fiscal Year)	0.00	
4890 Contributions Received from Municipality on Account of Military Service	0.00	
4897 Federal Grant Reimbursement	0.00	
4895 Pension Reserve Appropriation	0.00	12/31/2017
Investments Sold But Funds Not Received (list individually)		
1	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	353,526.14	
Accounts Payable		
5316 Actuarial Services	0.00	
5317 Accounting Services	0.00	
5320 Education and Training	0.00	
5757 Refunds to Members	0.00	
5756 Transfers to Other Systems	0.00	
5750 Annuities Paid	0.00	
5759 Option B Refund	0.00	
5751 Pensions Paid	0.00	
5755 3(8)(c) Reimbursements to Other Systems	0.00	
5752 COLAs Paid	0.00	
5753 Chapter 389 Beneficiary Increase Paid	0.00	
4885 Realized Loss on Sale of Investments	0.00	
4890 Return to Municipality for Members Who Withdrew Their Funds	0.00	
5118 Board Members' Stipend	0.00	
5119 Salaries	0.00	
5304 Management Fees	0.00	
5305 Custodial Fees	0.00	
5307 Investment Consultant Fees	0.00	
5308 Legal Expenses	0.00	
5309 Medical Expenses	0.00	
5310 Fiduciary Insurance	0.00	
5311 Service Contracts	0.00	
5312 Rent Expense	0.00	
5315 Professional Services Expense	0.00	
5589 Administrative Expenses	-13,135.33	12/31/2017
5599 Furniture and Equipment	0.00	
5719 Travel	0.00	
Investments Purchased But Not Paid For (list individually)		
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL PAYABLES	-13,135.33	