

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 12/31/2018**
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Annual Statement for the Year Ended December 31, 2018 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

Ann Metcalf (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	155,586,109.62
Income Current Year	9,954,842.80
Disbursements Current Year	11,216,286.55
Assets Current Year	154,324,665.87

2. ASSET DIFFERENCE

Assets Current Year	154,324,665.87
Assets Previous Year	155,586,109.62
Difference	-1,261,443.75

3. INCOME DIFFERENCE

Income Current Year	9,954,842.80
Disbursements Current Year	11,216,286.55
Difference	-1,261,443.75

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	12,943,999.68
Total Fund Change Debits Current Year	-14,205,443.43
Difference	-1,261,443.75

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, 2018.

ASSETS & LIABILITIES

	2018	2017	2016
1. 1040 Cash	3,446,450.52	5,160,972.21	5,025,169.78
2. 1100 Short Term Investments	0.00	0.00	0.00
3. 1180 Fixed Income Securities	17,650,513.11	13,947,194.33	13,431,897.74
4. 1170 Equities	38,198,552.53	38,055,636.80	30,909,980.79
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	17,987,342.68	19,018,574.19	16,235,301.37
7. 1173 Pooled International Equity Funds	5,840,959.95	6,842,946.11	3,760,950.02
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	62,567.48	0.00	0.00
13. 1194 Pooled Real Estate Funds	12,794,582.06	12,179,800.04	11,232,911.34
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	58,581,272.43	59,981,692.82	51,144,165.47
19. 1550 Interest Due and Accrued	80,560.06	58,902.31	77,071.88
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	336,765.82	353,526.14	425,764.02
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)	(-654,143.77)	(-13,135.33)	(-95,869.86)
TOTAL	<u>154,325,422.87</u>	<u>155,586,109.62</u>	<u>132,147,342.55</u>
FUNDS			
1. 3293 Annuity Savings Fund	37,155,398.23	35,886,136.94	34,257,994.16
2. 3294 Annuity Reserve Fund	11,152,625.60	9,506,294.72	8,824,061.44
3. 3295 Military Service Fund	30,166.50	30,136.36	13,425.92
4. 3296 Pension Fund	7,230,160.10	8,479,645.64	9,070,195.78
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	98,757,072.44	101,683,895.96	79,981,665.25
TOTAL ASSETS AT MARKET VALUE	<u>154,325,422.87</u>	<u>155,586,109.62</u>	<u>132,147,342.55</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, 2018.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	35,886,136.94	4,549,514.27	-2,988,033.08	-294,416.46	37,153,201.67
Annuity Reserve Fund	9,506,294.72	301,584.01	2,989,156.88	-1,644,410.01	11,152,625.60
Pension Fund	8,479,645.64	6,820,877.48	0.00	-8,070,363.02	7,230,160.10
Military Service Fund	30,136.36	30.14	0.00	0.00	30,166.50
Expense Fund	0.00	1,207,097.06	0.00	-1,207,097.06	0.00
Pension Reserve Fund	101,683,895.96	-2,924,260.16	-1,123.80	0.00	98,758,512.00
Total All Funds	155,586,109.62	9,954,842.80	- 0 -	-11,216,286.55	154,324,665.87

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	2,989,156.88	on acct of	2018 Retirements
	Control Acct						
Xfer from	Pension Reserve Fund	to	Annuity Savings Fund	in the amt of	3,320.36	on acct of	10-yr reversal
	Control Acct		Control Acct				
Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	2,196.56	on acct of	Interest not Refunded
	Control Acct		Control Acct				
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, 2018.

RECEIPTS

	<u>2018</u>	<u>2017</u>	<u>2016</u>
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	4,032,845.23	3,875,821.65	3,682,783.52
(b) 4892 Transfers from Other Systems	349,136.97	130,871.54	179,384.95
(c) 4893 Member Make Up Payments and Redeposits	55,524.99	30,095.92	129,176.58
(d) 4900 Member Payments from Rollovers	62,779.68	61,902.00	13,413.32
(e) Investment Income Credited to Members' Accounts	49,227.40	53,249.28	50,430.37
Subtotal	<u>4,549,514.27</u>	<u>4,151,940.39</u>	<u>4,055,188.74</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	301,584.01	265,186.03	250,733.45
Subtotal	<u>301,584.01</u>	<u>265,186.03</u>	<u>250,733.45</u>
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	184,192.11	170,170.14	171,125.28
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	29,245.37	11,123.46	23,086.13
(c) 4894 Pension Fund Appropriation	6,597,440.00	6,220,443.24	5,083,751.24
(d) 4840 Workers Compensation Settlement	10,000.00	4,950.00	9,000.00
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	0.00	0.00	0.00
Subtotal	<u>6,820,877.48</u>	<u>6,406,686.84</u>	<u>5,286,962.65</u>
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	16,697.01	0.00
(b) Investment Income Credited	30.14	13.43	13.41
Subtotal	<u>30.14</u>	<u>16,710.44</u>	<u>13.41</u>
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	1,207,097.06	1,171,892.04	999,850.23
Subtotal	<u>1,207,097.06</u>	<u>1,171,892.04</u>	<u>999,850.23</u>
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	0.00	62,832.76	897,134.22
(c) 4822 Interest Not Refunded	3,612.94	3,441.37	1,798.31
(d) 4825 Miscellaneous Income	0.00	21.78	14.15
(e) Excess Investment Income	-2,927,873.10	21,669,943.66	8,333,545.88
Subtotal	<u>-2,924,260.16</u>	<u>21,736,239.57</u>	<u>9,232,492.56</u>
TOTAL RECEIPTS	<u>9,954,842.80</u>	<u>33,748,655.31</u>	<u>19,825,241.04</u>

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2018.

DISBURSEMENTS

	2018	2017	2016
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	207,824.42	334,247.19	456,798.39
(b) 5756 Transfers to Other Systems	86,592.04	340,713.70	432,640.50
Subtotal	294,416.46	674,960.89	889,438.89
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	1,639,917.63	1,465,798.33	1,280,339.93
(b) 5759 Option B Refunds	4,492.38	0.00	0.00
Subtotal	1,644,410.01	1,465,798.33	1,280,339.93
3. Pension Fund:			
(a) 5751 Pensions Paid	6,969,911.32	6,334,657.27	5,849,090.50
Regular Pension Payments	5,653,390.37	5,046,151.09	4,650,427.70
Survivorship Payments	138,685.95	135,157.53	121,446.96
Ordinary Disability Payments	103,581.84	101,691.84	102,214.79
Accidental Disability Payments	888,964.04	858,020.85	781,365.09
Accidental Death Payments	174,383.28	183,047.76	183,047.76
Section 101 Benefits	10,905.84	10,588.20	10,588.20
(b) 5755 3(8)(c) Reimbursements To Other Systems	994,054.16	562,337.15	410,810.59
(c) 5752 COLAs Paid	106,397.54	100,242.56	92,878.19
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	8,070,363.02	6,997,236.98	6,352,779.28
4. Military Service Fund:			
(a) 4890 Return to Municipality for Members who Withdrew Funds	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00
5. Expense Fund:			
(a) 5118 Board Member Stipend	15,000.00	15,000.00	15,000.00
(b) 5119 Salaries	161,855.55	167,178.34	159,309.72
(c) 5120 Benefits	0.00	0.00	0.00
(d) 5304 Management Fees	771,796.70	648,364.45	568,690.94
(e) 5305 Custodial Fees	47,928.37	40,387.66	42,543.40
(f) 5307 Investment Consultant Fees	35,000.00	43,750.00	35,000.00
(g) 5308 Legal Expenses	21,430.56	29,464.32	18,288.01
(h) 5309 Medical Expenses	0.00	139.90	198.07
(i) 5310 Fiduciary Insurance	6,141.00	6,009.00	5,925.00
(j) 5311 Service Contracts	30,169.00	28,150.00	25,330.00
(k) 5312 Rent Expense	0.00	0.00	0.00
(l) 5315 Professional Services	0.00	1,525.00	0.00
(m) 5316 Actuarial Services	4,500.00	19,970.00	10,240.00
(n) 5317 Accounting Services	38,000.00	76,000.00	36,878.00
(o) 5320 Education And Training	960.00	1,250.00	3,400.00
(p) 5589 Administrative Expenses	65,370.42	69,010.90	67,129.90
(q) 5599 Furniture and Equipment	5,098.89	16,048.99	1,429.00
(r) 5719 Travel	3,846.57	9,643.48	10,488.19
(s) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	1,207,097.06	1,171,892.04	999,850.23
TOTAL DISBURSEMENTS	11,216,286.55	10,309,888.24	9,522,408.33

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2018.

INVESTMENT INCOME

Investment Income received from:	<u>2018</u>	<u>2017</u>	<u>2016</u>
(a) Cash (from Schedule 1)	20,420.48	17,632.98	17,809.70
(b) Short Term Investments (from Schedule 2)	0.00	0.00	0.00
(c) Fixed Income Securities (from Schedules 3A and 3C)	468,363.84	370,452.45	439,726.23
(d) Equities (from Schedules 4A and 4C)	344,383.13	892,800.54	262,847.69
(e) Pooled Funds (from Schedule 5)	2,901,176.52	2,273,236.84	2,449,922.23
(f) Commission Recapture and Securities Litigation	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	<u>3,734,343.97</u>	<u>3,554,122.81</u>	<u>3,170,305.85</u>
Plus:			
4884 Realized Gains (Profits)	4,462,133.14	3,706,773.95	2,209,753.39
4886 Unrealized Gains (Increase in Market Value)	7,180,458.06	16,613,436.43	10,237,999.93
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	<u>80,560.06</u>	<u>58,902.31</u>	<u>77,071.88</u>
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	85,617.92	12,437.79	41,757.09
4885 Realized Losses	375,040.77	258,697.82	288,029.56
4887 Unrealized Losses (Decrease in Market Value)	16,339,636.77	424,743.57	5,677,157.45
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	<u>58,902.31</u>	<u>77,071.88</u>	<u>53,613.61</u>
Additional Adjustments:			
4701 Carried Interest Expense	0.00	0.00	0.00
4702 Equalization Expense	0.00	0.00	0.00
4703 Miscellaneous Investment Expenses	172.30	0.00	0.00
NET INVESTMENT INCOME	<u>-1,401,874.84</u>	<u>23,160,284.44</u>	<u>9,634,573.34</u>
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	49,227.40	53,249.28	50,430.37
Annuity Reserve Fund	301,584.01	265,186.03	250,733.45
Expense Fund	1,207,097.06	1,171,892.04	999,850.23
Military Service Fund	<u>30.14</u>	<u>13.43</u>	<u>13.41</u>
TOTAL INCOME REQUIRED	<u>1,557,938.61</u>	<u>1,490,340.78</u>	<u>1,301,027.46</u>
Net Investment Income	-1,401,874.84	23,160,284.44	9,634,573.34
Less Income Required	<u>1,557,938.61</u>	<u>1,490,340.78</u>	<u>1,301,027.46</u>
EXCESS INCOME TO PENSION RESERVE FUND	<u>-2,959,813.45</u>	<u>21,669,943.66</u>	<u>8,333,545.88</u>

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2018.

MEMBERSHIP FOR CURRENT YEAR

	Group 1	Group 2 & 4	TOTAL
ACTIVE MEMBERS			
Active Membership, Dec. 31st, Previous Year	579	93	672
Inactive Membership, Dec. 31st, Previous Year	191	9	200
Enrolled During Current Year	74	7	81
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	74	7	81
Deduct:			
Death	0	0	0
Withdrawals	21	2	23
Retirements	30	4	34
SUBTOTAL	51	6	57
Active Membership, Dec. 31st, Current Year	574	90	664
Inactive Membership, Dec. 31st, Current Year	219	13	232
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RETIRED MEMBERS, BENEFICIARIES & SURVIVORS			
Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	260	53	313
Retirements During the Year			
Superannuation	28	3	31
Ordinary Disability	0	0	0
Accidental Disability	0	0	0
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	2	0	2
Survivor Benefits from Active Membership	2	1	3
SUBTOTAL	32	4	36
Deduct:			
Deaths of Retired Members	9	1	10
Termination of Survivor Benefits	0	0	0
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	9	1	10
Retired Membership, Dec. 31st, Current Year			
Superannuation	252	32	284
Ordinary Disability	2	3	5
Accidental Disability	9	13	22
Termination	0	1	1
Beneficiaries from Accidental Deaths	1	4	5
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	0	0	0
Beneficiaries under Option C	10	1	11
Option (D) Survivor Allowance	9	2	11
Section 12B Survivor Allowance	0	0	0
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	283	56	340
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,076	159	1,236

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2018.

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	335,173.98	12/31/2018
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	1,591.84	12/31/2018
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	
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	
Investments Sold But Funds Not Received (list individually)		
1	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	336,765.82	
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	-69,198.40	12/31/2018
5599 Furniture and Equipment	0.00	
5719 Travel	0.00	
Investments Purchased But Not Paid For (list individually)		
Atlanta Capital	-44,945.37	12/31/2018
Garcia Hamilton	-540,000.00	12/31/2018
	0.00	
	0.00	
TOTAL PAYABLES	-654,143.77	