

WEYMOUTH

RETIREMENT SYSTEM

AUDIT REPORT

JAN. 1, 2020 - DEC. 31, 2023



PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

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PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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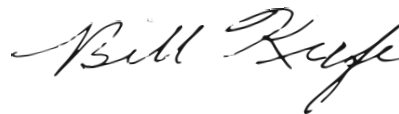
October 8, 2026

The Public Employee Retirement Administration Commission has completed an examination of the Weymouth Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2020 to December 31, 2023. 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



EXPLANATION OF FINDINGS AND RECOMMENDATIONS

1. Cash Reconciliations:

The Treasurer is not reconciling the bank accounts of the Weymouth Retirement System. Pursuant to Chapter 32, Section 23(2)(a), the Treasurer is the "custodian of the funds", and as the custodian is responsible for reconciling the bank statements to the general ledger (GL) cash accounts. There is an internal control deficiency when the Board staff who processes disbursements and records the accounting also prepares the cash reconciliations.

The Administrator is comparing the money market account bank statement's ending balance to the GL (the four months reviewed during the audit had no differences between those two numbers) and the bank prepares a reconciliation report for the checking account. The bank's reconciliation report of the checking account is insufficient as it stands since it is not reconciled to the GL cash. (This is a recurring audit finding.)

There were variances between the checking account reconciliation reports and the GL balance at every date tested. For the end of the audit period, December 31, 2023, the difference is partially explained by the monthly retiree payroll withdrawal not being recorded to the GL until after the period end date. The remaining differences cannot be explained by the Board.

At the end of the audit period, December 31, 2023, there were 30 stale checks (over six months old) worth almost \$75,000 in total. The oldest check was dated April 2017. There was some improvement by the most recent date reconciled as of the start of the audit fieldwork, February 28, 2026, as there were 16 stale checks worth about \$64,000. The oldest check was dated March 2023.

Recommendation: Monthly cash reconciliations should be prepared by the Treasurer. Reconciliations should be prepared timely and any differences to the GL should be researched and addressed quickly. Board should review and address outstanding checks over six months old.

Board Response:

The Board's staff is working with the bank regarding the reconciliation of the checking account and they have been instructed to research the stale checks. The account balance will be reconciled to the General Ledger and the stale checks will be appropriately resolved.

PERAC Response:

We must restate that the Treasurer is responsible for the cash reconciliations and should be preparing them monthly by statute.

2. New Retirement Calculations:

We tested 12 superannuation retirements and four accidental disability retirements during the audit period. We noted the following issues:

- One accidental disability retirement allowance calculation only included 50 weeks of regular compensation, instead of 52 weeks, resulting in an underpayment of their allowance.
- One superannuation calculation did not include about a month's worth of pay in their three-years' salary total. This resulted in an underpayment of their allowance.

In addition, we followed up on the prior audit's four new retirement calculation issues and noted that none have been recalculated or corrected.

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

Recommendation: The retirement allowance calculations mentioned above should be reviewed and recalculated, as needed, and the recalculation for the accidental disability retirement should be submitted to PERAC's Actuarial Unit for a new approval letter. Accidental Disability retirements need to use a full year of salary while a superannuation retirement needs to use a full three-years' worth. The Board needs to review the prior audit's new retirement issues in addition to the current audit issues.

Board Response:

The Board's staff have been instructed to review the calculations that were determined to be incorrect and take remedial action.

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, 2023				
	2023	2022	2021	2020
Net Assets Available For Benefits:				
Cash	\$4,788,362	\$2,592,998	\$7,761,911	\$6,285,657
Equities	17,563,120	14,536,410	12,291,712	12,384,676
Pooled Domestic Equity Funds	74,520,364	68,419,737	89,903,087	81,403,156
Pooled International Equity Funds	49,665,351	38,529,659	46,403,342	46,293,300
Pooled Global Equity Funds	9,794,863	8,689,490	11,222,584	9,233,561
Pooled Domestic Fixed Income Funds	32,279,163	22,888,056	27,668,736	22,632,727
Pooled Global Fixed Income Funds	13,824,321	17,134,821	20,663,678	19,720,426
Pooled Alternative Investment Funds	23,282,270	16,740,247	14,388,453	8,325,915
Pooled Real Estate Funds	21,684,357	31,800,570	32,652,174	23,527,188
Hedge Funds	20,426,819	18,495,410	17,177,876	14,027,890
Interest Due and Accrued	15,489	11,169	34	26
Prepaid Expenses	3,100	3,100	3,100	3,100
Accounts Receivable	257,722	185,779	125,163	46,429
Accounts Payable	(257,045)	(107,527)	(250,814)	(164,936)
Total	<u>\$267,848,256</u>	<u>\$239,919,918</u>	<u>\$280,011,035</u>	<u>\$243,722,985</u>
Fund Balances:				
Annuity Savings Fund	\$52,015,769	\$49,347,920	\$49,027,519	\$47,037,773
Annuity Reserve Fund	12,153,759	12,660,263	12,270,207	13,014,257
Pension Fund	0	18,953	46,531	4,059,011
Military Service Fund	46,624	46,578	4,252,292	46,485
Expense Fund	0	0	0	0
Pension Reserve Fund	203,632,103	177,846,204	214,414,486	179,565,459
Total	<u>\$267,848,256</u>	<u>\$239,919,918</u>	<u>\$280,011,035</u>	<u>\$243,722,985</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 2020	\$45,195,719	\$13,153,514	\$4,137,253	\$46,438	\$0	\$154,781,305	\$217,314,229
Receipts	4,903,254	385,331	12,806,807	46	2,013,242	29,007,271	49,115,952
Interfund Transfers	(2,626,677)	2,671,164	4,178,631	0	0	(4,223,117)	0
Disbursements	(434,522)	(3,195,751)	(17,063,680)	0	(2,013,242)	0	(22,707,196)
Ending Balance 2020	47,037,773	13,014,257	4,059,011	46,485	0	179,565,459	243,722,985
Receipts	5,372,168	372,229	13,235,210	46	2,532,391	39,167,946	60,679,991
Interfund Transfers	(2,275,363)	2,276,344	4,317,939	0	0	(4,318,920)	0
Disbursements	(1,107,059)	(3,392,623)	(17,359,867)	0	(2,532,391)	0	(24,391,941)
Ending Balance 2021	49,027,519	12,270,207	4,252,292	46,531	0	214,414,485	280,011,035
Receipts	5,615,645	371,620	13,863,660	47	2,317,096	(36,618,586)	(14,450,518)
Interfund Transfers	(3,634,376)	3,584,071	0	0	0	50,305	0
Disbursements	(1,660,868)	(3,565,635)	(18,096,999)	0	(2,317,096)	0	(25,640,598)
Ending Balance 2022	49,347,920	12,660,263	18,953	46,578	0	177,846,204	239,919,918
Receipts	5,963,394	374,362	14,401,819	47	2,282,219	28,361,176	51,383,017
Interfund Transfers	(2,594,531)	2,604,229	2,565,579	0	0	(2,575,277)	0
Disbursements	(701,014)	(3,485,094)	(16,986,351)	0	(2,282,219)	0	(23,454,679)
Ending Balance 2023	<u>\$52,015,769</u>	<u>\$12,153,759</u>	<u>\$0</u>	<u>\$46,624</u>	<u>\$0</u>	<u>\$203,632,103</u>	<u>\$267,848,256</u>

STATEMENT OF RECEIPTS

FOR THE PERIOD ENDING DECEMBER 31, 2023				
	2023	2022	2021	2020
Annuity Savings Fund:				
Members Deductions	\$5,328,840	\$4,949,797	\$4,774,174	\$4,584,977
Transfers from Other Systems	498,532	418,478	484,861	172,731
Member Make Up Payments and Re-deposits	23,593	87,231	6,188	85,430
Member Payments from Rollovers	41,803	69,661	41,720	2,346
Investment Income Credited to Member Accounts	<u>70,625</u>	<u>90,478</u>	<u>65,225</u>	<u>57,770</u>
Sub Total	<u>5,963,394</u>	<u>5,615,645</u>	<u>5,372,168</u>	<u>4,903,254</u>
Annuity Reserve Fund:				
Investment Income Credited to the Annuity Reserve Fund	<u>374,362</u>	<u>371,620</u>	<u>372,229</u>	<u>385,331</u>
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems	446,063	481,145	352,821	491,065
Received from Commonwealth for COLA and Survivor Benefits	122,300	184,953	172,136	251,123
Pension Fund Appropriation	13,825,379	13,182,081	12,710,253	12,064,620
Settlement of Workers' Compensation Claims	0	15,480	0	0
Recovery of 91A Overearnings	<u>8,078</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>14,401,819</u>	<u>13,863,660</u>	<u>13,235,210</u>	<u>12,806,807</u>
Military Service Fund:				
Investment Income Credited to the Military Service Fund	<u>47</u>	<u>47</u>	<u>46</u>	<u>46</u>
Expense Fund:				
Investment Income Credited to the Expense Fund	<u>2,282,219</u>	<u>2,317,096</u>	<u>2,532,391</u>	<u>2,013,242</u>
Pension Reserve Fund:				
Federal Grant Reimbursement	10,498	6,489	13,839	22,216
Interest Not Refunded	627	1,004	1,371	3,285
Miscellaneous Income	60	1,067	277	203
Excess Investment Income	<u>28,349,991</u>	<u>(36,627,147)</u>	<u>39,152,460</u>	<u>28,981,568</u>
Sub Total	<u>28,361,176</u>	<u>(36,618,586)</u>	<u>39,167,946</u>	<u>29,007,271</u>
Total Receipts, Net	<u>\$51,383,017</u>	<u>(\$14,450,518)</u>	<u>\$60,679,991</u>	<u>\$49,115,952</u>

STATEMENT OF DISBURSEMENTS

FOR THE PERIOD ENDING DECEMBER 31, 2023				
	2023	2022	2021	2020
Annuity Savings Fund:				
Refunds to Members	\$494,486	\$885,598	\$536,320	\$282,377
Transfers to Other Systems	<u>206,528</u>	<u>775,270</u>	<u>570,740</u>	<u>152,145</u>
Sub Total	<u>701,014</u>	<u>1,660,868</u>	<u>1,107,059</u>	<u>434,522</u>
Annuity Reserve Fund:				
Annuities Paid	3,440,288	3,544,460	3,362,653	3,187,659
Option B Refunds	<u>44,806</u>	<u>21,175</u>	<u>29,969</u>	<u>8,093</u>
Sub Total	<u>3,485,094</u>	<u>3,565,635</u>	<u>3,392,623</u>	<u>3,195,751</u>
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	10,759,038	11,842,039	11,329,596	10,969,926
Survivorship Payments	996,856	934,308	890,747	853,921
Ordinary Disability Payments	62,287	74,045	66,107	45,846
Accidental Disability Payments	3,482,959	3,545,856	3,588,741	3,763,161
Accidental Death Payments	981,417	987,417	880,885	887,835
Section 101 Benefits	254,281	239,384	223,826	192,922
3 (8) (c) Reimbursements to Other Systems	<u>449,513</u>	<u>473,951</u>	<u>379,965</u>	<u>350,069</u>
Sub Total	<u>16,986,351</u>	<u>18,096,999</u>	<u>17,359,867</u>	<u>17,063,680</u>
Expense Fund:				
Board Member Stipend	22,500	21,178	22,590	22,500
Salaries	271,045	257,531	248,652	245,984
Legal Expenses	63,494	50,556	41,667	45,961
Benefits	32,635	28,704	21,687	20,514
Travel Expenses	4,661	10,846	0	0
Administrative Expenses	16,193	21,226	17,949	16,058
Actuarial Services	7,100	16,300	0	17,000
Accounting Services	0	8,570	8,800	4,000
Education and Training	3,237	3,055	400	2,716
Furniture and Equipment	0	177	276	5,934
Management Fees	1,665,943	1,684,065	1,987,953	1,435,961
Custodial Fees	34,169	59,118	32,242	46,875
Consultant Fees	75,000	75,000	75,000	75,000
Rent Expenses	19,440	18,950	19,440	19,440
Service Contracts	53,175	48,393	42,430	42,819
Fiduciary Insurance	<u>13,627</u>	<u>13,427</u>	<u>13,306</u>	<u>12,480</u>
Sub Total	<u>2,282,219</u>	<u>2,317,096</u>	<u>2,532,391</u>	<u>2,013,242</u>
Total Disbursements	\$23,454,679	\$25,640,598	\$24,391,941	\$22,707,196

INVESTMENT INCOME

FOR THE PERIOD ENDING DECEMBER 31, 2023				
	2023	2022	2021	2020
Investment Income Received From:				
Cash	\$205,317	\$29,336	\$1,038	\$21,694
Fixed Income	0	0	58	572,459
Equities	162,776	99,192	44,804	65,343
Pooled or Mutual Funds	<u>2,193,716</u>	<u>2,838,755</u>	<u>3,331,000</u>	<u>3,566,187</u>
Total Investment Income	<u>2,561,810</u>	<u>2,967,284</u>	<u>3,376,900</u>	<u>4,225,683</u>
Plus:				
Realized Gains	2,308,023	4,492,952	7,888,747	4,328,129
Unrealized Gains	52,610,494	35,314,688	50,254,329	60,836,276
Interest Due and Accrued - Current Year	15,489	11,169	34	26
Sub Total	<u>54,934,006</u>	<u>39,818,808</u>	<u>58,143,110</u>	<u>65,164,431</u>
Less:				
Realized Loss	(401,227)	(665,319)	(416,400)	(1,946,877)
Unrealized Loss	(26,313,560)	(75,470,952)	(18,284,044)	(35,551,006)
Interest Due and Accrued - Prior Year	(11,169)	(34)	(26)	(113,691)
Sub Total	<u>(26,725,956)</u>	<u>(76,136,304)</u>	<u>(18,700,470)</u>	<u>(37,611,573)</u>
Additional Adjustments:				
Carried Interest Expense	424,851	(378,067)	(622,025)	(211,497)
Miscellaneous Investment Expenses	(117,468)	(119,627)	(75,164)	(129,088)
Sub Total	<u>307,383</u>	<u>(497,694)</u>	<u>(697,189)</u>	<u>(340,585)</u>
Net Investment Income	<u>31,077,244</u>	<u>(33,847,906)</u>	<u>42,122,352</u>	<u>31,437,957</u>
Income Required:				
Annuity Savings Fund	70,625	90,478	65,225	57,770
Annuity Reserve Fund	374,362	371,620	372,229	385,331
Military Service Fund	47	47	46	46
Expense Fund	<u>2,282,219</u>	<u>2,317,096</u>	<u>2,532,391</u>	<u>2,013,242</u>
Total Income Required	<u>2,727,253</u>	<u>2,779,240</u>	<u>2,969,892</u>	<u>2,456,389</u>
Net Investment Income	<u>31,077,244</u>	<u>(33,847,906)</u>	<u>42,122,352</u>	<u>31,437,957</u>
Less: Total Income Required	<u>2,727,253</u>	<u>2,779,240</u>	<u>2,969,892</u>	<u>2,456,389</u>
Excess Income (Loss) To The Pension Reserve Fund	<u>\$28,349,991</u>	<u>(\$36,627,147)</u>	<u>\$39,152,460</u>	<u>\$28,981,568</u>

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

AS OF DECEMBER 31, 2023		
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	\$4,788,362	1.8%
Equities	17,563,120	6.6%
Pooled Domestic Equity Funds	74,520,364	27.8%
Pooled International Equity Funds	49,665,351	18.5%
Pooled Global Equity Funds	9,794,863	3.7%
Pooled Domestic Fixed Income Funds	32,279,163	12.1%
Pooled Global Fixed Income Funds	13,824,321	5.2%
Pooled Alternative Investment Funds	23,282,270	8.7%
Pooled Real Estate Funds	21,684,357	8.1%
Hedge Funds	<u>20,426,819</u>	<u>7.6%</u>
Grand Total	<u>\$267,828,989</u>	<u>100.0%</u>

For the year ending December 31, 2023, the rate of return for the investments of the Weymouth Retirement System was 13.21%. For the ten-year period ending December 31, 2023, the rate of return for the investments of the Weymouth Retirement System averaged 7.46%. For the 39-year period ending December 31, 2023, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Weymouth Retirement System was 9.54%.

The composite rate of return for all retirement systems for the year ending December 31, 2023 was 11.64%. For the ten-year period ending December 31, 2023, the composite rate of return for the investments of all retirement systems averaged 7.81%. For the 39-year period ending December 31, 2023, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.05%.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF PLAN PROVISIONS

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

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 \$1,092.60 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 \$1,092.60 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.

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 (OPTION D)

Allowance: An immediate allowance equal to that which would have been payable had the member retired and selected Option C on the day before his or her death. For a member who became a member prior to April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 55 benefit rate is used. For a member classified in Group 1 who became a member on or after April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 60 benefit rate is used. If the member died after age 60, the actual age is used. For a member classified in Group 2 or Group 4, whose death occurred prior to the member's minimum superannuation retirement age, the benefit shall be calculated using an age 55 age factor. The minimum annual allowance payable to the surviving spouse of a member in service who dies with at least two years of creditable service is \$3,000 unless the retirement system has accepted the local option increasing this minimum annual allowance to \$6,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

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

COST OF LIVING

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

METHODS OF PAYMENT

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

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

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

Option C: A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

ALLOCATION OF PENSION COSTS

If a member's total creditable service was partly earned by employment in more than one retirement system, the cost of the "pension portion" is allocated between the different systems pro rata based on the member's service within each retirement system. In certain circumstances, if a member received regular compensation concurrently from two or more systems on or after January 1, 2010, and was not vested in both systems as of January 1, 2010, such a pro-rata 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 - ADMINISTRATION OF THE SYSTEM

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

Ex-officio Member: Debra Tingus

Appointed Member: Gregory P. Hargadon, Chairperson Serves until a successor is appointed.

Elected Member: Steven Kupcs Term Expires: 6/30/2028

Elected Member: Jeffrey Wall Term Expires: 1/1/2029

Appointed Member: Barbara Costa Term Expires: 10/31/2027

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.

BOARD REGULATIONS

The Weymouth Retirement Board has adopted Supplemental Regulations which are available on the PERAC website at <https://www.mass.gov/weymouth-retirement-board-regulations>.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - MEMBERSHIP EXHIBIT

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Retirement in Past Years										
Superannuation	22	26	25	30	25	31	31	23	38	32
Ordinary Disability	0	0	0	0	0	0	1	1	0	1
Accidental Disability	2	1	3	4	0	1	2	1	0	2
Total Retirements	24	27	28	34	25	32	34	25	38	35
 Total Retirees, Beneficiaries and Survivors	619	610	617	626	624	647	653	660	676	680
 Total Active Members	816	842	825	858	855	933	885	894	897	883
Pension Payments										
Superannuation	\$9,340,586	\$9,571,098	\$9,900,360	\$10,303,082	\$10,489,141	\$10,704,868	\$10,969,926	\$11,329,596	\$11,842,039	\$10,759,038
Survivor/Beneficiary Payments	705,805	734,403	749,841	714,845	696,004	772,429	853,921	890,747	934,308	996,856
Ordinary Disability	99,684	77,941	76,813	18,784	17,413	17,773	45,846	66,107	74,045	62,287
Accidental Disability	3,272,702	3,443,171	3,487,162	3,653,396	3,785,492	3,842,126	3,763,161	3,588,741	3,545,856	3,482,959
Other	<u>1,039,845</u>	<u>1,097,608</u>	<u>1,143,206</u>	<u>1,168,851</u>	<u>1,426,830</u>	<u>1,596,270</u>	<u>1,430,827</u>	<u>1,484,676</u>	<u>1,700,752</u>	<u>1,685,210</u>
Total Payments for Year	<u>\$14,458,622</u>	<u>\$14,924,220</u>	<u>\$15,357,382</u>	<u>\$15,858,957</u>	<u>\$16,414,879</u>	<u>\$16,933,465</u>	<u>\$17,063,680</u>	<u>\$17,359,867</u>	<u>\$18,096,999</u>	<u>\$16,986,351</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 – LEASED PREMISES

The Weymouth Retirement Board leases approximately 2,446 square feet of space for its offices located at 807 Broad Street in Weymouth. They signed a five-year lease term starting on April 1, 2026 and ending on March 31, 2031. The landlord is RMLE Realty, LLC. (The Board was a tenant at will after the prior lease expired on May 31, 2019.)

The following schedule displays the minimum lease obligations on non-cancelable operating leases:

<u>For the year ending:</u>	<u>Annual Rent</u>
2026	\$36,693
2027	50,760
2028	53,199
2029	55,644
2030	58,092
2031 (through March)	<u>14,676</u>
Total future minimum lease payments required	<u><u>\$269,064</u></u>

Note: The last month rent and security deposit of \$9,784 was paid on March 31, 2026.

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COMMONWEALTH OF MASSACHUSETTS

Public Employee Retirement Administration Commission

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