

PERAC AUDIT REPORT



Brookline Contributory
Retirement System



JAN. 1, 2012 - DEC. 31, 2015



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PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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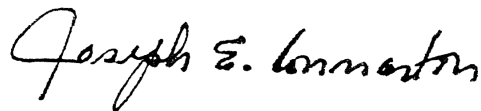
November 7, 2017

The Public Employee Retirement Administration Commission has completed an examination of the Brookline Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2012 to December 31, 2015. 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 Amy Chow and George Nsia who conducted this examination, and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton
Executive Director



EXPLANATION OF FINDINGS AND RECOMMENDATIONS

1. Retirees Retirement Allowances:

A review of the Retiree Payroll Register showed that the Retirement Board has underpaid a retiree by \$621.35 monthly since 2012. A second retiree has been receiving a duplicate veteran's allowance benefit each month since his retirement in 2012.

Recommendation: The Board must compensate the retiree who was underpaid. Pursuant to the Herrick decision, interest is to be included as part of the retroactive payment. See PERAC Memo #32/2013 for more information.

The Board should stop paying the duplicate veterans' allowance and recover the overpayments plus interest. This is a situation where the waiver provision of G.L. c. 32, § 20(5)(c)(3) could apply.

Board Response:

The matter of the underpaid retiree has been corrected and the member has been made whole. With reference to the matter of the payment of a duplicate veteran's allowance, the duplicate allowance has been terminated.

Auditor's Reply:

The Board should also recover the overpayments plus interest or consider the waiver provision of G.L. c. 32, § 20(5)(c)(3).

2. Membership:

The Board has a supplemental membership regulation approved in November 2003 that states: "Every employee who becomes a member must furnish the Board with a copy of their birth certificate." Audit test work revealed that approximately 90% of members sampled who began their membership after November 2003 did not provide a copy of a birth certificate to Board staff.

Recommendation: The Board should enforce their supplementary regulations and ensure that new members provide their birth certificates upon entry into the system.

Board Response:

The Board is working with the Town of Brookline's Human Resource Department on the matter of requiring birth certificates upon entry into the system. Also, the Board is reviewing the current Supplementary Regulations and will update as necessary.

3. Payroll/Regular Compensation:

A review of the Town's payroll register and payroll code register found that day shift police officers must work an extra 10 minutes in an eight-hour shift ("lag time" pay). These police officers are compensated for the extra 10 minutes at an overtime rate and retirement deductions are currently being withheld on this pay. Upon review of the Collective Bargaining Agreement between the Town of Brookline and the Police Union, it was determined that this pay is considered overtime and not regular compensation. G.L. c. 32, § 1 and 840 CMR 15.03(3)(f) expressly define "wages" to not include overtime (see *Kelleher v. Barnstable County Retirement Board & PERAC*, CR-10-794 (2016)).

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

Recommendation: The payroll department should be instructed to stop withholding retirement deductions on police officers' lag time pay. The Board should refund the deductions withheld.

Board Response:

The current lag time is being negotiated in conjunction with the current Police Collective Bargaining Agreement, which will become effective retroactively to 2012.

Auditor's Reply:

Until a Police Collective Bargaining Agreement is reached, the retirement deductions for the Police Officers lag time should be stopped and a refund of deductions withheld should be processed by the Board.

4. Bank Reconciliation:

The Board has four bank accounts it uses when processing monthly cash receipts and disbursements. A review of the Treasurer's bank reconciliations found that one of these accounts had a "deposit in transit" of \$225 carried over month-to-month from April 2014 to January 2015.

Recommendation: Any discrepancies found during the bank reconciliation process should be promptly investigated and resolved.

Board Response:

The \$225.00 discrepancy has been resolved.

5. Board Minutes/Remote Participation:

In December 2011, the Board adopted remote participation. Since its adoption, the Board has utilized remote participation but failed to follow appropriate roll call protocol or provide a reason for the member's use of remote participation.

Since March 2012, the Board has not been approving the minutes of their Board Meetings as required under G.L. c. 30A, § 22.

Recommendation: The Board must comply with the Open Meeting Laws of the Commonwealth described in G.L. c. 30A, §§ 18-25, 940 CMR 29.00 and PERAC's Memo # 31/2011.

Board Response:

The Board has reviewed the Remote participation regulation and will comply with the Open Meeting Laws of the Commonwealth as set forth in G.L. c.30A, §18-25, 940 CMR 29.00 and PERAC Memo #31/2011; specifically, the Board will record the appropriate roll call protocol and will record the reason for the Board member's use of remote participation.

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

Auditor's Reply:

Additionally, the Board must specifically comply with G.L. c. 30A, § 22 and approve the minutes of their Board meetings.

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,			
	2015	2014	2013	2012
Net Assets Available For Benefits:				
Cash	\$10,967	\$1,194,332	\$3,357,341	\$1,943,863
Equities	0	0	7,647	21,523,301
Pooled Domestic Equity Funds	0	0	0	19,241,854
Pooled International Equity Funds	0	0	0	27,680,773
Pooled Global Equity Funds	163,222,437	170,469,460	141,911,671	0
Pooled Domestic Fixed Income Funds	41,858,622	43,123,708	47,178,243	42,397,213
Pooled International Fixed Income Funds	0	0	0	8,326,039
Pooled Global Fixed Income Funds	0	0	0	32,800,876
Pooled Alternative Investment Funds	13,292,048	14,381,106	15,397,581	25,905,613
Pooled Real Estate Funds	19,170,273	11,000,503	13,250,772	20,429,395
Hedge Funds	18,624,505	17,573,028	24,307,899	21,599,162
PRIT Fund	0	0	0	715,900
Prepaid Expenses	49,350	72,150	93,650	0
Accounts Receivable	337,956	131,712	67,492	42,427
Accounts Payable	(19,842)	(7,847)	0	(148,114)
Total	<u>\$256,546,317</u>	<u>\$257,938,152</u>	<u>\$245,572,296</u>	<u>\$222,458,303</u>
Fund Balances:				
Annuity Savings Fund	\$71,433,001	\$68,661,371	\$65,932,573	\$63,843,068
Annuity Reserve Fund	21,728,645	22,162,365	22,599,397	22,189,719
Pension Fund	57,232	29,285	0	38,186
Military Service Fund	14,396	14,378	14,364	14,350
Expense Fund	0	0	0	0
Pension Reserve Fund	163,313,043	167,070,753	157,025,962	136,372,981
Total	<u>\$256,546,317</u>	<u>\$257,938,152</u>	<u>\$245,572,296</u>	<u>\$222,458,303</u>

STATEMENT OF CHANGES IN FUND BALANCES

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance (2012)	\$60,772,436	\$22,978,092	\$0	\$14,335	\$0	\$120,715,629	\$204,480,493
Receipts	6,059,547	663,246	17,061,762	14	1,525,904	20,482,094	45,792,567
Interfund Transfers	(2,391,659)	2,415,625	4,797,483	0	0	(4,821,448)	0
Disbursements	(597,255)	(3,867,245)	(21,821,059)	0	(1,525,904)	(3,295)	(27,814,757)
Ending Balance (2012)	63,843,068	22,189,719	38,186	14,350	0	136,372,981	222,458,303
Receipts	6,384,429	656,570	18,679,626	14	1,889,478	24,527,373	52,137,491
Interfund Transfers	(3,557,622)	3,558,956	3,873,058	0	0	(3,874,392)	0
Disbursements	(737,302)	(3,805,848)	(22,590,870)	0	(1,889,478)	0	(29,023,498)
Ending Balance (2013)	65,932,573	22,599,397	0	14,364	0	157,025,962	245,572,296
Receipts	6,631,758	658,382	19,083,500	14	1,846,743	14,255,865	42,476,262
Interfund Transfers	(3,041,584)	3,041,369	4,211,288	0	0	(4,211,073)	0
Disbursements	(861,376)	(4,136,784)	(23,265,502)	0	(1,846,743)	0	(30,110,406)
Ending Balance (2014)	68,661,371	22,162,365	29,285	14,378	0	167,070,753	257,938,152
Receipts	6,817,796	648,926	20,068,833	14	2,098,017	519,294	30,152,879
Interfund Transfers	(3,075,977)	3,094,031	4,258,946	3	0	(4,277,004)	0
Disbursements	(970,190)	(4,176,677)	(24,299,832)	0	(2,098,017)	0	(31,544,714)
Ending Balance (2015)	\$71,433,001	\$21,728,645	\$57,233	\$14,396	\$0	\$163,313,043	\$256,546,317

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2015	2014	2013	2012
Annuity Savings Fund:				
Members Deductions	\$6,136,702	\$6,205,697	\$5,665,353	\$5,591,337
Transfers from Other Systems	548,042	306,328	524,306	279,507
Member Make Up Payments and Re-deposits	60,320	28,098	111,459	120,733
Investment Income Credited to Member Accounts	<u>72,732</u>	<u>91,634</u>	<u>83,312</u>	<u>67,970</u>
Sub Total	<u>6,817,796</u>	<u>6,631,758</u>	<u>6,384,429</u>	<u>6,059,547</u>
Annuity Reserve Fund:				
Investment Income Credited to the Annuity Reserve Fund	<u>648,926</u>	<u>658,382</u>	<u>656,570</u>	<u>663,246</u>
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems Received from Commonwealth for COLA and Survivor Benefits	432,510	306,771	264,772	245,715
Pension Fund Appropriation	430,120	331,963	514,174	582,825
Settlement of Workers' Compensation Claims	19,206,203	18,404,932	17,890,681	16,233,221
Recovery of Pension from Reinstatement	0	0	10,000	0
Recovery of 91A Overearnings	0	39,834	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>20,068,833</u>	<u>19,083,500</u>	<u>18,679,626</u>	<u>17,061,762</u>
Military Service Fund:				
Investment Income Credited to the Military Service Fund	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Expense Fund:				
Investment Income Credited to the Expense Fund	<u>2,098,017</u>	<u>1,846,743</u>	<u>1,889,478</u>	<u>1,525,904</u>
Pension Reserve Fund:				
Federal Grant Reimbursement	25,976	27,415	38,425	50,612
Interest Not Refunded	3,659	14,371	4,521	5,126
Miscellaneous Income	68	398	0	4,063
Excess Investment Income	<u>489,591</u>	<u>14,213,680</u>	<u>24,484,427</u>	<u>20,422,293</u>
Sub Total	<u>519,294</u>	<u>14,255,865</u>	<u>24,527,373</u>	<u>20,482,094</u>
Total Receipts, Net	<u>\$30,152,879</u>	<u>\$42,476,262</u>	<u>\$52,137,491</u>	<u>\$45,792,567</u>

STATEMENT OF DISBURSEMENTS

FOR THE PERIOD ENDING DECEMBER 31,				
	2015	2014	2013	2012
Annuity Savings Fund:				
Refunds to Members	\$259,877	\$377,485	\$425,611	\$209,895
Transfers to Other Systems	<u>710,313</u>	<u>483,891</u>	<u>311,691</u>	<u>387,361</u>
Sub Total	<u>970,190</u>	<u>861,376</u>	<u>737,302</u>	<u>597,255</u>
Annuity Reserve Fund:				
Annuities Paid	<u>4,176,677</u>	<u>4,136,784</u>	<u>3,805,848</u>	<u>3,867,245</u>
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	12,190,375	11,912,221	11,818,320	12,055,485
Survivorship Payments	1,663,747	1,554,830	1,471,538	1,327,465
Ordinary Disability Payments	240,385	239,974	249,210	235,775
Accidental Disability Payments	6,169,655	5,952,005	5,723,735	5,200,479
Accidental Death Payments	1,152,792	1,150,611	1,183,892	1,152,009
Section 101 Benefits	241,609	245,162	232,450	220,324
3 (8) (c) Reimbursements to Other Systems	811,228	625,262	561,808	516,724
State Reimbursable COLA's Paid	<u>1,830,040</u>	<u>1,585,437</u>	<u>1,349,917</u>	<u>1,112,797</u>
Sub Total	<u>24,299,832</u>	<u>23,265,502</u>	<u>22,590,870</u>	<u>21,821,059</u>
Expense Fund:				
Salaries	360,664	358,905	321,848	210,550
Legal Expenses	8,825	11,806	24,328	16,556
Travel Expenses	4,660	12,730	12,104	7,637
Administrative Expenses	22,603	17,226	15,999	16,616
Furniture and Equipment	0	0	6,457	0
Management Fees	1,648,049	1,334,032	1,269,899	1,027,124
Custodial Fees	13,818	46,893	95,232	95,062
Consultant Fees	0	27,500	103,438	137,000
Service Contracts	22,800	21,500	24,795	0
Fiduciary Insurance	16,597	16,150	15,378	15,358
Sub Total	<u>2,098,017</u>	<u>1,846,743</u>	<u>1,889,478</u>	<u>1,525,904</u>
Total Disbursements	<u>\$31,544,714</u>	<u>\$30,110,406</u>	<u>\$29,023,498</u>	<u>\$27,811,462</u>

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,			
	2015	2014	2013	2012
Investment Income Received From:				
Cash	\$0	\$0	(\$3,054)	(\$999)
Equities	18,061	9,827	402,801	458,684
Pooled or Mutual Funds	<u>331,242</u>	<u>477,596</u>	<u>1,995,632</u>	<u>2,742,436</u>
Total Investment Income	<u>349,303</u>	<u>487,423</u>	<u>2,395,380</u>	<u>3,200,121</u>
Plus:				
Realized Gains	4,429,868	2,120,539	9,265,011	4,719,273
Unrealized Gains	<u>22,002,583</u>	<u>32,702,537</u>	<u>29,490,220</u>	<u>29,312,433</u>
Sub Total	<u>26,432,451</u>	<u>34,823,076</u>	<u>38,755,232</u>	<u>34,031,706</u>
Less:				
Realized Loss	(260,257)	(1,622,598)	(564,367)	(577,155)
Unrealized Loss	<u>(23,212,217)</u>	<u>(16,877,446)</u>	<u>(13,472,443)</u>	<u>(13,975,245)</u>
Sub Total	<u>(23,472,474)</u>	<u>(18,500,045)</u>	<u>(14,036,811)</u>	<u>(14,552,400)</u>
Net Investment Income	<u>3,309,280</u>	<u>16,810,454</u>	<u>27,113,801</u>	<u>22,679,427</u>
Income Required:				
Annuity Savings Fund	72,732	91,634	83,312	67,970
Annuity Reserve Fund	648,926	658,382	656,570	663,246
Military Service Fund	14	14	14	14
Expense Fund	<u>2,098,017</u>	<u>1,846,743</u>	<u>1,889,478</u>	<u>1,525,904</u>
Total Income Required	<u>2,819,689</u>	<u>2,596,774</u>	<u>2,629,374</u>	<u>2,257,134</u>
Net Investment Income	<u>3,309,280</u>	<u>16,810,454</u>	<u>27,113,801</u>	<u>22,679,427</u>
Less: Total Income Required	<u>2,819,689</u>	<u>2,596,774</u>	<u>2,629,374</u>	<u>2,257,134</u>
Excess Income (Loss) To The Pension Reserve Fund	<u>\$489,591</u>	<u>\$14,213,680</u>	<u>\$24,484,427</u>	<u>\$20,422,293</u>

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

AS OF DECEMBER 31, 2015		
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	\$10,967	0.0%
Pooled Global Equity Funds	163,222,437	63.7%
Pooled Domestic Fixed Income Funds	41,858,622	16.3%
Pooled Alternative Investment Funds	13,292,048	5.2%
Pooled Real Estate Funds	19,170,273	7.5%
Hedge Funds	<u>18,624,505</u>	<u>7.3%</u>
Grand Total	<u>\$256,178,852</u>	<u>100.0%</u>

For the year ending December 31, 2015, the rate of return for the investments of the Brookline Retirement System was 1.43%. For the five-year period ending December 31, 2015, the rate of return for the investments of the Brookline Retirement System averaged 6.02%. For the 31-year period ending December 31, 2015, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Brookline Retirement System was 8.59%.

The composite rate of return for all retirement systems for the year ending December 31, 2015 was 0.91%. For the five-year period ending December 31, 2015, the composite rate of return for the investments of all retirement systems averaged 7.49%. For the 31-year period ending December 31, 2015, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.14%.

SUPPLEMENTARY INVESTMENT REGULATIONS

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

November 2, 2010

21.01(2)-(5)

About 85% of the portfolio activity of the Wellington Management Company Commodities approach will consist of futures contracts. Almost all of the futures contracts used will be exchange-traded on U.S. exchanges. A small portion of the portfolio could consist of over-the-counter swaps, puts and/or calls, ETFs, or contracts based in foreign exchanges. The manager will have net long-only positions on all commodities used in the fund, although short positions on specific contracts may be taken when valuation inefficiencies are observed.

September 8, 2008

16.08

In accordance with Investment Guideline 99-3, the Brookline Retirement Board is authorized to invest in INVESCO Venture Partnership Fund V, L.P. The Board has been a satisfied investor in a predecessor fund. Performance has been good and the portfolio management team is essentially unchanged. The manager has submitted an updated Exemption Application.

September 24, 2007

16.08

The Brookline Retirement Board is authorized to invest in State Street Global Advisors' Lehman Aggregate Index Fund. At its September 18, 2007 meeting, the Board terminated its investment grade bond mandate with BlackRock for long-term underperformance. The SSgA fund was selected for this mandate because the Board has two existing index fund relationships with the firm and SSgA offered the lowest cost, most efficient option.

May 7, 2007

16.08

In accordance with Investment Guideline 99-3, the Brookline Retirement Board is authorized to invest in HarbourVest Partners VIII. The Board has been a satisfied investor in HarbourVest's predecessor fund, which has had a strong return to date. The management team remains essentially intact, the strategy is unchanged, and the Board has submitted the required updated regulatory documents.

April 6, 2001

21.01

The Brookline Retirement Board has authorized State Street Research & Management Company to utilize financial futures and options in the management of its fixed income portfolio. These instruments will be used solely as tools to manage portfolio risk with regard to such measures as duration, convexity, and yield curve analysis. Use of these instruments is limited to 25% of the total value of the fixed income portfolio. (All other Prohibited Investments of 21.01 still apply).

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

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

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

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

March 7, 1996

20.03(1)

Equity investments shall not exceed 60% of the total book value of the portfolio at the time of purchase.

November 11, 1995

20.06(8)

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.

20.07(6)

Purchases and sales of equity investments shall not exceed 100% of the average market value of all equity holdings in any twelve month period.

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

February 21, 1992

4.03

Copies to be Sent to PERA 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.

February 20, 1991

16.02(4)

The board may charge custodian bank expenses against earned income from investments in an amount not to exceed \$29,763.96.

December 11, 1991

16.02(3)

The board may incur expenses for investment advice or management of the funds of the system by a qualified investment manager and the board may incur expenses for consulting services. Such expenses may be charged against earned income from investments provided that the total of such expenses shall not exceed in any one year:

- a. 1% of the value of the fund for the first \$5 million; and
- b. 0.5% of the value of the fund in excess of \$5 million.

16.02(4)

The board may employ a custodian bank and may charge such expenses against earned income from investments provided that such expenses shall not exceed in any one year .08% of the value of the fund.

September 12, 1990

20.03(1)

Equity investments shall not exceed 50% of the total book value of the portfolio at the time of purchase.

August 24, 1989

20.03(4)

International equity and fixed income investments shall not exceed 15% of the total portfolio value at market.

20.04(6)

Foreign corporations and obligations issued and guaranteed by foreign governments.

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 traded in foreign stock markets.

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

February 9, 1989

4.03(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. Monthly checking account activity
- b. Trial balance
- c. Journal entries

4.03(2)

The board shall instruct its custodian bank to send to the Public Employee Retirement Administration a tape of daily cash settlement activity and purchase and sale transaction information within four (4) weeks of the close of each month.

NOTES TO FINANCIAL STATEMENTS

NOTE I – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Brookline 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

AMOUNT OF BENEFIT

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 \$846.12 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 \$846.12 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 is 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

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

Membership

November 12, 2003

All part-time, provisional, temporary or intermittent employees who are regularly scheduled to work twenty (20) hours per week are required to become members of the Brookline Contributory Retirement System and to make weekly contributions to the system pursuant to G.L. c. 32, s. 22(1)(B). Those employees who are not regularly scheduled to work at least twenty (20) hours per week will not be allowed membership in the Brookline Contributory Retirement System.

All appointed officials serving in non-compensated positions are ineligible for membership in the Brookline Contributory Retirement System.

All non-elected appointed officials, board members and commissioners who receive compensation and work less than twenty (20) hours per week are eligible for membership in the System. Creditable service shall be one (1) year of creditable service for every year of service in such capacity, so long as the member does not receive in excess of one (1) year of combined service for dual functions in any calendar year.

Any permanent employee of the Brookline School Department who is not a certified teacher is eligible for membership in the retirement system. Said employees will be granted credit for a full year of creditable service if they are employed full time for the job they perform even if the job only occurs during the school year.

The Board shall have full jurisdiction to determine the eligibility of employees for membership in all cases involving part-time, provisional, temporary provisional, seasonal or intermittent employment.

Creditable Service

November 12, 2003

A member whose entire service is in a part-time position shall receive one year of creditable service for each year worked provided the member works the number of hours required by the position held.

A member employed on a part-time basis who becomes a full-time employee for more than fifteen months provided those fifteen months are to be used as part of the retirement allowance calculation in accordance with section 5(1) shall receive credit for his part-time service on a pro-rated basis as it relates to a full-time position.

A member employed on a full-time basis who becomes part-time shall receive credit for his part-time service on a pro-rated basis as it relates to a full-time position.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

Part-time membership service performed on or before November 12, 2003 shall be credited with full-time service. Thereafter, all part-time service shall receive credit in accordance with the rules stated in this regulation.

Any member in service authorized by law to purchase prior creditable service may purchase such creditable service by authorizing a payroll deduction of not less than \$25.00 per week for a period not to exceed five (5) years.

Miscellaneous

Federal Grant Service:

1. Employees of a member unit of the Brookline Contributory Retirement System, whose compensation is paid through a federal grant and whose employment terms and conditions would otherwise qualify them for membership are eligible for membership in the Brookline Contributory Retirement System.

2. Members of the Brookline Contributory Retirement System who previously rendered service in a member unit under a Federal Grant (e.g. CETA, EAP, Title I, LEAA) but were excluded or omitted from membership in the Brookline Contributory Retirement System due solely to the federal source of payment of the compensation, and whose employment terms and conditions would otherwise qualify them for membership in the Brookline Contributory Retirement System to the date of such exclusion or omission, upon full and complete payment into the retirement system of the appropriate retirement contribution. Such members are entitled to the benefits of membership which were in effect at the time of such exclusion or omission.

3. Members of the Brookline Contributory Retirement System who have rendered prior employment service in a non-member unit and whose compensation for such service was paid through a federal grant, are eligible to purchase creditable service for such employment service, if such prior emergency service, if rendered in a member unit, would have been eligible to be purchased. The grant of creditable service for such prior employment service shall not serve to establish retroactive membership in the Brookline Contributory Retirement System.

Forms:

Every employee who becomes a member of the Brookline Contributory Retirement System must fill out the necessary forms as furnished by the Retirement Board and name a beneficiary. At the time of enrollment, the member must also furnish the Board with a copy of their birth certificate, and if a veteran, a copy of the Discharge of Military Service which shall be kept on file by the Board.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the Comptroller 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: Michael F. DiPietro

Appointed Member: Stephen E. Cirillo Term Expires: 01/15/18

Elected Member: Robert Ward Term Expires: 12/19/17

Elected Member: James J. Riley, Chairman Term Expires: 12/19/17

Appointed Member: Gary D. Altman Term Expires: 01/22/18

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 Consulting as of January 1, 2016.

The actuarial liability for active members was	\$203,985,726
The actuarial liability for inactive members was	9,316,049
The actuarial liability for retired members was	<u>270,922,635</u>
The total actuarial liability was	\$484,224,410
System assets as of that date were (actuarial value)	<u>268,098,412</u>
The unfunded actuarial liability was	<u>\$216,125,998</u>
The ratio of system's assets to total actuarial liability was	55.4%
As of that date the total covered employee payroll was	\$70,417,269

The normal cost for employees on that date was	9.6% of payroll
The normal cost for the employer (including admin expenses) was	6.1% of payroll

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

Investment Return:	7.40% per annum
Rate of Salary Increase:	4.50% for Groups 1 and 2; 4.75% for Group 4

SCHEDULE OF FUNDING PROGRESS AS OF JANUARY 1, 2016

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)
1/1/2012	\$222,782,140	\$3,987,901,990	\$176,119,850	55.6%	\$61,285,463	287.4%
1/1/2010	\$220,576,982	\$357,980,915	\$137,403,933	61.6%	\$58,622,493	234.4%
1/1/2008	\$223,598,975	\$332,222,063	\$108,623,088	67.3%	\$59,789,007	181.7%
1/1/2006	\$190,818,205	\$299,355,769	\$108,537,564	63.7%	\$57,008,822	190.4%

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - MEMBERSHIP EXHIBIT

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Retirement in Past Years										
Superannuation	18	36	3	52	22	30	23	35	28	28
Ordinary Disability	0	1	1	0	0	0	1	1	0	1
Accidental Disability	5	4	2	5	4	7	5	4	5	2
Total Retirements	23	41	6	57	26	37	29	40	33	31
 Total Retirees, Beneficiaries and Survivors	827	841	844	847	849	865	856	862	873	881
 Total Active Members	1,778	1,843	1,925	1,383	1,292	1,338	1,380	1,467	1,575	1,678
 Pension Payments										
Superannuation	\$9,387,117	\$9,684,205	\$10,369,545	\$11,146,230	\$11,123,282	\$11,343,938	\$12,055,485	\$11,818,320	\$11,912,221	\$12,190,375
Survivor/Beneficiary Payments	1,019,697	1,079,345	1,171,785	1,219,046	1,306,729	1,301,425	1,327,465	1,419,936	1,554,830	1,663,747
Ordinary Disability	167,335	258,081	171,347	232,304	223,412	238,105	235,775	249,210	239,974	240,385
Accidental Disability	4,457,257	4,617,327	4,747,735	4,995,899	5,366,248	5,491,911	5,200,479	5,723,735	5,952,005	6,169,655
Other	1,669,427	1,696,818	1,754,200	2,098,175	2,485,749	2,698,591	3,027,655	3,353,868	3,635,758	4,063,616
Total Payments for Year	<u>\$16,700,833</u>	<u>\$17,335,776</u>	<u>\$18,214,612</u>	<u>\$19,691,654</u>	<u>\$20,505,419</u>	<u>\$21,073,970</u>	<u>\$21,846,860</u>	<u>\$22,565,069</u>	<u>\$23,294,788</u>	<u>\$24,327,779</u>

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