

Annual Statement

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· **OF THE FINANCIAL CONDITION**
· **OF THE SALEM RETIREMENT BOARD**
· **TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**
· **FOR THE YEAR ENDED 12/31/2020**
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Annual Statement for the Year Ended December 31, 2020 of the conditions and Affairs of the Salem 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 08/24/1937

ADMINISTRATION OFFICE

20 Central Street, Suite 110
Street & Number

Salem, MA 01970
City/Town, State and Zip Code

(978) 745-8983
Telephone Number

We, the undersigned, members of the Salem 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	
	Laurie Giardella	_____
	(Name)	(Signature)
	Appointed Member	Term Expires <u>04/01/2022</u>
	Dominick Pangallo, Chair	_____
	(Name)	(Signature)
	Elected Member	Term Expires <u>12/01/2021</u>
Sarah M. Hayes	_____	
(Name)	(Signature)	
Elected Member	Term Expires <u>12/03/2023</u>	
Marcia A. Pelletier	_____	
(Name)	(Signature)	
Member Appointed by Other Members	Term Expires <u>03/24/2022</u>	
Vacant	_____	
(Name)	(Signature)	
Investment Managers	PRIM	<u>84 State Street, Suite 250 Boston, MA 02109</u>
	Ascent Ventures Partners	<u>255 State St., 5th floor, Boston, MA 02109</u>
Investment Consultant	None	<u>N/A</u>
Custodian	None	<u>N/A</u>

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	205,018,139.53
Income Current Year	<u>46,781,624.62</u>
Disbursements Current Year	<u>20,474,515.94</u>
Assets Current Year	<u>231,325,248.21</u>

2. ASSET DIFFERENCE

Assets Current Year	231,325,248.21
Assets Previous Year	<u>205,018,139.53</u>
Difference	<u>26,307,108.68</u>

3. INCOME DIFFERENCE

Income Current Year	46,781,624.62
Disbursements Current Year	<u>20,474,515.94</u>
Difference	<u>26,307,108.68</u>

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	51,129,467.45
Total Fund Change Debits Current Year	<u>-24,822,358.77</u>
Difference	<u>26,307,108.68</u>

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

Annual Statement of the Salem Retirement Board for the Year Ended December 31, 2020.

ASSETS & LIABILITIES

	<u>2020</u>	<u>2019</u>	<u>2018</u>
1. 1040 Cash	3,804,802.24	2,919,827.58	2,434,067.35
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	15,957.12	69,791.60	95,515.47
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	0.00	0.00	0.00
18. 1199 PRIT Fund	227,432,161.69	201,946,300.61	172,093,927.44
19. 1550 Interest Due and Accrued	0.00	0.00	0.00
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	6,017.78	10,569.73	56,389.61
22. 1910 Land	0.00	0.00	0.00
23. 1920 Buildings	125,000.00	125,000.00	125,000.00
24. 1929 Accumulated Depreciation – Buildings	-49,218.75	-46,093.75	-42,968.75
25. 2020 Accounts Payable (A)	(-9,471.87)	(-7,256.24)	(-16,602.32)
TOTAL	<u>231,325,248.21</u>	<u>205,018,139.53</u>	<u>174,745,328.80</u>
FUNDS			
1. 3293 Annuity Savings Fund	49,398,908.44	48,704,064.59	47,740,526.79
2. 3294 Annuity Reserve Fund	14,741,577.92	13,379,379.69	11,651,315.31
3. 3295 Military Service Fund	761.93	761.17	760.41
4. 3296 Pension Fund	3,919,008.08	3,445,950.31	3,016,008.97
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	163,264,991.84	139,487,983.77	112,336,717.32
TOTAL ASSETS AT MARKET VALUE	<u>231,325,248.21</u>	<u>205,018,139.53</u>	<u>174,745,328.80</u>

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

Annual Statement of the Salem Retirement Board for the Year Ended December 31, 2020.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	48,704,064.59	5,561,419.82	-4,309,635.93	-556,940.04	49,398,908.44
Annuity Reserve Fund	13,379,379.69	405,010.26	4,292,535.25	-3,335,347.28	14,741,577.92
Pension Fund	3,445,950.31	15,713,546.79	55,307.58	-15,295,796.60	3,919,008.08
Military Service Fund	761.17	0.76	0.00	0.00	761.93
Expense Fund	0.00	1,286,432.02	0.00	-1,286,432.02	0.00
Pension Reserve Fund	139,487,983.77	23,815,214.97	-38,206.90	0.00	163,264,991.84
Total All Funds	205,018,139.53	46,781,624.62	- 0 -	-20,474,515.94	231,325,248.21

List below all transfers:

Xfer from	Annuity Savings Fund Control Acct	to	Annuity Reserve Fund-Control Acct	in the amt of	4,292,535.25	on acct of	Current Year Retirements
Xfer from	Annuity Savings Fund Control Acct	to	Pension Reserve Fund Control Acct	in the amt of	22,996.30	on acct of	10 Year Inactives
Xfer from	Annuity Savings Fund Control Acct	to	Pension Reserve Fund Control Acct	in the amt of	137.70	on acct of	ASF Interest Xfered to the PRF
Xfer from	Pension Reserve Fund Control Acct	to	Annuity Savings Fund Control Acct	in the amt of	6,033.32	on acct of	Refunds to Inactive Members
Xfer from	Pension Reserve Fund Control Acct	to	Pension Fund Control Account	in the amt of	55,307.58	on acct of	Correction to CR 3144 per S. Henderson
Xfer from		to		in the amt of		on acct of	

Annual Statement of the Salem Retirement Board for the Year Ended December 31, 2020.

RECEIPTS

	2020	2019	2018
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	5,164,924.52	4,910,190.78	4,626,094.55
(b) 4892 Transfers from Other Systems	322,584.29	1,064,570.30	549,207.70
(c) 4893 Member Make Up Payments and Redeposits	1,838.71	24,484.75	0.00
(d) 4900 Member Payments from Rollovers	3,637.38	37,623.31	14,771.86
(e) Investment Income Credited to Members' Accounts	68,434.92	74,705.47	70,172.81
Subtotal	<u>5,561,419.82</u>	<u>6,111,574.61</u>	<u>5,260,246.92</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	405,010.26	356,449.88	297,713.61
Subtotal	<u>405,010.26</u>	<u>356,449.88</u>	<u>297,713.61</u>
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	167,687.68	180,055.25	118,478.07
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	88,586.11	106,196.61	184,809.54
(c) 4894 Pension Fund Appropriation	15,431,474.00	14,620,061.00	13,851,313.00
(d) 4840 Workers Compensation Settlement	18,000.00	8,300.00	0.00
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	7,799.00	8,277.80	0.00
Subtotal	<u>15,713,546.79</u>	<u>14,922,890.66</u>	<u>14,154,600.61</u>
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	0.76	0.76	0.76
Subtotal	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	1,286,432.02	1,268,295.84	1,254,681.92
Subtotal	<u>1,286,432.02</u>	<u>1,268,295.84</u>	<u>1,254,681.92</u>
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	6,802.90	4,969.11	2,522.88
(d) 4825 Miscellaneous Income	3,042.95	3,364.82	58,625.31
(e) Excess Investment Income	23,805,369.12	27,109,190.27	-4,967,452.37
Subtotal	<u>23,815,214.97</u>	<u>27,117,524.20</u>	<u>-4,906,304.18</u>
TOTAL RECEIPTS	<u>46,781,624.62</u>	<u>49,776,735.95</u>	<u>16,060,939.64</u>

Annual Statement of the Salem Retirement Board for the Year Ended December 31, 2020.

DISBURSEMENTS

	2020	2019	2018
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	249,951.31	424,123.84	482,023.57
(b) 5756 Transfers to Other Systems	306,988.73	329,234.42	572,506.38
Subtotal	<u>556,940.04</u>	<u>753,358.26</u>	<u>1,054,529.95</u>
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	3,320,653.80	2,989,321.80	2,681,932.61
(b) 5759 Option B Refunds	14,693.48	0.00	46,057.29
Subtotal	<u>3,335,347.28</u>	<u>2,989,321.80</u>	<u>2,727,989.90</u>
3. Pension Fund:			
(a) 5751 Pensions Paid	14,421,714.39	13,704,956.97	12,821,764.82
Regular Pension Payments	11,152,202.92	10,549,698.37	9,750,802.69
Survivorship Payments	610,300.89	610,351.63	565,790.39
Ordinary Disability Payments	57,826.32	56,674.44	55,535.16
Accidental Disability Payments	2,173,109.01	2,024,464.41	1,969,174.61
Accidental Death Payments	459,850.84	513,564.09	555,002.71
Section 101 Benefits	50,501.28	49,292.46	38,533.93
(b) 5755 3(8)(c) Reimbursements To Other Systems	792,005.34	688,903.92	860,041.84
(c) 5752 COLAs Paid	82,076.87	99,088.43	113,074.67
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	<u>15,295,796.60</u>	<u>14,492,949.32</u>	<u>13,794,881.33</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	14,250.00	15,000.00	15,000.00
(b) 5119 Salaries	166,113.33	168,877.96	176,836.95
(c) 5120 Benefits	19,828.26	18,496.73	0.00
(d) 5304 Management Fees	983,074.23	966,530.58	933,413.96
(e) 5305 Custodial Fees	0.00	0.00	0.00
(f) 5307 Investment Consultant Fees	0.00	0.00	0.00
(g) 5308 Legal Expenses	9,471.87	7,256.24	16,602.32
(h) 5309 Medical Expenses	0.00	0.00	0.00
(i) 5310 Fiduciary Insurance	12,852.00	12,366.00	12,334.00
(j) 5311 Service Contracts	35,487.21	34,019.88	33,431.44
(k) 5312 Rent Expense	0.00	0.00	0.00
(l) 5315 Professional Services	0.00	0.00	0.00
(m) 5316 Actuarial Services	0.00	4,500.00	23,500.00
(n) 5317 Accounting Services	0.00	0.00	0.00
(o) 5320 Education And Training	0.00	1,870.00	1,600.00
(p) 5589 Administrative Expenses	42,230.12	33,647.34	25,925.21
(q) 5599 Furniture and Equipment	0.00	0.00	10,137.07
(r) 5719 Travel	0.00	2,606.11	2,775.97
(s) 5829 Depreciation Expense: Building	3,125.00	3,125.00	3,125.00
Subtotal	<u>1,286,432.02</u>	<u>1,268,295.84</u>	<u>1,254,681.92</u>
TOTAL DISBURSEMENTS	<u>20,474,515.94</u>	<u>19,503,925.22</u>	<u>18,832,083.10</u>

Annual Statement of the Salem Retirement Board for the Year Ended December 31, 2020.

INVESTMENT INCOME

Investment Income received from:	<u>2020</u>	<u>2019</u>	<u>2018</u>
(a) Cash (from Schedule 1)	16,982.20	65,462.34	33,480.91
(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	0.00
(e) Pooled Funds (from Schedule 5)	4,595,108.57	5,002,515.40	4,829,644.63
(f) Commission Recapture and Securities Litigation	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	<u>4,612,090.77</u>	<u>5,067,977.74</u>	<u>4,863,125.54</u>
Plus:			
4884 Realized Gains (Profits)	12,657,783.48	9,315,880.31	8,125,860.49
4886 Unrealized Gains (Increase in Market Value)	34,456,735.57	22,554,282.49	6,278,155.53
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	973,290.15	0.00	0.00
4887 Unrealized Losses (Decrease in Market Value)	25,188,072.59	8,129,498.32	22,612,024.83
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
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	0.00	0.00	0.00
NET INVESTMENT INCOME	<u>25,565,247.08</u>	<u>28,808,642.22</u>	<u>-3,344,883.27</u>
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	68,434.92	74,705.47	70,172.81
Annuity Reserve Fund	405,010.26	356,449.88	297,713.61
Expense Fund	1,286,432.02	1,268,295.84	1,254,681.92
Military Service Fund	0.76	0.76	0.76
TOTAL INCOME REQUIRED	<u>1,759,877.96</u>	<u>1,699,451.95</u>	<u>1,622,569.10</u>
Net Investment Income	25,565,247.08	28,808,642.22	-3,344,883.27
Less Income Required	1,759,877.96	1,699,451.95	1,622,569.10
EXCESS INCOME TO PENSION RESERVE FUND	<u>23,805,369.12</u>	<u>27,109,190.27</u>	<u>-4,967,452.37</u>

Annual Statement of the Salem Retirement Board for the Year Ended December 31, 2020.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	813	200	1,013
Inactive Membership, Dec. 31st, Previous Year	232	-2	230
Enrolled During Current Year	120	4	124
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	120	4	124
Deduct:			
Death	1	0	1
Withdrawals	38	1	39
Retirements	30	10	40
SUBTOTAL	69	11	80
Active Membership, Dec. 31st, Current Year	881	185	1,066
Inactive Membership, Dec. 31st, Current Year	215	6	221

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	445	175	620
Retirements During the Year			
Superannuation	30	9	39
Ordinary Disability	0	0	0
Accidental Disability	0	0	0
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	3	0	3
Survivor Benefits from Active Membership	0	1	1
SUBTOTAL	33	10	43
Deduct:			
Deaths of Retired Members	28	6	34
Termination of Survivor Benefits	5	3	8
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	33	9	42
Retired Membership, Dec. 31st, Current Year			
Superannuation	371	119	490
Ordinary Disability	3	1	4
Accidental Disability	16	40	56
Termination	0	0	0
Beneficiaries from Accidental Deaths	1	10	11
Beneficiaries from Section 100	1	0	1
Beneficiaries from Section 101	3	2	5
Beneficiaries under Option C	28	3	31
Option (D) Survivor Allowance	21	1	22
Section 12B Survivor Allowance	1	0	1
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	445	176	621
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,541	367	1,908

Annual Statement of the Salem Retirement Board for the Year Ended December 31, 2020.

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	0.00	
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)	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	0.00	
4895 Pension Reserve Appropriation	0.00	
Investments Sold But Funds Not Received (list individually)		
Repayment of overpaid estate	6,017.78	12/31/2020
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	6,017.78	
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	0.00	
5305 Custodial Fees	0.00	
5307 Investment Consultant Fees	0.00	
5308 Legal Expenses	-9,471.87	12/31/2020
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	
TOTAL PAYABLES	-9,471.87	