

Annual Statement

**OF THE FINANCIAL CONDITION
OF THE TAUNTON RETIREMENT SYSTEM
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
FOR THE YEAR ENDED 12/31/2019**

Annual Statement for the Year Ended December 31, 2019 of the conditions and Affairs of the 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 St, Suite 203
Street & Number

Taunton, MA 02780
City/Town, State and Zip Code

(508) 821-1052
Telephone Number

We, the undersigned, members of the Taunton Retirement System certify under penalties of perjury, that that we are the official board members of said retirement system, and that on the thirty-first date of December last, all of the herein-described assets were the absolute property of said retirement system, 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 of the assets, liabilities, income and disbursements, changes in fund balances, and the conditions and affairs of said retirement system on the said thirty-first date 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

Ex-Officio Member

Ann Marie Hebert (Chairperson)
(Name)

Ann Marie Hebert
(Signature)

Appointed Member

Term Expires

Gill E. Enos
(Name)

Gill E. Enos
(Signature)

Elected Member

Term Expires 11/30/2020

Dennis M. Smith
(Name)

Dennis M. Smith
(Signature)

Elected Member

Term Expires 12/31/2019

Peter H. Corr
(Name)

Peter H. Corr
(Signature)

Member Appointed by Other Members

Term Expires 02/27/2021

Barry Amaral
(Name)

Barry J. Amaral
(Signature)

Investment Managers

Aberdeen Asset Mgmt.

1735 Market St., Philadelphia, PA 19103

Black Rock

One Financial Center, Boston, MA. 02111

Boston Millennia Partners

30 Rowes Wharf, Boston, MA 02110

Investment Consultant

Dahab Associates

31 Hayward St., Suite C3, Franklin, MA 02038

Custodian

People's United Bank

240 Cabot St., Beverly, MA. 01915

INVESTMENT ADVISOR(S) - continued

Name: Brandywine Global Invest Mgmt.	Address: 2929 Arch St., 8th Floor, Philadelphia, PA.
Name: Ceres Partners LLC	Address: 1251 North Eddy St., Suite 200, South Bend, IN 46617
Name: C.S. McKee, L.P.	Address: One Gateway Center, Pittsburgh, PA 152222
Name: Domain Timber Investments III, L.P.	Address: 1230 Peachtree St NE, Suite 3500, Atlanta, GA 30309
Name: Frontier Capital Mgmt.	Address: 99 Summer St., Boston, MA. 02110
Name: GAM USA Inc.	Address: One Rockefeller Plaza, 21st Floor, New York, NY 10020
Name: Intercontinental Real Estate Corp.	Address: 1270 Soldiers Field Rd., Boston, MA. 02135-1003
Name: Invesco Private Capital	Address: 22469 Network Place, Chicago, IL 60673
Name: Invesco Realty Advisors	Address: 3 Galleria Tower, Suite 500, 13155 Noel Rd, Dallas, TX 75240
Name: LMCG Investments, LLC	Address: 200 Clarendon St., 28th Floor, Boston, MA. 02116
Name: Manulife Asset Management	Address: 197 Clarendon St., Boston, MA 02116
Name: Molpus Woodlands Fund III, L.P.	Address: 654 North State St., Jackson, Mississippi 39202
Name: Polen Capital Management	Address: 1825 NW Corporate Blvd., Suite 300, Boca Raton, FL 33431
Name: PRIT Private Equity Vintage Years	Address: 84 State Street, 2nd Floor, Boston, MA. 02109
Name: Quantitative Mgmt. Associates	Address: Two Gateway Center, 6th Floor, Newark, NJ 07102-5096
Name: State Street Global Advisors	Address: State St. Financial Center, One Lincoln St., Boston, MA. 02111
Name: Systematic Financial Mgmt.	Address: 300 Frank W. Burr Blvd., Glenpoint East, 7th Fr., Teaneck, NJ
Name: Vontobel Asset Management	Address: 1540 Broadway, 38th Floor, New York, NY 10036
Name: Weaver-Barksdale & Associates	Address: One Burton Hills Blvd., Suite 100, Nashville, TN 37215
Name: Wells Capital Mgmt.	Address: 1 South Broad St., 5 Floor, Philadelphia, PA 19107

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	304,094,669.38
Income Current Year	87,887,136.59
Disbursements Current Year	31,118,910.87
Assets Current Year	360,862,895.10

2. ASSET DIFFERENCE

Assets Current Year	360,862,895.10
Assets Previous Year	304,094,669.38
Difference	56,768,225.72

3. INCOME DIFFERENCE

Income Current Year	87,887,136.59
Disbursements Current Year	31,118,910.87
Difference	56,768,225.72

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	98,434,814.06
Total Fund Change Debits Current Year	-41,666,588.34
Difference	56,768,225.72

Note: The difference as a result of tests 2, 3 and 4 should be the same.

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

ASSETS & LIABILITIES

	2019	2018	2017
1. 1040 Cash	6,705,272.44	7,190,461.16	5,748,262.46
2. 1100 Short Term Investments	0.00	0.00	747,383.44
3. 1180 Fixed Income Securities	23,721,963.90	25,861,972.91	25,860,400.16
4. 1170 Equities	60,725,395.55	58,809,845.41	67,131,218.17
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	124,042,605.55	82,073,839.34	89,624,386.47
7. 1173 Pooled International Equity Funds	49,355,864.85	40,531,452.86	43,807,848.42
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	23,742,138.79	21,580,220.45	21,687,503.58
10. 1182 Pooled International Fixed Income Funds	9,207,082.77	8,601,951.16	9,125,350.84
11. 1183 Pooled Global Fixed Income Funds	0.00	0.00	0.00
12. 1193 Pooled Alternative Investments	10,876,901.88	11,126,273.22	12,203,951.29
13. 1194 Pooled Real Estate Funds	36,128,157.00	40,005,275.64	37,880,420.76
14. 1195 Pooled Domestic Balanced Funds	0.00	0.00	0.00
15. 1196 Pooled International Balanced Funds	0.00	0.00	0.00
16. 1197 Hedge Funds	0.00	0.00	0.00
17. 1198 PRIT Cash	0.00	0.00	0.00
18. 1199 PRIT Fund	0.00	0.00	0.00
19. 1550 Interest Due and Accrued	139,802.95	202,000.79	193,609.63
20. 1350 Prepaid Expenses	4,184.83	4,184.83	4,184.83
21. 1398 Accounts Receivable (A)	16,280,422.33	8,410,202.61	8,282,124.74
22. 1910 Land	0.00	0.00	0.00
23. 1920 Buildings	0.00	0.00	0.00
24. 1929 Accumulated Depreciation – Buildings	0.00	0.00	0.00
25. 2020 Accounts Payable (A)	(-66,897.74)	(-303,011.00)	(-322,909.83)
TOTAL	360,862,895.10	304,094,669.38	321,973,734.96
FUNDS			
1. 3293 Annuity Savings Fund	72,302,586.22	70,303,652.66	68,453,400.52
2. 3294 Annuity Reserve Fund	24,962,806.55	24,268,420.15	23,518,272.95
3. 3295 Military Service Fund	29,284.63	32,742.03	36,127.28
4. 3296 Pension Fund	8,536,291.99	8,545,057.10	7,867,437.55
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	255,031,925.71	200,944,797.44	222,098,496.66
TOTAL ASSETS AT MARKET VALUE	360,862,895.10	304,094,669.38	321,973,734.96

(A) Specific details for Accounts Receivable and Accounts Payable are to be disclosed on Schedule A

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	70,303,652.66	7,434,210.53	-4,654,433.94	-780,843.03	72,302,586.22
Annuity Reserve Fund	24,268,420.15	744,162.16	4,711,749.47	-4,761,525.23	24,962,806.55
Pension Fund	8,545,057.10	17,535,780.96	5,835,928.00	-23,380,474.07	8,536,291.99
Military Service Fund	32,742.03	29.44	-3,486.84	0.00	29,284.63
Expense Fund	0.00	2,196,068.54	0.00	-2,196,068.54	0.00
Pension Reserve Fund	200,944,797.44	59,976,884.96	-5,889,756.69	0.00	255,031,925.71
Total All Funds	304,094,669.38	87,887,136.59	- 0 -	-31,118,910.87	360,862,895.10

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	4,636,270.67	on acct of	Retired Members
Xfer from	Annuity Savings Fund	to	Pension Reserve Fund	in the amt of	21,702.33	on acct of	10-Yr Inactives & Excess Int-Bonenfant
Xfer from	Pension Reserve Fund	to	Annuity Reserve Fund	in the amt of	75,478.80	on acct of	Correction to Annuity Reserve-Audit
Xfer from	Special Military Serv Credit Fund	to	Annuity Savings Fund	in the amt of	3,486.84	on acct of	J.Martin & B.Rubiano-Military Deductions
Xfer from	Pension Reserve Fund	to	Pension Fund	in the amt of	5,835,928.00	on acct of	PERAC Approp Letter-FY2020
Xfer from	Pension Reserve Fund	to	Annuity Savings Fund	in the amt of	52.22	on acct of	ASF Refunds

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

RECEIPTS

	2019	2018	2017
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	6,877,251.42	6,515,723.20	6,212,270.68
(b) 4892 Transfers from Other Systems	450,670.22	219,808.25	426,294.92
(c) 4893 Member Make Up Payments and Redeposits	-4,758.64	94,955.09	97,043.65
(d) 4900 Member Payments from Rollovers	32,774.77	61,750.78	16,457.88
(e) Investment Income Credited to Members' Accounts	78,272.76	77,705.87	87,385.68
Subtotal	7,434,210.53	6,969,943.19	6,839,452.81
2. Annuity Reserve Fund:			
(a) 4750 Recovery of Annuity from Reinstatement	2,655.12	2,655.12	14,691.04
(b) Investment Income Credited to Annuity Reserve Fund	741,507.04	724,249.77	682,520.05
Subtotal	744,162.16	726,904.89	697,211.09
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	603,757.77	598,954.63	560,595.54
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	308,582.11	243,815.26	106,807.38
(c) 4894 Pension Fund Appropriation	16,598,250.00	16,346,018.00	15,875,047.00
(d) 4840 Workers Compensation Settlement	18,000.00	5,500.00	7,900.00
(e) 4751 Recovery of Pension from Reinstatement	7,191.08	7,191.08	39,786.86
(f) 4841 Recovery of 91A Overearnings	0.00	0.00	0.00
Subtotal	17,535,780.96	17,201,478.97	16,590,136.78
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	29.44	36.13	36.09
Subtotal	29.44	36.13	36.09
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	2,196,068.54	2,099,811.20	2,248,438.06
Subtotal	2,196,068.54	2,099,811.20	2,248,438.06
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	54,456.63	111,008.92	24,873.46
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	677.47	2,158.25	2,499.20
(d) 4825 Miscellaneous Income	4,315.51	401.96	3,353.22
(e) Excess Investment Income	59,917,435.35	-15,230,848.59	40,889,156.28
Subtotal	59,976,884.96	-15,117,279.46	40,919,882.16
TOTAL RECEIPTS	87,887,136.59	11,880,894.92	67,295,156.99

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

DISBURSEMENTS

	2019	2018	2017
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	314,003.94	206,026.19	365,977.22
(b) 5756 Transfers to Other Systems	466,839.09	190,332.01	319,823.76
Subtotal	780,843.03	396,358.20	685,800.98
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	4,665,831.67	4,413,106.47	4,021,379.88
(b) 5759 Option B Refunds	95,693.56	272,850.04	65,769.24
Subtotal	4,761,525.23	4,685,956.51	4,087,149.12
3. Pension Fund:			
(a) 5751 Pensions Paid	22,649,274.87	21,994,688.58	20,671,618.63
Regular Pension Payments	17,732,100.61	17,087,487.83	15,979,024.79
Survivorship Payments	1,300,479.36	1,271,086.23	1,183,642.18
Ordinary Disability Payments	209,416.50	235,519.82	228,914.92
Accidental Disability Payments	2,743,812.58	2,727,500.69	2,590,564.01
Accidental Death Payments	323,486.97	307,561.58	325,343.75
Section 101 Benefits	339,978.85	365,532.43	364,128.98
(b) 5755 3(8)(c) Reimbursements To Other Systems	634,829.57	470,941.24	555,008.41
(c) 5752 COLAs Paid	93,810.75	108,980.83	129,695.21
(d) 5753 Chapter 389 Beneficiary Increase Paid	2,558.88	3,223.94	4,501.13
Subtotal	23,380,474.07	22,577,834.59	21,360,823.38
4. Military Service Fund:			
(a) 4890 Return to Municipality for Members who Withdrew Funds	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00
5. Expense Fund:			
(a) 5118 Board Member Stipend	22,500.00	22,500.00	22,500.00
(b) 5119 Salaries	270,917.32	228,240.88	219,589.69
(c) 5120 Benefits	0.00	0.00	0.00
(d) 5304 Management Fees	1,508,316.58	1,481,328.19	1,591,837.30
(e) 5305 Custodial Fees	80,443.92	85,337.82	150,655.32
(f) 5307 Investment Consultant Fees	80,000.00	76,250.00	75,000.00
(g) 5308 Legal Expenses	40,813.20	50,822.58	34,002.73
(h) 5309 Medical Expenses	0.00	0.00	0.00
(i) 5310 Fiduciary Insurance	14,516.00	13,872.00	13,571.00
(j) 5311 Service Contracts	57,637.15	34,910.11	34,842.36
(k) 5312 Rent Expense	60,758.84	57,876.26	55,138.84
(l) 5315 Professional Services	9,225.00	0.00	9,000.00
(m) 5316 Actuarial Services	1,875.00	10,000.00	1,250.00
(n) 5317 Accounting Services	0.00	0.00	0.00
(o) 5320 Education And Training	21,789.40	16,288.43	5,000.00
(p) 5589 Administrative Expenses	21,632.91	10,996.55	21,205.22
(q) 5599 Furniture and Equipment	558.00	4,293.79	382.83
(r) 5719 Travel	5,085.22	7,094.59	14,462.77
(s) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	2,196,068.54	2,099,811.20	2,248,438.06
TOTAL DISBURSEMENTS	31,118,910.87	29,759,960.50	28,382,211.54

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

INVESTMENT INCOME

	2019	2018	2017
Investment Income received from:			
(a) Cash (from Schedule 1)	122,785.85	102,911.22	57,735.47
(b) Short Term Investments (from Schedule 2)	0.00	0.00	0.00
(c) Fixed Income Securities (from Schedules 3A and 3C)	977,683.69	934,904.06	1,067,618.74
(d) Equities (from Schedules 4A and 4C)	1,307,879.55	1,265,993.18	1,338,317.92
(e) Pooled Funds (from Schedule 5)	2,552,883.11	2,218,842.51	2,273,687.51
(f) Commission Recapture and Securities Litigation	6,423.86	3,020.35	11,835.54
4821 TOTAL INVESTMENT INCOME	4,967,656.06	4,525,671.32	4,749,195.18
Plus:			
4884 Realized Gains (Profits)	8,549,210.22	6,324,226.01	23,295,072.25
4886 Unrealized Gains (Increase in Market Value)	67,453,541.86	27,315,595.15	32,869,406.03
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	139,802.95	202,000.79	193,609.63
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	75,149.06	62,173.14	54,520.72
4885 Realized Losses	739,522.53	1,915,351.75	3,190,157.79
4887 Unrealized Losses (Decrease in Market Value)	16,979,448.43	48,428,375.71	13,727,739.47
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	202,000.79	193,609.63	227,328.95
Additional Adjustments:			
4701 Carried Interest Expense	0.00	0.00	0.00
4702 Equalization Expense	0.00	0.00	0.00
4703 Miscellaneous Investment Expenses	180,777.15	97,028.66	0.00
NET INVESTMENT INCOME	62,933,313.13	-12,329,045.62	43,907,536.16
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	78,272.76	77,705.87	87,385.68
Annuity Reserve Fund	741,507.04	724,249.77	682,520.05
Expense Fund	2,196,068.54	2,099,811.20	2,248,438.06
Military Service Fund	29.44	36.13	36.09
TOTAL INCOME REQUIRED	3,015,877.78	2,901,802.97	3,018,379.88
Net Investment Income	62,933,313.13	-12,329,045.62	43,907,536.16
Less Income Required	3,015,877.78	2,901,802.97	3,018,379.88
EXCESS INCOME TO PENSION RESERVE FUND	59,917,435.35	-15,230,848.59	40,889,156.28

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

MEMBERSHIP FOR CURRENT YEAR

	Group 1	Group 2 & 4	TOTAL
ACTIVE MEMBERS			
Active Membership, Dec. 31st, Previous Year	808	293	1,101
Inactive Membership, Dec. 31st, Previous Year	208	4	212
Enrolled During Current Year	106	6	112
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	106	6	112
Deduct:			
Death	0	0	0
Withdrawals	51	2	53
Retirements	47	10	57
SUBTOTAL	98	12	110
Active Membership, Dec. 31st, Current Year	780	285	1,065
Inactive Membership, Dec. 31st, Current Year	244	6	250

RETIRE MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	553	323	876
Retirements During the Year			
Superannuation	44	7	51
Ordinary Disability	0	0	0
Accidental Disability	0	3	3
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	2	4	6
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	46	14	60
Deduct:			
Deaths of Retired Members	26	11	37
Termination of Survivor Benefits	1	0	1
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	27	11	38
Retired Membership, Dec. 31st, Current Year			
Superannuation	474	222	696
Ordinary Disability	6	2	8
Accidental Disability	29	52	81
Termination	4	0	4
Beneficiaries from Accidental Deaths	0	7	7
Beneficiaries from Section 100	0	1	1
Beneficiaries from Section 101	6	16	22
Beneficiaries under Option C	29	17	46
Option (D) Survivor Allowance	24	8	32
Section 12B Survivor Allowance	0	1	1
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	572	326	898
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,596	617	2,213

Annual Statement of the Taunton Retirement System for the Year Ended December 31, 2019.

Schedule A: Detail of Accounts Receivable and Accounts Payable

Accounts Receivable	Amount	Original Date
4751 Recovery of Pension from Reinstatement	0.00	
4840 Workers Compensation Settlements	0.00	
4841 Recovery of 91A Overearnings	0.00	
4891 Members Deductions	59,593.86	12/31/2019
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	0.00	
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 Benefits	0.00	
4884 Realized Gain on Sale of Investments	0.00	
4894 Pension Fund Appropriation (Current Fiscal Year)	8,486,310.50	12/31/2019
4894 Pension Fund Appropriation (Previous Fiscal Year)	0.00	
4890 Contributions Received from Municipality on Account of Military Service	0.00	
4897 Federal Grant Reimbursement	0.00	
4895 Pension Reserve Appropriation	0.00	
Investments Sold But Funds Not Received (list individually)		
Investment Sales-Dec2019, Settled Jan2020	7,616,959.68	12/31/2019
Buyback Contracts accrued current year	116,953.54	12/31/2019
Reimb Due-Gerard Bedard DOD 11-20-2019	604.75	11/30/2019
	0.00	
TOTAL RECEIVABLES	16,280,422.33	
Accounts Payable		
5316 Actuarial Services	0.00	
5317 Accounting Services	0.00	
5320 Education and Training	0.00	
5757 Refunds to Members	0.00	
5756 Transfers to Other Systems	0.00	
5750 Annuities Paid	0.00	
5759 Option B Refund	0.00	
5751 Pensions Paid	0.00	
5755 3(8)(c) Reimbursements to Other Systems	0.00	
5752 COLAs Paid	0.00	
5753 Chapter 389 Beneficiary Increase Paid	0.00	
4885 Realized Loss on Sale of Investments	0.00	
4890 Return to Municipality for Members Who Withdrew Their Funds	0.00	
5118 Board Members' Stipend	0.00	
5119 Salaries	0.00	
5304 Management Fees	-34,858.57	12/31/2019
5305 Custodial Fees	-12,039.17	12/31/2019
5307 Investment Consultant Fees	-20,000.00	12/31/2019
5308 Legal Expenses	0.00	
5309 Medical Expenses	0.00	
5310 Fiduciary Insurance	0.00	
5311 Service Contracts	0.00	
5312 Rent Expense	0.00	
5315 Professional Services Expense	0.00	
5589 Administrative Expenses	0.00	
5599 Furniture and Equipment	0.00	
5719 Travel	0.00	
Investments Purchased But Not Paid For (list individually)		
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL PAYABLES	-66,897.74	