

Annual Statement

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· **OF THE FINANCIAL CONDITION**
· **OF THE LAWRENCE RETIREMENT BOARD**
· **TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**
· **FOR THE YEAR ENDED 12/31/2016**
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Annual Statement for the Year Ended December 31, 2016 of the conditions and Affairs of the Lawrence Retirement Board.

Organized Under the Laws of the Commonwealth of Massachusetts to the Public Employee Retirement Administration Commission.

Date of Certificate 07/01/1937

Effective Date 07/01/1939

ADMINISTRATION OFFICE

354 Merrimack Street, Suite 302
Street & Number

Lawrence, MA 01843
City/Town, State and Zip Code

(978) 620-3570
Telephone Number

We, the undersigned, members of the Lawrence Retirement Board 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

Ramona Ceballos
(Name)

(Signature)

Appointed Member

Term Expires _____

Thomas Cuddy
(Name)

(Signature)

Elected Member

Term Expires 07/02/2019

Kevin Loughlin
(Name)

(Signature)

Elected Member

Term Expires 10/14/2018

Gina Rizzo
(Name)

(Signature)

Member Appointed by Other Members

Term Expires 01/29/2019

William Bateman - Chairman
(Name)

(Signature)

Investment Managers

Pension Reserve Investment Management Board

84 State Street, Suite 250, Boston, MA 02109

Investment Consultant

Custodian

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	182,660,272.58
Income Current Year	<u>41,355,033.81</u>
Disbursements Current Year	<u>28,549,396.61</u>
Assets Current Year	<u>195,465,909.78</u>

2. ASSET DIFFERENCE

Assets Current Year	195,465,909.78
Assets Previous Year	<u>182,660,272.58</u>
Difference	<u>12,805,637.20</u>

3. INCOME DIFFERENCE

Income Current Year	41,355,033.81
Disbursements Current Year	<u>28,549,396.61</u>
Difference	<u>12,805,637.20</u>

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	48,276,654.37
Total Fund Change Debits Current Year	<u>-35,471,017.17</u>
Difference	<u>12,805,637.20</u>

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

Annual Statement of the Lawrence Retirement Board for the Year Ended December 31, 2016.

ASSETS & LIABILITIES

	<u>2016</u>	<u>2015</u>	<u>2014</u>
1. 1040 Cash	746,754.32	701,523.50	725,135.99
2. 1100 Short Term Investments	0.00	0.00	0.00
3. 1180 Fixed Income Securities	0.00	0.00	0.00
4. 1170 Equities	0.00	0.00	0.00
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	0.00	0.00	0.00
7. 1173 Pooled International Equity Funds	0.00	0.00	0.00
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	0.00	0.00	0.00
10. 1182 Pooled International Fixed Income Funds	0.00	0.00	0.00
11. 1183 Pooled Global Fixed Income Funds	0.00	0.00	0.00
12. 1193 Pooled Alternative Investments	0.00	0.00	0.00
13. 1194 Pooled Real Estate Funds	0.00	0.00	0.00
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	701,291.83	500,461.64	1,100,197.63
18. 1199 PRIT Fund	194,964,599.06	181,778,131.62	179,367,113.19
19. 1550 Interest Due and Accrued	0.00	0.00	0.00
20. 1350 Prepaid Expenses	8,041.64	7,665.00	7,300.00
21. 1398 Accounts Receivable (A)	319,679.37	524,507.70	314,382.04
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)	(-1,274,456.44)	(-852,016.88)	(-935,386.13)
TOTAL	<u>195,465,909.78</u>	<u>182,660,272.58</u>	<u>180,578,742.72</u>
FUNDS			
1. 3293 Annuity Savings Fund	69,352,654.42	67,456,045.19	63,519,961.78
2. 3294 Annuity Reserve Fund	18,103,468.64	17,104,330.81	17,275,476.41
3. 3295 Military Service Fund	5,275.84	5,270.57	5,265.30
4. 3296 Pension Fund	0.00	0.00	4,264.32
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	108,004,510.88	98,094,626.01	99,773,774.91
TOTAL ASSETS AT MARKET VALUE	<u>195,465,909.78</u>	<u>182,660,272.58</u>	<u>180,578,742.72</u>

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

Annual Statement of the Lawrence Retirement Board for the Year Ended December 31, 2016.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	67,456,045.19	7,404,398.32	-4,050,916.33	-1,456,872.76	69,352,654.42
Annuity Reserve Fund	17,104,330.81	519,205.80	4,023,008.20	-3,543,076.17	18,103,468.64
Pension Fund	0.00	19,179,772.51	2,898,612.36	-22,078,384.87	0.00
Military Service Fund	5,270.57	5.27	0.00	0.00	5,275.84
Expense Fund	0.00	1,471,062.81	0.00	-1,471,062.81	0.00
Pension Reserve Fund	98,094,626.01	12,780,589.10	-2,870,704.23	0.00	108,004,510.88
Total All Funds	182,660,272.58	41,355,033.81	- 0 -	-28,549,396.61	195,465,909.78

List below all transfers:

Xfer from	Pension Reserve Fund Control Acct	to	Annuity Savings Fund Control Acct	in the amt of	31,984.51	on acct of	10+ YR Inactives Refunding/ Returning
Xfer from	Annuity Savings Fund Control Acct	to	Annuity Reserve Fund	in the amt of	4,023,008.20	on acct of	2016 Retirements
Xfer from	Annuity Savings Fund Control Acct	to	Pension Reserve Fund Control Acct	in the amt of	16.02	on acct of	Steven Scheffen & Marlene Bistany Acc.Dis
Xfer from	Annuity Savings Fund Control Acct	to	Pension Reserve Fund Control Acct	in the amt of	59,876.62	on acct of	10+ Years Inactive
Xfer from	Pension Reserve Fund Control Acct	to	Pension Fund Control Account	in the amt of	2,898,612.36	on acct of	YE 2016 Adjustment - Negative Balance
Xfer from		to		in the amt of		on acct of	

Annual Statement of the Lawrence Retirement Board for the Year Ended December 31, 2016.

RECEIPTS

	2016	2015	2014
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	6,715,429.76	6,670,121.60	6,210,800.27
(b) 4892 Transfers from Other Systems	465,570.16	819,261.78	602,316.61
(c) 4893 Member Make Up Payments and Redeposits	136,043.19	36,290.45	137,735.21
(d) 4900 Member Payments from Rollovers	0.00	0.00	0.00
(e) Investment Income Credited to Members' Accounts	87,355.21	101,686.76	78,997.06
Subtotal	<u>7,404,398.32</u>	<u>7,627,360.59</u>	<u>7,029,849.15</u>
2. Annuity Reserve Fund:			
(a) 4750 Recovery of Annuity from Reinstatement	0.00	0.00	0.00
(b) Investment Income Credited to Annuity Reserve Fund	519,205.80	506,176.05	512,132.25
Subtotal	<u>519,205.80</u>	<u>506,176.05</u>	<u>512,132.25</u>
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	177,505.46	168,785.23	171,244.64
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	340,692.28	320,522.28	207,507.62
(c) 4894 Pension Fund Appropriation	18,661,574.77	17,877,146.00	16,729,565.31
(d) 4840 Workers Compensation Settlement	0.00	13,000.00	0.00
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	0.00	0.00	0.00
Subtotal	<u>19,179,772.51</u>	<u>18,379,453.51</u>	<u>17,108,317.57</u>
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	5.27	5.27	5.26
Subtotal	<u>5.27</u>	<u>5.27</u>	<u>5.26</u>
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	1,471,062.81	1,400,115.66	1,376,914.44
Subtotal	<u>1,471,062.81</u>	<u>1,400,115.66</u>	<u>1,376,914.44</u>
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	667,620.56	631,764.81	593,574.09
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	2,024.70	17,423.29	3,078.79
(d) 4825 Miscellaneous Income	890.07	860.21	220.62
(e) Excess Investment Income	12,110,053.77	-65,151.10	11,386,928.46
Subtotal	<u>12,780,589.10</u>	<u>584,897.21</u>	<u>11,983,801.96</u>
TOTAL RECEIPTS	<u>41,355,033.81</u>	<u>28,498,008.29</u>	<u>38,011,020.63</u>

Annual Statement of the Lawrence Retirement Board for the Year Ended December 31, 2016.

DISBURSEMENTS

	2016	2015	2014
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	893,347.67	688,910.13	874,779.94
(b) 5756 Transfers to Other Systems	563,525.09	422,744.20	634,594.53
Subtotal	<u>1,456,872.76</u>	<u>1,111,654.33</u>	<u>1,509,374.47</u>
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	3,438,790.51	3,189,517.11	3,029,067.60
(b) 5759 Option B Refunds	104,285.66	0.00	65,797.33
Subtotal	<u>3,543,076.17</u>	<u>3,189,517.11</u>	<u>3,094,864.93</u>
3. Pension Fund:			
(a) 5751 Pensions Paid	20,807,629.01	19,877,143.49	19,501,958.58
Regular Pension Payments	13,981,918.79	13,386,025.11	13,105,100.44
Survivorship Payments	1,158,154.02	1,090,049.18	998,860.16
Ordinary Disability Payments	130,582.47	75,225.18	86,861.70
Accidental Disability Payments	4,223,727.87	3,986,793.64	3,924,910.83
Accidental Death Payments	1,088,775.12	1,125,607.86	1,197,747.47
Section 101 Benefits	224,470.74	213,442.52	188,477.98
(b) 5755 3(8)(c) Reimbursements To Other Systems	1,270,755.86	838,047.84	928,632.94
(c) 5752 COLAs Paid	0.00	0.00	0.00
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	<u>22,078,384.87</u>	<u>20,715,191.33</u>	<u>20,430,591.52</u>
4. Military Service Fund:			
(a) 4890 Return to Municipality for Members who Withdrew Funds	0.00	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
5. Expense Fund:			
(a) 5118 Board Member Stipend	14,500.00	15,000.00	13,500.00
(b) 5119 Salaries	223,364.95	221,946.97	208,705.40
(c) 5304 Management Fees	998,308.73	929,797.41	922,274.29
(d) 5305 Custodial Fees	0.00	0.00	0.00
(e) 5307 Investment Consultant Fees	0.00	0.00	0.00
(f) 5308 Legal Expenses	40,711.30	50,125.90	52,550.80
(g) 5309 Medical Expenses	0.00	0.00	0.00
(h) 5310 Fiduciary Insurance	17,148.00	16,641.00	16,194.00
(i) 5311 Service Contracts	27,540.81	25,390.03	25,817.65
(j) 5312 Rent Expense	40,187.02	39,399.00	39,399.00
(k) 5315 Professional Services	27,925.00	17,125.00	20,000.00
(l) 5316 Actuarial Services	0.00	0.00	0.00
(k) 5317 Accounting Services	0.00	0.00	0.00
(n) 5320 Education And Training	1,800.00	1,620.00	1,925.00
(o) 5589 Administrative Expenses	72,715.71	79,321.97	71,270.21
(p) 5599 Furniture and Equipment	2,781.00	0.00	249.99
(q) 5719 Travel	4,080.29	3,748.38	5,028.10
(r) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	<u>1,471,062.81</u>	<u>1,400,115.66</u>	<u>1,376,914.44</u>
TOTAL DISBURSEMENTS	<u>28,549,396.61</u>	<u>26,416,478.43</u>	<u>26,411,745.36</u>

Annual Statement of the Lawrence Retirement Board for the Year Ended December 31, 2016.

INVESTMENT INCOME

Investment Income received from:	<u>2016</u>	<u>2015</u>	<u>2014</u>
(a) Cash (from Schedule 1)	2,001.89	1,752.79	2,281.62
(b) Short Term Investments (from Schedule 2)	0.00	0.00	0.00
(c) Fixed Income Securities (from Schedules 3A and 3C)	0.00	0.00	0.00
(d) Equities (from Schedules 4A and 4C)	0.00	0.00	20,265.39
(e) Pooled Funds (from Schedule 5)	5,331,955.42	4,718,863.33	4,889,061.08
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	<u>5,333,957.31</u>	<u>4,720,616.12</u>	<u>4,911,608.09</u>
Plus:			
4884 Realized Gains (Profits)	5,255,077.90	6,571,086.61	7,729,843.43
4886 Unrealized Gains (Increase in Market Value)	15,934,694.46	9,477,364.41	11,104,542.71
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	0.00	0.00	0.00
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	0.00	0.00
4885 Realized Losses	103,216.67	87,714.32	0.00
4887 Unrealized Losses (Decrease in Market Value)	12,232,830.14	18,738,520.18	10,391,016.76
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
NET INVESTMENT INCOME	<u>14,187,682.86</u>	<u>1,942,832.64</u>	<u>13,354,977.47</u>
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	87,355.21	101,686.76	78,997.06
Annuity Reserve Fund	519,205.80	506,176.05	512,132.25
Expense Fund	1,471,062.81	1,400,115.66	1,376,914.44
Military Service Fund	5.27	5.27	5.26
TOTAL INCOME REQUIRED	<u>2,077,629.09</u>	<u>2,007,983.74</u>	<u>1,968,049.01</u>
Net Investment Income	14,187,682.86	1,942,832.64	13,354,977.47
Less Income Required	2,077,629.09	2,007,983.74	1,968,049.01
EXCESS INCOME TO PENSION RESERVE FUND	<u>12,110,053.77</u>	<u>-65,151.10</u>	<u>11,386,928.46</u>

Annual Statement of the Lawrence Retirement Board for the Year Ended December 31, 2016.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	1,377	243	1,620
Inactive Membership, Dec. 31st, Previous Year	368	5	373
Enrolled During Current Year	212	19	231
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	212	19	231
Deduct:			
Death	0	0	0
Withdrawals	122	1	123
Retirements	32	9	41
SUBTOTAL	154	10	164
Active Membership, Dec. 31st, Current Year	1,484	250	1,734
Inactive Membership, Dec. 31st, Current Year	319	7	326

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	576	306	882
Retirements During the Year			
Superannuation	32	6	38
Ordinary Disability	0	1	1
Accidental Disability	0	2	2
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	0	0	0
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	32	9	41
Deduct:			
Deaths of Retired Members	17	6	23
Termination of Survivor Benefits	4	3	7
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	21	9	30
Retired Membership, Dec. 31st, Current Year			
Superannuation	444	159	603
Ordinary Disability	5	3	8
Accidental Disability	39	82	121
Termination	1	0	1
Beneficiaries from Accidental Deaths	6	29	35
Beneficiaries from Section 100	0	1	1
Beneficiaries from Section 101	13	10	23
Beneficiaries under Option C	47	16	63
Option (D) Survivor Allowance	25	5	30
Section 12B Survivor Allowance	7	1	8
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	587	306	893
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	2,390	563	2,953

Annual Statement of the Lawrence Retirement Board for the Year Ended December 31, 2016.

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	75,088.44	12/31/2016
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	185,463.85	12/31/2016
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)	0.00	
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	59,127.08	12/31/2016
4895 Pension Reserve Appropriation	0.00	
Investments Sold But Funds Not Received (list individually)	0.00	
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	319,679.37	
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	-1,269,722.56	12/31/2016
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	0.00	
5305 Custodial Fees	0.00	
5307 Investment Consultant Fees	0.00	
5308 Legal Expenses	-2,457.00	12/31/2016
5309 Medical Expenses	0.00	
5310 Fiduciary Insurance	0.00	
5311 Service Contracts	-410.79	12/31/2016
5312 Rent Expense	0.00	
5315 Professional Services Expense	-1,100.00	12/31/2016
5589 Administrative Expenses	-766.09	12/31/2016
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	
	0.00	
TOTAL PAYABLES	-1,274,456.44	