

# Annual Statement

OF THE FINANCIAL CONDITION  
OF THE DUKES COUNTY RETIREMENT SYSTEM  
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION  
FOR THE YEAR ENDED 12/31/2012

**Annual Statement for the Year Ended December 31, 2012 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

Roger Wey  
(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

Melanie Becker  
(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	74,960,223.39
Income Current Year	18,072,142.34
Disbursements Current Year	6,335,052.25
Assets Current Year	86,697,313.48

**2. ASSET DIFFERENCE**

Assets Current Year	86,697,313.48
Assets Previous Year	74,960,223.39
Difference	11,737,090.09

**3. INCOME DIFFERENCE**

Income Current Year	18,072,142.34
Disbursements Current Year	6,335,052.25
Difference	11,737,090.09

**4. FUND CHANGE DIFFERENCE**

Total Fund Change Credits Current Year	18,888,757.34
Total Fund Change Debits Current Year	7,151,667.25
Difference	11,737,090.09

**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, 2012.**

**ASSETS & LIABILITIES**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
1. 1040 Cash	4,465,121.77	2,689,822.78	1,778,398.46
2. 1100 Short Term Investments	700,000.00	700,000.00	0.00
3. 1180 Fixed Income Securities	850.00	850.00	850.00
4. 1170 Equities	7,839,150.21	7,210,780.38	7,121,934.33
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	16,185,300.21	14,109,712.83	13,640,646.28
7. 1173 Pooled International Equity Funds	3,063,650.85	1,393,840.95	1,253,855.10
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	11,772,797.87	11,084,028.64	9,694,697.99
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	4,089,630.24	3,593,235.29	2,668,110.83
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	37,436,893.44	33,003,762.72	33,111,504.16
19. 1550 Interest Due and Accrued	0.00	0.00	33.14
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	1,159,184.33	1,208,219.35	1,313,868.51
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)	(-15,265.44)	(-34,029.55)	(-14,649.63)
<b>TOTAL</b>	<b>86,697,313.48</b>	<b>74,960,223.39</b>	<b>70,569,249.17</b>
<b>FUNDS</b>			
1. 3293 Annuity Savings Fund	26,971,466.29	24,897,405.09	23,314,451.01
2. 3294 Annuity Reserve Fund	6,195,851.60	6,049,710.17	5,541,587.10
3. 3295 Military Service Fund	3,399.34	3,395.94	3,389.16
4. 3296 Pension Fund	770,826.66	319,394.79	409,246.87
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	52,755,769.59	43,690,317.40	41,300,575.03
<b>TOTAL ASSETS AT MARKET VALUE</b>	<b>86,697,313.48</b>	<b>74,960,223.39</b>	<b>70,569,249.17</b>

(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, 2012.**

	<b>Balance Dec. 31 Prior year</b>	<b>Receipts</b>	<b>Interfund Transfers</b>	<b>Disbursements</b>	<b>Balance Dec.31 Current Year</b>
Annuity Savings Fund	24,897,405.09	3,348,151.78	-816,615.00	-457,475.58	26,971,466.29
Annuity Reserve Fund	6,049,710.17	180,287.46	815,634.25	-849,780.28	6,195,851.60
Pension Fund	319,394.79	4,909,149.37	0.00	-4,457,717.50	770,826.66
Military Service Fund	3,395.94	3.40	0.00	0.00	3,399.34
Expense Fund	0.00	570,078.89	0.00	-570,078.89	0.00
Pension Reserve Fund	43,690,317.40	9,064,471.44	980.75	0.00	52,755,769.59
<b>Total All Funds</b>	<b>74,960,223.39</b>	<b>18,072,142.34</b>	<b>- 0 -</b>	<b>-6,335,052.25</b>	<b>86,697,313.48</b>

**List below all transfers:**

Xfer from	<u>Annuity Savings Fund</u>	to	<u>Annuity Reserve Fund</u>	in the amt of	<u>981,782.35</u>	on acct of	<u>2012 Retirements</u>
	<u>Control Acct</u>						
Xfer from	<u>Annuity Savings Fund</u>	to	<u>Pension Reserve Fund</u>	in the amt of	<u>5,956.48</u>	on acct of	<u>10 yr inactives</u>
	<u>Control Acct</u>		<u>Control Acct</u>				
Xfer from	<u>Pension Reserve Fund</u>	to	<u>Annuity Savings Fund</u>	in the amt of	<u>232.41</u>	on acct of	<u>M.Marchand '05 interest</u>
	<u>Control Acct</u>		<u>Control Acct</u>				
Xfer from	<u>Pension Reserve Fund</u>	to	<u>Annuity Savings Fund</u>	in the amt of	<u>2,842.37</u>	on acct of	<u>Joe Carter reinstatement</u>
	<u>Control Acct</u>		<u>Control Acct</u>				<u>interest</u>
Xfer from	<u>Pension Reserve Fund</u>	to	<u>Annuity Savings Fund</u>	in the amt of	<u>1,900.95</u>	on acct of	<u>Reinstatement L. Forrister</u>
	<u>Control Acct</u>		<u>Control Acct</u>				
Xfer from	<u>Annuity Reserve Fund</u>	to	<u>Annuity Savings Fund</u>	in the amt of	<u>166,148.10</u>	on acct of	<u>Reinstatement J. Carter</u>
			<u>Control Acct</u>				

**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2012.**

**RECEIPTS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>1. Annuity Savings Fund:</b>			
(a) 4891 Members' Deductions	2,967,603.56	2,863,256.31	2,784,507.70
(b) 4892 Transfers from Other Systems	287,315.32	112,656.19	252.25
(c) 4893 Member Make Up Payments and Redeposits	41,056.84	59,276.86	17,441.58
(d) 4900 Member Payments from Rollovers	13,969.68	26,738.49	0.00
(e) Investment Income Credited to Members' Accounts	38,206.38	52,640.45	73,024.23
<b>Subtotal</b>	<b>3,348,151.78</b>	<b>3,114,568.30</b>	<b>2,875,225.76</b>
<b>2. Annuity Reserve Fund:</b>			
(a) 4750 Recovery of Annuity from Reinstatement	0.00	0.00	0.00
(b) Investment Income Credited to Annuity Reserve Fund	180,287.46	171,773.77	151,107.12
<b>Subtotal</b>	<b>180,287.46</b>	<b>171,773.77</b>	<b>151,107.12</b>
<b>3. Pension Fund:</b>			
(a) 4898 3(8)(c) Reimbursements from Other Systems	205,007.19	167,110.26	72,964.62
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	39,293.68	43,454.35	47,478.66
(c) 4894 Pension Fund Appropriation	4,655,848.50	3,945,723.86	3,400,637.25
(d) 4840 Workers Compensation Settlement	9,000.00	0.00	5,459.91
(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
<b>Subtotal</b>	<b>4,909,149.37</b>	<b>4,156,288.47</b>	<b>3,526,540.44</b>
<b>4. Military Service Fund:</b>			
(a) 4890 Contributions Received from Municipality	0.00	0.00	3,389.16
(b) Investment Income Credited	3.40	6.78	0.00
<b>Subtotal</b>	<b>3.40</b>	<b>6.78</b>	<b>3,389.16</b>
<b>5. Expense Fund:</b>			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	570,078.89	533,253.89	468,730.73
<b>Subtotal</b>	<b>570,078.89</b>	<b>533,253.89</b>	<b>468,730.73</b>
<b>6. Pension Reserve Fund:</b>			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	1,034,685.50	1,152,161.50	1,250,366.75
(c) 4822 Interest Not Refunded	851.15	213.64	2,299.65
(d) 4825 Miscellaneous Income	1.01	3.45	2,116.91
(e) Excess Investment Income	8,028,933.78	1,179,937.87	7,886,849.06
<b>Subtotal</b>	<b>9,064,471.44</b>	<b>2,332,316.46</b>	<b>9,141,632.37</b>
<b>TOTAL RECEIPTS</b>	<b>18,072,142.34</b>	<b>10,308,207.67</b>	<b>16,166,625.58</b>

**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2012.**

**DISBURSEMENTS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>1. Annuity Savings Fund:</b>			
(a) 5757 Refunds to Members	245,953.62	288,953.44	404,212.02
(b) 5756 Transfers to Other Systems	211,521.96	112,942.31	1,774,709.08
<b>Subtotal</b>	<b>457,475.58</b>	<b>401,895.75</b>	<b>2,178,921.10</b>
<b>2. Annuity Reserve Fund:</b>			
(a) 5750 Annuities Paid	792,134.07	735,943.26	640,302.94
(b) 5759 Option B Refunds	57,646.21	0.00	0.00
<b>Subtotal</b>	<b>849,780.28</b>	<b>735,943.26</b>	<b>640,302.94</b>
<b>3. Pension Fund:</b>			
(a) 5751 Pensions Paid	4,083,387.98	3,815,839.46	3,534,642.36
Regular Pension Payments	3,221,877.64	3,057,015.36	2,740,220.36
Survivorship Payments	97,365.67	104,848.41	90,234.24
Ordinary Disability Payments	94,545.03	87,326.10	85,677.84
Accidental Disability Payments	637,513.39	559,408.92	540,675.17
Accidental Death Payments	173,057.76	196,110.92	207,527.44
Section 101 Benefits	9,407.46	15,254.63	17,734.80
(b) 5755 3(8)(c) Reimbursements To Other Systems	223,950.55	226,711.69	179,233.24
(c) 5752 COLAs Paid	150,378.97	203,589.40	147,427.49
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
<b>Subtotal</b>	<b>4,457,717.50</b>	<b>4,246,140.55</b>	<b>3,861,303.09</b>
<b>4. Military Service Fund:</b>			
(a) 4890 Return to Municipality for Members who Withdrew Funds	0.00	0.00	0.00
<b>Subtotal</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5. Expense Fund:</b>			
(a) 5118 Board Member Stipend	15,000.00	15,001.20	7,500.00
(b) 5119 Salaries	122,160.68	120,300.84	97,993.60
(c) 5304 Management Fees	273,559.71	239,522.10	203,186.09
(d) 5305 Custodial Fees	16,737.16	22,243.38	12,767.28
(e) 5307 Investment Consultant Fees	30,000.00	25,000.00	25,000.00
(f) 5308 Legal Expenses	7,537.46	8,634.99	18,685.44
(g) 5309 Medical Expenses	202.34	26.59	86.49
(h) 5310 Fiduciary Insurance	5,326.00	5,157.00	4,962.00
(i) 5311 Service Contracts	31,326.00	21,575.00	23,697.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	0.00	1,200.00	280.00
(l) 5316 Actuarial Services	0.00	0.00	0.00
(k) 5317 Accounting Services	0.00	0.00	0.00
(n) 5320 Education And Training	2,140.00	1,480.00	820.00
(o) 5589 Administrative Expenses	57,104.82	69,136.20	72,108.33
(p) 5599 Furniture and Equipment	0.00	0.00	0.00
(q) 5719 Travel	8,984.72	3,976.59	1,644.50
(r) 5829 Depreciation Expense: Building	0.00	0.00	0.00
<b>Subtotal</b>	<b>570,078.89</b>	<b>533,253.89</b>	<b>468,730.73</b>
<b>TOTAL DISBURSEMENTS</b>	<b>6,335,052.25</b>	<b>5,917,233.45</b>	<b>7,149,257.86</b>

**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2012.**

**INVESTMENT INCOME**

Investment Income received from:	<b>2012</b>	<b>2011</b>	<b>2010</b>
(a) Cash (from Schedule 1)	11,006.39	18,215.77	12,460.69
(b) Short Term Investments (from Schedule 2)	16,782.11	3,270.50	0.00
(c) Fixed Income Securities (from Schedules 3A and 3C)	13,229.43	0.00	229.50
(d) Equities (from Schedules 4A and 4C)	116,046.60	67,274.86	54,049.31
(e) Pooled Funds (from Schedule 5)	2,028,864.77	1,867,421.16	1,579,777.68
(f) Commission Recapture	0.00	0.00	0.00
<b>4821 TOTAL INVESTMENT INCOME</b>	<b>2,185,929.30</b>	<b>1,956,182.29</b>	<b>1,646,517.18</b>
<b>Plus:</b>			
4884 Realized Gains (Profits)	2,233,628.71	1,289,419.27	1,192,208.30
4886 Unrealized Gains (Increase in Market Value)	8,779,774.37	8,142,647.85	12,521,988.07
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	0.00	0.00	33.14
<b>Less:</b>			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	0.00	0.00
4885 Realized Losses	266,042.72	594,843.33	580,583.30
4887 Unrealized Losses (Decrease in Market Value)	4,115,779.75	8,855,760.18	6,200,436.07
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	33.14	16.18
<b>NET INVESTMENT INCOME</b>	<b>8,817,509.91</b>	<b>1,937,612.76</b>	<b>8,579,711.14</b>
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	38,206.38	52,640.45	73,024.23
Annuity Reserve Fund	169,364.99	171,773.77	151,107.12
Expense Fund	570,078.89	533,253.89	468,730.73
Military Service Fund	3.40	6.78	0.00
<b>TOTAL INCOME REQUIRED</b>	<b>777,653.66</b>	<b>757,674.89</b>	<b>692,862.08</b>
Net Investment Income	8,817,509.91	1,937,612.76	8,579,711.14
Less Income Required	777,653.66	757,674.89	692,862.08
<b>EXCESS INCOME TO PENSION RESERVE FUND</b>	<b>8,039,856.25</b>	<b>1,179,937.87</b>	<b>7,886,849.06</b>



**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2012.**

**MEMBERSHIP FOR CURRENT YEAR**

**ACTIVE MEMBERS**

	<b>Group 1</b>	<b>Group 2 &amp; 4</b>	<b>TOTAL</b>
Active Membership, Dec. 31st, Previous Year	525	84	609
Inactive Membership, Dec. 31st, Previous Year	103	12	115
Enrolled During Current Year	67	7	74
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
<b>SUBTOTAL</b>	67	7	74
Deduct:			
Death	2	1	3
Withdrawals	22	6	28
Retirements	13	3	16
<b>SUBTOTAL</b>	37	10	47
Active Membership, Dec. 31st, Current Year	566	85	651
Inactive Membership, Dec. 31st, Current Year	92	8	100

**RETIRED MEMBERS, BENEFICIARIES & SURVIVORS**

**Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year**

	193	48	241
Retirements During the Year			
Superannuation	12	3	15
Ordinary Disability	0	0	0
Accidental Disability	0	0	0
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	1	0	1
Survivor Benefits from Active Membership	1	0	1
<b>SUBTOTAL</b>	14	3	17

Deduct:

Deaths of Retired Members	10	1	11
Termination of Survivor Benefits	0	1	1
Reinstatements of Disabled Pensions	0	0	0
<b>SUBTOTAL</b>	10	2	12

**Retired Membership, Dec. 31st, Current Year**

Superannuation	176	27	203
Ordinary Disability	2	2	4
Accidental Disability	4	13	17
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	4	1	5
Option (D) Survivor Allowance	8	1	9
Section 12B Survivor Allowance	1	0	1

**Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year**

**TOTAL MEMBERSHIP**

**Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year**

	197	49	246
	855	142	997

**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2012.**

**Schedule A: Detail of Accounts Receivable and Accounts Payable**

<b>Accounts Receivable</b>	<b>Amount</b>	<b>Original Date</b>
4751 Recovery of Pension from Reinstatement	0.00	
4840 Workers Compensation Settlements	0.00	
4841 Recovery of 91A Overearnings	0.00	
4891 Members Deductions	246,611.93	12/31/2012
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	710.00	12/31/2012
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	19,965.90	12/31/2012
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	711,277.00	12/31/2012
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	180,619.50	12/31/2012
Investments Sold But Funds Not Received (list individually)		
	0.00	
	0.00	
	0.00	
	0.00	
<b>TOTAL RECEIVABLES</b>	<b>1,159,184.33</b>	
<b>Accounts Payable</b>		
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	-5,966.55	12/31/2012
5307 Investment Consultant Fees	-8,750.00	12/31/2012
5308 Legal Expenses	-281.70	12/31/2012
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	-267.19	12/31/2012
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	
<b>TOTAL PAYABLES</b>	<b>-15,265.44</b>	