Belmont

Retirement System
Audit Report
January 1, 2013 - December 31, 2016

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

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August 12, 2021

The Public Employee Retirement Administration Commission has completed an examination of the Belmont Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2013 to December 31, 2016. 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.

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 the auditors who conducted this examination, and express appreciation to the Board and staff for their courtesy and cooperation.

Sincerely,

John W. Parsons, Esq.
Executive Director

EXPLANATION OF FINDINGS AND RECOMMENDATIONS

<u>1. Active Members:</u>
Dispatchers are currently classified in Group 2. They should be in Group 1 since they are not included in the list of positions in Group 2 in G.L. c. 32, §3(2)(g).

Two active members purchasing prior non-member service were charged a rate equal to their current contribution rate rather than the rate that was in effect during the time being bought. This was also found to have happened to one of the retirees reviewed.

Six out of the 41 members in our sample did not have a folder that could be reviewed. These were all school employees who had not completed an enrollment form. Pursuant to §3(2)(g) these forms are supposed to be filed within 30 days of the start of employment.

Recommendation: The Board must reclassify the 911 dispatchers as Group 1.

Purchases of non-member service should be reviewed to determine how widespread the error is. Overpayments should be returned to the members.

Board staff must work with the school department to complete these forms. Folders should be created for holding additional paperwork such as beneficiary forms and the SSA-1945 form.

<u>Board Response:</u>
The group classification of Emergency Dispatchers has been an ongoing legal issue for decades, the subject of several administrative law decisions, and is currently before the Legislature. As is the case in neighboring communities, Belmont Dispatchers have long been considered to be follow-on positions to Police and Fire Signal Operators and Signal Repairmen, which are statutorily classified in Group 2, and have both enrolled and retired with such classification. The Board is aware that PERAC has both approved and rejected supplemental regulations of municipal retirement boards which classified such employees as Group 2. Nevertheless, the Board has undertaken a legal review of the classification status of these members, and intends to have the issue resolved by PERAC's follow up audit.

The Board has adjusted the interest percentage rate charged for service purchases and is conducting an on-going review of all folders. Board staff is working diligently with the Belmont School System personnel to complete enrollment forms on an on-going basis and has since located all member folders.

<u>2. Minutes:</u>
Five meetings held in 2015 did not have minutes. There were an additional three executive sessions from 2016 and 2017 that did not have minutes.

Except for the 2016 accounting, there is no mention of the Board members seeing the monthly cash books. Cash reconciliations were not reviewed at meetings either.

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

Recommendation: Pursuant to the Open Meeting Law, minutes must be kept for all open and executive sessions.

Each month the Board should see a financial packet consisting of the accounting and cash reconciliation (including the bank statement). Also, a comparison of actual expenses to budgeted expenses should be performed at least quarterly.

Board Response:
In 2017, the Board relocated from its one-room office in the basement of Belmont Town Hall to its current location in a secure commercial office building. A major reason for the move was the inability to adequately and safely secure Board records, many of which were stored by necessity by the prior Administrator in common areas. Some Board records are likely still stored in those common areas. Since 2017, Board minutes are securely maintained in the Board's offices.

3. Expenses:
For the years 2013 and 2015 no invoices could be located. The expenses tested for those years could not be verified.

Monthly expense warrants could not be located for September, October, and December in 2015. Also, although not related to expenses, the warrants for transfers processed in November and December 2016 could not be found.

Recommendation: The Board must retain all warrants and the back-up documentation for the items on those warrants.

Board Response:
In 2017, the Board relocated from its one-room office in the basement of Belmont Town Hall to its current location in a secure commercial office building. A major reason for the move was the inability to adequately and safely secure Board records, many of which were stored by necessity by the prior Administrator in common areas. Some Board records are likely stored in those common areas. Since 2017, all warrants and related documentation are securely maintained m the Board's offices.

4. Refunds:
Three out of the fifteen refunds reviewed had an incorrect amount of interest. Two were members who left involuntarily and were paid 3% interest instead of the regular Annuity Savings Fund rate. The third was also overpaid, but it is not clear where that amount came from.

Recommendation: The Board should consider instituting a policy where a second staff person reviews all refunds.

Board Response:
All incorrect refunds have been adjusted and a second staff member now reviews all refunds.

EXPLANATION OF FINDINGS AND RECOMMENDATIONS
(Continued)

5. General Ledgers:

The cash balance as of December 31, 2013 was overstated in the General Ledger (GL) by approximately $775,000. That year's GL also had total debits that were not equal to total credits, with two accounts that did not close correctly.

For 2015 we were provided with only a pre-close GL.

Recommendation: A review of the post-close trial balance should be performed each year after closing the books and before preparing the Annual Statement. The post-close GL for January through December should always be saved.

Board Response:

The cash balance overstatement and other accounting imperfections in the 2013 General Ledger as of December 31, 2013 was a result of a scrivener's error. The Board now performs a review of the post-closing trial balance as part of the preparation of the Annual Statement.

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,			
	2016	2015	2014	2013
Net Assets Available For Benefits:				
Cash	$190,842	$2,241,958	$1,470,353	$1,515,729
Short Term Investments	2,172,858	0	0	0
Equities	5,576,005	4,660,381	15,070,468	14,242,766
Pooled Domestic Equity Funds	25,088,793	22,361,939	11,387,462	11,921,755
Pooled International Equity Funds	9,459,048	9,309,466	9,212,285	8,558,669
Pooled Global Equity Funds	1,987,018	2,041,117	2,426,889	2,050,555
Pooled Domestic Fixed Income Funds	8,569,490	8,273,694	8,265,984	11,528,685
Pooled International Fixed Income Funds	0	0	1,859,681	1,875,833
Pooled Global Fixed Income Funds	8,773,719	7,988,683	6,535,138	0
Pooled Alternative Investment Funds	9,690,252	8,869,268	9,387,763	9,183,566
Pooled Real Estate Funds	10,191,513	9,767,293	8,977,292	9,122,400
Hedge Funds	7,717,037	7,397,495	7,537,691	7,138,652
PRIT Core Fund	2,124,620	1,974,652	1,961,796	1,821,534
Interest Due and Accrued	308	0	0	0
Accounts Receivable	4,221,886	3,953,111	3,684,343	3,520,311
Accounts Payable	(14,136)	(101,815)	(63,124)	(174,502)
Total	$95,749,253	$88,737,240	$87,714,022	$82,305,953
Fund Balances:				
Annuity Savings Fund	$27,419,966	$25,600,671	$24,575,563	$23,350,449
Annuity Reserve Fund	6,104,179	6,654,847	6,493,134	6,630,044
Pension Fund	0	0	0	0
Military Service Fund	4,928	0	0	0
Expense Fund	0	0	0	0
Pension Reserve Fund	62,220,180	56,481,721	56,645,325	52,325,460
Total	$95,749,253	$88,737,240	$87,714,022	$82,305,953

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 2013	$22,216,818	$6,574,296	($1,451,785)	$0	$0	$44,320,594	$71,659,922
Receipts	2,405,477	188,422	7,198,502	0	596,804	10,888,164	21,277,369
Interfund Transfers	(1,022,258)	1,177,694	2,727,862	0	0	(2,883,298)	0
Disbursements	(249,588)	(1,310,367)	(8,474,579)	0	(596,804)	0	(10,631,338)
Ending Balance 2013	23,350,449	6,630,044	0	0	0	52,325,460	82,305,953
Receipts	2,882,785	176,877	7,589,017	0	648,885	5,131,352	16,428,916
Interfund Transfers	(1,296,038)	1,161,078	946,446	0	0	(811,486)	0
Disbursements	(361,633)	(1,474,865)	(8,535,463)	0	(648,885)	0	(11,020,846)
Ending Balance 2014	24,575,563	6,493,134	0	0	0	56,645,325	87,714,023
Receipts	2,653,852	194,829	8,135,989	0	686,642	499,832	12,171,143
Interfund Transfers	(1,479,472)	1,436,072	706,835	0	0	(663,436)	0
Disbursements	(149,271)	(1,469,188)	(8,842,824)	0	(686,642)	0	(11,147,925)
Ending Balance 2015	25,600,671	6,654,847	(0)	0	0	56,481,721	88,737,240
Receipts	2,862,558	178,140	8,579,512	4,928	844,340	6,550,226	19,019,703
Interfund Transfers	(789,890)	810,203	791,453	0	0	(811,767)	0
Disbursements	(253,374)	(1,539,011)	(9,370,965)	0	(844,340)	0	(12,007,690)
Ending Balance 2016	$27,419,966	$6,104,179	($0)	$4,928	($0)	$62,220,180	$95,749,253

Totals may be off due to rounding

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2016	2015	2014	2013
Annuity Savings Fund:				
Members Deductions	$2,562,892	$2,452,968	$2,346,263	$2,277,805
Transfers from Other Systems	248,619	167,890	481,851	93,557
Member Make Up Payments and Re-deposits	19,924	8,006	32,033	9,874
Investment Income Credited to Member Accounts	31,123	24,988	22,638	24,241
Sub Total	2,862,558	2,653,852	2,882,785	2,405,477
Annuity Reserve Fund:				
Investment Income Credited to the Annuity Reserve Fund	178,140	194,829	176,877	188,422
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems	33,890	132,559	118,842	154,430
Received from Commonwealth for COLA and Survivor Benefits	118,433	125,470	105,652	142,131
Pension Fund Appropriation	8,427,189	7,877,960	7,364,523	6,899,432
Recovery of 91A Overearnings	0	0	0	2,509
Sub Total	8,579,512	8,135,989	7,589,017	7,198,502
Military Service Fund:				
Contribution Received from Municipality on Account of Military Service	4,928	0	0	0
Expense Fund:				
Investment Income Credited to the Expense Fund	844,340	686,642	648,885	596,804
Pension Reserve Fund:				
Interest Not Refunded	331	0	0	0
Miscellaneous Income	0	42,651	739	3,180
Excess Investment Income	6,549,894	457,181	5,130,612	10,884,984
Sub Total	6,550,226	499,832	5,131,352	10,888,164
Total Receipts, Net	$19,019,703	$12,171,143	$16,428,916	$21,277,369

STATEMENT OF DISBURSEMENTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2016	2015	2014	2013
Annuity Savings Fund:				
Refunds to Members	$107,143	$86,775	$127,183	$42,304
Transfers to Other Systems	146,231	62,496	234,450	207,284
Sub Total	253,374	149,271	361,633	249,588
Annuity Reserve Fund:				
Annuities Paid	1,539,011	1,469,188	1,467,649	1,292,335
Option B Refunds	0	0	7,216	18,032
Sub Total	1,539,011	1,469,188	1,474,865	1,310,367
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	6,603,016	6,673,658	6,388,966	6,277,039
Survivorship Payments	528,314	509,881	547,949	416,006
Ordinary Disability Payments	116,199	107,737	105,938	132,330
Accidental Disability Payments	1,170,643	1,083,743	1,138,646	1,200,376
Accidental Death Payments	672,909	31,340	30,980	59,102
Section 101 Benefits	13,915	126,105	0	0
3 (8) (c) Reimbursements to Other Systems	265,971	310,359	322,984	389,726
Sub Total	9,370,965	8,842,824	8,535,463	8,474,579
Expense Fund:				
Board Member Stipend	12,000	12,000	12,000	12,000
Salaries	126,346	90,340	90,340	90,339
Legal Expenses	36,898	15,020	20,391	18,704
Medical Expenses	36	0	0	0
Travel Expenses	4,146	3,157	3,428	3,887
Administrative Expenses	7,679	1,124	5,653	10,447
Actuarial Services	34,237	4,246	14,000	9,000
Accounting Services	32,740	0	8,000	8,000
Education and Training	2,770	2,160	2,485	2,230
Furniture and Equipment	15,485	0	1,219	0
Management Fees	430,842	440,849	378,163	331,740
Custodial Fees	36,696	36,696	33,096	33,096
Consultant Fees	55,000	55,000	55,000	52,500
Service Contracts	44,100	20,842	20,041	20,031
Fiduciary Insurance	5,365	5,208	5,069	4,830
Sub Total	844,340	686,642	648,885	596,804
Total Disbursements	$12,007,690	$11,147,925	$11,020,846	$10,631,338

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,			
	2016	2015	2014	2013
Investment Income Received From:				
Cash *	$798	($4)	($20)	$0
Short Term Investments	941	0	0	301,630
Fixed Income	0	0	0	260,701
Equities	56,038	123,636	180,283	481,629
Pooled or Mutual Funds	589,349	1,685,411	896,949	782,946
Total Investment Income	647,126	1,809,043	1,077,212	1,826,905
Plus:				
Realized Gains	30,745	3,331,365	2,852,510	2,770,120
Unrealized Gains	12,033,382	7,137,406	3,043,105	11,164,591
Interest Due and Accrued - Current Year	308	0	0	0
Sub Total	12,064,435	10,468,771	5,895,615	13,934,711
Less:				
Realized Loss	(3,276)	(1,003,008)	(125,695)	(361,087)
Unrealized Loss	(5,104,787)	(9,911,166)	(868,120)	(3,706,079)
Sub Total	(5,108,063)	(10,914,174)	(993,815)	(4,067,166)
Net Investment Income	7,603,498	1,363,640	5,979,012	11,694,450
Income Required:				
Annuity Savings Fund	31,123	24,988	22,638	24,241
Annuity Reserve Fund	178,140	194,829	176,877	188,422
Expense Fund	844,340	686,642	648,885	596,804
Total Income Required	1,053,603	906,459	848,400	809,467
Net Investment Income	7,603,498	1,363,640	5,979,012	11,694,450
Less: Total Income Required	1,053,603	906,459	848,400	809,467
Excess Income To The Pension Reserve Fund	$6,549,894	$457,181	$5,130,612	$10,884,984

* Fees are greater than income

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

	AS OF DECEMBER 31, 2016	
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	$190,842	0.2%
Short Term Investments	2,172,858	2.4%
Equities	5,576,005	6.1%
Pooled Domestic Equity Funds	25,088,793	27.4%
Pooled International Equity Funds	9,459,048	10.3%
Pooled Global Equity Funds	1,987,018	2.2%
Pooled Domestic Fixed Income Funds	8,569,490	9.4%
Pooled Global Fixed Income Funds	8,773,719	9.6%
Pooled Alternative Investment Funds	9,690,252	10.6%
Pooled Real Estate Funds	10,191,513	11.1%
Hedge Funds	7,717,037	8.4%
PRIT Core Fund	2,124,620	2.3%
Grand Total	$91,541,194	100.0%

For the year ending December 31, 2016, the rate of return for the investments of the Belmont Retirement System was 8.89%. For the five-year period ending December 31, 2016, the rate of return for the investments of the Belmont Retirement System averaged 9.27%. For the 32-year period ending December 31, 2016, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Belmont Retirement System was 9.34%.

The composite rate of return for all retirement systems for the year ending December 31, 2016 was 8.08%. For the five-year period ending December 31, 2016, the composite rate of return for the investments of all retirement systems averaged 9.12%. For the 32-year period ending December 31, 2016, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.11%.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Belmont 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 72.

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 $871.56 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 $871.56 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 $300,000.00 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 (OPTION D)

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 BOARD REGULATIONS

The Belmont Retirement System has adopted Supplemental Regulations which are available on the PERAC website at https://www.mass.gov/Belmont-retirement-board-regulations.

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the Town Accountant 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:	Glen Castro		
Appointed Member:	Floyd Carman	Until a successor is appointed	
Elected Member:	Walter Wellman	Term Expires:	12/27/23
Elected Member:	Ross Vona	Term Expires:	06/30/22
Appointed Member:	Thomas Gibson, Chairman	Term Expires:	02/05/24

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 with a $10,000 deductible issued through Travelers Casualty and 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 Segal as of January 1, 2020.

The actuarial liability for active members was	$84,339,488
The actuarial liability for inactive members was	4,811,765
The actuarial liability for retired members was	111,678,293
The total actuarial liability was	$200,829,546
System assets as of that date were (actuarial value)	121,340,803
The unfunded actuarial liability was	$79,488,743
The ratio of system's assets to total actuarial liability was	60.4%
As of that date the total covered employee payroll was	$29,659,289

The normal cost for employees on that date was	10.3% of payroll
The normal cost for the employer including administrative expenses was	6.6% of payroll

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

Investment Return:	7.15% per annum
Rate of Salary Increase:	Varies by group and service

SCHEDULE OF FUNDING PROGRESS AS OF JANUARY 1, 2020

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)
1/1/2020	$121,340,803	$200,829,546	$79,488,743	60.4%	$29,659,289	268.0%
1/1/2018	$106,445,674	$183,043,747	$76,598,073	58.2%	$26,395,332	290.2%
1/1/2016	$91,177,286	$165,850,771	$74,673,485	55.0%	$25,031,528	298.3%
1/1/2014	$77,213,290	$150,911,920	$73,698,630	51.2%	$25,640,813	287.4%
1/1/2012	$67,144,549	$134,522,071	$67,377,522	49.9%	$20,823,251	323.6%

NOTE 6 - MEMBERSHIP EXHIBIT

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Retirement in Past Years										
Superannuation	12	9	4	9	7	7	16	15	7	12
Ordinary Disability	0	0	0	0	0	0	0	0	0	0
Accidental Disability	0	2	2	2	3	0	0	0	0	0
Total Retirements	12	11	6	11	10	7	16	15	7	12
Total Retirees, Beneficiaries and Survivors	362	359	353	357	360	351	366	353	349	334
Total Active Members	445	470	455	454	444	458	473	460	482	480
Pension Payments										
Superannuation	$5,216,654	$5,612,832	$5,621,116	$5,805,934	$6,290,688	$5,939,130	$6,277,039	$6,388,966	$6,673,658	$6,603,016
Survivor/Beneficiary Payments	308,983	313,372	377,299	571,384	387,130	534,642	416,006	547,949	509,881	528,314
Ordinary Disability	142,388	145,268	118,126	114,880	117,040	130,170	132,330	105,938	107,737	116,199
Accidental Disability	762,928	780,665	976,914	994,878	1,004,753	1,320,280	1,200,376	1,138,646	1,083,743	1,170,643
Other	487,313	495,389	503,380	290,881	289,016	400,581	448,828	353,964	467,804	952,794
Total Payments for Year	$6,918,266	$7,347,526	$7,596,835	$7,777,957	$8,088,627	$8,324,803	$8,474,579	$8,535,463	$8,842,824	$9,370,965

NOTE 7 – LEASED PREMISES

The Belmont Retirement Board leases approximately 810 square feet of space for its offices located at 90 Concord Avenue, Belmont, MA. They signed an initial 2-year lease term ($29.63 per sq ft) commencing November 1, 2017. The amendment extension signed commences November 1, 2019 and will expire October 31, 2023. The landlord is Vale Realty and Service Company, LLC.

The following schedule displays the minimum lease obligations beginning November 1, 2017:

For the year ending:	Annual Rent
2017	$ 4,000
2018	24,000
2019	24,200
2020	25,200
2021	25,400
2022	26,400
2023 (thru October)	22,000
Total future minimum lease payments required	$151,200

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Chapter 97 of the Acts of 2007, and further revised by Chapter 382 of the Acts of 2010 allowed the town of Belmont to establish an Other Post Employment Benefits Trust Fund for the purpose of meeting future OPEB costs payable by the town. Section 2(c) states that the fund shall be subject to PERAC's triennial audit.

The Town administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health and life insurance plans, which cover both active and retired members.

The actuarial valuation of the Town of Belmont's OPEB Trust Fund was prepared by Segal Consulting as of June 30, 2019 and updated to June 30, 2020 for the Town and December 31, 2019 for the Electric Light Plant in accordance with GASB Statement No. 74. The components of the net OPEB liability were as follows:

	Town June 30, 2020	Electric Light December 31, 2019
Total OPEB liability	$109,195,705	$4,427,621
Less: OPEB plan's fiduciary net position	4,808,797	351,307
Net OPEB liability	$104,386,908	$4,076,314
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	4.40%	7.93%

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Interest Rate/Discount Rate	5.84% (Town)/5.93% (Electric Light)
HealthcareCost Trend Rate	Varied % decreasing to 4.5% ultimate rate
Salary Increases	Service related to 4.25% ultimate rate

PLAN MEMBERSHIP

	Town	Electric Light
Actives	579	30
Retirees and Beneficiaries	672	29
Total	1,251	59

NOTES TO FINANCIAL STATEMENTS (Continued)

OPEB Schedules – GASB Disclosure Information

The Schedule of Changes in the Town's Net OPEB Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of Changes in the Electric Light's Net OPEB Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of the Electric Light's Contributions presents multi-year trend information on the Electric Light's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

NOTES TO FINANCIAL STATEMENTS (Continued)

SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service Cost	$ 3,631,066	$ 3,450,335	$ 3,396,620	$ 3,783,584
Interest	6,309,506	6,033,987	5,725,306	8,496,483
Changes of benefit returns	(925,315)	-	-	-
Differences between expected and actual experience	(304,905)	-	-	-
Changes of assumptions	(805,773)	1,012,397	(724,799)	(40,435,528)
Plan amendments	-	-	-	(18,722,360)
Benefit payments	(4,764,669)	(4,400,269)	(4,101,700)	(3,856,996)
Net change in Total OPEB liability	$ 3,139,910	$ 6,096,450	$ 4,295,427	$ (50,734,817)
Total OPEB Liability - beginning	106,055,795	99,959,345	95,663,918	146,398,735
Total OPEB Liability- ending	$ 109,195,705	$ 106,055,795	$ 99,959,345	$ 95,663,918
Plan Fiduciary Net Position				
Contributions- employer	$ 5,333,376	$ 4,951,361	$ 4,470,248	$ 4,186,243
Net Investment Income	70,680	380,423	5,442	172,888
Benefit payments	(4,764,669)	(4,400,269)	(4,101,700)	(3,856,996)
Net change in Plan Fiduciary Net Position	$ 639,387	$ 931,515	$ 373,990	$ 502,135
Plan Fiduciary Net Position - beginning	4,169,410	3,237,895	2,863,905	2,361,770
Plan Fiduciary Net Position - ending	$ 4,808,797	$ 4,169,410	$ 3,237,895	$ 2,863,905
Net OPEB Liability - ending	$ 104,386,908	$ 101,886,385	$ 96,721,450	$ 92,800,013
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	4.40%	3.93%	3.24%	2.99%
Covered-Employee Payroll	$ 69,447,567	$ 65,123,251	$ 62,323,993	$ 59,585,846
Net OPEB Liability as a Percentage of Covered-Employee Payroll	150.31%	156.45%	155.19%	155.74%

NOTES TO FINANCIAL STATEMENTS (Continued)

SCHEDULE OR CHANGES IN THE ELECTRIC LIGHT'S NET OPEB LIABILITY AND RELATED REATIOS

	December 31, 2019	December 31, 2018	December 31, 2017
Total OPEB Liability			
Service Cost	$ 179,506	$ 176,967	$ 171,763
Interest	275,449	258,321	239,224
Changes of benefit returns	(12,924)	-	-
Differences between expected and actual experience	(152,821)	-	-
Changes of assumptions	(151,620)	(70,456)	33,732
Benefit payments	(227,280)	(140,506)	(135,832)
Net change in Total OPEB liability	$ (89,690)	$ 224,326	$ 308,887
Total OPEB Liability - beginning	4,517,311	4,292,985	3,984,098
Total OPEB Liability- ending	$ 4,427,621	$ 4,517,311	$ 4,292,985
Plan Fiduciary Net Position			
Contributions- employer	$ 251,593	$ 161,151	$ 151,990
Net Investment Income	44,023	(4,697)	24,792
Benefit payments	(227,280)	(140,506)	(135,832)
Net change in Plan Fiduciary Net Position	$ 68,336	$ 15,948	$ 40,950
Plan Fiduciary Net Position - beginning	282,971	267,023	226,073
Plan Fiduciary Net Position - ending	$ 351,307	$ 282,971	$ 267,023
Net OPEB Liability - ending	$ 4,076,314	$ 4,234,340	$ 4,025,962
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	7.93%	6.26%	6.22%
Covered-Employee Payroll	$ 3,581,997	$ 3,320,698	$ 3,147,743
Net OPEB Liability as a Percentage of Covered-Employee Payroll	113.80%	127.51%	127.90%

NOTES TO FINANCIAL STATEMENTS (Continued)

SCHEDULE OF TOWN'S CONTRIBUTIONS

Measurement Date	Actuarially Determined Contribution (a)	Contributions in relation to the Actuarially Determined Contribution (b)	Contribution Deficiency / (Excess) (a-b)	Covered Employee-Payroll (c)	Contributions as a percentage of Covered-Employee Payroll (b/c)
6/30/2020	$8,756,304	$5,333,376	$3,422,928	$69,447,567	7.68%
6/30/2019	$8,469,671	$4,951,361	$3,518,310	$65,123,251	7.60%
6/30/2018	$8,029,300	$4,470,248	$3,559,052	$62,323,993	7.17%
6/30/2017	$18,361,449	$4,186,243	$14,175,206	$59,585,746	7.03%

SCHEDULE OF ELECTRIC LIGHT'S CONTRIBUTIONS

Measurement Date	Actuarially Determined Contribution (a)	Contributions in relation to the Actuarially Determined Contribution (b)	Contribution Deficiency / (Excess) (a-b)	Covered Employee-Payroll (c)	Contributions as a percentage of Covered-Employee Payroll (b/c)
12/31/2019	$404,501	$251,593	$152,908	$3,581,997	7.02%
12/31/2018	$194,521	$161,151	$33,370	$3,320,698	4.85%
12/31/2017	$759,438	$203,933	$555,505	$3,147,743	6.48%

SCHEDULE OF INVESTMENT RETURNS

Year	Annual Money-Weighted Rate of Return
Town:	
June 30, 2020	1.51%
June 30, 2019	10.16%
June 30, 2018	17.00%
June 30, 2017	6.50%
Electric Light:	
December 31, 2019	15.24%
December 31, 2018	-1.75%
December 31, 2017	4.67%

COMMONWEALTH OF MASSACHUSETTS
Public Employee Retirement Administration Commission
Five Middlesex Avenue, Suite 304 | Somerville, MA 02145
Phone: 617-666-4446 | Fax: 617-628-4002
TTY: 617-591-8917 | Web: www.mass.gov/perac

November 4, 2022

Thomas Gibson, Chairperson
Belmont Retirement Board
90 Concord Avenue
3rd Floor Suite 3
Belmont, MA 02478

REFERENCE: Report of the Examination of the Belmont Retirement Board for the four year period from January 1, 2013 through December 31, 2016.

Dear Chairperson Gibson:

The Public Employee Retirement Administration Commission has completed a follow-up review of the findings and recommendations contained in its audit report of the Belmont 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 with issues related to the active membership.

Follow-up Result: The town of Belmont has voted to include current dispatchers in Group 2 at the latest town meeting. They are awaiting legislative approval for their special act.

None of the members with incorrect service purchase calculations bought the time or have asked for an updated calculation.

Collecting enrollment forms for school department employees remains an ongoing issue.

This finding is partially resolved.

2. The Audit Report cited a finding that several board meetings did not have minutes and that the Board was not reviewing the accounting and cash reconciliations.

Follow-up Result: Board meeting minutes for recent years are all available, and the Board members are receiving copies of the accounting and reconciliations. This issue is resolved.

3. The Audit Report cited a finding that the Board could not locate invoices and some warrants for the years 2013 and 2015.

Follow-up Result: Invoices and warrants for all years after the audit period are available. This issue is resolved.

4. The Audit Report cited a finding that there were refunds that had an incorrect amount of interest paid out.

Follow-up Result: Letters requesting a return of the overpayment have been sent out. This issue is resolved.

5. The Audit Report cited a finding that the 2013 General Ledger did not close correctly.

Follow-up Result: All ledgers since 2013 have been closed correctly. This issue is resolved.

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

The Commission wishes to acknowledge the effort demonstrated by the staff of the Belmont Retirement Board to correct issues from the most recent examination of the system.

Thank you for your continued cooperation in this matter.

Sincerely,

John W. Parsons, Esq.
Executive Director

JWP/tal
cc: Belmont Retirement Board Members