

Annual Statement

OF THE FINANCIAL CONDITION
OF THE DUKES COUNTY RETIREMENT SYSTEM
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
FOR THE YEAR ENDED 12/31/2015

Annual Statement for the Year Ended December 31, 2015 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

Investment Managers 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	115,193,525.15
Income Current Year	14,865,020.55
Disbursements Current Year	8,214,035.86
Assets Current Year	121,844,509.84

2. ASSET DIFFERENCE

Assets Current Year	121,844,509.84
Assets Previous Year	115,193,525.15
Difference	6,650,984.69

3. INCOME DIFFERENCE

Income Current Year	14,865,020.55
Disbursements Current Year	8,214,035.86
Difference	6,650,984.69

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	16,715,928.96
Total Fund Change Debits Current Year	-10,064,944.27
Difference	6,650,984.69

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, 2015.

ASSETS & LIABILITIES

	2015	2014	2013
1. 1040 Cash	4,104,081.41	2,897,625.73	3,363,707.84
2. 1100 Short Term Investments	0.00	700,000.00	700,000.00
3. 1180 Fixed Income Securities	12,925,670.66	12,841,418.03	850.00
4. 1170 Equities	28,430,271.24	24,228,249.04	20,825,444.53
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	13,891,469.09	13,107,687.05	11,580,318.07
7. 1173 Pooled International Equity Funds	3,701,475.91	3,662,836.26	3,805,206.68
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	0.00	0.00	12,068,297.56
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	10,473,907.88	8,672,324.99	6,110,324.59
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	47,534,126.43	47,224,655.52	43,848,249.89
19. 1550 Interest Due and Accrued	53,613.61	0.00	0.00
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	840,739.23	2,148,943.91	1,586,904.77
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)	(-110,845.62)	(-290,215.38)	(-350,371.16)
TOTAL	121,844,509.84	115,193,525.15	103,538,932.77
FUNDS			
1. 3293 Annuity Savings Fund	32,820,580.27	31,243,661.80	29,167,729.47
2. 3294 Annuity Reserve Fund	8,125,331.96	7,186,442.52	6,616,300.69
3. 3295 Military Service Fund	13,412.51	13,399.11	13,385.72
4. 3296 Pension Fund	136,012.41	740,574.13	442,957.63
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	80,749,172.69	76,009,447.59	67,298,559.26
TOTAL ASSETS AT MARKET VALUE	121,844,509.84	115,193,525.15	103,538,932.77

(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, 2015.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	31,243,661.80	3,710,573.63	-1,778,106.33	-355,548.83	32,820,580.27
Annuity Reserve Fund	7,186,442.52	200,669.28	1,850,908.41	-1,112,688.25	8,125,331.96
Pension Fund	740,574.13	5,233,796.68	0.00	-5,838,358.40	136,012.41
Military Service Fund	13,399.11	13.40	0.00	0.00	13,412.51
Expense Fund	0.00	907,440.38	0.00	-907,440.38	0.00
Pension Reserve Fund	76,009,447.59	4,812,527.18	-72,802.08	0.00	80,749,172.69
Total All Funds	115,193,525.15	14,865,020.55	- 0 -	-8,214,035.86	121,844,509.84

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	1,850,908.41	on acct of	2015 Retirements
	Control Acct						
Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	58.89	on acct of	Interest Not Refunded
	Control Acct		Control Acct				
Xfer from	Pension Reserve Fund	to	Annuity Savings Fund	in the amt of	72,802.08	on acct of	10-year reversal
	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, 2015.

RECEIPTS

	2015	2014	2013
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	3,512,321.30	3,366,692.76	3,165,186.12
(b) 4892 Transfers from Other Systems	81,674.28	428,671.56	443,971.14
(c) 4893 Member Make Up Payments and Redeposits	19,601.83	40,620.66	34,715.08
(d) 4900 Member Payments from Rollovers	60,258.21	62,859.16	123,913.06
(e) Investment Income Credited to Members' Accounts	36,718.01	47,780.87	50,990.19
Subtotal	3,710,573.63	3,946,625.01	3,818,775.59
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	200,669.28	198,294.70	183,817.34
Subtotal	200,669.28	198,294.70	183,817.34
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	171,599.65	175,286.69	197,468.31
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	27,507.22	30,142.41	30,690.57
(c) 4894 Pension Fund Appropriation	5,016,898.98	5,036,028.51	4,591,729.60
(d) 4840 Workers Compensation Settlement	13,491.57	20,900.00	0.00
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	4,299.26	0.00	0.00
Subtotal	5,233,796.68	5,262,357.61	4,819,888.48
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	9,982.98
(b) Investment Income Credited	13.40	13.39	3.40
Subtotal	13.40	13.39	9,986.38
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	907,440.38	896,612.42	711,715.99
Subtotal	907,440.38	896,612.42	711,715.99
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	760,765.02	715,352.48	717,202.40
(c) 4822 Interest Not Refunded	58.89	3,050.38	2,894.19
(d) 4825 Miscellaneous Income	1,274.54	0.00	3,609.44
(e) Excess Investment Income	4,050,428.73	7,992,485.47	13,812,586.13
Subtotal	4,812,527.18	8,710,888.33	14,536,292.16
TOTAL RECEIPTS	14,865,020.55	19,014,791.46	24,080,475.94

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2015.

DISBURSEMENTS

	2015	2014	2013
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	213,494.78	320,342.53	385,458.80
(b) 5756 Transfers to Other Systems	142,054.05	153,062.12	115,468.52
Subtotal	355,548.83	473,404.65	500,927.32
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	1,112,688.25	1,002,434.98	878,455.83
(b) 5759 Option B Refunds	0.00	23,005.92	0.00
Subtotal	1,112,688.25	1,025,440.90	878,455.83
3. Pension Fund:			
(a) 5751 Pensions Paid	5,342,532.74	4,874,605.97	4,432,337.60
Regular Pension Payments	4,277,338.67	3,802,240.70	3,465,602.86
Survivorship Payments	100,603.43	93,320.58	93,331.88
Ordinary Disability Payments	94,703.40	90,881.52	90,881.52
Accidental Disability Payments	766,426.85	702,985.71	672,908.38
Accidental Death Payments	180,527.76	175,487.76	175,487.76
Section 101 Benefits	10,279.80	9,689.70	9,689.70
(b) 5755 3(8)(c) Reimbursements To Other Systems	408,478.49	7,817.09	639,855.41
(c) 5752 COLAs Paid	87,347.17	82,318.05	75,564.50
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	5,838,358.40	4,964,741.11	5,147,757.51
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	155,622.55	150,364.66	140,681.99
(c) 5304 Management Fees	502,746.58	501,716.96	360,843.95
(d) 5305 Custodial Fees	43,328.66	37,877.95	51,372.16
(e) 5307 Investment Consultant Fees	37,500.00	35,000.00	35,000.00
(f) 5308 Legal Expenses	7,142.85	9,987.32	2,958.82
(g) 5309 Medical Expenses	123.09	372.66	386.82
(h) 5310 Fiduciary Insurance	5,752.00	5,598.00	5,333.00
(i) 5311 Service Contracts	31,250.00	22,975.00	21,880.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	36.85	0.00	0.00
(l) 5316 Actuarial Services	-3,625.00	17,250.00	0.00
(k) 5317 Accounting Services	36,878.00	0.00	0.00
(n) 5320 Education And Training	6,030.00	1,800.00	1,630.00
(o) 5589 Administrative Expenses	52,440.87	80,554.69	70,381.17
(p) 5599 Furniture and Equipment	838.98	6,874.90	0.00
(q) 5719 Travel	16,374.95	11,240.28	6,248.08
(r) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	907,440.38	896,612.42	711,715.99
TOTAL DISBURSEMENTS	8,214,035.86	7,360,199.08	7,238,856.65

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2015.

INVESTMENT INCOME

Investment Income received from:	2015	2014	2013
(a) Cash (from Schedule 1)	12,588.49	6,409.14	9,605.26
(b) Short Term Investments (from Schedule 2)	3,411.19	13,816.26	13,559.04
(c) Fixed Income Securities (from Schedules 3A and 3C)	559,468.25	361,517.55	449,812.10
(d) Equities (from Schedules 4A and 4C)	255,467.98	230,349.26	115,675.49
(e) Pooled Funds (from Schedule 5)	2,179,769.07	2,100,807.41	1,793,473.45
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	3,010,704.98	2,712,899.62	2,382,125.34
Plus:			
4884 Realized Gains (Profits)	2,759,477.73	3,015,177.40	2,455,566.93
4886 Unrealized Gains (Increase in Market Value)	8,672,247.69	8,190,450.44	14,139,483.30
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	53,613.61	0.00	0.00
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	30,524.32	115,672.25	128,504.22
4885 Realized Losses	254,094.83	225,438.90	533,652.97
4887 Unrealized Losses (Decrease in Market Value)	9,016,155.06	4,442,229.46	3,555,905.33
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
NET INVESTMENT INCOME	5,195,269.80	9,135,186.85	14,759,113.05
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	36,718.01	47,780.87	50,990.19
Annuity Reserve Fund	200,669.28	198,294.70	183,817.34
Expense Fund	907,440.38	896,612.42	711,715.99
Military Service Fund	13.40	13.39	3.40
TOTAL INCOME REQUIRED	1,144,841.07	1,142,701.38	946,526.92
Net Investment Income	5,195,269.80	9,135,186.85	14,759,113.05
Less Income Required	1,144,841.07	1,142,701.38	946,526.92
EXCESS INCOME TO PENSION RESERVE FUND	4,050,428.73	7,992,485.47	13,812,586.13

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2015.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS

	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	581	76	657
Inactive Membership, Dec. 31st, Previous Year	121	10	131
Enrolled During Current Year	87	7	94
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	87	7	94
Deduct:			
Death	0	0	0
Withdrawals	25	1	26
Retirements	23	2	25
SUBTOTAL	48	3	51
Active Membership, Dec. 31st, Current Year	613	79	692
Inactive Membership, Dec. 31st, Current Year	128	11	139

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

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

	213	51	264
Retirements During the Year			
Superannuation	22	2	24
Ordinary Disability	0	0	0
Accidental Disability	1	0	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	3	0	3
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	26	2	28

Deduct:

Deaths of Retired Members	7	0	7
Termination of Survivor Benefits	0	0	0
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	7	0	7

Retired Membership, Dec. 31st, Current Year

Superannuation	208	29	237
Ordinary Disability	3	2	5
Accidental Disability	7	14	21
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	6	1	7
Option (D) Survivor Allowance	7	1	8
Section 12B Survivor Allowance	0	0	0

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

TOTAL MEMBERSHIP

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

	232	53	286
	973	143	1,117

Annual Statement of the Dukes County Retirement System for the Year Ended December 31, 2015.

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	312,096.27	12/31/2015
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	1,575.00	12/31/2015
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	13,094.46	12/31/2015
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	493,414.56	12/31/2015
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	20,558.94	12/31/2015
Investments Sold But Funds Not Received (list individually)		
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	840,739.23	
Accounts Payable		
5316 Actuarial Services	0.00	
5317 Accounting Services	-36,878.00	12/31/2015
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	-8,215.33	12/31/2015
5305 Custodial Fees	-11,207.65	12/31/2015
5307 Investment Consultant Fees	-8,750.00	12/31/2015
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	-624.48	12/31/2015
5599 Furniture and Equipment	0.00	
5719 Travel	-268.18	12/31/2015
Investments Purchased But Not Paid For (list individually)		
Atlanta Capital	-11,302.45	12/31/2015
Garcia Hamilton	-33,599.53	12/31/2015
	0.00	
	0.00	
TOTAL PAYABLES	-110,845.62	