# QUINCY
## Retirement System
## Audit Report

JAN. 1, 2018 - DEC. 31, 2021

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

## Public Employee Retirement Administration Commission

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PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION



September 2, 2026

The Public Employee Retirement Administration Commission has completed an examination of the Quincy Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2018 to December 31, 2021. 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 of Retirement and staff for their courtesy and cooperation.

Sincerely,

William T. Keefe
Executive Director

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# EXPLANATION OF FINDINGS AND RECOMMENDATIONS

**1. Financial Management Practices:**

For all four years under audit the Board's Annual Statement had a different asset total from the amount shown in their private auditor's report. Accruals prepared by the private auditors are believed to be the reason for the differences, but due to turnover in Board staff we were unable to get any explanations. And since the Board no longer uses the same firm for audits we were not able to get answers from them either. Furthermore, the Board did not retain all the manager statements for years 2018, 2019, and 2020 and therefore, we were unable to confirm the asset values for those years. In 2021 the Board did have all the manager statements and we were able to verify the balances. The amounts in this report reflect our confirmed 2021 values and the private auditor's totals in the three prior years.

**Recommendation:** The board needs to maintain copies of all custodial reports and pooled fund manager statements. If a private audit has a different asset value, an explanation should be received and retained.

***Board Response:***

Since joining the Board in November 2025, the Executive Director has made it part of the record keeping process to save financial documents electronically and to also have a physical copy on hand. By doing this, it will help eliminate the possibility of missing documents. Even with staff turnover they should still be able to retain the documents.

**2. Annual Statement to General Ledger (GL) Reconciliation:**

For all four years we compared the amounts on the Annual Statement to the amounts on the GL. In 2020 there were variances in eleven accounts. These accounts included assets, fund balances, receipts, disbursements, and investment-related ones.

The 2018 GL provided to us did not have the closing entries. Variances between this version of the GL and the Annual Statement were found in receipts, disbursements, and the investment accounts.

**Recommendation:** The Board's Annual Statement should be compared to the GL prior to submission to PERAC. Any variances should be investigated and corrected. A copy of each year's post-close GL should be retained.

***Board Response:***

In working with the Annual Statement, we will make sure the numbers on the Annual Statement match with the General Ledger. If there are any variances it will be investigated and corrected accordingly.

**3. Cash Reconciliations:**

The Quincy Retirement Board's Payroll account is in theory a zero-balance account. However, as of November 2024 it had a balance of almost $40,000. This is generally due to payments being funded a second time after a direct deposit has been returned to the bank due to an account being closed. More than twenty of the reconciling items noted were more than a year old. In addition to these overfunding items, the list of outstanding checks has twelve checks that have been outstanding for more than six months, four of which were issued in 2019.

**Recommendation:** The old checks and overfunding items should be investigated and any necessary ledger entries should be made. If the Board wishes the Payroll account to truly be zero-balance, it should underfund a future month by what has accumulated in the account.

***Board Response:***
We are looking into any uncashed checks with Eastern Bank and will make any corrections that are needed to zero balance the account. We have made great strides in correcting this matter and will provide an update shortly to PERAC.

**4. Board Meeting Minutes:**
There were no executive session minutes for 31 meetings between January 2018 and March 2022, and there were no minutes for two open sessions held in 2021. In addition there was one meeting that started in executive session.

**Recommendation:** The Board must create and maintain minutes for all open and executive session meetings held. All meetings must begin in open session, even if it is just to vote to go into executive session.

***Board Response:***
The Board since 2022 has maintained consistent and accurate meeting minute records and will continue to do so going forward.

**5. Active Membership:**
We reviewed active member folders and found the following issues:

- One member re-deposited a refund within one year of their enrollment date and was charged actuarial interest instead of buyback interest.
- One member entered a payment plan with QRB to purchase time and was not charged interest after their initial payment.
- One member reduced their hours, and the City stopped taking deductions. At Board meetings in 2021 this type of situation was discussed because a group of members in the same circumstance all had their deductions stopped. The Board voted to allow these members to purchase this time interest-free, but as discussed in PERAC Memo #14 from 2018, payments for time when someone is wrongfully excluded from membership can no longer be interest-free. The members should be charged interest at the correction of errors rate.

**Recommendation:** The Quincy Retirement Board must review and recalculate the above service purchases. Members who were allowed to buy time without interest should be identified and the amount owed recalculated.

***Board Response:***
Currently tracking buybacks with installment plans to accurately charge interest for deferred buybacks.

**6. Regular Compensation:**
Our review of the Housing Authority payroll revealed four pay code errors. Two codes had retirement contributions withheld when they should not have: "other" pay which was a one-time stipend for the use of their personal vehicle, and "AR" pay for asbestos removal which is paid on an "as needed" basis.

Two codes are regular compensation but did not have contributions withheld: "PIC" pay which is a weekly stipend for additional work, and "ITSTIPEN" pay which is a weekly stipend for performing IT work.

**Recommendation:** The Housing Authority should be instructed to correct these codes.

***Board Response:***
We have contacted and are currently working with the Quincy Housing Authority about their pay codes and steps needed to correct them.

**Previously Reported Event: Cybertheft of Board Invested Funds:**
In early 2021 the Quincy Retirement System lost $3.5 million of invested funds in a cybertheft incident. PERAC's full report on this can be found on our web site at https://www.mass.gov/lists/quincy-retirement-board-reports.

***Final Determination***
***PERAC auditors will follow-up in six (6) months to ensure that appropriate actions have been taken regarding all findings.***

# STATEMENT OF LEDGER ASSETS AND LIABILITIES

| | AS OF DECEMBER 31, 2021 | | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 |
| **Net Assets Available For Benefits:** | | | | |
| Cash | $16,973,509 | $9,648,790.39 | $287,373.73 | $2,302,105 |
| Equities | 17,089,581 | 12,781,987 | 10,902,824 | 10,317,728 |
| Pooled Domestic Equity Funds | 94,646,289 | 89,391,175 | 76,737,848 | 56,911,826 |
| Pooled International Equity Funds | 113,276,551 | 109,116,366 | 101,779,014 | 83,086,341 |
| Pooled Domestic Fixed Income Funds | 102,241,292 | 92,610,496 | 88,012,858 | 82,035,781 |
| Pooled International Fixed Income Funds | 0 | 0 | 6,726,648 | 6,409,655 |
| Pooled Alternative Investment Funds | 80,888,420 | 61,782,049 | 38,466,603 | 32,753,404 |
| Pooled Real Estate Funds | 40,487,115 | 37,147,686 | 40,526,921 | 38,743,577 |
| PRIT Cash Fund | 445,022,013 | 0 | 0 | 0 |
| PRIT Core Fund | 7,084,714 | 2,406,413 | 4,309,131 | 4,504,336 |
| Accounts Receivable | 1,170,371 | 2,619,345 | 157,516 | 8,259,741 |
| Accounts Payable | (258,933) | (353,638) | (68,627) | (338,270) |
| **Total** | $918,620,921 | $417,150,670 | $367,838,109 | $324,986,224 |
| **Fund Balances:** | | | | |
| Annuity Savings Fund | $115,041,718 | $112,897,489 | $109,144,698 | $103,166,868 |
| Annuity Reserve Fund | 22,329,709 | 21,553,955 | 21,536,402 | 24,055,686 |
| Pension Fund | 449,599,408 | 8,613,000 | 10,249,231 | 13,410,569 |
| Military Service Fund | 6,497 | 6,491 | 6,484 | 6,478 |
| Expense Fund | 0 | 0 | 0 | 0 |
| Pension Reserve Fund | 331,643,588 | 274,079,736 | 226,901,295 | 184,346,623 |
| **Total** | $918,620,921 | $417,150,670 | $367,838,109 | $324,986,224 |

# 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 2018 | $100,497,272 | $24,105,407 | $13,499,049 | $6,471 | $0 | $205,976,567 | $344,084,765 |
| Receipts | 10,130,998 | 704,027 | 32,228,071 | 6 | 2,114,234 | (13,663,891) | 31,513,446 |
| Interfund Transfers | (6,273,575) | 6,288,164 | 7,951,464 | 0 | 0 | (7,966,053) | 0 |
| Disbursements | (1,187,827) | (7,041,913) | (40,268,014) | 0 | (2,114,234) | 0 | (50,611,987) |
| Ending Balance 2018 | 103,166,868 | 24,055,686 | 13,410,569 | 6,478 | 0 | 184,346,623 | 324,986,224 |
| Receipts | 11,845,524 | 678,091 | 30,375,285 | 6 | 1,303,087 | 48,520,601 | 92,722,594 |
| Interfund Transfers | (4,625,547) | 4,173,632 | 6,417,844 | 0 | 0 | (5,965,929) | 0 |
| Disbursements | (1,242,147) | (7,371,007) | (39,954,467) | 0 | (1,303,087) | 0 | (49,870,709) |
| Ending Balance 2019 | 109,144,698 | 21,536,402 | 10,249,231 | 6,484 | 0 | 226,901,295 | 367,838,109 |
| Receipts | 11,566,800 | 627,820 | 36,259,246 | 6 | 3,696,289 | 52,915,221 | 105,065,382 |
| Interfund Transfers | (7,060,818) | 7,121,387 | 5,676,211 | 0 | 0 | (5,736,780) | 0 |
| Disbursements | (753,190) | (7,731,654) | (43,571,688) | 0 | (3,696,289) | 0 | (55,752,821) |
| Ending Balance 2020 | 112,897,489 | 21,553,955 | 8,613,000 | 6,491 | 0 | 274,079,736 | 417,150,670 |
| Receipts | 11,706,901 | 656,778 | 484,385,007 | 6 | 3,450,386 | 57,574,464 | 557,773,542 |
| Interfund Transfers | (8,513,982) | 8,516,076 | 8,519 | 0 | 0 | (10,613) | 0 |
| Disbursements | (1,048,690) | (8,397,099) | (43,407,116) | 0 | (3,450,386) | 0 | (56,303,291) |
| Ending Balance 2021 | $115,041,718 | $22,329,709 | $449,599,408 | $6,497 | $0 | $331,643,588 | $918,620,921 |

# STATEMENT OF RECEIPTS

| | FOR THE PERIOD ENDING DECEMBER 31, 2021 | | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 |
| **Annuity Savings Fund:** | | | | |
| Members Deductions | $10,661,874 | $10,702,934 | $10,229,640 | $9,521,007 |
| Transfers from Other Systems | 698,714 | 575,317 | 1,310,154 | 436,067 |
| Member Make Up Payments and Re-deposits | 220,046 | 175,385 | 179,592 | 20,846 |
| Member Payments from Rollovers | 0 | 0 | 0 | 1,254 |
| Investment Income Credited to Member Accounts | 126,267 | 113,164 | 126,138 | 151,824 |
| Sub Total | 11,706,901 | 11,566,800 | 11,845,524 | 10,130,998 |
| **Annuity Reserve Fund:** | | | | |
| Investment Income Credited to the Annuity Reserve Fund | 656,778 | 627,820 | 678,091 | 704,027 |
| **Pension Fund:** | | | | |
| 3 (8) (c) Reimbursements from Other Systems | 991,895 | 1,079,826 | 937,556 | 861,239 |
| Received from Commonwealth for COLA and Survivor Benefits | 217,766 | 292,526 | 290,602 | 510,457 |
| Pension Fund Appropriation | 483,154,104 | 34,862,594 | 29,134,127 | 30,842,375 |
| Settlement of Workers' Compensation Claims | 21,000 | 24,300 | 13,000 | 14,000 |
| Recovery of 91A Overearnings | 242 | 0 | 0 | 0 |
| Sub Total | 484,385,007 | 36,259,246 | 30,375,285 | 32,228,071 |
| **Military Service Fund:** | | | | |
| Investment Income Credited to the Military Service Fund | 6 | 6 | 6 | 6 |
| **Expense Fund:** | | | | |
| Investment Income Credited to the Expense Fund | 3,450,386 | 3,696,289 | 1,303,087 | 2,114,234 |
| **Pension Reserve Fund:** | | | | |
| Federal Grant Reimbursement | 0 | 0 | 0 | 8,329 |
| Interest Not Refunded | 2,036 | 4,804 | 6,971 | 32,574 |
| Miscellaneous Income | 532 | 0 | 0 | 0 |
| Excess Investment Income | 57,571,897 | 52,910,417 | 48,513,629 | (13,704,794) |
| Sub Total | 57,574,464 | 52,915,221 | 48,520,601 | (13,663,891) |
| **Total Receipts, Net** | $557,773,542 | $105,065,382 | $92,722,594 | $31,513,446 |

# STATEMENT OF DISBURSEMENTS

| | FOR THE PERIOD ENDING DECEMBER 31, 2021 | | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 |
| **Annuity Savings Fund:** | | | | |
| Refunds to Members | $579,555 | $506,502 | $484,653 | $870,831 |
| Transfers to Other Systems | 469,135 | 246,688 | 757,494 | 316,995 |
| Sub Total | 1,048,690 | 753,190 | 1,242,147 | 1,187,827 |
| **Annuity Reserve Fund:** | | | | |
| Annuities Paid | 8,376,433 | 7,731,654 | 7,367,827 | 7,041,913 |
| Option B Refunds | 20,666 | 0 | 3,180 | 0 |
| Sub Total | 8,397,099 | 7,731,654 | 7,371,007 | 7,041,913 |
| **Pension Fund:** | | | | |
| Pensions Paid: | | | | |
| Regular Pension Payments | 30,308,792 | 29,173,875 | 28,489,552 | 28,329,978 |
| Survivorship Payments | 2,569,389 | 2,406,141 | 2,373,099 | 2,144,311 |
| Ordinary Disability Payments | 93,606 | 101,504 | 116,601 | 114,399 |
| Accidental Disability Payments | 7,084,782 | 6,886,583 | 6,809,561 | 6,203,182 |
| Accidental Death Payments | 1,413,299 | 1,573,484 | 1,552,151 | 1,622,938 |
| Section 101 Benefits | 71,660 | 122,865 | 90,827 | 89,686 |
| 3 (8) (c) Reimbursements to Other Systems | 1,251,587 | 2,759,422 | 7,619 | 1,268,027 |
| State Reimbursable COLA's Paid | 614,002 | 547,815 | 515,058 | 495,494 |
| Sub Total | 43,407,116 | 43,571,688 | 39,954,467 | 40,268,014 |
| **Expense Fund:** | | | | |
| Board Member Stipend | 22,500 | 22,500 | 9,375 | 15,000 |
| Salaries | 372,126 | 516,038 | 223,888 | 267,588 |
| Legal Expenses | 27,833 | 33,842 | 34,552 | 25,491 |
| Medical Expenses | 0 | 0 | 1,640 | 0 |
| Travel Expenses | 0 | 4,534 | 5,135 | 7,757 |
| Administrative Expenses | 27,067 | 48,793 | 13,803 | 60,918 |
| Professional Services | 0 | 795 | 13,668 | 19,425 |
| Actuarial Services | 65,600 | 7,725 | 17,900 | 0 |
| Accounting Services | 15,900 | 5,750 | 21,925 | 0 |
| Education and Training | 875 | 600 | 7,430 | 5,610 |
| Furniture and Equipment | 12,591 | 850 | 4,075 | 490 |
| Management Fees | 2,547,551 | 2,714,327 | 639,289 | 1,390,388 |
| Custodial Fees | 49,165 | 46,987 | 36,087 | 42,898 |
| Consultant Fees | 182,000 | 182,000 | 166,833 | 182,000 |
| Rent Expenses | 42,840 | 32,650 | 31,505 | 28,650 |
| Service Contracts | 50,733 | 47,379 | 45,084 | 38,495 |
| Fiduciary Insurance | 33,605 | 31,519 | 30,898 | 29,524 |
| Sub Total | 3,450,386 | 3,696,289 | 1,303,087 | 2,114,234 |
| **Total Disbursements** | $56,303,291 | $55,752,821 | $49,870,709 | $50,611,987 |

# INVESTMENT INCOME

| | FOR THE PERIOD ENDING DECEMBER 31, 2021 | | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 |
| **Investment Income Received From:** | | | | |
| Cash | $1,241 | $18,714 | $67,030 | $43,160 |
| Equities | 198,435 | 206,154 | 243,774 | 226,838 |
| Pooled or Mutual Funds | 4,373,411 | 4,088,754 | 969,524 | 1,995,255 |
| **Total Investment Income** | 4,573,087 | 4,313,623 | 1,280,329 | 2,265,253 |
| **Plus:** | | | | |
| Realized Gains | 24,022,498 | 19,656,610 | 8,416,265 | 1,464,233 |
| Unrealized Gains | 69,777,826 | 88,278,686 | 62,536,519 | 41,913,196 |
| Sub Total | 93,800,324 | 107,935,296 | 70,952,784 | 43,377,430 |
| **Less:** | | | | |
| Realized Loss | (170,695) | (22,404,442) | (316,672) | (570,064) |
| Unrealized Loss | (41,094,280) | (34,898,044) | (21,295,489) | (55,807,323) |
| Sub Total | (41,264,975) | (57,302,486) | (21,612,161) | (56,377,386) |
| **Additional Adjustments:** | | | | |
| Carried Interest Expense | 4,239,935 | 1,727,651 | 0 | 0 |
| Miscellaneous Investment Expenses | 456,962 | 673,613 | 0 | 0 |
| Sub Total | 4,696,898 | 2,401,264 | 0 | 0 |
| **Net Investment Income** | 61,805,334 | 57,347,696 | 50,620,952 | (10,734,704) |
| **Income Required:** | | | | |
| Annuity Savings Fund | 126,267 | 113,164 | 126,138 | 151,824 |
| Annuity Reserve Fund | 656,778 | 627,820 | 678,091 | 704,027 |
| Military Service Fund | 6 | 6 | 6 | 6 |
| Expense Fund | 3,450,386 | 3,696,289 | 1,303,087 | 2,114,234 |
| **Total Income Required** | 4,233,437 | 4,437,280 | 2,107,322 | 2,970,091 |
| Net Investment Income | 61,805,334 | 57,347,696 | 50,620,952 | (10,734,704) |
| Less: Total Income Required | 4,233,437 | 4,437,280 | 2,107,322 | 2,970,091 |
| **Excess Income (Loss) To The Pension Reserve Fund** | $57,571,897 | $52,910,417 | $48,513,629 | ($13,704,794) |

# SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

## (percentages by category)

| | AS OF DECEMBER 31, 2021 | |
|---|---|---|
| | MARKET VALUE | PERCENTAGE OF TOTAL ASSETS |
| Cash | $16,973,509 | 1.8% |
| Equities | 17,089,581 | 1.9% |
| Pooled Domestic Equity Funds | 94,646,289 | 10.3% |
| Pooled International Equity Funds | 113,276,551 | 12.3% |
| Pooled Domestic Fixed Income Funds | 102,241,292 | 11.1% |
| Pooled Alternative Investment Funds | 80,888,420 | 8.8% |
| Pooled Real Estate Funds | 40,487,115 | 4.4% |
| PRIT Cash Fund | 445,022,013 | 48.5% |
| PRIT Core Fund | 7,084,714 | 0.8% |
| **Grand Total** | $917,709,483 | 100.0% |

For the year ending December 31, 2021, the rate of return for the investments of the Quincy Retirement System was 14.34%. For the ten-year period ending December 31, 2021, the rate of return for the investments of the Quincy Retirement System averaged 9.42%. For the 37-year period ending December 31, 2021, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Quincy Retirement System was 8.52%.

The composite rate of return for all retirement systems for the year ending December 31, 2021 was 19.51%. For the ten-year period ending December 31, 2021, the composite rate of return for the investments of all retirement systems averaged 10.86%. For the 37-year period ending December 31, 2021, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.58%.

# NOTES TO FINANCIAL STATEMENTS

## NOTE 1 – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Quincy 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 73.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## WITHDRAWAL OF CONTRIBUTIONS

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

## DISABILITY RETIREMENT

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

### ORDINARY DISABILITY

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

Veterans with ten years of creditable service who become totally and permanently disabled by reason of a non-job related condition prior to reaching “maximum age”. “Maximum age” applies only to those employees classified in Group 4 who are subject to mandatory retirement.

**Retirement Allowance:** For persons who became members prior to April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she is entitled.

For persons in Group 1 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 60. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 60, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

For persons in Group 2 and Group 4 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

## ACCIDENTAL DISABILITY

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

**Retirement Allowance:** 72% of salary plus an annuity based on accumulated member contributions, with interest. This amount is not to exceed 100% of pay. For those who became members in service after January 1, 1988 or who have not been members in service continually since that date, the amount is limited to 75% of pay. There is an additional pension of $1,010.28 per year (or $312 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 $1,010.28 per year, per child (or $312 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 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.

## 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 - ADMINISTRATION OF THE SYSTEM

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

| | | | |
|---|---|---|---|
| Ex-officio Member: | Susan O'Connor, Chairperson | | |
| Appointed Member: | Vacant | | |
| Elected Member: | Paul Moody | Term Expires: | 11/19/2026 |
| Elected Member: | Paul Brown | Term Expires: | 12/19/2028 |
| Appointed Member: | John MacNeil | Term Expires: | 03/02/2028 |

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 $100,000,000 under a blanket policy issued through the Massachusetts Association of Contributory Retirement Systems.

### BOARD REGULATIONS

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

## NOTE 4 - MEMBERSHIP EXHIBIT

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Retirement in Past Years** | | | | | | | | | | |
| Superannuation | 62 | 81 | 44 | 47 | 44 | 37 | 50 | 43 | 56 | 68 |
| Ordinary Disability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accidental Disability | 3 | 8 | 2 | 2 | 6 | 4 | 5 | 4 | 5 | 1 |
| **Total Retirements** | 65 | 89 | 46 | 49 | 50 | 41 | 55 | 47 | 61 | 69 |
| Total Retirees, Beneficiaries and Survivors | 1,532 | 1,515 | 1,488 | 1,476 | 1,449 | 1,428 | 1,449 | 1,471 | 1,480 | 1,482 |
| Total Active Members | 1,331 | 1,368 | 1,414 | 1,440 | 1,462 | 1,497 | 1,553 | 1,610 | 1,636 | 1,636 |
| **Pension Payments** | | | | | | | | | | |
| Superannuation | $25,807,345 | $26,316,738 | $26,972,450 | $26,931,940 | $27,346,271 | $27,866,722 | $28,329,978 | $28,489,552 | $29,173,875 | $30,308,792 |
| Survivor/Beneficiary Payments | 1,582,209 | 1,645,402 | 1,725,968 | 1,867,745 | 1,963,999 | 1,963,825 | 2,144,311 | 2,373,099 | 2,406,141 | 2,569,389 |
| Ordinary Disability | 142,988 | 136,020 | 134,246 | 116,975 | 110,159 | 112,276 | 114,399 | 116,601 | 101,504 | 93,606 |
| Accidental Disability | 5,264,361 | 5,430,088 | 5,567,914 | 5,611,980 | 5,886,112 | 6,085,114 | 6,203,182 | 6,809,561 | 6,886,583 | 7,084,782 |
| Other | 2,861,314 | 3,108,208 | 2,966,835 | 3,153,033 | 3,454,794 | 3,485,057 | 3,476,146 | 2,165,655 | 5,003,586 | 3,350,548 |
| **Total Payments for Year** | $35,658,217 | $36,636,456 | $37,367,411 | $37,681,673 | $38,761,336 | $39,512,993 | $40,268,014 | $39,954,467 | $43,571,688 | $43,407,116 |

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 5 – LEASED PREMISES

The Quincy Retirement Board leases space for its office located at 1212 Hancock Street Suite 210A in Quincy. They signed a five-year lease term for 2,520 square feet commencing October 1, 2021, and ending September 30, 2026. In May 2024, the Board added an additional 1,380 square feet to their current space and their current lease payment was modified and extended to September 30, 2029. The landlord is Grossman Munroe Trust.

The following schedule displays the minimum lease obligations on non-cancelable operating leases as of December 31, 2021:

| For the year ending: | Annual Rent |
|---|---|
| 2022 | $58,733 |
| 2023 | 61,082 |
| 2024 | 69,795 |
| 2025 | 84,846 |
| 2026 | 87,391 |
| 2027 | 90,013 |
| 2028 | 92,714 |
| 2029 | 63,033 |
| Total future minimum lease payments required: | $607,607 |

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**COMMONWEALTH OF MASSACHUSETTS**
**Public Employee Retirement Administration Commission**
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