



Commonwealth of Massachusetts  
Public Employee Retirement Administration Commission

# Annual Statement

2016





## **Public Employee Retirement Administration Commission Members**

**Philip Y. Brown**  
*Chairman*

**The Honorable Suzanne Bump**  
*Auditor of the Commonwealth  
Vice Chairman*

**Kathleen M. Fallon**  
*Practice Area Director, Public Consulting Group*

**Kate Fitzpatrick**  
*Town Manager, Town of Needham*

**James M. Machado**  
*Sergeant, Fall River Police Department*

**Robert B. McCarthy**  
*President Emeritus of the Professional  
Firefighters of Massachusetts*

**Jennifer F. Sullivan**  
*Assistant Secretary for Capital, Finance,  
Administration & Finance*

**Joseph E. Connarton**  
*Executive Director*

**John Parsons**  
*General Counsel / Deputy Director*



## **Audit Unit Staff**

**Caryn Shea, Chief Auditor** | **Scott Henderson, Deputy Chief Auditor**  
**Teri Coley, Auditor** | **Kevin McCarthy, Auditor** | **George Nsia, Auditor**  
**Carol Poladian, Auditor** | **Elaine Pursley, Auditor**

You may leave messages for any member of PERAC's Audit Staff at telephone extension 929 in our Somerville offices.



**Commonwealth of Massachusetts**  
**Public Employee Retirement Administration Commission**  
Five Middlesex Avenue, Suite 304 | Somerville, MA 02145  
ph 617 666 4446 fax 617 628 4414  
tty 617 591 8917 web [www.mass.gov/perac](http://www.mass.gov/perac)

**Instructions to Retirement Systems & Pension Funds**  
(Henceforth called Systems)

- (1) **Date of Filing:** The statement is required by law to be filed on or before May 1st.
- (2) **The Name of the System** must be typed or stamped at the top of all pages and schedules (and duplicate schedules), and on all inserted schedules and loose sheets.
- (3) This statement must be typewritten or prepared legibly using electronic media.
- (4) **Blank Schedules** will not be accepted. If no entries are to be made, type "NONE" across the schedule in question.
- (5) Each category of investment must be grouped alphabetically on appropriate schedules as listed below. Group totals in each category must be shown (sub-totals should be identified as such). Investments must be listed on a trade date basis (as opposed to the cashbook, which is on a settlement date basis). Purchases made prior to January 1st, but not settled until after December 31st, should be recorded as accounts payable and, as such, should be listed as purchased and owned. Sales made prior to January 1st, but not settled until after December 31st, should be recorded as accounts receivable and, as such, should be listed as sold and no longer owned. \*

**Schedule 1**

Cash

**Schedule 2**

Short Term Securities (Treasury Bills, Commercial Paper, Repurchase Agreements, CDs, Term Deposits, Money Market Accounts, Cooperative Shares, and Savings and Loan Shares).

**Schedule 3 (A, B, and C)**

Fixed Income Securities

**Schedule 4 (A, B, and C)**

(a) Stocks

(b) Options

**Schedule 5**

Pooled Funds, PRIT Fund, Mutual or Commingled Funds, International Investments, Alternative Investments, and Real Estate Investments

**Schedule 6**

Recap of Schedules 1 through 5

**Schedule 7**

Recap of all investment-related management, custodial and consultant fees

**Supplementary Schedule**

We are now requesting that you provide us with a supplemental schedule for Members' Balances in the Annuity Savings Account. Previously, there was some confusion as to whether this information was required. **It is required.**

- (6) If the Annual Statement and Schedules do not contain the information asked for in the blanks, or are not prepared as requested above, they will NOT be accepted by the Commission.

**Note: In accordance with the provisions of section 20(5)(h) and section 23(1)(c) and section 23(2)(e) of Chapter 32 of the General Laws, this statement must be filed in the office of the Public Employee Retirement Administration Commission no later than May 1, 2017. The due date for filing will be strictly enforced.**

\*It is critical that you determine the status of all pending transactions reported by your custodian on supplemental schedules provided by them. If any adjustments are required, these should be disclosed either in the details of accounts due in receivables, or payments pending in accounts payable. Otherwise, the supplemental schedules need to be notated for pending settlements. It may be necessary to revisit pending transactions from prior periods to properly reconcile these financial results.

**ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016  
OF THE CONDITIONS AND AFFAIRS OF  
TAUNTON RETIREMENT SYSTEM**

**Organized under the Laws of the Commonwealth of Massachusetts to the  
PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**

Date of Certificate: 07/01/1937      Effective Date: 07/01/1937

**Administration Office**

104 Dean Street Suite 203

Taunton, MA 02780

Telephone Number(508) 821-1052

We, the undersigned, members of the Board of Retirement of TAUNTON RETIREMENT SYSTEM certify under the penalties of perjury, that we are the official board members of said retirement system, and that assets were the absolute property of said retirement systems, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all the assets, liabilities, income and disbursements, changes in fund balances and of the conditions and affairs of the said retirement system on the said thirty-first day of December last, and for the year ended on that date, according to the best of our information, knowledge and belief, respectively.

**BOARD OF RETIREMENT**

*Please identify the  
Name of the Board  
Member who serves  
as Chairperson by  
Inserting the title  
next to his/her name.*

**Ex-Officio Member**

ANN MARIE HEBERT, CHAIRPERSON

*Ann Marie Hebert*  
(signature)

**Appointed Member**

Term Expires

11

GILL E. ENOS

*Gill E. Enos*  
(signature)

**Elected Member**

Term Expires

12/31/2019

PETER H. CORR

*Peter H. Corr*  
(signature)

**Elected Member**

Term Expires

11/30/2017

DENNIS M. SMITH

*Dennis M. Smith*  
(signature)

**Member Appointed by Other Members**

Term Expires

02/25/2018

BARRY J. AMARAL

*Barry J. Amaral*  
(signature)

**INVESTMENT MANAGERS**

*Please compile/submit  
a complete list. Attach  
the list to this page.*

BLACKROCK

ONE FINANCIAL CENTER, BOSTON, MA. 02111

Name

Address

BOSTON MILLENNIA PARTNERS

30 ROWES WHARF, BOSTON, MA. 02110

Name

Address

BRANDYWINE GLOBAL INVEST MGMT.

2929 ARCH ST., 8TH FLOOR, PHILADELPHIA, PA 19

Name

Address

**INVESTMENT CONSULTANT**

DAHAB ASSOCIATES

31 HAYWARD ST. SUITE C3, FRANKLIN, MA 02038

Name

Address

**CUSTODIAN**

STATE STREET BANK

801 PENNSYLVANIA AVE, 5TH FL KANSASCITY MO 64

Name

Address

**INVESTMENT ADVISOR(S) - continued**

<b>Name:</b> Ceres Partners LLC	<b>Address:</b> 1251 North Eddy St., Suite 200, South Bend, IN 46617
<b>Name:</b> C.S. McKee, L.P.	<b>Address:</b> One Gateway Center, Pittsburgh, PA 152222
<b>Name:</b> Daruma Capital Mgmt., LLC	<b>Address:</b> 80 West 40th St., New York, NY 1018
<b>Name:</b> Denver Investments	<b>Address:</b> 1225 17th St., 26th Floor, Denver, CO 80202
<b>Name:</b> Earnest Partners, LLC	<b>Address:</b> 1180 Peachtree St., Suite 2300, Atlanta, GA. 30309
<b>Name:</b> Frontier Capital Mgmt.	<b>Address:</b> 99 Summer St., Boston, MA. 02110
<b>Name:</b> Glovista Investments LLC	<b>Address:</b> One Evertrust Plaza, 11th Floor, Jersey City, NJ 07302
<b>Name:</b> Herndon Capital Management	<b>Address:</b> 191 Peachtree St. NE, Suite 2500, Atlanta, GA 30303
<b>Name:</b> Intercontinental Real Estate Corp.	<b>Address:</b> 1270 Soldiers Field Rd., Boston, MA. 02135-1003
<b>Name:</b> Invesco Private Capital	<b>Address:</b> 22469 Network Place, Chicago, IL 60673
<b>Name:</b> Invesco Realty Advisors	<b>Address:</b> 3 Galleria Tower, Suite 500, 13155 Noel Rd, Dallas, TX 75240
<b>Name:</b> LongWharf Real Estate Partners LLC	<b>Address:</b> 82 Devonshire St., Boston, MA. 02109
<b>Name:</b> Manulife Asset Management	<b>Address:</b> 197 Clarendon St., Boston, MA 02116
<b>Name:</b> Molpus Woodlands Fund III, L.P.	<b>Address:</b> 654 North State St., Jackson, Mississippi 39202
<b>Name:</b> Victory (Munder) Capital Management	<b>Address:</b> 480 Pierce Street, Birmingham, MI 48009
<b>Name:</b> Polen Capital Management	<b>Address:</b> 1825 NW Corporate Blvd., Suite 300, Boca Raton, FL 33431
<b>Name:</b> State Street Global Advisors	<b>Address:</b> State St. Financial Center, One Lincoln St., Boston, MA. 02111
<b>Name:</b> Timbervest Partners III, L.P.	<b>Address:</b> 3715 Northside Parkway, Bldg 200, Suite 500, Atlanta, GA 30327
<b>Name:</b> Vontobel Asset Management	<b>Address:</b> 1540 Broadway, 38th Floor, New York, NY 10036
<b>Name:</b> Weaver-Barksdale & Associates	<b>Address:</b> One Burton Hills Blvd., Suite 100, Nashville, TN 37215
<b>Name:</b> Wells Capital Mgmt.	<b>Address:</b> 1 South Broad St., 5 Floor, Philadelphia, PA 19107

**Annual Statement of the TAUNTON RETIREMENT SYSTEM  
for the year ended December 31,2016  
ANNUAL STATEMENT BALANCE TESTS**

<b>1. ASSET BALANCE</b>		
Assets Previous Year .....		<b>269,727,724.55</b>
Income Current Year .....		<b>40,972,093.83</b>
Disbursements Current Year .....		<b>27,639,028.87</b>
Assets Current Year .....		<b>283,060,789.51</b>
<b>2. ASSET DIFFERENCE</b>		
Assets Current Year .....		<b>283,060,789.51</b>
Assets Previous Year .....		<b>269,727,724.55</b>
Difference .....		<b>13,333,064.96</b>
<b>3. INCOME DIFFERENCE</b>		
Income Current Year .....		<b>40,972,093.83</b>
Disbursements Current Year .....		<b>27,639,028.87</b>
Difference .....		<b>13,333,064.96</b>
<b>4. FUND CHANGE DIFFERENCE</b>	<small>- Add interfund transfer credits and debits respectively to Income and Disbursement activities.</small>	
Total Fund Change Credits Current Year		<b>48,007,923.80</b>
Total Fund Chage Debits Current Year...		<b>34,674,858.84</b>
Difference .....		<b>13,333,064.96</b>

**NOTE: THE SUMS OF TESTS 2,3, AND 4 SHOULD BE THE SAME.**

**Annual Statement of the TAUNTON RETIREMENT SYSTEM for  
the year ended December 31, 2016**

**Assets and Liabilities**

	<u>2016</u> <u>End Balance</u>	<u>2015</u> <u>End Balance</u>	<u>2014</u> <u>End Balance</u>
1040 - 1049 Cash	8,002,368.44	9,826,944.49	8,833,644.63
1100 - Short Term Investments	0.00	242,795.00	380,544.00
1180 - Fixed Income Sec (book value)	33,221,864.13	31,693,286.63	41,355,692.16
1101 - Pooled Short Term Funds	0.00	0.00	0.00
1170 - Equities	76,718,957.96	95,951,600.80	96,808,393.90
1172 - Pooled Domestic Equity Funds	58,317,325.17	27,313,273.12	26,933,780.41
1173 - Pooled International Equity Funds	27,061,744.19	26,921,721.70	27,500,566.71
1174 - Pooled Global Equity Funds	0.00	0.00	0.00
1181 - Pooled Domestic Fixed Income Funds	13,428,423.75	12,868,832.86	0.00
1182 - Pooled International Fixed Income Funds	8,087,594.97	7,785,150.47	11,601,428.38
1183 - Pooled Global Fixed Income Funds	0.00	0.00	0.00
1193 - Pooled Alternative Investments	13,144,727.60	14,301,374.22	15,770,281.01
1194 - Pooled Real Estate Funds	37,380,446.51	35,228,887.23	33,633,834.79
1195 - Pooled Domestic Balanced Funds	0.00	0.00	0.00
1196 - Pooled International Balanced Funds	0.00	0.00	0.00
1197 - Hedge Funds	0.00	0.00	0.00
1198 - PRIT Cash	0.00	0.00	0.00
1199 - PRIT Fund	0.00	0.00	0.00
1350 - Prepaid Expenses	4,184.83	4,184.83	6,269.08
1398 - Accounts Receivable (A)	8,134,508.62	7,785,976.23	7,814,847.40
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	227,328.95	236,999.89	346,231.74
2020 - Accounts Payable (A)	-668,685.61	-433,302.92	-722,917.75
<b>Total</b>	<u>283,060,789.51</u>	<u>269,727,724.55</u>	<u>270,262,596.46</u>
<b>Funds :</b>			
3293 - Annuity Savings Fund	67,315,179.14	64,700,904.92	63,630,352.43
3294 - Annuity Reserve Fund	21,984,748.07	22,023,144.42	20,734,934.81
3295 - Special Military Service Cr Fnd	36,091.19	35,819.96	32,592.13
3296 - Pension Fund	7,964,643.15	8,368,421.05	9,405,877.72
3298 - Expense Fund	0.00	0.00	0.00
3297 - Pension Reserve Fund	185,760,127.96	174,599,434.20	176,458,839.37
<b>Total Assets at Market Value</b>	<u>283,060,789.51</u>	<u>269,727,724.55</u>	<u>270,262,596.46</u>

(A) Detail for Accounts Receivable and Accounts Payable are to be placed on Schedule A

**Annual Statement of the TAUNTON RETIREMENT SYSTEM  
for the year ended December 31, 2016**

	Balance December 31 2015	Receipts	Interfund Transfers	Disbursements	Balance December 31 2016
Annuity Savings Fund	64,700,904.92	6,495,524.90	-3,107,545.64	773,705.04	67,315,179.14
Annuity Reserve Fund	22,023,144.42	656,968.68	3,124,935.82	3,820,300.85	21,984,748.07
Special Military Service Cr Fnd	35,819.96	1,378.64	-1,107.41	0.00	36,091.19
Pension Fund	8,368,421.05	16,354,060.85	3,910,894.15	20,668,732.90	7,964,643.15
Expense Fund	0.00	2,376,290.08	0.00	2,376,290.08	0.00
Pension Reserve Fund	174,599,434.20	15,087,870.68	-3,927,176.92	0.00	185,760,127.96
<b>TOTAL ALL FUNDS:</b>	<b>269,727,724.55</b>	<b>40,972,093.83</b>	<b>0.00</b>	<b>27,639,028.87</b>	<b>283,060,789.51</b>

**List Below all Transfers:**

Transfer from 3293	Fund to the 3294	Fund in the Amount of	3,124,935.82	on account of	retired members
Transfer from 3293	Fund to the 3297	Fund in the Amount of	30,050.94	on account of	10-Year Inactive Members
Transfer from 3297	Fund to the 3293	Fund in the Amount of	7,136.93	on account of	3% interest- ASF refunds
Transfer from 3297	Fund to the 3296	Fund in the Amount of	3,930,168.00	on account of	FY2017 PERAC Approp letter
Transfer from 3297	Fund to the 3293	Fund in the Amount of	17,651.96	on account of	Mark Mosher-Transfer-was 10 Yr
Transfer from 3297	Fund to the 3293	Fund in the Amount of	2,270.97	on account of	Eileen Cerce Refund- was 10 Yr
Transfer from 3295	Fund to the 3293	Fund in the Amount of	1,107.41	on account of	John Boarman military deductions
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	



**Annual Statement of the TAUNTON RETIREMENT SYSTEM  
for the year ended December 31, 2016**

**RECEIPTS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>1. Annuity Savings Fund :</b>			
(a) 4891 - Members Deductions	5,929,799.80	5,702,242.94	5,536,786.70
(b) 4892 - Transfers From Other	313,371.53	129,807.70	296,364.90
(c) 4893 - Make Up and Redeposit Payments	92,618.01	58,524.67	36,026.61
(d) 4900 - Member Payments from Rollovers	96,833.19	56,685.36	63,583.40
(e) Investment Income Cr to Members A/C	62,902.37	60,804.79	59,291.76
<b>Subtotal</b>	<b>6,495,524.90</b>	<b>6,008,065.46</b>	<b>5,992,053.37</b>
<b>2. Annuity Reserve Fund :</b>			
(a) 4750 - Recovery of Annuity from Reinstatement	0.00	0.00	4,264.47
(b) Investment Income Cr to Annuity Res Fd	656,968.68	639,803.11	540,825.68
<b>Subtotal</b>	<b>656,968.68</b>	<b>639,803.11</b>	<b>545,090.15</b>
<b>3. Pension Fund :</b>			
(a) 4898 - 3(B) (c) Reimburse from Other Sys	555,426.60	518,141.40	485,598.11
(b) 4899 - Rec'd from State for COLA & Surviv	428,569.25	197,275.35	182,497.34
(c) 4894 - Pension Fund Appropriation	15,365,065.00	14,943,906.00	14,753,156.00
(d) 4840 - Workers' Compensation Settlements	5,000.00	0.00	7,500.00
(e) 4751 - Recovery of Pension from Reinstatement	0.00	0.00	18,920.69
(f) 4841 - Recovery of 91A Overearnings	0.00	0.00	0.00
<b>Subtotal</b>	<b>16,354,060.85</b>	<b>15,659,322.75</b>	<b>15,447,672.14</b>
<b>4. Military Service Fund :</b>			
(a) 4880 - Contributions Rec (for Military Serv)	0.00	0.00	0.00
(a) 4890 - Contributions Rec (for Military Serv)	1,343.28	3,195.23	6,045.11
(b) Invest Income Credited	35.36	32.60	26.50
<b>Subtotal</b>	<b>1,378.64</b>	<b>3,227.83</b>	<b>6,071.61</b>
<b>5. Expense Fund :</b>			
(a) 4896 - Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Cr to Expense Fund	2,376,290.08	2,315,118.64	2,200,458.22
<b>Subtotal</b>	<b>2,376,290.08</b>	<b>2,315,118.64</b>	<b>2,200,458.22</b>
<b>6. Pension Reserve Fund :</b>			
(a) 4897 - Federal Grant Reimbursement	35,135.83	112,093.38	17,590.50
(b) 4895 - Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 - Interest not Refunded:	1,450.52	9,448.31	6,164.93
(d) 4825 - Misc. Income	0.00	130.85	2,532.55
(e) Excess Investment Income	15,051,284.33	711,511.70	14,539,640.20
<b>Subtotal</b>	<b>15,087,870.68</b>	<b>833,184.24</b>	<b>14,565,928.18</b>
<b>TOTAL RECEIPTS</b>	<b>40,972,093.83</b>	<b>25,458,722.03</b>	<b>38,757,273.67</b>

**Annual Statement of the TAUNTON RETIREMENT SYSTEM  
for the year ended December 31, 2016**

**Disbursements**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>1. Annuity Savings Fund :</b>			
(a) 5757 - Refunds To Members	272,937.91	438,318.04	327,047.22
(b) 5756 - Transfers To Other Systems :	500,767.13	286,466.27	223,148.34
<b>Subtotal</b>	<b>773,705.04</b>	<b>724,784.31</b>	<b>550,195.56</b>
<b>2. Annuity Reserve Fund :</b>			
(a) 5750 - Annuities Paid	3,757,637.60	3,513,377.35	3,254,774.65
(b) 5759 - Option B Refunds	62,663.25	23,805.22	26,132.38
<b>Subtotal</b>	<b>3,820,300.85</b>	<b>3,537,182.57</b>	<b>3,280,907.03</b>
<b>3. Pension Fund :</b>			
(a) 5751 - Pensions Paid	0.00	0.00	0.00
Regular Pension Payments	15,184,577.65	14,460,248.53	13,452,827.45
Survivorship Payments	1,152,350.19	1,133,890.37	1,067,049.13
Ordinary Disability Payments	229,873.74	225,371.10	245,083.34
Accidental Disability Payments	2,569,051.33	2,481,379.70	2,490,115.88
Accidental Death Payments	342,446.01	380,150.33	398,466.65
Section 101 Benefits	350,540.40	346,099.36	242,757.76
(b) 5755 - 3 (8) (c) Reimb To Other Sys	678,739.22	214,600.65	385,780.57
(c) 5752 - COLA's Paid	155,167.80	166,565.49	232,036.05
(d) 5753 - Chapter 389 Ben Increase Pd	5,986.56	8,202.89	27,648.72
<b>Subtotal</b>	<b>20,668,732.90</b>	<b>19,416,508.42</b>	<b>18,541,765.55</b>
<b>4. Military Service Fund :</b>			
(a) 4890 - Return to Municipality for Members who withdrew their fund	0.00	0.00	0.00
<b>Subtotal</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5. Expense Fund :</b>			
(a) 5118 Board Member Stipend	22,500.00	22,125.00	22,500.00
(b) 5119 - Salaries	210,581.38	190,751.04	162,132.13
(c) 5304 - Management Fees	1,706,444.99	1,654,154.46	1,619,390.27
(d) 5305 - Custodial Fees	160,036.88	157,520.99	162,996.74
(e) 5307 - Investment Consultant Fees	75,000.00	75,000.00	63,220.04
(f) 5308 - Legal Expenses	22,265.98	56,092.78	21,590.00
(g) 5309 - Medical Expenses	0.00	0.00	0.00
(h) 5310 - Fiduciary Insurance	13,381.00	12,986.00	12,637.00
(i) 5311- Service Contracts	38,597.76	32,936.74	40,088.55
(j) 5312 - Rent Expense	52,519.71	44,079.97	40,700.66
(k) 5315 - Professional Services	9,000.00	7,144.20	0.00
(l) 5316 - Actuarial Services	15,000.00	1,750.00	10,000.00
(m) 5317 - Accounting Services	0.00	0.00	0.00
(n) 5320 - Education and Training	5,300.00	6,430.00	6,970.00
(o) 5589 - Administrative Expenses	31,596.48	30,622.74	18,882.04
(p) 5599 - Furniture and Equipment	3,327.00	8,973.92	6,125.45
(q) 5719 - Travel	10,738.90	14,550.80	13,225.34
(r) 5829 - Depreciation expense: Building	0.00	0.00	0.00
<b>Subtotal</b>	<b>2,376,290.08</b>	<b>2,315,118.64</b>	<b>2,200,458.22</b>
<b>Total Disbursements:</b>	<b>27,639,028.87</b>	<b>25,993,593.94</b>	<b>24,573,326.36</b>

**Annual Statement of the TAUNTON RETIREMENT SYSTEM  
for the year ended December 31, 2016**

**Investment Income**

	<u>2016 End Balance</u>	<u>2015 End Balance</u>	<u>2014</u>
<b>Investment Income Received From :</b>			
(a) Cash (from schedules 1)	34,317.38	8,335.21	6,441.13
(b) Short Term Investments (sch 2)	82.23	139.95	25.14
(c) Fixed Inc Sec (from sch 3A and 3C)	1,115,584.01	1,379,198.16	1,622,596.92
(d) Equities (from sch 4A and 4C)	1,113,555.33	1,240,885.11	1,278,197.30
(e) Pooled Funds (from Schedule 5)	1,793,022.83	1,789,267.82	1,356,018.88
(f) Commission Recapture	6,940.51	8,025.38	13,091.02
<b>4821 - TOTAL INVESTMENT INCOME</b>	<b>4,063,502.29</b>	<b>4,425,851.63</b>	<b>4,276,370.39</b>
<b>Plus :</b>			
4884 - Realized Gains	8,493,441.77	7,397,990.70	8,372,641.51
4886 - Unrealized Gains	25,970,760.52	20,074,105.32	25,025,389.91
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	227,328.95	236,999.89	346,231.74
	<b>34,691,531.24</b>	<b>27,709,095.91</b>	<b>33,744,263.16</b>
<b>Less :</b>			
4823 - Pd Accrued Int - Fixed Inc Securities	-112,033.87	-167,571.95	-326,033.10
4885 - Realized Losses	-6,399,148.83	-6,763,972.00	-6,504,397.32
4887 - Unrealized Losses	-13,859,370.12	-21,129,901.01	-13,510,545.13
1550 - Inc Due & Accrued Prior Year	-236,999.89	-346,231.74	-339,415.64
	<b>-20,607,552.71</b>	<b>-28,407,676.70</b>	<b>-20,680,391.19</b>
<b>NET INVESTMENT INCOME</b>	<b>18,147,480.82</b>	<b>3,727,270.84</b>	<b>17,340,242.36</b>
<b>Income Required :</b>			
Annuity Savings Fund (Supp Schedule)	62,902.37	60,804.79	59,291.76
Annuity Reserve Fund	656,968.68	639,803.11	540,825.68
Expense Fund	2,376,290.08	2,315,118.64	2,200,458.22
Special Military Service Cr Fnd	35.36	32.60	26.50
	<b>3,096,196.49</b>	<b>3,015,759.14</b>	<b>2,800,602.16</b>
<b>TOTAL INCOME REQUIRED</b>	<b>3,096,196.49</b>	<b>3,015,759.14</b>	<b>2,800,602.16</b>
Net Investment Income	<b>18,147,480.82</b>	<b>3,727,270.84</b>	<b>17,340,242.36</b>
Less : Income Required	<b>-3,096,196.49</b>	<b>-3,015,759.14</b>	<b>-2,800,602.16</b>
<b>EXCESS INCOME TO THE PENSION RESERVE FUND</b>	<b>15,051,284.33</b>	<b>711,511.70</b>	<b>14,539,640.20</b>

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2016

**MEMBERSHIP FOR CURRENT YEAR**

<b>ACTIVE MEMBERS</b>	<b>Group 1</b>	<b>Group 2 &amp; 4</b>	<b>TOTAL</b>
Active Membership, Dec 31st, Previous Year	<u>888</u>	<u>224</u>	<u>1112</u>
Inactive Membership, Dec. 31st, Previous Year	<u>326</u>	<u>1</u>	<u>327</u>
Enrolled During Current Year	<u>76</u>	<u>17</u>	<u>93</u>
Transfers Between Groups	<u>0</u>	<u>0</u>	<u>0</u>
Reinstatements of Disabled Members	<u>0</u>	<u>0</u>	<u>0</u>
<b>SUBTOTAL</b>	<u>76</u>	<u>17</u>	<u>93</u>
Deduct:			
Death	<u>0</u>	<u>0</u>	<u>0</u>
Withdrawals	<u>49</u>	<u>2</u>	<u>51</u>
Retirements	<u>35</u>	<u>13</u>	<u>48</u>
<b>SUBTOTAL</b>	<u>84</u>	<u>15</u>	<u>99</u>
Active Membership, Dec. 31st, Current Year	<u>880</u>	<u>226</u>	<u>1106</u>
Inactive Membership, Dec. 31st, Current Year	<u>321</u>	<u>3</u>	<u>324</u>

**RETIRED MEMBERS, BENEFICIARIES & SURVIVORS**

Retired, Beneficiary and Survivor Membership, Dec. 31, previous year	<u>531</u>	<u>307</u>	<u>838</u>
Retirements During the Year:			
Superannuation	<u>31</u>	<u>12</u>	<u>43</u>
Ordinary Disability	<u>0</u>	<u>0</u>	<u>0</u>
Accidental Disability	<u>4</u>	<u>1</u>	<u>5</u>
Termination Retirement Allowance	<u>0</u>	<u>0</u>	<u>0</u>
Beneficiary of Deceased Retiree	<u>1</u>	<u>2</u>	<u>3</u>
Survivor Benefits from Active Membership	<u>0</u>	<u>0</u>	<u>0</u>
<b>SUBTOTAL</b>	<u>36</u>	<u>15</u>	<u>51</u>
Deduct:			
Deaths of Retired Members	<u>20</u>	<u>5</u>	<u>25</u>
Termination of Survivor Benefits	<u>4</u>	<u>4</u>	<u>8</u>
Reinstatements fo Diabled Pensions	<u>0</u>	<u>0</u>	<u>0</u>
<b>SUBTOTAL</b>	<u>24</u>	<u>9</u>	<u>33</u>
Retired Membership, Dec. 31, current year			
Superannuation	<u>447</u>	<u>211</u>	<u>658</u>
Ordinary Disability	<u>8</u>	<u>5</u>	<u>13</u>
Accidental Disability	<u>28</u>	<u>50</u>	<u>78</u>
Termination	<u>2</u>	<u>0</u>	<u>2</u>
Benficiaries from Accidental Deaths	<u>0</u>	<u>4</u>	<u>4</u>
Beneficiaries from Section 100	<u>0</u>	<u>1</u>	<u>1</u>
Beneficiaries from Section 101	<u>5</u>	<u>17</u>	<u>22</u>
Beneficiaries under Option C	<u>23</u>	<u>15</u>	<u>38</u>
Option (D) Survivor Allowance	<u>28</u>	<u>9</u>	<u>37</u>
Section 12B Survivor Allowance	<u>2</u>	<u>1</u>	<u>3</u>

**Total Retired, Beneficiary, and Survivor**

Membership, Dec. 31, Current Year	<u>543</u>	<u>313</u>	<u>856</u>
<b>TOTAL MEMBERSHIP:</b>			
Active, Inactive, Retired, Beneficiary	<u>1744</u>	<u>542</u>	<u>2286</u>

**Annual Statement of the TAUNTON RETIREMENT SYSTEM  
for the year ended December 31, 2016**

**Schedule A**

**Detail of Accounts Receivable and Accounts Payable**

**Accounts Receivable**

4891 - Members Deductions	38,886.25
4892 - Transfers From Other Systems	0.00
4893 - Member Make Up Payments and Redeposits	150.00
4900 - Member Payments from Rollovers	0.00
4898 - 3-(8)(c) Reimbursements From Other Systems	0.00
4899 - Received from Commonwealth for COLA and Survivor Bene	0.00
4884 - Profit on Sale of Investments	0.00
4894 - Pension Fund Appropriation	7,707,437.75
4894 - Pension Fund Appropriation	0.00
4880 - Contr Rec'd from municipality on a/c of mil serv	0.00
4897 - Federal Grant Reimbursement	0.00
4895 - Pension Reserve Appropriation	0.00

**Investments Sold but funds not received (list individually)**

4901 - Investment Sales-Traded Dec 2016, Settled Jan 2017	297,012.30
4902 - Buyback Contracts Due & Accrued 12/31/2016	89,419.52
4903 - George Silvia d.o.d.12/20/16 Reimb.	1,602.80
4904 -	0.00
4905 -	0.00
<b>Total Receivables</b>	<b>8,134,508.62</b>

**Accounts Payable**

5757 - Refunds to Members	0.00
5756 - Transfers to Other Systems	0.00
5750 - Annuities Paid	0.00
5759 - Option B Refunds	0.00
5751 - Pensions Paid	0.00
5755 - 3(8)(c) Reimbursements To Other Systems	0.00
5752 - COLA's Paid	0.00
5753 - Chapter 389 Beneficiary Increase Paid	0.00
4885 - Loss on Sale of Investments	0.00
4890 - Return to Municipality For Members who withdrew funds	0.00
5118 - Board Member Stipend	0.00
5119 - Salaries	0.00
5304 - Management Fees	127,558.24
5305 - Custodial Fees	77,231.91
5307 - Consultant Fees	18,750.00
5308 - Legal Expenses	0.00
5309 - Medical Expenses	0.00
5310 - Fiduciary Insurance	0.00
5311 - Service Contracts	5,264.67
5312 - Rent Expense	0.00
5315 - Professional Services	0.00
5320 - Education and Training	0.00
5589 - Administrative Expenses	418.28
5599 - Furniture and Equipment	0.00
5719 - Travel Expense	0.00
5820 - Depreciation Expense Building	0.00

**Investments Purchased but not paid for (list individually)**

5901 - Investment Purchases-Traded Dec 2016, Settled Jan 2017	439,462.51
5902 -	0.00
5903 -	0.00
5904 -	0.00
<b>Total Payables</b>	<b>668,685.61</b>

# Annuity Reserve Interest Calculation-2016

To calculate interest required for the Annuity Reserve Fund (3294), begin with the balance on December 31st of the prior year. Subtract from that balance any debits such as annuities paid (5750), option B refunds paid (5759), and any transfer resulting from a surplus in the Annuity Reserve Fund (3294). Next, add any credits such as transfers from the Annuity Savings Fund and any transfer resulting from a deficit in the Annuity Reserve fund. Then multiply each monthly balance by .0025. Lastly, enter the total of the **12 months' interest** as an adjusting entry and add it to the balance of December 31st of the statement year.

	Debit Balance		Credit Balance	Balance	x .0025
	5750	5759	3294		
December 31st (Prev Yr.)				<b>22,023,144.42</b>	55,057.86
January 31st	(304,354.66)	0.00	354,490.35	22,073,280.11	55,183.20
February 28th	(304,304.82)	(1,436.39)	363,637.43	22,131,176.33	55,327.94
March 31st	(305,603.96)	(53,677.36)	191,499.32	21,963,394.33	54,908.49
April 30th	(308,427.29)	0.00	120,386.29	21,775,353.33	54,438.38
May 31st	(307,323.78)	(7,549.50)	221,326.59	21,681,806.64	54,204.52
June 30th	(318,862.06)	0.00	265,226.72	21,628,171.30	54,070.43
July 31st	(308,152.31)	0.00	496,435.55	21,816,454.54	54,541.14
August 31st	(319,573.45)	0.00	628,660.63	22,125,541.72	55,313.85
September 30th	(320,298.18)	0.00	210,462.49	22,015,706.03	55,039.27
October 31st	(318,698.84)	0.00	221,657.31	21,918,664.50	54,796.66
November 30th	(320,291.83)	0.00	36,403.21	21,634,775.88	54,086.94
December 31st	(321,746.42)	0.00	14,749.93	21,327,779.39	XXXXXXXXXX
Misc. credits	0.00			0.00	<b>656,968.68</b>
Reinstmt Annuity Recd #4750				0.00	
<b>2016 Totals</b>	<b>(3,757,637.60)</b>	<b>(62,663.25)</b>	<b>3,124,935.82</b>	<b>21,984,748.07</b>	

DEBIT Investment Income (Ledger #4821)  
 CREDIT Annuity Reserve Fund (Ledger #3294)

**PERAC Annual Statement**  
**APPENDIX PAGE 3**  
**ACTUARIAL VALUATION AND ASSUMPTIONS**

The most recent actuarial valuation of the System was prepared by Sherman Actuarial Services as of January 1, 2016.

The normal cost for employees on that date was:	\$5,235,481	8.9% of pay
The normal cost for the employer was:	2,559,053	4.3% of pay
The actuarial liability for active members was:		\$164,343,443
The actuarial liability for retired and inactive members was:		207,460,511
Total actuarial accrued liability:		371,803,954
System assets as of that date:		278,487,094
Unfunded actuarial accrued liability:		\$93,316,860

The ratio of system's assets to total actuarial liability was 74.9%

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

Investment Return:	7.75%
Rate of Salary Increase:	3.5%

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets  (a)	Actuarial Accrued Liability  (b)	Unfunded Actuarial Accrued Liability  (b-a)	Funded Ratio  (a/b)	Covered Payroll  (c)	UAAL as a percent of Covered Payroll  (b-a)/c
01/01/16	\$278,487,094	\$371,803,954	\$93,316,860	74.9%	\$59,156,684	157.7%
01/01/14	239,531,317	364,926,837	125,395,520	65.6%	55,498,644	225.9%
01/01/12	209,808,060	339,006,864	129,198,804	61.9%	55,614,435	232.3%
01/01/10	197,520,054	293,303,727	95,783,673	67.3%	53,542,943	178.9%
01/01/08	192,018,134	281,787,443	89,769,309	68.1%	51,021,751	175.9%
01/01/06	159,373,967	239,916,299	80,542,332	66.4%	47,703,996	168.8%
01/01/04	134,563,000	202,034,000	67,471,000	66.6%	44,752,000	150.8%
01/01/03	115,023,000	191,994,000	76,971,000	59.9%	46,332,000	166.1%

Attach Copy of Current Approved Funding Schedule

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## Appropriation Forecast

Fiscal Year	Employee Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**
2017	\$59,156,684	\$5,235,481	\$3,275,480	\$12,089,585	\$15,365,065	26.0	74.9
2018	\$61,818,735	\$5,524,756	\$3,365,588	\$12,509,459	\$15,875,047	25.7	77.3
2019	\$64,600,578	\$5,829,464	\$3,457,173	\$12,888,845	\$16,346,018	25.3	79.8
2020	\$67,507,604	\$6,150,408	\$3,550,185	\$13,279,798	\$16,829,983	24.9	82.3
2021	\$70,545,446	\$6,488,432	\$3,644,567	\$13,682,672	\$17,327,239	24.6	84.8
2022	\$73,719,991	\$6,844,424	\$3,740,254	\$13,961,766	\$17,702,020	24.0	87.3
2023	\$77,037,391	\$7,219,316	\$3,837,173	\$14,383,471	\$18,220,644	23.7	89.8
2024	\$80,504,073	\$7,614,089	\$3,935,241	\$14,817,955	\$18,753,196	23.3	92.3
2025	\$84,126,757	\$8,029,772	\$4,034,365	\$15,265,607	\$19,299,972	22.9	94.8
2026	\$87,912,461	\$8,467,448	\$4,134,441	\$15,726,830	\$19,861,271	22.6	97.4
2027	\$91,868,521	\$8,928,254	\$4,235,354	\$0	\$4,235,354	4.6	100.0
2028	\$96,002,605	\$9,413,386	\$4,336,977	\$0	\$4,336,977	4.5	100.0
2029	\$100,322,722	\$9,924,101	\$4,439,170	\$0	\$4,439,170	4.4	100.0
2030	\$104,837,245	\$10,461,718	\$4,541,777	\$0	\$4,541,777	4.3	100.0
2031	\$109,554,921	\$11,027,623	\$4,644,630	\$0	\$4,644,630	4.2	100.0
2032	\$114,484,892	\$11,623,276	\$4,747,543	\$0	\$4,747,543	4.1	100.0
2033	\$119,636,712	\$12,250,206	\$4,850,312	\$0	\$4,850,312	4.1	100.0
2034	\$125,020,364	\$12,910,023	\$4,952,717	\$0	\$4,952,717	4.0	100.0
2035	\$130,646,281	\$13,604,417	\$5,054,516	\$0	\$5,054,516	3.9	100.0
2036	\$136,525,363	\$14,335,163	\$5,155,448	\$0	\$5,155,448	3.8	100.0
2037	\$142,669,004	\$14,980,245	\$5,387,443	\$0	\$5,387,443	3.8	100.0
2038	\$149,089,110	\$15,654,357	\$5,629,878	\$0	\$5,629,878	3.8	100.0
2039	\$155,798,120	\$16,358,803	\$5,883,222	\$0	\$5,883,222	3.8	100.0
2040	\$162,809,035	\$17,094,949	\$6,147,968	\$0	\$6,147,968	3.8	100.0
2041	\$170,135,442	\$17,864,221	\$6,424,626	\$0	\$6,424,626	3.8	100.0
2042	\$177,791,536	\$18,668,111	\$6,713,734	\$0	\$6,713,734	3.8	100.0
2043	\$185,792,156	\$19,508,176	\$7,015,852	\$0	\$7,015,852	3.8	100.0
2044	\$194,152,803	\$20,386,044	\$7,331,566	\$0	\$7,331,566	3.8	100.0
2045	\$202,889,679	\$21,303,416	\$7,661,486	\$0	\$7,661,486	3.8	100.0
2046	\$212,019,714	\$22,262,070	\$8,006,253	\$0	\$8,006,253	3.8	100.0
2047	\$221,560,601	\$23,263,863	\$8,366,534	\$0	\$8,366,534	3.8	100.0
2048	\$231,530,828	\$24,310,737	\$8,743,028	\$0	\$8,743,028	3.8	100.0

\* Calendar basis

\*\* Beginning of Fiscal Year