

Annual Statement

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· **OF THE FINANCIAL CONDITION**
· **OF THE PEABODY RETIREMENT BOARD**
· **TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**
· **FOR THE YEAR ENDED 12/31/2016**
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Annual Statement for the Year Ended December 31, 2016 of the conditions and Affairs of the Peabody Retirement Board.

Organized Under the Laws of the Commonwealth of Massachusetts to the Public Employee Retirement Administration Commission.

Date of Certificate 12/05/1936

Effective Date 07/01/1937

ADMINISTRATION OFFICE

City Hall, 24 Lowell Street
Street & Number

Peabody, MA 01960-5440
City/Town, State and Zip Code

(978) 538-5911
Telephone Number

We, the undersigned, members of the Peabody Retirement Board 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	<p>Ex-Officio Member Michael Gingras _____ (Name)</p> <p>Appointed Member Edward J. Lomasney, III _____ (Name)</p> <p>Elected Member Joseph P. DiFranco, Sr. _____ (Name)</p> <p>Elected Member Linda Cavallon _____ (Name)</p> <p>Member Appointed by Other Members Richard A. Yagjian (Chairperson) _____ (Name)</p>	<p>_____ (Signature)</p> <p>Term Expires <u>12/31/2017</u></p> <p>_____ (Signature)</p> <p>Term Expires <u>06/30/2017</u></p> <p>_____ (Signature)</p> <p>Term Expires <u>03/03/2019</u></p> <p>_____ (Signature)</p> <p>Term Expires <u>07/16/2018</u></p> <p>_____ (Signature)</p>
Investment Managers	<u>Pension Reserve Investment Mangement Board</u> _____ _____	<u>84 State Street, Suite 250, Boston, MA 02109</u> _____ _____
Investment Consultant	<u>N/A</u> _____	_____
Custodian	<u>N/A</u> _____	_____

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	131,435,588.64
Income Current Year	<u>26,982,822.49</u>
Disbursements Current Year	<u>20,790,205.81</u>
Assets Current Year	<u>137,628,205.32</u>

2. ASSET DIFFERENCE

Assets Current Year	137,628,205.32
Assets Previous Year	<u>131,435,588.64</u>
Difference	<u>6,192,616.68</u>

3. INCOME DIFFERENCE

Income Current Year	26,982,822.49
Disbursements Current Year	<u>20,790,205.81</u>
Difference	<u>6,192,616.68</u>

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	33,035,779.34
Total Fund Change Debits Current Year	<u>-26,843,162.66</u>
Difference	<u>6,192,616.68</u>

Note: The difference as a result of tests 2, 3 and 4 should be the same.

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2016.

ASSETS & LIABILITIES

	2016	2015	2014
1. 1040 Cash	543,966.66	705,519.02	1,479,157.32
2. 1100 Short Term Investments	0.00	0.00	0.00
3. 1180 Fixed Income Securities	0.00	0.00	0.00
4. 1170 Equities	0.00	0.00	0.00
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	0.00	0.00	0.00
7. 1173 Pooled International Equity Funds	0.00	0.00	0.00
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	0.00	0.00	0.00
13. 1194 Pooled Real Estate Funds	0.00	0.00	0.00
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	132,002,186.69	126,098,639.09	127,391,459.10
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)	5,083,738.72	4,631,542.81	4,119,010.67
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)	(-1,686.75)	(-112.28)	(-22,210.31)
TOTAL	137,628,205.32	131,435,588.64	132,967,416.78
FUNDS			
1. 3293 Annuity Savings Fund	47,848,171.96	45,852,816.90	44,155,656.33
2. 3294 Annuity Reserve Fund	12,477,235.75	12,785,933.29	12,425,741.18
3. 3295 Military Service Fund	344.50	344.16	343.82
4. 3296 Pension Fund	2,123,563.99	2,639,991.04	2,363,887.20
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	75,178,889.12	70,156,503.25	74,021,788.25
TOTAL ASSETS AT MARKET VALUE	137,628,205.32	131,435,588.64	132,967,416.78

(A) Specific details for Accounts Receivable and Accounts Payable are to be disclosed on Schedule A

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2016.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	45,852,816.90	4,982,275.15	-2,293,879.85	-693,040.24	47,848,171.96
Annuity Reserve Fund	12,785,933.29	368,284.53	2,293,879.85	-2,970,861.92	12,477,235.75
Pension Fund	2,639,991.04	11,935,614.69	3,759,077.00	-16,211,118.74	2,123,563.99
Military Service Fund	344.16	0.34	0.00	0.00	344.50
Expense Fund	0.00	915,184.91	0.00	-915,184.91	0.00
Pension Reserve Fund	70,156,503.25	8,781,462.87	-3,759,077.00	0.00	75,178,889.12
Total All Funds	131,435,588.64	26,982,822.49	- 0 -	-20,790,205.81	137,628,205.32

List below all transfers:

Xfer from	ANNUITY SAVINGS FUND Control Acct	to	ANNUITY RESERVE FUND Control Acct	in the amt of	2,293,879.85	on acct of	Retirements
Xfer from	PENSION RESERVE FUND Control Acct	to	PENSION FUND Control Account	in the amt of	3,759,077.00	on acct of	PERAC FY17 Appropriation letter 11/18/15
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 Peabody Retirement Board for the Year Ended December 31, 2016.

RECEIPTS

	2016	2015	2014
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	4,291,929.50	3,957,188.18	3,861,397.74
(b) 4892 Transfers from Other Systems	396,375.44	588,968.12	688,848.76
(c) 4893 Member Make Up Payments and Redeposits	218,050.65	40,567.60	171,197.42
(d) 4900 Member Payments from Rollovers	27,569.42	24,805.03	45,055.07
(e) Investment Income Credited to Members' Accounts	48,350.14	52,713.45	70,301.76
Subtotal	<u>4,982,275.15</u>	<u>4,664,242.38</u>	<u>4,836,800.75</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	368,284.53	372,293.88	371,923.60
Subtotal	<u>368,284.53</u>	<u>372,293.88</u>	<u>371,923.60</u>
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	314,335.25	292,088.51	306,497.16
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	262,142.44	293,818.22	318,452.93
(c) 4894 Pension Fund Appropriation	11,352,082.00	10,950,663.00	10,396,673.00
(d) 4840 Workers Compensation Settlement	7,055.00	7,000.00	6,000.00
(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>11,935,614.69</u>	<u>11,543,569.73</u>	<u>11,027,623.09</u>
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	0.34	0.34	0.34
Subtotal	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	915,184.91	879,013.74	871,834.66
Subtotal	<u>915,184.91</u>	<u>879,013.74</u>	<u>871,834.66</u>
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	18,210.53	17,538.17	17,366.24
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	0.00	0.00	10,025.90
(d) 4825 Miscellaneous Income	50.00	63.99	0.00
(e) Excess Investment Income	8,763,202.34	261,558.71	8,568,047.84
Subtotal	<u>8,781,462.87</u>	<u>279,160.87</u>	<u>8,595,439.98</u>
TOTAL RECEIPTS	<u>26,982,822.49</u>	<u>17,738,280.94</u>	<u>25,703,622.42</u>

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2016.

DISBURSEMENTS

	2016	2015	2014
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	123,246.48	149,264.46	285,205.40
(b) 5756 Transfers to Other Systems	569,793.76	72,571.69	392,508.82
Subtotal	<u>693,040.24</u>	<u>221,836.15</u>	<u>677,714.22</u>
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	2,970,861.92	2,757,238.30	2,587,660.89
(b) 5759 Option B Refunds	0.00	0.00	0.00
Subtotal	<u>2,970,861.92</u>	<u>2,757,238.30</u>	<u>2,587,660.89</u>
3. Pension Fund:			
(a) 5751 Pensions Paid	15,476,396.51	14,770,470.74	14,273,107.78
Regular Pension Payments	12,347,720.95	11,622,566.32	10,863,145.86
Survivorship Payments	1,078,530.62	1,056,917.65	1,035,802.05
Ordinary Disability Payments	87,939.86	82,938.18	83,651.39
Accidental Disability Payments	1,690,546.71	1,675,703.65	1,648,981.10
Accidental Death Payments	515,964.52	515,492.18	544,479.85
Section 101 Benefits	91,896.75	110,670.98	97,047.53
(b) 5755 3(8)(c) Reimbursements To Other Systems	398,519.33	347,731.93	342,730.26
(c) 5752 COLAs Paid	336,202.90	293,818.22	318,452.93
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	<u>16,211,118.74</u>	<u>15,412,020.89</u>	<u>14,934,290.97</u>
4. Military Service Fund:			
(a) 4890 Return to Municipality for Members who Withdrew Funds	0.00	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
5. Expense Fund:			
(a) 5118 Board Member Stipend	18,927.05	16,084.74	16,651.41
(b) 5119 Salaries	126,361.38	149,816.46	127,147.40
(c) 5304 Management Fees	690,686.36	657,807.74	666,871.80
(d) 5305 Custodial Fees	0.00	0.00	0.00
(e) 5307 Investment Consultant Fees	0.00	0.00	0.00
(f) 5308 Legal Expenses	3,309.00	667.00	5,651.52
(g) 5309 Medical Expenses	150.82	0.00	0.00
(h) 5310 Fiduciary Insurance	0.00	0.00	0.00
(i) 5311 Service Contracts	49,725.00	24,045.00	21,900.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	0.00	2,000.00	0.00
(l) 5316 Actuarial Services	8,900.00	875.00	8,700.00
(k) 5317 Accounting Services	0.00	0.00	0.00
(n) 5320 Education And Training	1,820.03	540.00	270.00
(o) 5589 Administrative Expenses	9,526.72	23,289.53	22,998.75
(p) 5599 Furniture and Equipment	4,775.90	2,646.67	980.79
(q) 5719 Travel	1,002.65	1,241.60	662.99
(r) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	<u>915,184.91</u>	<u>879,013.74</u>	<u>871,834.66</u>
TOTAL DISBURSEMENTS	<u>20,790,205.81</u>	<u>19,270,109.08</u>	<u>19,071,500.74</u>

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2016.

INVESTMENT INCOME

Investment Income received from:	<u>2016</u>	<u>2015</u>	<u>2014</u>
(a) Cash (from Schedule 1)	788.30	592.39	797.14
(b) Short Term Investments (from Schedule 2)	0.00	0.00	0.00
(c) Fixed Income Securities (from Schedules 3A and 3C)	0.00	0.00	0.00
(d) Equities (from Schedules 4A and 4C)	0.00	0.00	0.00
(e) Pooled Funds (from Schedule 5)	3,704,152.66	3,347,918.36	3,559,779.26
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	<u>3,704,940.96</u>	<u>3,348,510.75</u>	<u>3,560,576.40</u>
Plus:			
4884 Realized Gains (Profits)	3,406,384.33	4,687,632.43	5,505,361.05
4886 Unrealized Gains (Increase in Market Value)	4,583,519.47	6,618,902.84	8,285,935.58
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	0.00	0.00
4885 Realized Losses	-172,215.51	60,029.96	0.00
4887 Unrealized Losses (Decrease in Market Value)	1,772,038.01	13,029,435.94	7,469,764.83
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
NET INVESTMENT INCOME	<u>10,095,022.26</u>	<u>1,565,580.12</u>	<u>9,882,108.20</u>
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	48,350.14	52,713.45	70,301.76
Annuity Reserve Fund	368,284.53	372,293.88	371,923.60
Expense Fund	915,184.91	879,013.74	871,834.66
Military Service Fund	0.34	0.34	0.34
TOTAL INCOME REQUIRED	<u>1,331,819.92</u>	<u>1,304,021.41</u>	<u>1,314,060.36</u>
Net Investment Income	10,095,022.26	1,565,580.12	9,882,108.20
Less Income Required	<u>1,331,819.92</u>	<u>1,304,021.41</u>	<u>1,314,060.36</u>
EXCESS INCOME TO PENSION RESERVE FUND	<u>8,763,202.34</u>	<u>261,558.71</u>	<u>8,568,047.84</u>

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2016.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	625	210	835
Inactive Membership, Dec. 31st, Previous Year	89	5	94
Enrolled During Current Year	83	11	94
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	83	11	94
Deduct:			
Death	1	0	1
Withdrawals	19	0	19
Retirements	29	4	33
SUBTOTAL	49	4	53
Active Membership, Dec. 31st, Current Year	644	213	857
Inactive Membership, Dec. 31st, Current Year	104	9	113

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	533	225	758
Retirements During the Year			
Superannuation	27	4	31
Ordinary Disability	1	0	1
Accidental Disability	0	1	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	1	4	5
Survivor Benefits from Active Membership	1	0	1
SUBTOTAL	30	9	39
Deduct:			
Deaths of Retired Members	16	8	24
Termination of Survivor Benefits	5	6	11
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	21	14	35
Retired Membership, Dec. 31st, Current Year			
Superannuation	439	144	583
Ordinary Disability	6	1	7
Accidental Disability	21	30	51
Termination	0	0	0
Beneficiaries from Accidental Deaths	0	17	17
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	4	6	10
Beneficiaries under Option C	40	21	61
Option (D) Survivor Allowance	29	1	30
Section 12B Survivor Allowance	3	0	3
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	542	220	762
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,290	442	1,732

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2016.

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	0.00	
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	136,208.37	12/31/2016
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)	4,789,425.50	12/31/2016
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	18,210.53	12/31/2016
4895 Pension Reserve Appropriation	0.00	
Investments Sold But Funds Not Received (list individually)	0.00	
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	4,943,844.40	
Accounts Payable		
5316 Actuarial Services	0.00	
5317 Accounting Services	0.00	
5320 Education and Training	-400.00	12/31/2016
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	-1,080.00	12/31/2016
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	-206.75	12/31/2016
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	
	0.00	
TOTAL PAYABLES	-1,686.75	