

Annual Statement

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· **OF THE FINANCIAL CONDITION**
· **OF THE FALMOUTH RETIREMENT BOARD**
· **TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**
· **FOR THE YEAR ENDED 12/31/2021**
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Annual Statement for the Year Ended December 31, 2021 of the conditions and Affairs of the Falmouth Retirement Board.

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

Date of Certificate 02/14/1941

Effective Date 07/01/1941

ADMINISTRATION OFFICE

80 Davis Straits, Suite 102
Street & Number

Falmouth, MA 02540
City/Town, State and Zip Code

(508) 457-0578
Telephone Number

We, the undersigned, members of the Falmouth Retirement Board certify under penalties of perjury, 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

Jennifer P. Mullen
(Name)


(Signature)

Appointed Member

Paul J. Slivinski
(Name)

Term Expires _____


(Signature)

Elected Member

Russell R. Ferreira (Chairman)
(Name)


Term Expires 10/30/2022


(Signature)

Elected Member

Craig B. O'Malley
(Name)

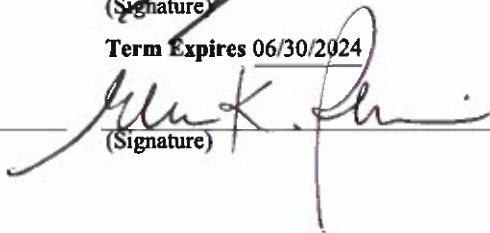
Term Expires 05/25/2023


(Signature)

Member Appointed by Other Members

Ellen K. Philbin
(Name)

Term Expires 06/30/2024


(Signature)

Investment Managers

Managers Listed on Next Page

Investment Consultant

Wainwright Investment Counsel, LLC

One Boston Place, 41st Floor, Boston MA 02108

Custodian

People's United Bank

16 North Main Street, Andover MA 01810



Falmouth Retirement System

80 DAVIS STRAITS, SUITE 102 • FALMOUTH, MA 02540

TELEPHONE: (508) 457-0578

FACSIMILE: (508) 540-9962

WWW.FALMOUTHRETIREMENTMA.GOV

2021 Investment Managers

Aristotle Capital Boston, L.L.C.

125 Summer Street, Suite 1220

Boston, MA 02110

Earnest Partners

1180 Peachtree Street, Suite 2300

Atlanta, GA 30309

H.G.K. Asset Management, Inc.

Newport Tower

525 Washington Boulevard

Jersey City, NJ 07310

LMCG Investments, L.L.C.

200 Clarendon Street, 28th Floor

Boston, MA 02116

Metropolitan Real Estate Equity Management, L.L.C.

135 East 57th Street, 16th Floor

New York, NY 10022

P.R.I.M. Board

84 State Street

Boston, MA 02109

RhumbLine Advisers

265 Franklin Street, 21st Floor

Boston, MA 02110

State Street Global Advisors

State Street Financial Center

One Lincoln Street

Boston, MA 02111

TerraCap Management, L.L.C.

23421 Walden Center Drive, Suite 300

Esteros, FL 34134

Dimensional Fund Advisors

6300 Bee Cave Road, Building One

Austin, TX 78746

Hamilton Lane Advisors, L.L.C.

One Presidential Boulevard, 4th Floor

Bala Cynwyd, PA 19004

Lexington Partners, Inc.

660 Madison Avenue

New York, NY 10021

Lord Abbett & Company, L.L.C.

90 Hudson Street

Jersey City, NJ 07302

Mesirow Financial Services, Inc.

350 North Clark Street

Chicago, IL 60610

Principal Global Investors, L.L.C.

4755 North Outer 40 Road, Suite 108

Chesterfield, MO 63017

Siguler Guff & Company, L.L.C.

825 Third Avenue, 10th Floor

New York, NY 10022

TA Realty Associates, L.L.C.

28 State Street, 10th Floor

Boston, MA 02109

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	171,039,897.35
Income Current Year	45,391,635.43
Disbursements Current Year	16,129,477.58
Assets Current Year	200,302,055.20

2. ASSET DIFFERENCE

Assets Current Year	200,302,055.20
Assets Previous Year	171,039,897.35
Difference	29,262,157.85

3. INCOME DIFFERENCE

Income Current Year	45,391,635.43
Disbursements Current Year	16,129,477.58
Difference	29,262,157.85

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	47,910,885.70
Total Fund Change Debits Current Year	-18,648,727.85
Difference	29,262,157.85

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

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2021.

ASSETS & LIABILITIES

	<u>2021</u>	<u>2020</u>	<u>2019</u>
1. 1040 Cash	5,959,525.18	3,300,451.32	1,503,604.68
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	20,426,197.96	0.00	0.00
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	56,714,920.75	74,174,157.23	61,392,130.38
7. 1173 Pooled International Equity Funds	30,658,637.90	21,670,645.07	24,903,739.71
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	33,767,545.96	29,289,382.68	30,211,976.74
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	12,001,697.96	8,536,165.14	6,930,262.67
13. 1194 Pooled Real Estate Funds	21,329,517.19	18,593,380.28	16,438,991.63
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	19,511,293.66	15,511,689.29	15,317,584.94
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	0.00	0.00	0.00
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	4,933.57	7,037.26	1,661.00
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)	(-72,214.93)	(-43,010.92)	(-40,720.65)
TOTAL	<u>200,302,055.20</u>	<u>171,039,897.35</u>	<u>156,659,231.10</u>
FUNDS			
1. 3293 Annuity Savings Fund	36,452,589.73	34,873,852.22	34,264,375.38
2. 3294 Annuity Reserve Fund	10,865,348.16	11,167,182.85	10,583,760.72
3. 3295 Military Service Fund	10,324.67	10,314.36	10,304.06
4. 3296 Pension Fund	8,639,092.23	9,244,021.85	9,504,172.60
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	144,334,700.41	115,744,526.07	102,296,618.34
TOTAL ASSETS AT MARKET VALUE	<u>200,302,055.20</u>	<u>171,039,897.35</u>	<u>156,659,231.10</u>

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

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2021.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	34,873,852.22	4,235,786.43	-2,005,668.27	-651,380.65	36,452,589.73
Annuity Reserve Fund	11,167,182.85	326,228.37	2,005,653.27	-2,633,716.33	10,865,348.16
Pension Fund	9,244,021.85	10,303,207.53	513,597.00	-11,421,734.15	8,639,092.23
Military Service Fund	10,314.36	10.31	0.00	0.00	10,324.67
Expense Fund	0.00	1,422,646.45	0.00	-1,422,646.45	0.00
Pension Reserve Fund	115,744,526.07	29,103,756.34	-513,582.00	0.00	144,334,700.41
Total All Funds	171,039,897.35	45,391,635.43	- 0 -	-16,129,477.58	200,302,055.20

List below all transfers:

Xfer from	<u>Annuity Savings Fund</u>	to	<u>Annuity Reserve Fund</u>	in the amt of	<u>2,005,668.27</u>	on acct of	<u>2021 Retirements</u>
	<u>Control Account</u>						
Xfer from	<u>Pension Reserve Fund</u>	to	<u>Pension Fund Control</u>	in the amt of	<u>513,597.00</u>	on acct of	<u>Appropriation Transfer per</u>
	<u>Control Account</u>		<u>Account</u>				<u>PERAC</u>
Xfer from	<u>Annuity Savings Fund</u>	to	<u>Annuity Reserve Fund</u>	in the amt of	<u>15.00</u>	on acct of	<u>Interest Not Owed</u>
	<u>Control Account</u>						
Xfer from	<u> </u>	to	<u> </u>	in the amt of	<u> </u>	on acct of	<u> </u>
Xfer from	<u> </u>	to	<u> </u>	in the amt of	<u> </u>	on acct of	<u> </u>
Xfer from	<u> </u>	to	<u> </u>	in the amt of	<u> </u>	on acct of	<u> </u>

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2021.

RECEIPTS

	2021	2020	2019
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	3,445,140.16	3,257,334.79	3,112,470.94
(b) 4892 Transfers from Other Systems	696,302.13	177,762.38	617,068.29
(c) 4893 Member Make Up Payments and Redeposits	26,070.54	34,308.69	40,296.90
(d) 4900 Member Payments from Rollovers	24,977.37	16,727.16	21,188.12
(e) Investment Income Credited to Members' Accounts	43,296.23	50,970.44	48,985.02
Subtotal	4,235,786.43	3,537,103.46	3,840,009.27
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	326,228.37	319,657.97	326,657.91
Subtotal	326,228.37	319,657.97	326,657.91
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	505,809.68	374,494.12	421,312.53
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	53,330.85	57,557.58	66,814.35
(c) 4894 Pension Fund Appropriation	9,744,067.00	9,165,711.00	8,621,683.00
(d) 4840 Workers Compensation Settlement	0.00	0.00	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	10,303,207.53	9,597,762.70	9,109,809.88
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	10.31	10.30	10.29
Subtotal	10.31	10.30	10.29
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	1,422,646.45	1,377,386.09	1,363,466.88
Subtotal	1,422,646.45	1,377,386.09	1,363,466.88
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	5,066.00	5,054.00
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	445.98	293.84	11,091.83
(d) 4825 Miscellaneous Income	83.83	320.75	0.00
(e) Excess Investment Income	29,103,226.53	14,388,149.71	22,577,724.45
Subtotal	29,103,756.34	14,393,830.30	22,593,870.28
TOTAL RECEIPTS	45,391,635.43	29,225,750.82	37,233,824.51

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2021.

DISBURSEMENTS

	2021	2020	2019
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	469,593.40	213,391.87	173,169.77
(b) 5756 Transfers to Other Systems	181,787.25	150,952.85	268,812.86
Subtotal	<u>651,380.65</u>	<u>364,344.72</u>	<u>441,982.63</u>
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	2,633,716.33	2,299,498.31	2,198,043.67
(b) 5759 Option B Refunds	0.00	0.00	0.00
Subtotal	<u>2,633,716.33</u>	<u>2,299,498.31</u>	<u>2,198,043.67</u>
3. Pension Fund:			
(a) 5751 Pensions Paid	10,988,670.61	10,413,188.88	9,845,625.84
Regular Pension Payments	8,718,905.17	8,271,020.85	7,808,536.81
Survivorship Payments	483,763.82	471,254.12	499,179.17
Ordinary Disability Payments	60,289.92	59,449.92	58,609.92
Accidental Disability Payments	1,472,360.81	1,285,950.60	1,278,571.69
Accidental Death Payments	214,585.55	287,877.19	150,760.20
Section 101 Benefits	38,765.34	37,636.20	49,968.05
(b) 5755 3(8)(c) Reimbursements To Other Systems	433,063.54	390,666.57	382,675.86
(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>11,421,734.15</u>	<u>10,803,855.45</u>	<u>10,228,301.70</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	3,000.00	3,000.00	3,000.00
(b) 5119 Salaries	202,462.16	192,769.84	177,630.40
(c) 5120 Benefits	0.00	0.00	0.00
(d) 5304 Management Fees	876,830.50	888,193.25	863,054.21
(e) 5305 Custodial Fees	54,365.92	44,417.70	49,466.33
(f) 5307 Investment Consultant Fees	110,000.00	110,000.00	110,000.00
(g) 5308 Legal Expenses	15,828.75	14,392.50	22,873.00
(h) 5309 Medical Expenses	259.58	122.00	7,000.00
(i) 5310 Fiduciary Insurance	7,145.00	6,701.00	6,558.00
(j) 5311 Service Contracts	64,991.90	48,113.73	47,716.04
(k) 5312 Rent Expense	41,421.34	40,804.92	40,070.43
(l) 5315 Professional Services	0.00	0.00	0.00
(m) 5316 Actuarial Services	0.00	0.00	0.00
(n) 5317 Accounting Services	10,000.00	10,000.00	10,000.00
(o) 5320 Education And Training	1,175.00	1,460.00	2,860.00
(p) 5589 Administrative Expenses	18,996.03	17,069.14	18,714.09
(q) 5599 Furniture and Equipment	16,096.55	307.59	3,647.67
(r) 5719 Travel	73.72	34.42	876.71
(s) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	<u>1,422,646.45</u>	<u>1,377,386.09</u>	<u>1,363,466.88</u>
TOTAL DISBURSEMENTS	<u>16,129,477.58</u>	<u>14,845,084.57</u>	<u>14,231,794.88</u>

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2021.

INVESTMENT INCOME

Investment Income received from:	2021	2020	2019
(a) Cash (from Schedule 1)	360,880.48	390,336.44	348,918.75
(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)	7,035.06	0.00	69,269.90
(e) Pooled Funds (from Schedule 5)	1,838,559.11	1,253,122.12	1,243,399.64
(f) Commission Recapture and Securities Litigation	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	2,206,474.65	1,643,458.56	1,661,588.29
Plus:			
4884 Realized Gains (Profits)	11,534,641.88	3,351,654.12	7,283,013.74
4886 Unrealized Gains (Increase in Market Value)	33,721,667.86	46,343,430.20	28,164,820.77
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	270,434.91	1,176,907.30	493,251.37
4887 Unrealized Losses (Decrease in Market Value)	15,000,612.64	33,067,651.41	11,940,952.32
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
Additional Adjustments:			
4701 Carried Interest Expense	977,435.77	926,583.06	291,957.62
4702 Equalization Expense	0.00	0.00	0.00
4703 Miscellaneous Investment Expenses	318,893.18	31,226.60	66,416.94
NET INVESTMENT INCOME	30,895,407.89	16,136,174.51	24,316,844.55
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	43,296.23	50,970.44	48,985.02
Annuity Reserve Fund	326,228.37	319,657.97	326,657.91
Expense Fund	1,422,646.45	1,377,386.09	1,363,466.88
Military Service Fund	10.31	10.30	10.29
TOTAL INCOME REQUIRED	1,792,181.36	1,748,024.80	1,739,120.10
Net Investment Income	30,895,407.89	16,136,174.51	24,316,844.55
Less Income Required	1,792,181.36	1,748,024.80	1,739,120.10
EXCESS INCOME TO PENSION RESERVE FUND	29,103,226.53	14,388,149.71	22,577,724.45

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2021.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	484	123	607
Inactive Membership, Dec. 31st, Previous Year	162	23	185
Enrolled During Current Year	82	14	96
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	82	14	96
Deduct:			
Death	2	0	2
Withdrawals	26	2	28
Retirements	23	5	28
SUBTOTAL	51	7	58
Active Membership, Dec. 31st, Current Year	508	134	642
Inactive Membership, Dec. 31st, Current Year	169	19	188

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	296	128	424
Retirements During the Year			
Superannuation	23	3	26
Ordinary Disability	0	0	0
Accidental Disability	0	2	2
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	1	0	1
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	24	5	29
Deduct:			
Deaths of Retired Members	9	1	10
Termination of Survivor Benefits	1	0	1
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	10	1	11
Retired Membership, Dec. 31st, Current Year			
Superannuation	275	86	361
Ordinary Disability	0	2	2
Accidental Disability	11	29	40
Termination	0	0	0
Beneficiaries from Accidental Deaths	1	4	5
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	0	3	3
Beneficiaries under Option C	11	6	17
Option (D) Survivor Allowance	12	2	14
Section 12B Survivor Allowance	0	0	0
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	310	132	442
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	987	285	1,272

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2021.

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	0.02	12/31/2021
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	4,523.35	12/31/2021
4900 Member Payments from Rollovers	0.00	
4898 3(8)(c) Reimbursements from Other Systems	410.20	12/31/2021
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)	0.00	
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	4,933.57	
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	-18,331.33	12/31/2021
5305 Custodial Fees	-10,606.67	12/31/2021
5307 Investment Consultant Fees	-27,500.00	12/31/2021
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	-585.00	12/31/2021
5599 Furniture and Equipment	-15,191.93	12/31/2021
5719 Travel	0.00	
Investments Purchased But Not Paid For (list individually)	0.00	
	0.00	
	0.00	
	0.00	
	0.00	
TOTAL PAYABLES	-72,214.93	