

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

Ex-Officio Member

Michael Gingras
(Name)


(Signature)

Appointed Member

Term Expires 12/31/2019

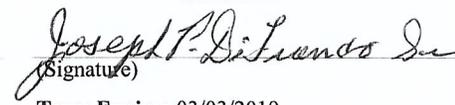
Edward J. Lomasney, III
(Name)


(Signature)

Elected Member

Term Expires 06/30/2020

Joseph P. DiFranco, Sr.
(Name)


(Signature)

Elected Member

Term Expires 03/03/2019

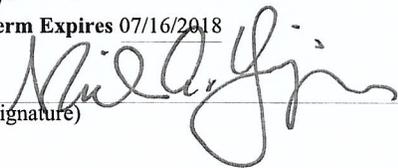
Linda Cavallon
(Name)


(Signature)

Member Appointed by Other Members

Term Expires 07/16/2018

Richard A. Yagjian (Chairperson)
(Name)


(Signature)

Investment Managers

Pension Reserve Investment Mangement Board

84 State Street, Suite 250, Boston, MA 02109

Investment Consultant

N/A

Custodian

N/A

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2017.

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	137,628,205.32
Income Current Year	40,616,693.98
Disbursements Current Year	21,773,248.69
Assets Current Year	156,471,650.61

2. ASSET DIFFERENCE

Assets Current Year	156,471,650.61
Assets Previous Year	137,628,205.32
Difference	18,843,445.29

3. INCOME DIFFERENCE

Income Current Year	40,616,693.98
Disbursements Current Year	21,773,248.69
Difference	18,843,445.29

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	47,676,349.77
Total Fund Change Debits Current Year	-28,832,904.48
Difference	18,843,445.29

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, 2017.

ASSETS & LIABILITIES

	2017	2016	2015
1. 1040 Cash	639,962.88	543,966.66	705,519.02
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	150,966,327.30	132,002,186.69	126,098,639.09
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)	4,866,911.79	5,083,738.72	4,631,542.81
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)	(-1,551.36)	(-1,686.75)	(-112.28)
TOTAL	156,471,650.61	137,628,205.32	131,435,588.64
FUNDS			
1. 3293 Annuity Savings Fund	48,649,337.04	47,848,171.96	45,852,816.90
2. 3294 Annuity Reserve Fund	12,971,510.02	12,477,235.75	12,785,933.29
3. 3295 Military Service Fund	344.84	344.50	344.16
4. 3296 Pension Fund	1,589,559.69	2,123,563.99	2,639,991.04
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	93,260,899.02	75,178,889.12	70,156,503.25
TOTAL ASSETS AT MARKET VALUE	156,471,650.61	137,628,205.32	131,435,588.64

(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, 2017.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	47,848,171.96	5,088,385.86	-3,306,577.79	-980,642.99	48,649,337.04
Annuity Reserve Fund	12,477,235.75	368,811.77	3,306,577.79	-3,181,115.29	12,971,510.02
Pension Fund	2,123,563.99	12,360,496.26	3,753,078.00	-16,647,578.56	1,589,559.69
Military Service Fund	344.50	0.34	0.00	0.00	344.84
Expense Fund	0.00	963,911.85	0.00	-963,911.85	0.00
Pension Reserve Fund	75,178,889.12	21,835,087.90	-3,753,078.00	0.00	93,260,899.02
Total All Funds	137,628,205.32	40,616,693.98	- 0 -	-21,773,248.69	156,471,650.61

List below all transfers:

Xfer from	ANNUITY SAVINGS FUND Control Acct	to	ANNUITY RESERVE FUND Control Acct	in the amt of	3,306,577.79	on acct of	Retirements
Xfer from	PENSION RESERVE FUND Control Acct	to	PENSION FUND Control Account	in the amt of	3,753,078.00	on acct of	PERAC FY18 Appropriation Letter
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, 2017.

RECEIPTS

	2017	2016	2015
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	4,413,675.54	4,291,929.50	3,957,188.18
(b) 4892 Transfers from Other Systems	213,974.18	396,375.44	588,968.12
(c) 4893 Member Make Up Payments and Redeposits	276,246.98	218,050.65	40,567.60
(d) 4900 Member Payments from Rollovers	131,378.13	27,569.42	24,805.03
(e) Investment Income Credited to Members' Accounts	53,111.03	48,350.14	52,713.45
Subtotal	5,088,385.86	4,982,275.15	4,664,242.38
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	368,811.77	368,284.53	372,293.88
Subtotal	368,811.77	368,284.53	372,293.88
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	383,102.02	314,335.25	292,088.51
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	239,036.52	262,142.44	293,818.22
(c) 4894 Pension Fund Appropriation	11,732,125.00	11,352,082.00	10,950,663.00
(d) 4840 Workers Compensation Settlement	0.00	7,055.00	7,000.00
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	6,232.72	0.00	0.00
Subtotal	12,360,496.26	11,935,614.69	11,543,569.73
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	0.34	0.34	0.34
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	963,911.85	915,184.91	879,013.74
Subtotal	963,911.85	915,184.91	879,013.74
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	14,474.70	18,210.53	17,538.17
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	0.00	0.00	0.00
(d) 4825 Miscellaneous Income	-5,083.22	50.00	63.99
(e) Excess Investment Income	21,825,696.42	8,763,202.34	261,558.71
Subtotal	21,835,087.90	8,781,462.87	279,160.87
TOTAL RECEIPTS	40,616,693.98	26,982,822.49	17,738,280.94

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2017.

DISBURSEMENTS

	2017	2016	2015
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	305,292.80	123,246.48	149,264.46
(b) 5756 Transfers to Other Systems	675,350.19	569,793.76	72,571.69
Subtotal	980,642.99	693,040.24	221,836.15
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	3,181,115.29	2,970,861.92	2,757,238.30
(b) 5759 Option B Refunds	0.00	0.00	0.00
Subtotal	3,181,115.29	2,970,861.92	2,757,238.30
3. Pension Fund:			
(a) 5751 Pensions Paid	15,833,898.30	15,476,396.51	14,770,470.74
Regular Pension Payments	12,572,450.50	12,347,720.95	11,622,566.32
Survivorship Payments	1,151,969.36	1,078,530.62	1,056,917.65
Ordinary Disability Payments	92,253.78	87,939.86	82,938.18
Accidental Disability Payments	1,649,819.12	1,690,546.71	1,675,703.65
Accidental Death Payments	507,681.66	515,964.52	515,492.18
Section 101 Benefits	98,773.16	91,896.75	110,670.98
(b) 5755 3(8)(c) Reimbursements To Other Systems	574,643.74	398,519.33	347,731.93
(c) 5752 COLAs Paid	239,036.52	336,202.90	293,818.22
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	16,647,578.56	16,211,118.74	15,412,020.89
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	22,705.76	18,927.05	16,084.74
(b) 5119 Salaries	131,674.08	126,361.38	149,816.46
(c) 5304 Management Fees	746,311.95	690,686.36	657,807.74
(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	5,544.00	3,309.00	667.00
(g) 5309 Medical Expenses	0.00	150.82	0.00
(h) 5310 Fiduciary Insurance	0.00	0.00	0.00
(i) 5311 Service Contracts	30,723.00	49,725.00	24,045.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	0.00	0.00	2,000.00
(l) 5316 Actuarial Services	1,000.00	8,900.00	875.00
(k) 5317 Accounting Services	0.00	0.00	0.00
(n) 5320 Education And Training	1,847.04	1,820.03	540.00
(o) 5589 Administrative Expenses	24,037.55	9,526.72	23,289.53
(p) 5599 Furniture and Equipment	0.00	4,775.90	2,646.67
(q) 5719 Travel	68.47	1,002.65	1,241.60
(r) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	963,911.85	915,184.91	879,013.74
TOTAL DISBURSEMENTS	21,773,248.69	20,790,205.81	19,270,109.08

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2017.

INVESTMENT INCOME

Investment Income received from:	2017	2016	2015
(a) Cash (from Schedule 1)	1,078.85	788.30	592.39
(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)	3,939,937.86	3,704,152.66	3,347,918.36
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	3,941,016.71	3,704,940.96	3,348,510.75
Plus:			
4884 Realized Gains (Profits)	6,473,601.51	3,406,384.33	4,687,632.43
4886 Unrealized Gains (Increase in Market Value)	12,796,913.19	4,583,519.47	6,618,902.84
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	0.00	0.00	0.00
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	0.00	0.00
4885 Realized Losses	0.00	-172,215.51	60,029.96
4887 Unrealized Losses (Decrease in Market Value)	0.00	1,772,038.01	13,029,435.94
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
NET INVESTMENT INCOME	23,211,531.41	10,095,022.26	1,565,580.12
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	53,111.03	48,350.14	52,713.45
Annuity Reserve Fund	368,811.77	368,284.53	372,293.88
Expense Fund	963,911.85	915,184.91	879,013.74
Military Service Fund	0.34	0.34	0.34
TOTAL INCOME REQUIRED	1,385,834.99	1,331,819.92	1,304,021.41
Net Investment Income	23,211,531.41	10,095,022.26	1,565,580.12
Less Income Required	1,385,834.99	1,331,819.92	1,304,021.41
EXCESS INCOME TO PENSION RESERVE FUND	21,825,696.42	8,763,202.34	261,558.71

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2017.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	631	217	848
Inactive Membership, Dec. 31st, Previous Year	130	9	139
Enrolled During Current Year	62	8	70
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	62	8	70
Deduct:			
Death	1	0	1
Withdrawals	24	2	26
Retirements	32	8	40
SUBTOTAL	57	10	67
Active Membership, Dec. 31st, Current Year	654	214	868
Inactive Membership, Dec. 31st, Current Year	112	10	122

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	539	220	759
Retirements During the Year			
Superannuation	29	6	35
Ordinary Disability	0	0	0
Accidental Disability	0	1	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	4	3	7
Survivor Benefits from Active Membership	0	1	1
SUBTOTAL	33	11	44
Deduct:			
Deaths of Retired Members	26	9	35
Termination of Survivor Benefits	6	1	7
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	32	10	42
Retired Membership, Dec. 31st, Current Year			
Superannuation	444	142	586
Ordinary Disability	5	1	6
Accidental Disability	19	32	51
Termination	0	0	0
Beneficiaries from Accidental Deaths	0	16	16
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	4	6	10
Beneficiaries under Option C	40	22	62
Option (D) Survivor Allowance	25	2	27
Section 12B Survivor Allowance	3	0	3
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	540	221	761
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,306	445	1,751

Annual Statement of the Peabody Retirement Board for the Year Ended December 31, 2017.

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	137,503.87	12/31/2017
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	117,967.25	12/31/2017
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	4,329,924.50	12/31/2017
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	0.00	
Investments Sold But Funds Not Received (list individually)	0.00	
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	4,585,395.62	
Accounts Payable		
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	-1,105.48	12/31/2017
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	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	-445.88	12/31/2017
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	-1,551.36	

Annual Statement of the PEABODY RETIREMENT BOARD
for the year ended December 31, 2017
Schedule No: 1

Cash defined in Ledger #1040 as Savings, Checking or Money Market Account

Description	Account Type	Account Number	Interest Rate	(A)	(B)	(C)	(D)	(E)	(F)	(G)
				Book Val at End of Previous Yr	Total Deposits This Year	Income Reinv/ Redeposited into Acct	Withdrawals During Year	Equals A+B+C-D Total Book Value Dec31st This Yr	Cash Income Pd Not Reinvest/Redep	Int Due/Acc 31-Dec
EASTERN BANK	CHECKING ACCT.	10090249		543,966.66	21,158,222.80		21,062,226.58	639,962.88	1,009.90	
EASTERN BANK	PAYROLLACCOUNT	10090256		-	19,275,192.01		19,275,192.01	-	68.95	
TOTALS:				543,966.66	40,433,414.81	-	40,337,418.59	639,962.88	1,078.85	-

Annual Statement of the PEABODY RETIREMENT BOARD
for the year ended December 31, 2017
Schedule No: 5
Schedule of Pooled Funds
This schedule is to be used for PRIT Fund and Pooled Funds
(e.g. Venture Capital, Real Estate, Mutual/ Commingled Funds)

PERAC Ledger #	Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
		Market Val End Prev Yr	Total Purchased Current Year	Reinvested Invest Income	Realized Gain	Realized Loss	Unrealized Gain	Unrealized Loss	Total Sales Redemp Curr Yr	Cash Div/Dist To Sys Curr Yr	Fees Paid	A+B+C+D-E+F-G-H-I-J Market Value at End of Yr
1198	PRIT CASH	0	-	0	0	0	0	0	3,500,000.00	(3,500,000.00)		-
1199	PRIT FUND	132,002,186.69		3,939,937.86	6,473,601.51	-	12,796,913.19	-	3,500,000.00		746,311.95	150,966,327.30
TOTALS:		132,002,186.69	-	3,939,937.86	6,473,601.51	-	12,796,913.19	-	7,000,000.00	(3,500,000.00)	746,311.95	150,966,327.30

Annual Statement of the PEABODY RETIREMENT BOARD
for the year ended December 31, 2017
Schedule 6
Detail Investemnts Owned

	Current Market Value	Interest Due & Accr	Paid Accr Int on Purch Curr Year	Comm- Paid Dur Curr Yr	Fixed Income Unrealized Gain Loss	Unrealized Gains	Losses	Realized Gains	Losses	Dividends Curr Year
1. 1040-Cash-Eastern Bank	639,962.88									1,009.90
1. 1044-Cash-Eastern Bank	-									68.95
1. 1198-Cash-PRIT										-
5. 1199-PRIT Fund	150,966,327.30					12,796,913.19	-	6,473,601.51	-	3,939,937.86
GRAND TOTALS:	151,606,290.18	-	-	-	-	12,796,913.19	-	6,473,601.51	-	3,941,016.71

Schedule No. 7

Annual Statement of the Peabody Retirement System for the Year Ended December 31, 2017

Summary of Investment Related Fees

Manager/Vendor-All Managers/Vendors Must Be Listed		Q 1 2017	Q 2 2017	Q 3 2017	Q 4 2017	Accrued Payable at	Total Paid or	*Payment Method (N,C,W)
						Year End 2016	Accrued in 2017	
1.	5304 Management Fees PRIT Value Fund	178,094.32	201,632.52	184,000.25	182,584.56		746,311.65	N
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12.								
13.								
14.	5304 Management Fees TOTAL	<u>178,094.32</u>	<u>201,632.52</u>	<u>184,000.25</u>	<u>182,584.56</u>		<u>746,311.65</u>	
15.	5305 Custodial Fees							
16.								
17.	5305 Custodial Fees TOTAL							
18.	5307 Investment Consultant Fees							
19.								
20.	5307 Investment Consultant Fees TOTAL							