ATTLEBORO

Retirement System Audit Report

JAN. 1, 2014 - DEC. 31, 2017

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

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September 6, 2019

The Public Employee Retirement Administration Commission has completed an examination of the Attleboro Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2014 to December 31, 2017. 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 those noted in the findings presented in this report.

In closing, I acknowledge the work of examiners Elaine Pursley and Junior Yanga who conducted this examination, and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,

John W. Parsons, Esq.
Executive Director

EXPLANATION OF FINDINGS AND RECOMMENDATIONS

1. Call Firefighter Buybacks:

The Attleboro Retirement Board approved call firefighter buybacks pursuant to c. 32, section 4(2)(b) and (b1/2) that are not valid. Members who receive credit under the provisions of s. 4(2)(b) must become members of the fire department of the same community in which they perform their call firefighter service. Section 4(2)(b1/2) waives this requirement, however, this provision only applies if the municipality where the call time is served adopts this section. If the Town or municipality does not adopt section 4(2)(b1/2), then the buyback is not allowed.

We found two active members and three retired members with invalid buybacks. Two out of the three retirees were overpaid an estimated $100K each.

Recommendation: For the active members, the Board must refund the monies paid by the member and adjust service records accordingly. For the retired members, the Board must refund the payments, recalculate the retirement allowances after removing the call firefighter creditable service and request the return of the overpayments made to them.

The Board may also consider whether a waiver of the overpayment is appropriate pursuant to G.L. c. 32, § 20(5)(c)(3). Even if a waiver is granted by the Board the retirees' benefit must be recalculated going forward without the inclusion of the call firefighter creditable service.

The Board should review all call firefighter buybacks that have occurred to determine if any other buybacks were improperly permitted and must correct any such purchases.

Board Response:

The Board's legal counsel reviewed all of the cases involving the purchase of call firefighter time. In two of the retiree cases it was determined that the members were entitled to purchase their time due to the fact that they were wrongfully excluded from membership in the systems that they performed the call service. Both of the communities were in the Bristol County Retirement System and Bristol County accepted liability for the time and has been remitting payment under 3(8)(c) in accordance with letters issued by PERAC to the Attleboro System for the members since their retirement. As a result of the research by its legal counsel the Board voted not to make any change to the retirees' retirement allowances.

The third retiree also purchased time from Bristol County Retirement who accepted liability and PERAC approved the 3(8)(c) payment by letter dated September 12, 1989. Based upon this information the Board voted to make no change to the retiree's retirement allowance.

In further research it was determined that an additional retired firefighter had purchased call time with the Town of Bellingham. In a letter dated May 20, 1996 the Norfolk County Retirement Board set forth that the Retirement System would not accept liability due to the fact that the retiree never became a full time employee of the Bellingham Fire Department. The Board's legal counsel determined that the retiree may be entitled to purchase service under a different section of the statute because he was a public employee as a call firefighter but not a member of the Retirement

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

System, which may be available because of his membership in Attleboro. This case remains open as the Board gathers additional information.

For the active members each case is being investigated separately and action will be taken to refund payments with interest if it is determined that the purchase was wrongfully permitted.

PERAC Response:

PERAC will continue to work with and review supplementary material and argument received from the Board.

2. Active Membership – Other Service Buybacks:

We found that four active members' buyback calculations used incorrect interest rates.

- One member purchased prior non-membership time at a different board and was charged buyback interest (or half of actuarial interest). The purchase of the buyback was in 2018. Full actuarial interest should have been charged.
- One member paid for a redeposit of a refund and was charged full actuarial interest. The purchase was in 2013 and was within one year of return to service. Buyback interest should have been charged.
- One member purchased prior non-membership time within the Attleboro Retirement Board and paid regular interest. The purchase was in 2012. Buyback interest should have been charged.

Recommendation: The Board should review previously calculated service purchases. Overpayments of interest should be returned to the members, and underpayments recalculated.

Board Response:

Service purchases are being reviewed. A refund of any overpayment by a member will be issued where necessary.

3. Investment Management Fees:

We noted that Wells Fargo and Hancock Timberland had negative management fees on the Annual Statement's Schedule 7 Summary of Investment Related Fees. We found that these investment managers provided the fee information separately from their statements and the Board was not recording these fees to the General Ledger (GL) account #5304 Management Fees correctly. The total understatement over the four-year period is approximately $125,000. The disbursements page in this report will reflect the full fees charged by these managers.

Recommendation: The Attleboro Retirement Board needs to review the accounting of investments in detail to ensure that all management fees are properly recorded in the GL and reported on the Annual Statements. The Retirement Board must not "net" management fees for accounting purposes, but needs to record gross management fees and income for each investment.

Board Response:
The accounting investment fees were reviewed with the PERAC auditors and the proper recording of fees has been implemented as of January I, 2019.

4. New Retirement Allowance Calculations:
We tested 20 new retirements during the audit period and found four were underpaid.

- One retiree's three highest consecutive years of regular compensation excluded Summer School pay and another retiree's three highest consecutive years excluded Athletics/Intramural pay.
- One retiree's three highest consecutive years of regular compensation occurred at a different board, so Attleboro used the deductions taken to determine the regular compensation for the retirement allowance calculation. We noted that one month of deductions was missing from the earnings used in the calculation.
- One retiree was missing Longevity in one year of the three highest consecutive years.

Recommendation: Summer School and Athletics/Intramural pay must be included in regular compensation per 840 CMR 15.03 3(b) which states that "predetermined, non-discretionary and guaranteed" payments are regular compensation. The Board must review and recalculate the retirement allowances for these retirees. In addition, the Board needs to review with the payroll department to ensure that retirement deductions are taken out of this pay for active members.

Board Response:
The Board does not agree with the determination that summer school pay and athletics /intramural pay should be included in the member's calculation. The pay received for summer school was above and beyond the member's regular pay and is not included in the collective bargaining agreement and therefore not subject to retirement deduction. The School Payroll Department was contacted to clarify the payment received by the member under the athletic/intramural pay code. The member did not work as a coach but worked selling tickets, collecting tickets or performing security at sporting events. The two other calculations in question are being reviewed and if the Board agrees with PERAC's recommendation the benefits will be recalculated.

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,			
	2017	2016	2015	2014
Net Assets Available For Benefits:				
Cash	$896,301	$1,772,225	$2,772,806	$2,851,101
Fixed Income Securities	667	760	1,057	1,442
Equities	44,088,779	45,882,990	52,899,285	57,877,695
Pooled Domestic Equity Funds	27,550,909	18,167,742	7,094,802	6,908,981
Pooled International Equity Funds	23,587,878	17,456,070	16,662,520	17,617,540
Pooled Domestic Fixed Income Funds	27,467,994	24,899,737	25,856,200	25,769,444
Pooled Alternative Investment Funds	1,462,448	710,571	342,522	55,717
Pooled Real Estate Funds	23,131,478	21,220,559	18,470,681	16,105,322
Interest Due and Accrued	1,208	919	444	7
Accounts Receivable	100,325	176,376	68,825	156,428
Accounts Payable	(275,249)	(291,962)	(276,382)	(324,510)
Total	$148,012,737	$129,995,987	$123,892,760	$127,019,167
Fund Balances:				
Annuity Savings Fund	$33,506,596	$33,010,574	$31,915,245	$30,664,007
Annuity Reserve Fund	10,032,650	8,819,506	8,228,699	7,938,267
Pension Fund	0	0	0	0
Military Service Fund	39,037	51,218	42,944	42,901
Expense Fund	0	0	0	0
Pension Reserve Fund	104,434,454	88,114,689	83,704,872	88,373,992
Total	$148,012,737	$129,995,987	$123,891,760	$127,019,167

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 2014	$29,830,767	$7,234,952	$0	$40,203	$0	$85,216,941	$122,322,863
Receipts	3,170,742	224,216	6,069,938	2,698	1,125,502	6,077,739	16,670,834
Interfund Transfers	(1,847,981)	1,847,563	2,921,106	0	0	(2,920,688)	0
Disbursements	(489,521)	(1,368,463)	(8,991,044)	0	(1,125,502)	0	(11,974,530)
Ending Balance 2014	30,664,007	7,938,267	0	42,901	0	88,373,992	127,019,167
Receipts	3,154,086	239,652	6,359,788	43	969,069	(1,592,577)	9,130,061
Interfund Transfers	(1,533,597)	1,534,015	3,076,125	0	0	(3,076,543)	0
Disbursements	(369,251)	(1,483,235)	(9,435,913)	0	(969,069)	0	(12,257,468)
Ending Balance 2015	31,915,245	8,228,699	0	42,944	0	83,704,872	123,891,760
Receipts	3,622,289	259,322	6,718,085	8,274	961,490	7,728,753	19,298,213
Interfund Transfers	(2,143,879)	2,143,879	3,318,935	0	0	(3,318,935)	0
Disbursements	(383,081)	(1,812,395)	(10,037,021)	0	(961,490)	0	(13,193,986)
Ending Balance 2016	33,010,574	8,819,506	0	51,218	0	88,114,689	129,995,987
Receipts	3,630,557	280,668	7,187,016	632	979,069	19,764,295	31,842,238
Interfund Transfers	(2,734,771)	2,747,514	3,444,600	(12,813)	0	(3,444,530)	0
Disbursements	(399,765)	(1,815,038)	(10,631,616)	0	(979,069)	0	(13,825,488)
Ending Balance 2017	$33,506,596	$10,032,650	$0	$39,037	$0	$104,434,454	$148,012,737

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31, 2017	2016	2015	2014
Annuity Savings Fund:				
Members Deductions	$3,312,552	$3,200,660	$3,035,331	$2,960,809
Transfers from Other Systems	264,199	351,003	60,844	146,546
Member Make Up Payments and Re-deposits	2,589	2,439	4,807	2,151
Member Payments from Rollovers	9,597	28,772	15,015	21,932
Investment Income Credited to Member Accounts	41,619	39,416	38,090	39,304
Sub Total	3,630,557	3,622,289	3,154,086	3,170,742
Annuity Reserve Fund:				
Investment Income Credited to the Annuity Reserve Fund	280,668	259,322	239,652	224,216
Sub Total	280,668	259,322	239,652	224,216
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems	138,935	111,241	108,548	82,748
Received from Commonwealth for COLA and Survivor Benefits	159,020	163,329	85,051	177,545
Pension Fund Appropriation	6,881,500	6,417,651	6,166,190	5,797,644
Settlement of Workers' Compensation Claims	0	3,000	0	12,000
Recovery of 91A Overearnings	7,561	22,864	0	0
Sub Total	7,187,016	6,718,085	6,359,788	6,069,938
Military Service Fund:				
Contribution Received from Municipality on Account of Military Service	581	8,231	0	2,658
Investment Income Credited to the Military Service Fund	51	43	43	40
Sub Total	632	8,274	43	2,698
Expense Fund:				
Investment Income Credited to the Expense Fund	979,069	961,490	969,069	1,125,502
Pension Reserve Fund:				
Federal Grant Reimbursement	4,602	2,561	(2,047)	8,754
Interest Not Refunded	197	70	73	41
Miscellaneous Income	16	0	140	46
Excess Investment Income	19,759,480	7,726,122	(1,590,743)	6,068,898
Sub Total	19,764,295	7,728,753	(1,592,577)	6,077,739
Total Receipts, Net	$31,842,238	$19,298,213	$9,130,061	$16,670,834

STATEMENT OF DISBURSEMENTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2017	2016	2015	2014
Annuity Savings Fund:				
Refunds to Members	$286,152	$277,020	$181,940	$269,333
Transfers to Other Systems	113,613	106,061	187,312	220,188
Sub Total	399,765	383,081	369,251	489,521
Annuity Reserve Fund:				
Annuities Paid	1,798,577	1,629,095	1,470,450	1,368,463
Option B Refunds	16,461	183,300	12,785	0
Sub Total	1,815,038	1,812,395	1,483,235	1,368,463
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	7,803,528	7,338,048	6,859,914	6,491,940
Survivorship Payments	314,566	282,481	270,406	288,074
Ordinary Disability Payments	54,035	52,910	51,830	50,750
Accidental Disability Payments	1,386,319	1,381,864	1,316,406	1,247,807
Accidental Death Payments	643,030	600,003	587,021	569,664
Section 101 Benefits	119,630	116,955	114,964	99,600
3 (8) (c) Reimbursements to Other Systems	310,507	264,759	235,373	243,210
Sub Total	10,631,616	10,037,021	9,435,913	8,991,044
Expense Fund:				
Board Member Stipend	15,000	15,000	15,000	15,000
Salaries	122,272	113,076	105,327	103,281
Legal Expenses	27,362	25,150	21,632	22,396
Travel Expenses	1,014	396	264	135
Administrative Expenses	6,056	3,243	5,477	5,061
Actuarial Services	0	10,925	0	9,375
Education and Training	778	1,045	810	270
Furniture and Equipment	0	0	3,558	475
Management Fees	669,148	664,940	683,453	822,889
Custodial Fees	62,393	58,645	70,722	78,930
Consultant Fees	47,863	42,953	37,830	43,750
Service Contracts	20,431	19,458	18,531	17,649
Fiduciary Insurance	6,752	6,659	6,464	6,292
Sub Total	979,069	961,490	969,069	1,125,502
Total Disbursements	$13,825,488	$13,193,986	$12,257,468	$11,974,530

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,			
	2017	2016	2015	2014
Investment Income Received From:				
Cash	$14,666	$9,552	$0	$0
Fixed Income	45	52	71	73
Equities	604,972	715,718	775,772	780,643
Pooled or Mutual Funds	1,082,908	1,133,348	724,656	327,565
Total Investment Income	1,702,591	1,858,670	1,500,499	1,108,281
Plus:				
Realized Gains	4,397,656	2,873,779	2,412,309	2,219,942
Unrealized Gains	18,439,032	15,188,119	11,015,211	14,288,352
Interest Due and Accrued - Current Year	1,208	919	444	7
Sub Total	22,837,896	18,062,816	13,427,964	16,508,301
Less:				
Realized Loss	(2,210,298)	(2,832,179)	(2,879,464)	(2,714,739)
Unrealized Loss	(1,268,382)	(8,102,471)	(12,392,882)	(7,443,875)
Interest Due and Accrued - Prior Year	(919)	(444)	(7)	(8)
Sub Total	(3,479,599)	(10,935,094)	(15,272,353)	(10,158,621)
Net Investment Income	21,060,888	8,986,393	(343,890)	7,457,960
Income Required:				
Annuity Savings Fund	41,619	39,416	38,090	39,304
Annuity Reserve Fund	280,668	259,322	239,652	224,216
Military Service Fund	51	43	43	40
Expense Fund	979,069	961,490	969,069	1,125,502
Total Income Required	1,301,408	1,260,270	1,246,853	1,389,062
Net Investment Income	21,060,888	8,986,393	(343,890)	7,457,960
Less: Total Income Required	1,301,408	1,260,270	1,246,853	1,389,062
Excess Income (Loss) To The Pension Reserve Fund	$19,759,480	$7,726,122	($1,590,743)	$6,068,898.20

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

	AS OF DECEMBER 31, 2017	
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	$896,301	0.6%
Fixed Income Securities	667	0.0%
Equities	44,088,779	29.8%
Pooled Domestic Equity Funds	27,550,909	18.6%
Pooled International Equity Funds	23,587,878	15.9%
Pooled Domestic Fixed Income Funds	27,467,994	18.5%
Pooled Alternative Investment Funds	1,462,448	1.0%
Pooled Real Estate Funds	23,131,478	15.6%
Grand Total	$148,186,453	100.0%

For the year ending December 31, 2017, the rate of return for the investments of the Attleboro Retirement System was 16.41%. For the five-year period ending December 31, 2017, the rate of return for the investments of the Attleboro Retirement System averaged 9.88%. For the 33-year period ending December 31, 2017, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Attleboro Retirement System was 9.04%.

The composite rate of return for all retirement systems for the year ending December 31, 2017 was 17.63%. For the five-year period ending December 31, 2017, the composite rate of return for the investments of all retirement systems averaged 9.83%. For the 33-year period ending December 31, 2017, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.36%.

SUPPLEMENTARY INVESTMENT REGULATIONS

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

March 30, 2012

Attleboro Retirement Board Supplementary Regulation Hancock Timberland XI LP

"With respect to the Attleboro Municipal Contributory Retirement System (the "System") investment in the Hancock Timberland XI LP (the "Fund") the following shall apply:

1. For purposes of 840 CMR 17.04(3), investments of the System shall not be deemed to include the underlying assets of the Fund, but shall only include Units of the Fund; provided that at all times the Fund qualifies as a "real estate operating company" within the meaning of the Employee Retirement Security Act of 1974, as amended ("ERISA");
2. 840 CMR 21.01(6) (prohibition on investment in lettered or restricted stock with the exception of those that are venture capital investments) shall not apply to the Units of the Fund;
3. 840 CMR 19.01(6)(c) (prohibition on investment in a limited partnership which invests in real estate if more than 20% of the funds thereof are invested in a single investment) shall not apply to the Fund's investments; and
4. 840 CMR 19.01(7) (retention of a qualified investment manager whose fee is based on a percentage of committed capital, provided, however, that such a fee may be paid for one year after the partnership commences operations, and provided, further, that such a fee is paid by all investors) shall not apply to the advisor of the Fund as they are consistent with industry practice."

April 3, 2007

Notwithstanding the provision of the Code of Massachusetts Regulation 840 CMR 21.01(2), (3)(a) & (b), (4)(a) & (b), and (5), the Attleboro Retirement System through its duty constituted Retirement Board may invest funds of the Retirement System in the fund known as INVESCO Core Real Estate USA, LLC, a venture capital operating company within the meaning of the Employee Retirement Income Security Act of 1974 (ERISA).

INVESCO shall not be subject to the existing provisions of 840 CMR 21.01(2), (3)(a) & (b), (4)(a) & (b), and (5), but shall be subject to the prohibited investment provisions under ERISA guidelines.

The prohibited investment provisions that apply to the INVESCO portfolio shall be defined relying upon ERISA statutory exemptions and the administrative class exemptions and regulations, specifically QPAM Exemption 84-14, as amended ("PTCE 84-14"), Prohibited Transaction Class Exemption 91-38 ("PTCE 91-38") issued by the Department of Labor and other ERISA applicable regulations retroactive to the time that INVESCO began investing the System's funds in its Core Real Estate Fund.

October 16, 1997
20.06(10)
Private Placement securities falling under the governance of Rule 144A may be purchased up to 5% of the market value of the fixed income portfolio at the time of purchase. These Rule 144A Private Placements shall be considered to be corporate bonds and, as such, governed by guideline constraints, with respect to credit and concentration limits, similar to those that apply to corporate bonds in general.

20.03(2)
At least 40% but no more than 80% of the total portfolio valued at market shall consist of fixed income investments with a maturity of more than one year, including Yankee Bonds which shall be limited to 15% of the total fixed income portfolio valued at market.

January 29, 1997
20.03(1)
Equity investments shall not exceed 60% of the portfolio valued at market, including international equities which shall not exceed 10% of the portfolio valued at market.

20.04(6)
American Depository Receipts denominated in U.S. currency and listed on a United States stock exchange or traded over the counter in the United States, provided that the total of all such investments shall be considered part of the board's equity asset allocation and shall not exceed 5% of the total market value of the portfolio.

20.07(9)
Commingled real estate shall not exceed 5% of the total book value of the portfolio at the time of purchase provided that:

(a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERA to determine the appropriate course of action:

(b) such personnel retain authority in the decision making process, and

(c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.

May 30, 1996
20.04(1)
United States based corporations and equities of foreign corporations.

20.07(5)
Equity investments shall be made only in securities listed on a United States stock exchange, traded over the counter in the United States, or listed and traded on a foreign exchange.

April 21, 1992
20.06(8), 20.07(6)
Purchases and sales of fixed income investments with maturities exceeding one year shall not exceed 200% of the market value of all fixed income obligations in any twelve month period, excluding cash and short term obligations.

February 21, 1992
4.03
Copies to be Sent to PERA
1. Within four (4) weeks of the close of each month, after all entries for the month have been posted and a trial balance performed, the board shall send to the Public Employee Retirement Administration a photocopy of the following for the month:

A. cash book entries;
B. trial balance; and
C. journal entries.

August 28, 1989

(1) Real estate investments shall not total more than $200,000 at the time of purchase and shall consist of real estate trusts and partnerships, provided that:

a. trust participants or limited partners do not participate in the selection of trustees or general partners and should a trust participant or limited partner be required to participate in the selection of a trustee or general partner, prior to any participation by the board, the board shall consult with PERA to determine the appropriate course of action, and

b. such trustees or general partners retain authority in the decision making process, and

c. should an investment in a trust or limited partnership result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture of said trust or limited partnership is prudent.

A complete list of these regulations is available upon written request and can be accessed via the internet at the following address: http://www.mass.gov/perac/investsup/ Attleborointsup.html

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Attleboro 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 104 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 4 classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the State Police. The other 3 classes are as follows:

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.

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

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 at age 65. There is no mandatory retirement age for employees in Group 1.

SUPERANNUATION RETIREMENT

A person who became a member before April 2, 2012 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.

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- attainment of age 60 with 10 years of service if classified in Group 1, or
- attainment of age 55 with 10 years of service if classified in Group 2, or
- attainment of age 55 if classified in Group 4.

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 (or five year as discussed below) average salary. For veterans as defined in G.L. c. 32, s. 1, there is an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

For employees who become members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a)(17). In addition, regular compensation will be limited to prohibit "spiking" of a member's salary to increase the retirement benefit.

- For persons who became members prior to April 2, 2012, 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 3 years (whether or not consecutive) preceding retirement.

- For persons who became members on or after April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 5 consecutive years that produce the highest average, or, if greater, during the last 5 years (whether or not consecutive) preceding retirement.

- The Benefit Rate varies with the member's retirement age. For persons who became members prior to April 2, 2012 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.

- For persons who became members on or after April 2, 2012 and retire with less than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .15% reduction is applied for each year of age under the maximum age for the member's group.

- For persons who became members on or after April 2, 2012 and retire with more than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .125% reduction is applied for each year of age under the maximum age for the member's group.

DEFERRED VESTED BENEFIT

A participant who has attained the requisite years of creditable service can elect to defer his or her retirement until a later date. Certain public safety employees cannot defer beyond age 65. All participants must begin to receive a retirement allowance or withdraw their accumulated deductions no later than April 15 of the calendar year following the year they reach age 70½.

NOTES TO FINANCIAL STATEMENTS (Continued)

WITHDRAWAL OF CONTRIBUTIONS

Member contributions may be withdrawn upon termination of employment. The interest rate for employees who first become members on or after January 1, 1984 who voluntarily withdraw their contributions with less than 10 years of service will be 3%. Interest payable on all other withdrawals will be set at regular interest.

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, s. 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”. “Maximum age” applies only to those employees classified in Group 4 who are subject to mandatory retirement.

Retirement Allowance: For persons who became members prior to April 2, 2012, the benefit is 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.

For persons in Group 1 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 60. 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 60, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

For persons in Group 2 and Group 4 who became members on or after April 2, 2012, the benefit is 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 would have been entitled had they retired for superannuation.

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. 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 $897.72 per year (or $312.00 per year in systems in which the local option contained in G.L. c. 32, s. 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. For systems that have adopted Chapter 157 of the Acts of 2005, veterans as defined in G.L. c. 32, s. 1 receive an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

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 $897.72 per year, per child (or $312.00 per year in systems in which the local option contained in G.L. c. 32, s. 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 while in the performance of his duties that results 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 $150,000.00 from the State Retirement Board. This lump sum payment is also available to the family of a public prosecutor in certain, limited circumstances.

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. For Systems that accept the provisions of Section 28 of Chapter 131 of the Acts of 2010, the amount of this benefit is $9,000. For Systems that accept the provisions of Section 63 of Chapter 139 of the Acts of 2012, the amount of this benefit is $12,000.

DEATH IN ACTIVE SERVICE

Allowance: An immediate allowance equal to that which would have been payable had the member retired and selected Option C on the day before his or her death. For a member who became a member prior to April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 55 benefit rate is used. For a member classified in Group 1 who became a member on or after April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 60 benefit rate is used. If the member died after age 60, the actual age is used. For a member classified in Group 2 or Group 4, whose death occurred prior to the member's minimum superannuation retirement age, the benefit shall be calculated using an age 55 age factor. 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 unless the retirement system has accepted the local option increasing this minimum annual allowance to $6,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

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 (COLA) 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%. Only a certain portion of a retiree's total allowance is subject to a COLA. The total COLA for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

Under the provisions of Chapter 32, Section 103(j) inserted by Section 19 of Chapter 188 of the Acts of 2010, systems may increase the maximum base on which the COLA is calculated in multiples of $1,000. For many years the COLA base was calculated based upon the first $12,000 of a retiree's allowance. Now the maximum base upon which the COLA is calculated varies from system to system. Each increase in the base must be accepted by a majority vote of the Retirement Board and approved by the legislative body.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 has not remarried, 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" to Option A) 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" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

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. In certain circumstances, if a member received regular compensation concurrently from two or more systems on or after January 1, 2010, and was not vested in both systems as of January 1, 2010, such a pro-ration may not be undertaken. This is because such a person may receive a separate retirement allowance from each system.

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.

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.

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

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

Membership:
January 17, 2006

Membership Eligibility: An employee who is employed at least twenty (20) hours per week on a permanent basis, shall become a member of the system.

Temporary or Provisional Employees (1): Once an employee has completed six (6) months of service he/she shall join the system. Provisional police and firefighters shall become members upon employment.

Temporary or Provisional Employees (2): Shall become members* of the system upon the date of employment if they work twenty (20) hours or more. If at the end of their probationary period they are terminated, their deductions shall be refunded upon request. *Membership begins on the date that regular compensation commences for the position which you are employed.

Service Prior to Membership: Credit for service prior to membership shall be computed to credit the member for that proportion of a normal year which the number of days actually worked during that year bears to the normal working year for the department under which the employee serves. The ratio of creditable service will be determined at the time of the buyback calculating the percentage from the hours being worked in relationship to the hours worked during the period of service to be purchased.

Transfers In: The Attleboro Retirement System will not accept a transfer from another system on behalf of an employee who does not meet the minimum requirement of twenty (20) hours per week for membership. Once the employee becomes eligible to be a member of the Attleboro system, a transfer from another system will be accepted and the employee will be credited with the transferred service.

Creditable Service:
January 17, 2006

Full-time Employees Who Become Part-time Employees: An employee who is employed full-time and later becomes part-time will continue membership in the system even if the part-time hours worked fall below the minimum requirement of twenty (20) hours per week. Credit for part-time service less than 20 hours will be pro-rated by taking the actual number of hours worked and dividing by the number of hours which constitute full-time status for the position held.

School Department Employees: Any employee of the Attleboro School Department who is not a certified Teacher and therefore eligible to apply for membership in the retirement system will be given credit for a full year of creditable service if employed at least 20 hours per week and the job they perform occurs only during the school year.

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the City Auditor who shall be a member ex-officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex-officio Member:	Deborah C. Gould		
Appointed Member:	James M. Castro	Term Expires:	02/29/20
Elected Member:	Gary S. Sagar, Chairman	Term Expires:	12/31/19
Elected Member:	Bruce R. Tondreau	Term Expires:	12/31/21
Appointed Member:	Richard V. Boucher	Term Expires:	02/05/21

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board. The PERAC Actuary performs verification prior to payment, unless the system has obtained a waiver for superannuation calculations allowing them to bypass this requirement. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by two persons designated by the Board.

Retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. Fidelity insurance is the only required policy coverage under Ch. 32 §21 and §23 as well as 840 CMR 17.01. The policy is designed to cover specific intentional acts such as theft, fraud or embezzlement and also specify who commits such acts, most commonly employees of the system. This coverage reimburses the system for the losses it suffers as a result of its employees' actions. It does not insure the employees for their illegal acts. Statutorily required coverage is provided by the current fidelity insurance policy to a limit of $1,000,000 issued through Travelers Casualty & Surety Company. The system also has Fiduciary coverage to a limit of $50,000,000 under a blanket policy issued through the Massachusetts Association of Contributory Retirement Systems.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by Stone Consulting, Inc. as of January 1, 2018.

The actuarial liability for active members was	$102,548,438
The actuarial liability for retired members was (includes inactives)	127,303,037
The total actuarial liability was	$229,851,475
System assets as of that date were (actuarial value)	143,874,216
The unfunded actuarial liability was	$85,977,259
The ratio of system's assets to total actuarial liability was	62.6%
As of that date the total covered employee payroll was	

The normal cost for employees on that date was	9.4% of payroll
The normal cost for the employer (including administrative expenses) was	5.7% of payroll

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

Investment Return:	7.50% per annum
Rate of Salary Increase:	Gr 1 &2: 6.5% for first 8 yrs, 4% ultimate
	Gr 4: 7.0% for first 5 yrs, 4% ultimate

SCHEDULE OF FUNDING PROGRESS AS OF JANUARY 1, 2018

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
1/1/2018	$143,874,216	$229,851,475	$85,977,259	62.6%	$34,258,885	251.0%
1/1/2016	$130,788,384	$199,034,275	$68,245,891	65.7%	$31,978,728	213.4%
1/1/2014	$112,700,280	$172,323,022	$59,622,742	65.4%	$29,239,514	203.9%
1/1/2012	$98,889,310	$151,925,627	$53,036,317	65.1%	$27,568,303	192.4%
1/1/2010	$96,158,771	$138,736,445	$42,577,674	69.3%	$26,656,072	159.7%

NOTE 6 - MEMBERSHIP EXHIBIT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Retirement in Past Years										
Superannuation	11	11	17	12	12	18	17	19	19	28
Ordinary Disability	0	0	0	0	1	0	0	0	0	0
Accidental Disability	1	0	2	0	3	6	6	1	4	3
Total Retirements	12	11	19	12	16	24	23	20	23	31
Total Retirees, Beneficiaries and Survivors	388	391	406	406	391	393	399	411	420	428
Total Active Members	733	700	672	689	666	673	669	651	651	653
Pension Payments										
Superannuation	$4,664,871	$4,983,393	$5,324,482	$5,731,775	$5,924,115	$6,138,058	$6,491,940	$6,859,914	$7,338,048	$7,803,528
Survivor/Beneficiary Payments	195,507	191,119	197,592	223,741	344,732	262,744	288,074	270,406	282,481	314,566
Ordinary Disability	63,793	63,589	63,234	69,309	83,883	52,815	50,750	51,830	52,910	54,035
Accidental Disability	939,515	840,003	843,131	953,930	898,958	1,074,262	1,247,807	1,316,406	1,381,864	1,386,319
Other	654,900	808,716	722,762	742,629	695,466	827,677	912,474	937,358	981,717	1,073,167
Total Payments for Year	$6,518,586	$6,886,820	$7,151,201	$7,721,384	$7,947,154	$8,355,556	$8,991,044	$9,435,913	$10,037,021	$10,631,616

COMMONWEALTH OF MASSACHUSETTS
Public Employee Retirement Administration Commission
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TTY: 617-591-8917 | Web: www.mass.gov/perac

Bruce R. Tondreau, Chairperson
Attleboro Retirement Board
77 Park Street
Attleboro, MA 02703

REFERENCE: Report of the Examination of the Attleboro Retirement Board for the four-year period from January 1, 2014 through December 31, 2017.

Dear Chairperson Tondreau:

The Public Employee Retirement Administration Commission has completed a follow-up review of the findings and recommendations contained in its audit report of the Attleboro Retirement Board for the period referenced above. We conduct these visits as a regular part of the oversight process to ensure the timely implementation of the recommendations contained in that report. The examination also addressed the other matters discussed at the completion of the audit. The results are as follows:

1. The Audit Report cited a finding that the Attleboro Retirement Board approved call firefighter buybacks pursuant to c. 32, section 4(2)(b) and (b1/2) that are not valid. Two active members and three retired members had invalid buybacks.

Follow-up Result: Both active members with invalid buybacks were refunded monies paid and creditable service was adjusted. The Board made no changes for the three retired members with invalid buybacks based on recommendations from their legal counsel. The retirement allowances of these three retired members should be recalculated by the Board. This finding is partially resolved.

2. The Audit Report cited a finding that three active members' service buyback calculations used incorrect interest rates. Two members purchased prior non-membership time and one member paid for a redeposit of a refund.

Follow-up Result: Our review of the documentation found that refunds were calculated and issued for two of the members. The third member's buyback calculation used regular interest as the correction of errors rate because it was for time when deductions were not taken in error. No correction needed. This finding is resolved.

3. The Audit Report cited a finding that Wells Fargo and Hancock Timberland had negative balances on the Annual Statement's Schedule 7 and that their fees were not recorded to the General Ledger account #5304 Management Fees.

Follow-up Result: We reviewed the 2019 Annual Statement's Schedule 7 for these two investments. Per the Attleboro Administrator, the retirement system had sold all of its investments with Wells Fargo before 2019, and therefore, there were no management fees included on the 2019 Schedule 7, which was verified. We also verified that the total 2019 management fees for Hancock Timberland recorded on the Schedule 7 agreed to the 2019 investment manager statement. There were no negative balances for any investments listed on the 2019 Schedule 7. This finding is resolved.

4. The Audit Report cited a finding that there were missing pays from the earnings used for retirement allowance calculations of four new retirees during the audit period.

Follow-up Result: The Board did not make any adjustments to the retirement allowance calculations for three out of the four new retirees found with missing pays. They disagree that Summer School pay or Athletics/Intramural pay should be included in regular compensation. They also did not correct the retirement allowance of the retiree whose calculation only included 35 months of pay instead of 36. The Board did correct the retirement allowance for the member missing one year of Longevity pay. The retirement allowances of these three retired members should be recalculated by the Board. This finding is partially resolved.

The additional matters discussed have been reviewed and most have been resolved.

The Commission wishes to acknowledge the effort demonstrated by the staff of the Attleboro Retirement Board to correct most of the issues from the most recent examination of the system. PERAC auditors may conduct an additional follow-up visit to ensure progress is being made in those areas that have not been corrected at this time.

Thank you for your continued cooperation in this important matter.

Sincerely,

John W. Parsons, Esq.
Executive Director