

Annual Statement

OF THE FINANCIAL CONDITION
OF THE DUKES COUNTY RETIREMENT SYSTEM
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
FOR THE YEAR ENDED 12/31/2011

Annual Statement for the Year Ended December 31, 2011 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 12/31/2014

Melanie Becker
(Name)

(Signature)

Elected Member

Term Expires 12/31/2013

Jeffrey S. Manter
(Name)

(Signature)

Elected Member

Term Expires 12/31/2013

David Rossi
(Name)

(Signature)

Member Appointed by Other Members

Term Expires 12/31/2014

Roger Wey
(Name)

(Signature)

Investment Managers

Investors list on next page

Investment Consultant

Dahab & Associates

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

Custodian

State Street Bank

PO Box 1992, Boston, MA 02105

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	70,569,249.17
Income Current Year	10,308,207.67
Disbursements Current Year	5,917,233.45
Assets Current Year	74,960,223.39

2. ASSET DIFFERENCE

Assets Current Year	74,960,223.39
Assets Previous Year	70,569,249.17
Difference	4,390,974.22

3. INCOME DIFFERENCE

Income Current Year	10,308,207.67
Disbursements Current Year	5,917,233.45
Difference	4,390,974.22

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	11,437,926.14
Total Fund Change Debits Current Year	-7,046,951.92
Difference	4,390,974.22

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, 2011.

ASSETS & LIABILITIES

	2011	2010	2009
1. 1040 Cash	2,689,822.78	1,778,398.46	2,517,754.01
2. 1100 Short Term Investments	700,000.00	0.00	0.00
3. 1180 Fixed Income Securities	850.00	850.00	620.50
4. 1170 Equities	7,210,780.38	7,121,934.33	5,844,776.13
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	14,109,712.83	13,640,646.28	11,386,525.96
7. 1173 Pooled International Equity Funds	1,393,840.95	1,253,855.10	1,117,642.67
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	11,084,028.64	9,694,697.99	8,298,307.38
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	3,593,235.29	2,668,110.83	2,363,974.39
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 PRIT Absolute	0.00	0.00	0.00
17. 1198 PRIT Cash	0.00	0.00	0.00
18. 1199 PRIT Fund	33,003,762.72	33,111,504.16	29,247,592.78
19. 1550 Interest Due and Accrued	0.00	33.14	16.18
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	1,208,219.35	1,313,868.51	802,171.43
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)	(-34,029.55)	(-14,649.63)	(-27,499.98)
TOTAL	74,960,223.39	70,569,249.17	61,551,881.45
FUNDS			
1. 3293 Annuity Savings Fund	24,897,405.09	23,314,451.01	23,702,057.06
2. 3294 Annuity Reserve Fund	6,049,710.17	5,541,587.10	5,044,940.22
3. 3295 Military Service Fund	3,395.94	3,389.16	0.00
4. 3296 Pension Fund	319,394.79	409,246.87	744,009.52
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	43,690,317.40	41,300,575.03	32,061,066.05
TOTAL ASSETS AT MARKET VALUE	74,960,223.39	70,569,249.17	61,552,072.85

(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, 2011.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	23,314,451.01	3,114,568.30	-1,129,718.47	-401,895.75	24,897,405.09
Annuity Reserve Fund	5,541,587.10	171,773.77	1,072,292.56	-735,943.26	6,049,710.17
Pension Fund	409,246.87	4,156,288.47	0.00	-4,246,140.55	319,394.79
Military Service Fund	3,389.16	6.78	0.00	0.00	3,395.94
Expense Fund	0.00	533,253.89	0.00	-533,253.89	0.00
Pension Reserve Fund	41,300,575.03	2,332,316.46	57,425.91	0.00	43,690,317.40
Total All Funds	70,569,249.17	10,308,207.67	- 0 -	-5,917,233.45	74,960,223.39

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	1,072,292.56	on acct of	Retirements
	Control Acct						
Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	57,425.91	on acct of	10 Year Inactive
	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	
Xfer from		to		in the amt of		on acct of	

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2011.

RECEIPTS

	2011	2010	2009
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	2,863,256.31	2,784,507.70	2,920,466.65
(b) 4892 Transfers from Other Systems	112,656.19	252.25	354,012.02
(c) 4893 Member Make Up Payments and Redeposits	59,276.86	17,441.58	33,222.68
(d) 4900 Member Payments from Rollovers	26,738.49	0.00	0.00
(e) Investment Income Credited to Members' Accounts	52,640.45	73,024.23	106,581.85
Subtotal	3,114,568.30	2,875,225.76	3,414,283.20
2. Annuity Reserve Fund:			
(a) Investment Income Credited to Annuity Reserve Fund	171,773.77	151,107.12	137,748.84
Subtotal	171,773.77	151,107.12	137,748.84
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	167,110.26	72,964.62	104,112.65
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	43,454.35	47,478.66	54,795.47
(c) 4894 Pension Fund Appropriation	3,945,723.86	3,400,637.25	4,027,179.10
(e) 4840 Workers Compensation Settlement	0.00	5,459.91	7,500.00
Subtotal	4,156,288.47	3,526,540.44	4,193,587.22
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	3,389.16	0.00
(b) Investment Income Credited	6.78	0.00	0.00
Subtotal	6.78	3,389.16	0.00
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	533,253.89	468,730.73	514,142.16
Subtotal	533,253.89	468,730.73	514,142.16
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	1,152,161.50	1,250,366.75	725,535.40
(c) 4822 Interest Not Refunded	213.64	2,299.65	3,503.85
(d) 4825 Miscellaneous Income	3.45	2,116.91	2,300.81
(f) Excess Investment Income	1,179,937.87	7,886,849.06	7,145,346.74
Subtotal	2,332,316.46	9,141,632.37	7,876,686.80
TOTAL RECEIPTS	10,308,207.67	16,166,625.58	16,136,448.22

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2011.

DISBURSEMENTS

	2011	2010	2009
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	288,953.44	404,212.02	355,511.51
(b) 5756 Transfers to Other Systems	112,942.31	1,774,709.08	65,022.51
Subtotal	401,895.75	2,178,921.10	420,534.02
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	735,943.26	640,302.94	577,243.09
(b) 5759 Option B Refunds	0.00	0.00	15,227.89
Subtotal	735,943.26	640,302.94	592,470.98
3. Pension Fund:			
(a) 5751 Pensions Paid	3,815,839.46	3,534,642.36	3,336,289.15
Regular Pension Payments	3,057,015.36	2,740,220.36	2,518,527.43
Survivorship Payments	104,848.41	90,234.24	92,053.26
Ordinary Disability Payments	87,326.10	85,677.84	82,019.64
Accidental Disability Payments	559,408.92	540,675.17	500,080.06
Accidental Death Payments	196,110.92	207,527.44	215,549.52
Section 101 Benefits	15,254.63	17,734.80	17,218.32
(b) 5755 3(8)(c) Reimbursements To Other Systems	226,711.69	179,233.24	156,386.49
(c) 5752 COLAs Paid	203,589.40	147,427.49	89,159.08
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	4,246,140.55	3,861,303.09	3,581,834.72
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	15,001.20	7,500.00	15,000.00
(b) 5119 Salaries	120,300.84	97,993.60	128,014.85
(c) 5304 Management Fees	239,522.10	203,186.09	205,430.41
(d) 5305 Custodial Fees	22,243.38	12,767.28	21,064.79
(e) 5307 Investment Consultant Fees	25,000.00	25,000.00	25,000.00
(f) 5308 Legal Expenses	8,634.99	18,685.44	15,554.88
(g) 5309 Medical Expenses	26.59	86.49	230.88
(h) 5310 Fiduciary Insurance	5,157.00	4,962.00	4,582.00
(i) 5311 Service Contracts	21,575.00	23,697.00	20,000.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	1,200.00	280.00	8,602.00
(l) 5320 Education And Training	1,480.00	820.00	1,065.00
(m) 5589 Administrative Expenses	69,136.20	72,108.33	62,698.20
(n) 5599 Furniture and Equipment	0.00	0.00	0.00
(o) 5719 Travel	3,976.59	1,644.50	6,899.15
(p) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	533,253.89	468,730.73	514,142.16
TOTAL DISBURSEMENTS	5,917,233.45	7,149,257.86	5,108,981.88

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2011.

INVESTMENT INCOME

Investment Income received from:	2011	2010	2009
(a) Cash (from Schedule 1)	18,215.77	12,460.69	43,344.92
(b) Short Term Investments (from Schedule 2)	3,270.50	0.00	48.20
(c) Fixed Income Securities (from Schedules 3A and 3C)	0.00	229.50	0.00
(d) Equities (from Schedules 4A and 4C)	67,274.86	54,049.31	65,364.09
(e) Pooled Funds (from Schedule 5)	1,867,421.16	1,579,777.68	1,441,547.36
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	1,956,182.29	1,646,517.18	1,550,304.57
Plus:			
4884 Realized Gains (Profits)	1,289,419.27	1,192,208.30	1,124,443.70
4886 Unrealized Gains (Increase in Market Value)	8,142,647.85	12,521,988.07	12,594,709.29
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	0.00	33.14	16.18
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	0.00	0.00
4885 Realized Losses	594,843.33	580,583.30	3,096,760.13
4887 Unrealized Losses (Decrease in Market Value)	8,855,760.18	6,200,436.07	4,266,856.06
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	33.14	16.18	2,037.96
NET INVESTMENT INCOME	1,937,612.76	8,579,711.14	7,903,819.59
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	52,640.45	73,024.23	106,581.85
Annuity Reserve Fund	171,773.77	151,107.12	137,748.84
Expense Fund	533,253.89	468,730.73	514,142.16
Military Service Fund	6.78	0.00	0.00
TOTAL INCOME REQUIRED	757,674.89	692,862.08	758,472.85
Net Investment Income	1,937,612.76	8,579,711.14	7,903,819.59
Less Income Required	757,674.89	692,862.08	758,472.85
EXCESS INCOME TO PENSION RESERVE FUND	1,179,937.87	7,886,849.06	7,145,346.74

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2011.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS

	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	525	81	606
Inactive Membership, Dec. 31st, Previous Year	110	13	123
Enrolled During Current Year	42	6	48
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	42	6	48
Deduct:			
Death	2	0	2
Withdrawals	32	1	33
Retirements	16	2	18
SUBTOTAL	50	3	53
Active Membership, Dec. 31st, Current Year	532	84	616
Inactive Membership, Dec. 31st, Current Year	95	13	108

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	181	45	226
Retirements During the Year			
Superannuation	16	1	17
Ordinary Disability	0	0	0
Accidental Disability	0	1	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	0	0	0
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	16	2	18
Deduct:			
Deaths of Retired Members	6	0	6
Termination of Survivor Benefits	0	0	0
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	6	0	6
Retired Membership, Dec. 31st, Current Year			
Superannuation	170	24	194
Ordinary Disability	3	2	5
Accidental Disability	4	13	17
Termination	0	1	1
Beneficiaries from Accidental Deaths	1	5	6
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	0	0	0
Beneficiaries under Option C	5	1	6
Option (D) Survivor Allowance	7	1	8
Section 12B Survivor Allowance	1	0	1
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	191	47	239
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	818	144	963

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2011.

Schedule A: Detail of Accounts Receivable and Accounts Payable

Accounts Receivable	Amount	Original Date
4891 Members Deductions	290,597.73	12/31/2011
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	21,877.99	12/31/2011
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	20,893.63	12/31/2011
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	662,872.50	12/31/2011
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	211,977.50	12/31/2011
Investments Sold But Funds Not Received (list individually)		
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	1,208,219.35	
Accounts Payable		
5757 Refunds to Members	0.00	
5756 Transfers to Other Systems	-18,005.90	12/31/2011
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	-4,702.55	12/31/2011
5307 Investment Consultant Fees	-6,250.00	12/31/2011
5308 Legal Expenses	-2,641.89	12/31/2011
5309 Medical Expenses	0.00	
5310 Fiduciary Insurance	0.00	
5311 Service Contracts	0.00	
5312 Rent Expense	0.00	
5315 Professional Services Expense	-1,200.00	12/31/2011
5589 Administrative Expenses	-1,063.82	12/31/2011
5599 Furniture and Equipment	0.00	
5719 Travel	-165.39	12/31/2011
Investments Purchased But Not Paid For (list individually)		
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL PAYABLES	-34,029.55	