

Annual Statement

**OF THE FINANCIAL CONDITION
OF THE FALMOUTH RETIREMENT BOARD
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
FOR THE YEAR ENDED 12/31/2022**

Annual Statement for the Year Ended December 31, 2022 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

Victoria A. Rose
(Name)

Victoria Rose
(Signature)

Appointed Member

Paul J. Slivinski
(Name)

Term Expires

Paul J. Slivinski
(Signature)

Elected Member

Scott T. Starbard
(Name)

Term Expires 10/30/2025

Scott T. Starbard
(Signature)

Elected Member

Craig B. O'Malley
(Name)

Term Expires 05/25/2023

Craig B. O'Malley
(Signature)

Member Appointed by Other Members

Ellen K. Philbin (Chair)
(Name)

Term Expires 06/30/2024

Ellen K. Philbin
(Signature)

Investment Managers

Managers Listed on Next Page

Investment Consultant

Wainwright Investment Counsel, LLC

One Boston Place, 41st Floor, Boston MA 02108

Custodian

M&T Bank (formerly People's United Bank)

16 North Main Street, Andover MA 01810

**FALMOUTH RETIREMENT SYSTEM
80 DAVIS STRAITS, SUITE 102
FALMOUTH, MA 02540
508-457-0578**

2022 INVESTMENT MANAGERS

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

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

RhumblLine Advisers

265 Franklin Street, 21st Floor
Boston, MA 02110

TerraCap Management, L.L.C.

23421 Walden Center Drive, Suite 300
Estero, FL 34134

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

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

State Street Global Advisors

State Street Financial Center
One Lincoln Street
Boston, MA 02111

TA Realty Associates, L.L.C.

28 State Street, 10th Floor
Boston, MA 02109

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2022.

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	200,302,055.20
Income Current Year	-1,643,258.59
Disbursements Current Year	17,056,990.63
Assets Current Year	181,601,805.98

2. ASSET DIFFERENCE

Assets Current Year	181,601,805.98
Assets Previous Year	200,302,055.20
Difference	-18,700,249.22

3. INCOME DIFFERENCE

Income Current Year	-1,643,258.59
Disbursements Current Year	17,056,990.63
Difference	-18,700,249.22

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	2,014,196.21
Total Fund Change Debits Current Year	-20,714,445.43
Difference	-18,700,249.22

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, 2022.

ASSETS & LIABILITIES

	<u>2022</u>	<u>2021</u>	<u>2020</u>
1. 1040 Cash	4,325,163.29	5,959,525.18	3,300,451.32
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	17,810,454.46	20,426,197.96	0.00
5. 1101 Pooled Short Term Funds	0.00	0.00	0.00
6. 1172 Pooled Domestic Equity Funds	49,871,589.05	56,714,920.75	74,174,157.23
7. 1173 Pooled International Equity Funds	26,663,599.65	30,658,637.90	21,670,645.07
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	32,298,870.67	33,767,545.96	29,289,382.68
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	11,849,344.04	12,001,697.96	8,536,165.14
13. 1194 Pooled Real Estate Funds	19,743,928.31	21,329,517.19	18,593,380.28
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	19,115,994.84	19,511,293.66	15,511,689.29
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)	5,079.83	4,933.57	7,037.26
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)	(-82,218.16)	(-72,214.93)	(-43,010.92)
TOTAL	<u>181,601,805.98</u>	<u>200,302,055.20</u>	<u>171,039,897.35</u>
FUNDS			
1. 3293 Annuity Savings Fund	36,939,326.61	36,452,589.73	34,873,852.22
2. 3294 Annuity Reserve Fund	11,515,250.38	10,865,348.16	11,167,182.85
3. 3295 Military Service Fund	10,334.99	10,324.67	10,314.36
4. 3296 Pension Fund	8,264,120.17	8,639,092.23	9,244,021.85
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	124,872,773.83	144,334,700.41	115,744,526.07
TOTAL ASSETS AT MARKET VALUE	<u>181,601,805.98</u>	<u>200,302,055.20</u>	<u>171,039,897.35</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, 2022.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	36,452,589.73	4,350,705.34	-2,973,092.82	-890,875.64	36,939,326.61
Annuity Reserve Fund	10,865,348.16	325,191.33	2,973,078.80	-2,648,367.91	11,515,250.38
Pension Fund	8,639,092.23	10,884,413.70	684,376.00	-11,943,761.76	8,264,120.17
Military Service Fund	10,324.67	10.32	0.00	0.00	10,334.99
Expense Fund	0.00	1,573,985.32	0.00	-1,573,985.32	0.00
Pension Reserve Fund	144,334,700.41	-18,777,564.60	-684,361.98	0.00	124,872,773.83
Total All Funds	200,302,055.20	-1,643,258.59	- 0 -	-17,056,990.63	181,601,805.98

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	2,973,078.80	on acct of	2022 Retirements
	Control Account						
Xfer from	Pension Reserve Fund	to	Pension Fund Control	in the amt of	684,376.00	on acct of	Appropriation Transfer per
	Control Account		Account				PERAC
Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	14.02	on acct of	Interest Not Owed
	Control Account						
Xfer from		to		in the amt of		on acct of	
Xfer from		to		in the amt of		on acct of	
Xfer from		to		in the amt of		on acct of	

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2022.

RECEIPTS

	2022	2021	2020
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	3,745,797.37	3,445,140.16	3,257,334.79
(b) 4892 Transfers from Other Systems	486,194.51	696,302.13	177,762.38
(c) 4893 Member Make Up Payments and Redeposits	33,775.49	26,070.54	34,308.69
(d) 4900 Member Payments from Rollovers	28,072.68	24,977.37	16,727.16
(e) Investment Income Credited to Members' Accounts	56,865.29	43,296.23	50,970.44
Subtotal	4,350,705.34	4,235,786.43	3,537,103.46
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	325,191.33	326,228.37	319,657.97
Subtotal	325,191.33	326,228.37	319,657.97
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	472,936.97	505,809.68	374,494.12
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	52,558.73	53,330.85	57,557.58
(c) 4894 Pension Fund Appropriation	10,358,918.00	9,744,067.00	9,165,711.00
(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	10,884,413.70	10,303,207.53	9,597,762.70
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	10.32	10.31	10.30
Subtotal	10.32	10.31	10.30
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	1,573,985.32	1,422,646.45	1,377,386.09
Subtotal	1,573,985.32	1,422,646.45	1,377,386.09
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	258.00	0.00	5,066.00
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	3,252.79	445.98	293.84
(d) 4825 Miscellaneous Income	1,740.20	83.83	320.75
(e) Excess Investment Income	-18,782,815.59	29,103,226.53	14,388,149.71
Subtotal	-18,777,564.60	29,103,756.34	14,393,830.30
TOTAL RECEIPTS	-1,643,258.59	45,391,635.43	29,225,750.82

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2022.

DISBURSEMENTS

	2022	2021	2020
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	340,634.59	469,593.40	213,391.87
(b) 5756 Transfers to Other Systems	550,241.05	181,787.25	150,952.85
Subtotal	890,875.64	651,380.65	364,344.72
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	2,648,367.91	2,633,716.33	2,299,498.31
(b) 5759 Option B Refunds	0.00	0.00	0.00
Subtotal	2,648,367.91	2,633,716.33	2,299,498.31
3. Pension Fund:			
(a) 5751 Pensions Paid	11,505,271.42	10,988,670.61	10,413,188.88
Regular Pension Payments	9,138,809.77	8,718,905.17	8,271,020.85
Survivorship Payments	514,410.50	483,763.82	471,254.12
Ordinary Disability Payments	57,928.20	60,289.92	59,449.92
Accidental Disability Payments	1,566,351.19	1,472,360.81	1,285,950.60
Accidental Death Payments	187,843.44	214,585.55	287,877.19
Section 101 Benefits	39,928.32	38,765.34	37,636.20
(b) 5755 3(8)(c) Reimbursements To Other Systems	438,490.34	433,063.54	390,666.57
(c) 5752 COLAs Paid	0.00	0.00	0.00
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	11,943,761.76	11,421,734.15	10,803,855.45
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	3,000.00	3,000.00	3,000.00
(b) 5119 Salaries	212,719.18	202,462.16	192,769.84
(c) 5120 Benefits	0.00	0.00	0.00
(d) 5304 Management Fees	1,004,613.38	876,830.50	888,193.25
(e) 5305 Custodial Fees	57,159.37	54,365.92	44,417.70
(f) 5307 Investment Consultant Fees	120,000.00	110,000.00	110,000.00
(g) 5308 Legal Expenses	9,850.34	15,828.75	14,392.50
(h) 5309 Medical Expenses	710.24	259.58	122.00
(i) 5310 Fiduciary Insurance	7,213.00	7,145.00	6,701.00
(j) 5311 Service Contracts	67,620.23	64,991.90	48,113.73
(k) 5312 Rent Expense	41,450.60	41,421.34	40,804.92
(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	3,662.00	1,175.00	1,460.00
(p) 5589 Administrative Expenses	20,770.49	18,996.03	17,069.14
(q) 5599 Furniture and Equipment	12,714.07	16,096.55	307.59
(r) 5719 Travel	2,502.42	73.72	34.42
(s) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	1,573,985.32	1,422,646.45	1,377,386.09
TOTAL DISBURSEMENTS	17,056,990.63	16,129,477.58	14,845,084.57

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2022.

INVESTMENT INCOME

Investment Income received from:	2022	2021	2020
(a) Cash (from Schedule 1)	339,634.72	360,880.48	390,336.44
(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)	246,144.82	7,035.06	0.00
(e) Pooled Funds (from Schedule 5)	2,033,655.71	1,838,559.11	1,253,122.12
(f) Commission Recapture and Securities Litigation	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	2,619,435.25	2,206,474.65	1,643,458.56
Plus:			
4884 Realized Gains (Profits)	3,786,994.56	11,534,641.88	3,351,654.12
4886 Unrealized Gains (Increase in Market Value)	28,219,277.13	33,721,667.86	46,343,430.20
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	1,596,251.99	270,434.91	1,176,907.30
4887 Unrealized Losses (Decrease in Market Value)	48,317,517.11	15,000,612.64	33,067,651.41
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	0.00	0.00	0.00
Additional Adjustments:			
4701 Carried Interest Expense	1,275,813.94	977,435.77	926,583.06
4702 Equalization Expense	0.00	0.00	0.00
4703 Miscellaneous Investment Expenses	262,887.23	318,893.18	31,226.60
NET INVESTMENT INCOME	-16,826,763.33	30,895,407.89	16,136,174.51
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	56,865.29	43,296.23	50,970.44
Annuity Reserve Fund	325,191.33	326,228.37	319,657.97
Expense Fund	1,573,985.32	1,422,646.45	1,377,386.09
Military Service Fund	10.32	10.31	10.30
TOTAL INCOME REQUIRED	1,956,052.26	1,792,181.36	1,748,024.80
Net Investment Income	-16,826,763.33	30,895,407.89	16,136,174.51
Less Income Required	1,956,052.26	1,792,181.36	1,748,024.80
EXCESS INCOME TO PENSION RESERVE FUND	-18,782,815.59	29,103,226.53	14,388,149.71

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2022.

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	491	133	624
Inactive Membership, Dec. 31st, Previous Year	173	20	193
Enrolled During Current Year	110	16	126
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	110	16	126
Deduct:			
Death	0	0	0
Withdrawals	37	6	43
Retirements	16	6	22
SUBTOTAL	53	12	65
Active Membership, Dec. 31st, Current Year	498	137	635
Inactive Membership, Dec. 31st, Current Year	223	20	243

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	308	134	442
Retirements During the Year			
Superannuation	16	4	20
Ordinary Disability	0	0	0
Accidental Disability	0	2	2
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	0	1	1
Survivor Benefits from Active Membership	0	0	0
SUBTOTAL	16	7	23
Deduct:			
Deaths of Retired Members	10	5	15
Termination of Survivor Benefits	0	0	0
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	10	5	15
Retired Membership, Dec. 31st, Current Year			
Superannuation	279	86	365
Ordinary Disability	0	2	2
Accidental Disability	11	32	43
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	7	18
Option (D) Survivor Allowance	12	2	14
Section 12B Survivor Allowance	0	0	0
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	314	136	450
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,035	293	1,328

Annual Statement of the Falmouth Retirement Board for the Year Ended December 31, 2022.

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	5,079.83	12/31/2022
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)	0.00	
	0.00	
	0.00	
	0.00	
TOTAL RECEIVABLES	5,079.83	
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	-41,320.62	12/31/2022
5305 Custodial Fees	-10,017.19	12/31/2022
5307 Investment Consultant Fees	-30,000.00	12/31/2022
5308 Legal Expenses	0.00	
5309 Medical Expenses	0.00	
5310 Fiduciary Insurance	0.00	
5311 Service Contracts	-205.35	12/31/2022
5312 Rent Expense	0.00	
5315 Professional Services Expense	0.00	
5589 Administrative Expenses	-675.00	12/31/2022
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	-82,218.16	