

# Annual Statement

OF THE FINANCIAL CONDITION  
OF THE DUKES COUNTY RETIREMENT SYSTEM  
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION  
FOR THE YEAR ENDED 12/31/2014

**Annual Statement for the Year Ended December 31, 2014 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** 12/31/2017

Roger Wey  
(Name)

(Signature)

**Elected Member**

**Term Expires** 12/31/2016

Jo Ann Murphy  
(Name)

(Signature)

**Elected Member**

**Term Expires** 12/31/2016

David Rossi  
(Name)

(Signature)

**Member Appointed by Other Members**

**Term Expires** 12/31/2017

Melanie Becker  
(Name)

(Signature)

**Investment Managers**

Investors list on next page

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

**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	103,538,932.77
Income Current Year	19,014,791.46
Disbursements Current Year	7,360,199.08
Assets Current Year	115,193,525.15

**2. ASSET DIFFERENCE**

Assets Current Year	115,193,525.15
Assets Previous Year	103,538,932.77
Difference	11,654,592.38

**3. INCOME DIFFERENCE**

Income Current Year	19,014,791.46
Disbursements Current Year	7,360,199.08
Difference	11,654,592.38

**4. FUND CHANGE DIFFERENCE**

Total Fund Change Credits Current Year	20,415,129.87
Total Fund Change Debits Current Year	-8,760,537.49
Difference	11,654,592.38

**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, 2014.**

**ASSETS & LIABILITIES**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
1. 1040 Cash	2,897,625.73	3,363,707.84	4,465,121.77
2. 1100 Short Term Investments	700,000.00	700,000.00	700,000.00
3. 1180 Fixed Income Securities	12,841,418.03	850.00	850.00
4. 1170 Equities	24,228,249.04	20,825,444.53	7,839,150.21
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	13,107,687.05	11,580,318.07	16,185,300.21
7. 1173 Pooled International Equity Funds	3,662,836.26	3,805,206.68	3,063,650.85
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	0.00	12,068,297.56	11,772,797.87
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	8,672,324.99	6,110,324.59	4,089,630.24
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	47,224,655.52	43,848,249.89	37,436,893.44
19. 1550 Interest Due and Accrued	0.00	0.00	0.00
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	2,148,943.91	1,586,904.77	1,159,184.33
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)	(-290,215.38)	(-350,371.16)	(-15,265.44)
<b>TOTAL</b>	<b>115,193,525.15</b>	<b>103,538,932.77</b>	<b>86,697,313.48</b>
<b>FUNDS</b>			
1. 3293 Annuity Savings Fund	31,243,661.80	29,167,729.47	26,971,466.29
2. 3294 Annuity Reserve Fund	7,186,442.52	6,616,300.69	6,195,851.60
3. 3295 Military Service Fund	13,399.11	13,385.72	3,399.34
4. 3296 Pension Fund	740,574.13	442,957.63	770,826.66
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	76,009,447.59	67,298,559.26	52,755,769.59
<b>TOTAL ASSETS AT MARKET VALUE</b>	<b>115,193,525.15</b>	<b>103,538,932.77</b>	<b>86,697,313.48</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, 2014.**

	<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	29,167,729.47	3,946,625.01	-1,400,338.41	-473,404.65	31,240,611.42
Annuity Reserve Fund	6,616,300.69	198,294.70	1,397,288.03	-1,025,440.90	7,186,442.52
Pension Fund	442,957.63	5,262,357.61	0.00	-4,964,741.11	740,574.13
Military Service Fund	13,385.72	13.39	0.00	0.00	13,399.11
Expense Fund	0.00	896,612.42	0.00	-896,612.42	0.00
Pension Reserve Fund	67,298,559.26	8,709,112.83	3,050.38	0.00	76,010,722.47
<b>Total All Funds</b>	<b>103,538,932.77</b>	<b>19,014,791.46</b>	<b>- 0 -</b>	<b>-7,360,199.08</b>	<b>115,193,525.15</b>

**List below all transfers:**

Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	3,050.38	on acct of	Interest Not Refunded
	Control Acct		Control Acct				
Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	1,397,288.03	on acct of	2014 Retirements
	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, 2014.**

**RECEIPTS**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>1. Annuity Savings Fund:</b>			
(a) 4891 Members' Deductions	3,366,692.76	3,165,186.12	2,967,603.56
(b) 4892 Transfers from Other Systems	428,671.56	443,971.14	287,315.32
(c) 4893 Member Make Up Payments and Redeposits	40,620.66	34,715.08	41,056.84
(d) 4900 Member Payments from Rollovers	62,859.16	123,913.06	13,969.68
(e) Investment Income Credited to Members' Accounts	47,780.87	50,990.19	38,206.38
<b>Subtotal</b>	<b>3,946,625.01</b>	<b>3,818,775.59</b>	<b>3,348,151.78</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	198,294.70	183,817.34	180,287.46
<b>Subtotal</b>	<b>198,294.70</b>	<b>183,817.34</b>	<b>180,287.46</b>
<b>3. Pension Fund:</b>			
(a) 4898 3(8)(c) Reimbursements from Other Systems	175,286.69	197,468.31	205,007.19
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	30,142.41	30,690.57	39,293.68
(c) 4894 Pension Fund Appropriation	5,036,028.51	4,591,729.60	4,655,848.50
(d) 4840 Workers Compensation Settlement	20,900.00	0.00	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
<b>Subtotal</b>	<b>5,262,357.61</b>	<b>4,819,888.48</b>	<b>4,909,149.37</b>
<b>4. Military Service Fund:</b>			
(a) 4890 Contributions Received from Municipality	0.00	9,982.98	0.00
(b) Investment Income Credited	13.39	3.40	3.40
<b>Subtotal</b>	<b>13.39</b>	<b>9,986.38</b>	<b>3.40</b>
<b>5. Expense Fund:</b>			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	896,612.42	711,715.99	570,078.89
<b>Subtotal</b>	<b>896,612.42</b>	<b>711,715.99</b>	<b>570,078.89</b>
<b>6. Pension Reserve Fund:</b>			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	715,352.48	717,202.40	1,034,685.50
(c) 4822 Interest Not Refunded	3,050.38	2,894.19	851.15
(d) 4825 Miscellaneous Income	0.00	3,609.44	1.01
(e) Excess Investment Income	7,992,485.47	13,812,586.13	8,028,933.78
<b>Subtotal</b>	<b>8,710,888.33</b>	<b>14,536,292.16</b>	<b>9,064,471.44</b>
<b>TOTAL RECEIPTS</b>	<b>19,014,791.46</b>	<b>24,080,475.94</b>	<b>18,072,142.34</b>

**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2014.**

**DISBURSEMENTS**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>1. Annuity Savings Fund:</b>			
(a) 5757 Refunds to Members	320,342.53	385,458.80	245,953.62
(b) 5756 Transfers to Other Systems	153,062.12	115,468.52	211,521.96
<b>Subtotal</b>	<b>473,404.65</b>	<b>500,927.32</b>	<b>457,475.58</b>
<b>2. Annuity Reserve Fund:</b>			
(a) 5750 Annuities Paid	1,002,434.98	878,455.83	792,134.07
(b) 5759 Option B Refunds	23,005.92	0.00	57,646.21
<b>Subtotal</b>	<b>1,025,440.90</b>	<b>878,455.83</b>	<b>849,780.28</b>
<b>3. Pension Fund:</b>			
(a) 5751 Pensions Paid	4,874,605.97	4,432,337.60	4,083,387.98
Regular Pension Payments	3,802,240.70	3,465,602.86	3,221,877.64
Survivorship Payments	93,320.58	93,331.88	97,365.67
Ordinary Disability Payments	90,881.52	90,881.52	94,545.03
Accidental Disability Payments	702,985.71	672,908.38	637,513.39
Accidental Death Payments	175,487.76	175,487.76	173,057.76
Section 101 Benefits	9,689.70	9,689.70	9,407.46
(b) 5755 3(8)(c) Reimbursements To Other Systems	7,817.09	639,855.41	223,950.55
(c) 5752 COLAs Paid	82,318.05	75,564.50	150,378.97
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
<b>Subtotal</b>	<b>4,964,741.11</b>	<b>5,147,757.51</b>	<b>4,457,717.50</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	15,000.00	15,000.00
(b) 5119 Salaries	150,364.66	140,681.99	122,160.68
(c) 5304 Management Fees	501,716.96	360,843.95	273,559.71
(d) 5305 Custodial Fees	37,877.95	51,372.16	16,737.16
(e) 5307 Investment Consultant Fees	35,000.00	35,000.00	30,000.00
(f) 5308 Legal Expenses	9,987.32	2,958.82	7,537.46
(g) 5309 Medical Expenses	372.66	386.82	202.34
(h) 5310 Fiduciary Insurance	5,598.00	5,333.00	5,326.00
(i) 5311 Service Contracts	22,975.00	21,880.00	31,326.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	0.00	0.00	0.00
(l) 5316 Actuarial Services	17,250.00	0.00	0.00
(k) 5317 Accounting Services	0.00	0.00	0.00
(n) 5320 Education And Training	1,800.00	1,630.00	2,140.00
(o) 5589 Administrative Expenses	80,554.69	70,381.17	57,104.82
(p) 5599 Furniture and Equipment	6,874.90	0.00	0.00
(q) 5719 Travel	11,240.28	6,248.08	8,984.72
(r) 5829 Depreciation Expense: Building	0.00	0.00	0.00
<b>Subtotal</b>	<b>896,612.42</b>	<b>711,715.99</b>	<b>570,078.89</b>
<b>TOTAL DISBURSEMENTS</b>	<b>7,360,199.08</b>	<b>7,238,856.65</b>	<b>6,335,052.25</b>

**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2014.**

**INVESTMENT INCOME**

Investment Income received from:	<b>2014</b>	<b>2013</b>	<b>2012</b>
(a) Cash (from Schedule 1)	6,409.14	9,605.26	11,006.39
(b) Short Term Investments (from Schedule 2)	13,816.26	13,559.04	16,782.11
(c) Fixed Income Securities (from Schedules 3A and 3C)	361,517.55	449,812.10	13,229.43
(d) Equities (from Schedules 4A and 4C)	230,349.26	115,675.49	116,046.60
(e) Pooled Funds (from Schedule 5)	2,100,807.41	1,793,473.45	2,028,864.77
(f) Commission Recapture	0.00	0.00	0.00
<b>4821 TOTAL INVESTMENT INCOME</b>	<b>2,712,899.62</b>	<b>2,382,125.34</b>	<b>2,185,929.30</b>
<b>Plus:</b>			
4884 Realized Gains (Profits)	3,015,177.40	2,455,566.93	2,233,628.71
4886 Unrealized Gains (Increase in Market Value)	8,190,450.44	14,139,483.30	8,779,774.37
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	0.00	0.00	0.00
<b>Less:</b>			
4823 Paid Accrued Interest on Fixed Income Securities	115,672.25	128,504.22	0.00
4885 Realized Losses	225,438.90	533,652.97	266,042.72
4887 Unrealized Losses (Decrease in Market Value)	4,442,229.46	3,555,905.33	4,115,779.75
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
<b>NET INVESTMENT INCOME</b>	<b>9,135,186.85</b>	<b>14,759,113.05</b>	<b>8,817,509.91</b>
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	47,780.87	50,990.19	38,206.38
Annuity Reserve Fund	198,294.70	183,817.34	169,364.99
Expense Fund	896,612.42	711,715.99	570,078.89
Military Service Fund	13.39	3.40	3.40
<b>TOTAL INCOME REQUIRED</b>	<b>1,142,701.38</b>	<b>946,526.92</b>	<b>777,653.66</b>
Net Investment Income	9,135,186.85	14,759,113.05	8,817,509.91
Less Income Required	1,142,701.38	946,526.92	777,653.66
<b>EXCESS INCOME TO PENSION RESERVE FUND</b>	<b>7,992,485.47</b>	<b>13,812,586.13</b>	<b>8,039,856.25</b>



**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2014.**

**MEMBERSHIP FOR CURRENT YEAR**

<b>ACTIVE MEMBERS</b>	<b>Group 1</b>	<b>Group 2 &amp; 4</b>	<b>TOTAL</b>
Active Membership, Dec. 31st, Previous Year	561	76	637
Inactive Membership, Dec. 31st, Previous Year	123	11	134
Enrolled During Current Year	66	5	71
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
<b>SUBTOTAL</b>	66	5	71
Deduct:			
Death	0	0	0
Withdrawals	32	3	35
Retirements	12	2	14
<b>SUBTOTAL</b>	44	5	49
Active Membership, Dec. 31st, Current Year	586	77	663
Inactive Membership, Dec. 31st, Current Year	120	10	130

**RETIRED MEMBERS, BENEFICIARIES & SURVIVORS**

<b>Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year</b>	212	50	262
Retirements During the Year			
Superannuation	12	2	14
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
<b>SUBTOTAL</b>	12	2	14
Deduct:			
Deaths of Retired Members	7	0	7
Termination of Survivor Benefits	0	0	0
Reinstatements of Disabled Pensions	0	0	0
<b>SUBTOTAL</b>	7	0	7
<b>Retired Membership, Dec. 31st, Current Year</b>			
Superannuation	194	28	222
Ordinary Disability	3	2	5
Accidental Disability	6	14	20
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	4	1	5
Option (D) Survivor Allowance	8	1	9
Section 12B Survivor Allowance	1	0	1
<b>Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year</b>	217	52	270
<b>TOTAL MEMBERSHIP</b>			
<b>Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year</b>	923	139	1,063

**Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2014.**

**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	294,023.28	12/31/2014
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	2,694.86	12/31/2014
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	14,346.21	12/31/2014
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	1,605,570.00	12/31/2014
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	228,327.48	12/31/2014
Investments Sold But Funds Not Received (list individually)		
Atlanta Capital	3,982.08	12/31/2014
	0.00	
	0.00	
	0.00	
<b>TOTAL RECEIVABLES</b>	<b>2,148,943.91</b>	
<b>Accounts Payable</b>		
5316 Actuarial Services	-4,000.00	12/31/2014
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	-33,569.97	12/31/2014
5305 Custodial Fees	-9,108.27	12/31/2014
5307 Investment Consultant Fees	-8,750.00	12/31/2014
5308 Legal Expenses	-112.75	12/31/2014
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	-670.29	12/31/2014
5599 Furniture and Equipment	0.00	
5719 Travel	-204.96	12/31/2014
Investments Purchased But Not Paid For (list individually)		
Atlanta Capital	-5,957.46	12/31/2014
Polen	-227,841.68	12/31/2014
	0.00	
	0.00	
<b>TOTAL PAYABLES</b>	<b>-290,215.38</b>	