

# PERAC AUDIT REPORT



Woburn

Contributory Retirement System



JAN. 1, 2008 - DEC. 31, 2010



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# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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PAUL V. DOANE | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. McCARTHY | GREGORY R. MENNIS

JOSEPH E. CONNARTON, *Executive Director*

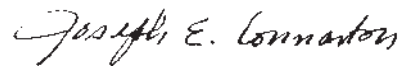
September 22, 2011

The Public Employee Retirement Administration Commission has completed an examination of the Woburn Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2008 to December 31, 2010. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records are being maintained and the management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission with the exception of the Administrative Observation presented in this report.

In closing, I acknowledge the work of examiners James Sweeney and James Ryan who conducted this examination, and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton  
Executive Director



# EXPLANATION OF AN ADMINISTRATIVE OBSERVATION

## **ADMINISTRATIVE OBSERVATION**

Over the past several years, the Woburn Retirement Board has not received the cost of living increases (COLA's) from the State Retirement Board, which should have been rendered pursuant to Chapter 35I of the Acts of 1981. While other systems have experienced limited difficulties in transmitting certain updated retiree data for the purpose of processing the Commonwealth's continued COLA reimbursements, Woburn has experienced a wholesale breakdown of such state reimbursements. Apparently in 2003 there existed an inability to reconcile the reimbursements due the system for those members retired between 1981 and 1994. The Woburn Retirement Board is attempting to verify their retiree records regarding both contributory and non-contributory retirees for such period of time to ascertain whether state reimbursable amounts are due or if there is a payable item. At this time, it is unknown if the Woburn Retirement System is due the reimbursements from or owes reimbursements to the Commonwealth.

The Woburn Retirement Board has indicated that it will expeditiously update the list received from the State Retirement Board. This reconciliation will be presented to the State Retirement Board for their verification and update of their records. Upon completion of the update, the Woburn Retirement Board has indicated it will provide the dollar value attributable to each beneficiary on the list. The final adjusted amount owed or to be collected should be processed to the applicable Board involved. In addition, the Woburn Retirement Board indicated it has formulated a plan to ensure future COLA data updates will be reviewed and processed in a timely manner.

### **Board Response:**

The Board has stated that this process has been undertaken.

## **FINAL DETERMINATION:**

***PERAC Audit staff will follow up in six (6) months to ensure appropriate actions have been taken regarding all findings.***

## STATEMENT OF LEDGER ASSETS AND LIABILITIES

|   | AS OF DECEMBER 31,   |                     |                     |
|---|----------------------|---------------------|---------------------|
|   | 2010                 | 2009                | 2008                |
| <b>Net Assets Available For Benefits:</b> |                      |                     |                     |
| Cash                                      | \$3,683,243          | \$3,055,174         | \$2,430,822         |
| Short Term Investments                    | 117,508              | 224,340             | 218,687             |
| Fixed Income Securities                   | 11,906,710           | 12,430,636          | 11,296,885          |
| Equities                                  | 19,048,227           | 15,428,123          | 10,360,505          |
| Pooled Domestic Equity Funds              | 22,187,452           | 21,973,574          | 15,785,284          |
| Pooled International Equity Funds         | 15,382,269           | 12,539,985          | 8,877,934           |
| Pooled Domestic Fixed Income Funds        | 8,552,380            | 9,505,767           | 7,628,508           |
| Pooled Alternative Investment Funds       | 8,051,445            | 6,708,697           | 15,545,446          |
| Pooled Real Estate Funds                  | 5,208,367            | 2,048,277           | 4,787,016           |
| Hedge Funds                               | 6,877,078            | 7,942,805           | 0                   |
| Interest Due and Accrued                  | 114,355              | 129,429             | 139,108             |
| Accounts Receivable                       | 211,776              | 272,122             | 273,285             |
| Accounts Payable                          | (159,745)            | (612,687)           | (81,831)            |
| <b>Total</b>                              | <u>\$101,181,065</u> | <u>\$91,646,242</u> | <u>\$77,261,649</u> |
| <b>Fund Balances:</b>                     |                      |                     |                     |
| Annuity Savings Fund                      | \$27,228,333         | \$26,312,428        | \$24,873,703        |
| Annuity Reserve Fund                      | 8,131,764            | 7,783,619           | 7,455,419           |
| Pension Fund                              | 7,358,812            | 7,554,460           | 7,651,165           |
| Military Service Fund                     | 0                    | 0                   | 0                   |
| Expense Fund                              | 0                    | 0                   | 0                   |
| Pension Reserve Fund                      | 58,462,157           | 49,995,735          | 37,281,361          |
| <b>Total</b>                              | <u>\$101,181,065</u> | <u>\$91,646,242</u> | <u>\$77,261,649</u> |

## STATEMENT OF CHANGES IN FUND BALANCES

|                          | Annuity Savings Fund | Annuity Reserve Fund | Pension Fund       | Military Service Fund | Expense Fund | Pension Reserve Fund | Total All Funds      |
|--------------------------|----------------------|----------------------|--------------------|-----------------------|--------------|----------------------|----------------------|
| Beginning Balance (2008) | \$23,961,056         | \$7,154,090          | \$7,984,536        | \$0                   | \$0          | \$71,378,448         | \$110,478,130        |
| Receipts                 | 2,547,390            | 216,338              | 4,429,048          | 0                     | 1,019,753    | (31,220,303)         | (23,007,775)         |
| Interfund Transfers      | (1,102,635)          | 1,102,635            | 2,876,783          | 0                     | 0            | (2,876,783)          | 0                    |
| Disbursements            | (532,109)            | (1,017,643)          | (7,639,202)        | 0                     | (1,019,753)  | 0                    | (10,208,707)         |
| Ending Balance (2008)    | 24,873,702           | 7,455,420            | 7,651,165          | 0                     | 0            | 37,281,362           | 77,261,649           |
| Receipts                 | 2,737,431            | 226,844              | 4,542,632          | 0                     | 947,432      | 15,980,848           | 24,435,187           |
| Interfund Transfers      | (1,238,689)          | 1,206,648            | 3,298,515          | 0                     | 0            | (3,266,474)          | 0                    |
| Disbursements            | (60,017)             | (1,105,293)          | (7,937,852)        | 0                     | (947,432)    | 0                    | (10,050,594)         |
| Ending Balance (2009)    | 26,312,427           | 7,783,620            | 7,554,460          | 0                     | 0            | 49,995,735           | 91,646,242           |
| Receipts                 | 2,629,157            | 237,156              | 4,784,424          | 0                     | 1,098,388    | 11,873,267           | 20,622,392           |
| Interfund Transfers      | (1,318,904)          | 1,321,492            | 3,404,256          | 0                     | 0            | (3,406,844)          | 0                    |
| Disbursements            | (394,348)            | (1,210,503)          | (8,384,329)        | 0                     | (1,098,388)  | 0                    | (11,087,568)         |
| Ending Balance (2010)    | <u>\$27,228,333</u>  | <u>\$8,131,764</u>   | <u>\$7,358,811</u> | <u>\$0</u>            | <u>\$0</u>   | <u>\$58,462,157</u>  | <u>\$101,181,065</u> |

## STATEMENT OF RECEIPTS

|   | FOR THE PERIOD ENDING DECEMBER 31, |                     |                       |
|---|------------------------------------|---------------------|-----------------------|
|   | 2010                               | 2009                | 2008                  |
| <b>Annuity Savings Fund:</b>  |                                    |                     |                       |
| Members Deductions  | \$2,462,029                        | \$2,447,836         | \$2,285,056           |
| Transfers from Other Systems  | 38,070                             | 87,175              | 104,172               |
| Member Make Up Payments and Re-deposits   | 19,269                             | 68,565              | 19,763                |
| Member Payments from Rollovers  | 30,605                             | 13,079              | 0                     |
| Investment Income Credited to Member Accounts   | <u>79,184</u>                      | <u>120,776</u>      | <u>138,399</u>        |
| Sub Total   | <u>2,629,157</u>                   | <u>2,737,431</u>    | <u>2,547,390</u>      |
| <b>Annuity Reserve Fund:</b>  |                                    |                     |                       |
| Investment Income Credited to the Annuity Reserve Fund  | <u>237,156</u>                     | <u>226,844</u>      | <u>216,338</u>        |
| <b>Pension Fund:</b>  |                                    |                     |                       |
| 3 (8) (c) Reimbursements from Other Systems Received from Commonwealth for COLA and Survivor Benefits | 77,129                             | 62,869              | 59,994                |
|   | 0                                  | 0                   | 0                     |
| Pension Fund Appropriation  | 4,707,295                          | 4,479,763           | 4,369,054             |
| Settlement of Workers' Compensation Claims  | <u>0</u>                           | <u>0</u>            | <u>0</u>              |
| Sub Total   | <u>4,784,424</u>                   | <u>4,542,632</u>    | <u>4,429,048</u>      |
| <b>Military Service Fund:</b>   |                                    |                     |                       |
| Contribution Received from Municipality on Account of Military Service                                | 0                                  | 0                   | 0                     |
| Investment Income Credited to the Military Service Fund   | <u>0</u>                           | <u>0</u>            | <u>0</u>              |
| Sub Total   | <u>0</u>                           | <u>0</u>            | <u>0</u>              |
| <b>Expense Fund:</b>  |                                    |                     |                       |
| Expense Fund Appropriation  | 0                                  | 0                   | 0                     |
| Investment Income Credited to the Expense Fund  | <u>1,098,388</u>                   | <u>947,432</u>      | <u>1,019,753</u>      |
| Sub Total   | <u>1,098,388</u>                   | <u>947,432</u>      | <u>1,019,753</u>      |
| <b>Pension Reserve Fund:</b>  |                                    |                     |                       |
| Federal Grant Reimbursement   | 8,332                              | 22,920              | 10,855                |
| Pension Reserve Appropriation   | 0                                  | 0                   | 0                     |
| Interest Not Refunded   | 1,276                              | 1,084               | 1,452                 |
| Miscellaneous Income  | 17                                 | 0                   | 0                     |
| Excess Investment Income (Loss)   | <u>11,863,642</u>                  | <u>15,956,844</u>   | <u>(31,232,610)</u>   |
| Sub Total   | <u>11,873,267</u>                  | <u>15,980,848</u>   | <u>(31,220,303)</u>   |
| <b>Total Receipts, Net</b>  | <u>\$20,622,392</u>                | <u>\$24,435,187</u> | <u>(\$23,007,775)</u> |

# STATEMENT OF DISBURSEMENTS

|   | FOR THE PERIOD ENDING DECEMBER 31, |                     |                     |
|---|------------------------------------|---------------------|---------------------|
|   | 2010                               | 2009                | 2008                |
| <b>Annuity Savings Fund:</b>                                |                                    |                     |                     |
| Refunds to Members  | \$344,841                          | \$49,485            | \$274,629           |
| Transfers to Other Systems                                  | <u>49,507</u>                      | <u>10,532</u>       | <u>257,480</u>      |
| Sub Total   | <u>394,348</u>                     | <u>60,017</u>       | <u>532,109</u>      |
| <b>Annuity Reserve Fund:</b>                                |                                    |                     |                     |
| Annuities Paid  | 1,170,866                          | 1,093,595           | 1,017,643           |
| Option B Refunds  | <u>39,637</u>                      | <u>11,697</u>       | <u>0</u>            |
| Sub Total   | <u>1,210,503</u>                   | <u>1,105,293</u>    | <u>1,017,643</u>    |
| <b>Pension Fund:</b>  |                                    |                     |                     |
| Pensions Paid:  |                                    |                     |                     |
| Regular Pension Payments                                    | 5,763,156                          | 5,467,269           | 5,157,529           |
| Survivorship Payments                                       | 580,185                            | 497,268             | 487,567             |
| Ordinary Disability Payments                                | 22,334                             | 21,486              | 43,710              |
| Accidental Disability Payments                              | 982,532                            | 964,683             | 935,246             |
| Accidental Death Payments                                   | 595,576                            | 538,041             | 544,010             |
| Section 101 Benefits  | 44,377                             | 43,354              | 52,874              |
| 3 (8) (c) Reimbursements to Other Systems                   | 289,943                            | 289,561             | 276,869             |
| State Reimbursable COLA's Paid                              | 106,226                            | 116,191             | 141,398             |
| Chapter 389 Beneficiary Increase Paid                       | <u>0</u>                           | <u>0</u>            | <u>0</u>            |
| Sub Total   | <u>8,384,329</u>                   | <u>7,937,852</u>    | <u>7,639,202</u>    |
| <b>Military Service Fund:</b>                               |                                    |                     |                     |
| Return to Municipality for Members Who Withdrew Their Funds | <u>0</u>                           | <u>0</u>            | <u>0</u>            |
| <b>Expense Fund:</b>  |                                    |                     |                     |
| Board Member Stipend  | 14,999                             | 14,423              | 16,153              |
| Salaries  | 240,873                            | 240,990             | 225,825             |
| Legal Expenses  | 8,246                              | 7,500               | 5,158               |
| Medical Expenses  | 0                                  | 0                   | 0                   |
| Travel Expenses   | 6,028                              | 3,945               | 10,412              |
| Administrative Expenses                                     | 4,750                              | 4,285               | 7,672               |
| Professional Services                                       | 30,346                             | 28,888              | 0                   |
| Education and Training                                      | 3,674                              | 2,750               | 0                   |
| Furniture and Equipment                                     | 585                                | 5,982               | 0                   |
| Management Fees   | 583,758                            | 433,518             | 512,061             |
| Custodial Fees  | 99,452                             | 92,953              | 137,849             |
| Consultant Fees   | 70,000                             | 70,000              | 52,500              |
| Service Contracts   | 30,898                             | 37,786              | 52,122              |
| Fiduciary Insurance   | <u>4,779</u>                       | <u>4,414</u>        | <u>0</u>            |
| Sub Total   | <u>1,098,388</u>                   | <u>947,432</u>      | <u>1,019,753</u>    |
| <b>Total Disbursements</b>                                  | <u>\$11,087,568</u>                | <u>\$10,050,594</u> | <u>\$10,208,707</u> |

## INVESTMENT INCOME

|   | FOR THE PERIOD ENDING DECEMBER 31, |                     |                       |
|---|------------------------------------|---------------------|-----------------------|
|   | 2010                               | 2009                | 2008                  |
| <b>Investment Income Received From:</b>                 |                                    |                     |                       |
| Cash  | \$3,613                            | \$5,698             | \$43,329              |
| Short Term Investments                                  | 1,853                              | 5,653               | 7,390                 |
| Fixed Income  | 635,884                            | 657,592             | 673,282               |
| Equities  | 191,841                            | 186,258             | 224,152               |
| Pooled or Mutual Funds                                  | 1,050,668                          | 884,022             | 1,295,954             |
| Commission Recapture                                    | <u>2,705</u>                       | <u>1,976</u>        | <u>6,829</u>          |
| <b>Total Investment Income</b>                          | <u>1,886,564</u>                   | <u>1,741,200</u>    | <u>2,250,935</u>      |
| <b>Plus:</b>  |                                    |                     |                       |
| Realized Gains  | 2,206,713                          | 1,042,738           | 1,613,620             |
| Unrealized Gains  | 19,766,275                         | 23,435,604          | 6,480,245             |
| Interest Due and Accrued - Current Year                 | <u>114,355</u>                     | <u>129,429</u>      | <u>139,108</u>        |
| Sub Total   | <u>22,087,342</u>                  | <u>24,607,771</u>   | <u>8,232,972</u>      |
| <b>Less:</b>  |                                    |                     |                       |
| Paid Accrued Interest on Fixed Income Securities        | (25,849)                           | (13,589)            | (13,447)              |
| Realized Loss   | (910,050)                          | (2,506,397)         | (6,512,694)           |
| Unrealized Loss   | (9,630,209)                        | (6,437,980)         | (33,682,790)          |
| Interest Due and Accrued - Prior Year                   | <u>(129,429)</u>                   | <u>(139,108)</u>    | <u>(133,097)</u>      |
| Sub Total   | <u>(10,695,537)</u>                | <u>(9,097,074)</u>  | <u>(40,342,028)</u>   |
| <b>Net Investment Income (Loss)</b>                     | <u>13,278,370</u>                  | <u>17,251,897</u>   | <u>(29,858,121)</u>   |
| <b>Income Required:</b>                                 |                                    |                     |                       |
| Annuity Savings Fund                                    | 79,184                             | 120,776             | 138,399               |
| Annuity Reserve Fund                                    | 237,156                            | 226,844             | 216,338               |
| Military Service Fund                                   | 0                                  | 0                   | 0                     |
| Expense Fund  | <u>1,098,388</u>                   | <u>947,432</u>      | <u>1,019,753</u>      |
| <b>Total Income Required</b>                            | <u>1,414,728</u>                   | <u>1,295,053</u>    | <u>1,374,490</u>      |
| Net Investment Income (Loss)                            | <u>13,278,370</u>                  | <u>17,251,897</u>   | <u>(29,858,121)</u>   |
| Less: Total Income Required                             | <u>1,414,728</u>                   | <u>1,295,053</u>    | <u>1,374,490</u>      |
| <b>Excess Income (Loss) To The Pension Reserve Fund</b> | <u>\$11,863,642</u>                | <u>\$15,956,844</u> | <u>(\$31,232,610)</u> |

## SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

| AS OF DECEMBER 31, 2010             |                      |                                  |
|-------------------------------------|----------------------|----------------------------------|
|                                     | MARKET VALUE         | PERCENTAGE<br>OF TOTAL<br>ASSETS |
| Cash                                | \$3,683,243          | 3.6%                             |
| Short Term                          | 117,508              | 0.1%                             |
| Fixed Income                        | 11,906,710           | 11.8%                            |
| Equities                            | 19,048,227           | 18.9%                            |
| Pooled Domestic Equity Funds        | 22,187,452           | 22.0%                            |
| Pooled International Equity Funds   | 15,382,269           | 15.2%                            |
| Pooled Domestic Fixed Income Funds  | 8,552,380            | 8.5%                             |
| Pooled Alternative Investment Funds | 8,051,445            | 8.0%                             |
| Pooled Real Estate Funds            | 5,208,367            | 5.2%                             |
| PRIT Cash Fund                      | 0                    | 0.0%                             |
| PRIT Core Fund – Hedge Fund         | 6,877,078            | 6.8%                             |
| <b>Grand Total</b>                  | <b>\$101,014,679</b> | <b>100.0%</b>                    |

For the year ending December 31, 2010 the rate of return for the investments of the Woburn Retirement System was 13.93%. For the five-year period ending December 31, 2010 the rate of return for the investments of the Woburn Retirement System averaged 5.17%. For the 26-year period ending December 31, 2010, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Woburn Retirement System was 9.59%.

The composite rate of return for all retirement systems for the year ending December 31, 2010 was 13.67%. For the five-year period ending December 31, 2010 the composite rate of return for the investments of all retirement systems averaged 4.39%. For the 26-year period ending December 31, 2010 since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.46%.

## SUPPLEMENTARY INVESTMENT REGULATIONS

The Woburn Retirement System submitted the following supplementary investment regulations, which were approved by the Public Employee Retirement Administration Commission on:

June 6, 2011

16.07(4), 17.04(3)(b), 21.01(6)

The Woburn Retirement Board is authorized to invest in RS Global Natural Resources Fund Class Y. To the extent that the Board is notified of any key staffing changes at the same time as other investors in this mutual fund, 840 CMR 16.07(4) will not apply to this investment. To the extent that manager considers the objectives of and the suitability for the Fund rather than for any single client, 840 CMR 17.04(3)(b) will not apply. To the extent that the Fund may invest in shares of lettered or restricted stock, 840 CMR 21.01(6) will not apply.

September 11, 2009

16.08

The Woburn Retirement Board is authorized to invest in State Street Global Advisors' Russell 1000 Growth Non-Lending Index Fund. The Board did not conduct a traditional competitive search process in selecting this manager, but the Board's investment consultant did solicit proposals from several major providers of Russell 1000 Growth index funds and the Board made its selection based on objective consideration of the criteria contained in the responses. The benefits accruing to the Board from SSgA being an existing manager were also considered.

July 22, 2009

16.08

In accordance with Investment Guideline 99-3, the Woburn Retirement Board is authorized to invest in Charlesbank Equity Fund VII, L.P. The Board has been a satisfied investor in Charlesbank's two predecessor partnerships and has submitted the required updated regulatory documents.

July 16, 2009

19.01(8)

In order to take advantage of current opportunities in the market and to further diversify its portfolio, the Woburn Retirement Board is authorized to increase its allocation to alternative investments from 5.0% to 7.5% of total portfolio assets.

September 20, 2007

16.08

Notwithstanding the provisions of any statute or regulation to the contrary, specifically including the provisions of 840 CMR 21.01, the Woburn Retirement Board is hereby granted an exemption from restrictions on investment for the purposes of investing \$3,500,000 of the Woburn Retirement System's assets in the Eaton Vance Loan Opportunities Fund, Ltd., a private placement investment.

## SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

July 18, 2007

17.03

Notwithstanding the provisions of the Public Employee Retirement Administration Commission regulations, the Woburn Retirement Board may invest funds of the Retirement System (the “System”) in the fund known as the INVESCO US Buyout & Expansion Capital Partnership Fund III, LP (the “Fund”), and effective as of the date of the initial investment by the System of any of its assets in the Fund, while the assets of the System are so invested, the activities and investments of the Fund, and the underlying funds in which the Fund may invest, directly or indirectly, shall be deemed to satisfy the prohibited transaction rules set forth in 840 CMR 16.00 et seq. and 840 CMR 17.03 to the extent such activities satisfy the prohibited transaction rules set forth in Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), taking into account statutory exemptions under ERISA, and Prohibited Transaction Class Exemption 84-14, as amended, and other available class exemptions.

July 18, 2007

17.03

Notwithstanding the provisions of the Public Employee Retirement Administration Commission regulations, the Woburn Retirement Board may invest funds of the Retirement System (the “System”) in the fund known as the INVESCO Non-US Partnership Fund III, LP (the “Fund”), and effective as of the date of the initial investment by the System of any of its assets in the Fund, while the assets of the System are so invested, the activities and investments of the Fund, and the underlying funds in which the Fund may invest, directly or indirectly, shall be deemed to satisfy the prohibited transaction rules set forth in 840 CMR 16.00 et seq. and 840 CMR 17.03 to the extent such activities satisfy the prohibited transaction rules set forth in Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), taking into account statutory exemptions under ERISA, and Prohibited Transaction Class Exemption 84-14, as amended, and other available class exemptions.

July 18, 2007

17.03

Notwithstanding the provisions of the Public Employee Retirement Administration Commission regulations, the Woburn Retirement Board may invest funds of the Retirement System (the “System”) in the fund known as the INVESCO Venture Partnership Fund III, LP (the “Fund”), and effective as of the date of the initial investment by the System of any of its assets in the Fund, while the assets of the System are so invested, the activities and investments of the Fund, and the underlying funds in which the Fund may invest, directly or indirectly, shall be deemed to satisfy the prohibited transaction rules set forth in 840 CMR 16.00 et seq. and 840 CMR 17.03 to the extent such activities satisfy the prohibited transaction rules set forth in Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), taking into account statutory exemptions under ERISA, and Prohibited Transaction Class Exemption 84-14, as amended, and other available class exemptions.

## SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

April 15, 2005

16.08

In accordance with PERAC Investment Guideline 99-3, the Woburn Retirement Board is authorized to invest in Charlesbank Equity Fund VI, L.P., managed by Charlesbank Capital Partners. The System has been a satisfied investor in Charlesbank Equity Fund V and has submitted the required regulatory documents.

May 11, 2001

1. Exemption of the Board and INVESCO from the second sentence of 840 CMR 17.04(1)(c) – This Regulation deals with the use of non-public information by managers and consultants. PERAC recognizes that, in making the investments contemplated by the INVESCO Funds delineated above, that sentence, which prohibits action until information is publicly disseminated, represents an undue burden on the ability of the Partnerships to operate. Consequently, the Woburn Retirement Board request as it applies to 840 CMR 17.04(1)(c) is approved.

2. Exemption of the Board and INVESCO from 840 CMR 17.04(6), except as otherwise provided for in the Partnership Agreement and/or as disclosed in INVESCO's ADV Form. This Regulation deals with the Priority of Transactions and an investment manager's obligation to prioritize board transactions and provide the board with the opportunity to act prior to the manager acting, if applicable. PERAC recognizes that this Regulation may impede the ability of partnerships such as INVESCO's to operate. Upon receipt of a copy of the provisions of the Partnership Agreement and/or disclosures in the INVESCO Form ADV, the Commission will approve the Woburn request as it applies to 840 CMR 17.04(6).

3. Exemption of the Board and INVESCO from 840 CMR 19.01(7)(a)(6) with respect to the management fees and the General Partner's Carried Interest to be received by the manager or the General Partner pursuant to the (a) Subscription Agreement, (b) Agreement as defined in the side letter, and/or (c) Manager's Investment Advisory. Agreement with respect to the Board's commitments to the Partnerships, PERAC recognizes the fact that the market, at the present time, is such that fee limitations, as outlined in these Regulations, result in limiting the number of partnerships available to the retirement boards. Consequently, the Woburn Retirement Board request, as it applies to 840 CMR 19.01(7)(a)(6), is approved.

4. Exemption of the Board and INVESCO from 840 CMR 21.01(2), 21.01(3)(a), 21.01(4), and 21.01(5) to the extent as otherwise permitted under the applicable agreement. These Regulations prohibit certain transactions as follows: 21.01(2) prohibits the sale of securities not owned by the system at the time of the sale (shortsales); 21.01(3)(a) permits the use of forward currency contracts in limited circumstances; 21.01(4) prohibits the use of call options; 21.01(5) prohibits the purchase of options other than as required to close out option positions. PERAC has received a letter dated August 22, 2000 from INVESCO that clarifies the possible use of options, futures, or other derivatives. In pertinent part, the letter states as follows:

“Although the above referenced funds do not expect to use options, futures, or other derivatives other than infrequently, if at all, futures and/or options would be used only for nonspeculative true

## SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

hedging purposes. In general, we would anticipate their use, if at all, for among other reasons to protect downside risk on public securities of companies distributed to the funds by the underlying portfolio funds we invest in and where a commitment to a fund was made in a non US currency to limit currency risk of the funds.”

PERAC approves the exemption of the Board and INVESCO from 840 CMR 21.01(2), 21.01(3)(a), 21.01(4), and 21.01(5) for the limited purpose of protecting downside risk on public securities of companies distributed to the funds by underlying portfolio funds and to limit currency risk of the funds where a commitment to a fund was made in a non US currency.

Please be advised that this Supplemental Regulation as it exempts the Woburn Retirement Board from PERAC Regulations, only does so in relation to the INVESCO Funds that are the subject of the Supplementary Regulation. In all other circumstances, these Regulations apply to the Woburn Retirement Board.

January 10, 2000

19.01(6)

Notwithstanding the provisions of the Public Employee Retirement Administration Commission regulations, the Woburn Retirement Board may invest funds of the Woburn Retirement System (the “System”) with a real estate investment fund, as contemplated by 840 19.01(4)-(6), known as Realty Associates Fund V Corporation (“the Fund”), and while the funds of the System are so invested the assets of the System shall be deemed to include, for purposes of applying the rules set forth in 840 CMR 16.00 et. seq. and 17.00 et. seq., the System’s interest in the Fund but not any of the underlying assets of the Fund; provided that, at all times, the Fund qualifies as a “real estate operating company” or “venture capital operating company” within the meaning of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the regulations promulgated thereunder, or the assets of the Fund otherwise would not be treated as subject to ERISA.

# NOTES TO FINANCIAL STATEMENTS

## NOTE I – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Woburn Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

### ADMINISTRATION

There are 105 contributory Retirement Systems for public employees in Massachusetts. Each system is governed by a retirement board, and all boards, although operating independently, are governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements, and a uniform accounting and funds structure for all systems.

### PARTICIPATION

Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal, or intermittent employment is governed by regulations promulgated by the retirement board, and approved by PERAC. Membership is optional for certain elected officials.

There are 3 classes of membership in the Retirement System:

#### **Group 1:**

General employees, including clerical, administrative, technical, and all other employees not otherwise classified.

#### **Group 2:**

Certain specified hazardous duty positions.

#### **Group 4:**

Police officers, firefighters, and other specified hazardous positions.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### MEMBER CONTRIBUTIONS

Member contributions vary depending on the most recent date of membership:

|                    |   |
|--------------------|---|
| Prior to 1975:     | 5% of regular compensation                                      |
| 1975 - 1983:       | 7% of regular compensation                                      |
| 1984 to 6/30/96:   | 8% of regular compensation                                      |
| 7/1/96 to present: | 9% of regular compensation                                      |
| 1979 to present:   | an additional 2% of regular compensation in excess of \$30,000. |

### RATE OF INTEREST

Interest on regular deductions made after January 1, 1984 is a rate established by PERAC in consultation with the Commissioner of Banks. The rate is obtained from the average rates paid on individual savings accounts by a representative sample of at least 10 financial institutions.

### RETIREMENT AGE

The mandatory retirement age for some Group 2 and Group 4 employees is age 65. Most Group 2 and Group 4 members may remain in service after reaching age 65. Group 4 members who are employed in certain public safety positions are required to retire no later than the end of month they attain age 65. There is no mandatory retirement age for employees in Group 1.

### SUPERANNUATION RETIREMENT

A member is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- completion of 20 years of service, or
- attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2

## NOTES TO FINANCIAL STATEMENTS (Continued)

### AMOUNT OF BENEFIT

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year average salary. For veterans as defined in G.L. c. 32, § 1, there is an additional benefit of \$15 per year for each year of creditable service, up to a maximum of \$300.

- Salary is defined as gross regular compensation.
- Average Salary is the average annual rate of regular compensation received during the 3 consecutive years that produce the highest average, or, if greater, during the last three years (whether or not consecutive) preceding retirement.
- The Benefit Rate varies with the member's retirement age, but the highest rate of 2.5% applies to Group 1 employees who retire at or after age 65, Group 2 employees who retire at or after age 60, and to Group 4 employees who retire at or after age 55. A .1% reduction is applied for each year of age under the maximum age for the member's group. For Group 2 employees who terminate from service under age 55, the benefit rate for a Group 1 employee shall be used.

### DEFERRED VESTED BENEFIT

A participant who has completed 10 or more years of creditable service is eligible for a deferred vested retirement benefit.

The participant's accrued benefit is payable commencing at age 55, or the completion of 20 years, or may be deferred until later at the participant's option.

### WITHDRAWAL OF CONTRIBUTIONS

Member contributions may be withdrawn upon termination of employment. Employees who first become members on or after January 1, 1984, may receive only limited interest on their contributions if they voluntarily terminate their service. Those who leave service with less than 5 years receive no interest; those who leave service with greater than 5 but less than 10 years receive 50% of the interest credited. As of July 1, 2010, those who leave service voluntarily with less than 10 years receive 3% interest.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## DISABILITY RETIREMENT

The Massachusetts Retirement Plan provides 2 types of disability retirement benefits:

### ORDINARY DISABILITY

**Eligibility:** Non-veterans who become totally and permanently disabled by reason of a non-job related condition with at least 10 years of creditable service (or 15 years creditable service in systems in which the local option contained in G.L. c. 32, § 6(1) has not been adopted).

Veterans with ten years of creditable service who become totally and permanently disabled by reason of a non-job related condition prior to reaching “maximum age”.

**Retirement Allowance:** Equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she is entitled.

### ACCIDENTAL DISABILITY

**Eligibility:** Applies to members who become permanently and totally unable to perform the essential duties of the position as a result of a personal injury sustained or hazard undergone while in the performance of duties. There are no minimum age or service requirements.

**Retirement Allowance:** 72% of salary plus an annuity based on accumulated member contributions, with interest. Any member injured while working out of title retiring after July 1, 2009, has such allowance based on the salary of the permanent title held on the date of injury. This amount is not to exceed 100% of pay. For those who became members in service after January 1, 1988 or who have not been members in service continually since that date, the amount is limited to 75% of pay. There is an additional pension of \$729.84 per year (or \$312.00 per year in systems in which the local option contained in G.L. c. 32, § 7(2)(a)(iii) has not been adopted), per child who is under 18 at the time of the member’s retirement, with no age limitation if the child is mentally or physically incapacitated from earning. The additional pension may continue up to age 22 for any child who is a full time student at an accredited educational institution. An additional \$15.00 per year of service, not to exceed \$300 annually may be added to the benefit in systems in which the local option contained in G.L. 32, §. 7(2)(e) has been adopted.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### ACCIDENTAL DEATH

**Eligibility:** Applies to members who die as a result of a work-related injury or if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired.

**Allowance:** An immediate payment to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary and payable to the surviving spouse, dependent children or the dependent parent, plus a supplement of \$729.84 per year, per child (or \$312.00 per year in systems in which the local option contained in G.L. c. 32, §. 9(2)(d)(ii) has not been adopted) payable to the spouse or legal guardian until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

The surviving spouse of a member of a police or fire department or any corrections officer who, under specific and limited circumstances detailed in the statute, suffers an accident and is killed or sustains injuries resulting in his death, may receive a pension equal to the maximum salary for the position held by the member upon his death.

In addition, an eligible family member may receive a one time payment of \$100,000 from the State Retirement Board.

### DEATH AFTER ACCIDENTAL DISABILITY RETIREMENT

Effective November 7, 1996, Accidental Disability retirees were allowed to select Option C at retirement and provide a benefit for an eligible survivor. For Accidental Disability retirees prior to November 7, 1996, who could not select Option C, if the member's death is from a cause unrelated to the condition for which the member received accidental disability benefits, a surviving spouse will receive an annual allowance of \$6,000.

### DEATH IN ACTIVE SERVICE

**Allowance:** An immediate allowance equal to that which would have been payable had the member retired and elected Option C on the day before his or her death. For death occurring prior to the member's superannuation retirement age, the age 55 benefit rate is used. The minimum annual allowance payable to the surviving spouse of a member in service who dies with at least two years of creditable service is \$3,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The surviving spouse of such a member in service receives an additional allowance equal to the sum of \$1,440 per year for the first child, and \$1,080 per year for each additional child until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

### COST OF LIVING

If a system has accepted Chapter 17 of the Acts of 1997, and the Retirement Board votes to pay a cost of living increase for that year, the percentage is determined based on the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%. Section 51 of Chapter 127 of the Acts of 1999, if accepted, allows boards to grant COLA increases greater than that determined by CPI but not to exceed 3.0%. The first \$12,000 of a retiree's total allowance is subject to a cost-of-living adjustment. The total Cost-of-Living adjustment for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

### METHODS OF PAYMENT

A member may elect to receive his or her retirement allowance in one of 3 forms of payment.

**Option A:** Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

**Option B:** A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

**Option C:** A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who remains unmarried for a member whose retirement becomes effective on or after February 2, 1992, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up") based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### ALLOCATION OF PENSION COSTS

If a member's total creditable service was partly earned by employment in more than one retirement system, the cost of the "pension portion" is allocated between the different systems pro rata based on the member's service within each retirement system.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Public Employee Retirement Administration Commission.

Cash accounts are considered to be funds on deposit with banks and are available upon demand.

Short Term Investments are highly liquid investments that will mature within twelve months from the date of acquisition.

Investments are reported at their fair value. Securities traded on recognized exchanges are valued at the most recent sales price at year end. If no sale was reported, the mean of the bid and asked price is used when available, or the most recent bid price. Mutual, commingled and pooled funds are valued based on the net asset or unit value at year end. Real estate and alternative investments are valued based on estimates provided by the managers of those respective investments. Purchases and sales of securities are reflected on the date the trade is initiated. Realized gain or loss is largely based on the difference between the cost or the value at the prior year end and the funds realized upon liquidation. Dividend income is generally recorded when received. Interest income is recorded as earned on an accrual basis. Income from alternative investments is recorded as reported by the managing partner. Appreciation or depreciation in the value of investments consists of the unrealized gains and losses reported as the difference between the previous period and the current value.

The system makes estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts added and deducted during the reporting periods. The fair value of real estate and alternative investment holdings are generally estimated in the absence of reliable exchange values. The actual funds realized upon liquidation may differ from these estimates.

The provisions of Massachusetts General Laws Chapter 32, § 23 (2) generally govern the investment practices of the system. The Board retains an investment consultant to closely monitor the implementation and performance of their investment strategy and advise them of the progress toward full funding of the system. That strategy seeks to balance the exposure to common deposit and investment risks related to custody, credit concentrations, interest rate and foreign currency fluctuations.

Operating expenses include the ordinary and necessary cost of investment and professional services and the other miscellaneous administrative expenses of the system.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The Annuity Savings Fund is the fund in which members' contributions are deposited. Voluntary contributions, re-deposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The Woburn Retirement System submitted the following supplementary membership regulations, which were approved by the Public Employee Retirement Administration Commission on:

October 29, 2010

#### Membership:

A. Employees of all member units of the Woburn Retirement System who are regularly employed in a permanent position for a minimum of 20 hours per week and who earn a minimum of \$5,000 per year must become members of the System.

B. Employees of all member units of the Woburn Retirement System who are provisional, seasonal, temporary or intermittent, and who are regularly employed in a position for a minimum of 20 hours per week for a period of six consecutive months, and who earn a minimum of \$5,000 per year, must become members of the system at the conclusion of the six-month period. Such members shall be allowed to purchase prior non-membership service.

C. Employees of all member units of the Woburn Retirement System who are employed less than 20 hours per week are ineligible for membership.

D. Employees, elected and appointed officials of all member units of the Woburn Retirement System who earn less than \$5,000 per year are ineligible for membership.

October 29, 2010

#### Creditable Service:

A. Members of the Woburn Retirement System who earn less than \$5,000 per year and who established membership prior to July 1, 2009 shall continue to be members of the system. The regular compensation of such member shall be subject to retirement withholdings, but such member shall not accrue creditable service after July 1, 2009, except that, such member who on said date was serving in an elected or appointed term of office or employment shall continue to be credited with service until the expiration of said term of office or employment, but not thereafter.

B. Members of the Woburn Retirement System shall be credited with one year of service for each year of employment of not less than 20 hours per week, or yearly proportion thereof. If the members hours of employment fall below 20 hours per week, the member shall be credited with one-half year of creditable service, or yearly proportion thereof.

C. Creditable service may be allowed for any period of approved leave of absence without regular compensation that is not in excess of one month, upon petition to the Board by the member. Any portion of any period of continuous leave of absence of any member without regular compensation that is in excess of one month shall not be creditable service.

October 29, 2010

#### Applicability:

This regulation shall apply to creditable service calculated for member buybacks, membership transfers to other Massachusetts retirement systems, and to retirement benefit calculations for members of the Woburn Retirement System retiring on or after November 1, 2010.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by the Buck Consultants as of January 1, 2010.

|   |                     |
|---|---------------------|
| The actuarial liability for active members was                | \$82,811,211        |
| The actuarial liability for retired and inactive members was  | <u>71,488,416</u>   |
| The total actuarial liability was                             | 154,299,627         |
| System assets as of that date were                            | <u>104,707,479</u>  |
| <br>  |                     |
| The unfunded actuarial liability was                          | <u>\$49,592,148</u> |
| The ratio of system's assets to total actuarial liability was | 67.9%               |
| As of that date the total covered employee payroll was        | \$27,433,458        |

The normal cost for employees on that date was 8.3% of payroll  
 The normal cost for the employer was 2.9% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return: 8.25% per annum  
 Rate of Salary Increase: 4.75% per annum

#### GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2010

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>( a ) | Actuarial<br>Accrued<br>Liability<br>( b ) | Unfunded<br>AAL<br>(UAAL)<br>( b-a ) | Funded<br>Ratio<br>( a/b ) | Covered<br>Payroll<br>( c ) | UAAL as a<br>% of<br>Cov. Payroll<br>( (b-a)/c ) |
|--------------------------------|--|--|--------------------------------------|----------------------------|-----------------------------|--|
| 1/1/2010                       | \$104,707,479                            | \$154,299,627                              | \$49,592,148                         | 67.9%                      | \$27,433,458                | 180.8%   |
| 1/1/2008                       | \$110,478,130                            | \$141,758,527                              | \$31,280,397                         | 77.9%                      | \$24,431,654                | 128.0%   |
| 1/1/2007                       | \$102,354,232                            | \$132,433,233                              | \$30,079,001                         | 77.3%                      | \$24,258,365                | 124.0%   |
| 1/1/2005                       | \$87,818,592                             | \$120,595,047                              | \$32,776,455                         | 72.8%                      | \$22,623,505                | 144.9%   |

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - MEMBERSHIP EXHIBIT

|   | 2001               | 2002               | 2003               | 2004               | 2005               | 2006               | 2007               | 2008               | 2009               | 2010               |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Retirement in Past Years</b>             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Superannuation                              | 7                  | 12                 | 43                 | 14                 | 6                  | 12                 | 14                 | 15                 | 13                 | 15                 |
| Ordinary Disability                         | 1                  | 0                  | 0                  | 0                  | 1                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Accidental Disability                       | 2                  | 1                  | 1                  | 2                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  |
| <b>Total Retirements</b>                    | 10                 | 13                 | 44                 | 16                 | 8                  | 13                 | 15                 | 16                 | 14                 | 16                 |
| Total Retirees, Beneficiaries and Survivors | 375                | 375                | 409                | 418                | 428                | 409                | 412                | 408                | 406                | 407                |
| Total Active Members                        | 633                | 668                | 668                | 663                | 551                | 580                | 572                | 555                | 571                | 577                |
| <b>Pension Payments</b>                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Superannuation                              | \$3,272,143        | \$3,201,930        | \$4,202,909        | \$4,362,183        | \$4,416,510        | \$4,507,771        | \$4,809,189        | 5,157,529          | 5,467,269          | 5,763,156          |
| Survivor/Beneficiary Payments               | 127,855            | 469,421            | 467,864            | 444,297            | 521,475            | 519,740            | 498,666            | 487,567            | 497,268            | 580,185            |
| Ordinary Disability                         | 45,276             | 45,489             | 40,311             | 39,363             | 48,836             | 39,185             | 40,670             | 43,710             | 21,486             | 22,334             |
| Accidental Disability                       | 801,895            | 784,482            | 782,524            | 990,721            | 914,447            | 978,899            | 964,508            | 935,246            | 964,683            | 982,532            |
| Other                                       | 595,569            | 552,415            | 455,184            | 826,722            | 768,710            | 923,868            | 938,427            | 1,015,150          | 987,146            | 1,036,123          |
| <b>Total Payments for Year</b>              | <u>\$4,842,738</u> | <u>\$5,053,737</u> | <u>\$5,948,792</u> | <u>\$6,663,286</u> | <u>\$6,669,978</u> | <u>\$6,969,463</u> | <u>\$7,251,460</u> | <u>\$7,639,202</u> | <u>\$7,937,852</u> | <u>\$8,384,329</u> |

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