

**ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013
OF THE CONDITIONS AND AFFAIRS OF
Medford Retirement Board**

**Organized under the Laws of the Commonwealth of Massachusetts to the
PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**

Date of Certificate: 07/01/1946 Effective Date: 07/01/1946

Administration Office

Medford City Hall Room 215

Medford, MA 02155

Telephone Number: (781) 393-2521

We, the undersigned, members of the Board of Retirement of Medford Retirement Board certify under the penalties of perjury, that we are the official board members of said retirement system, and that assets were the absolute property of said retirement systems, 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 the assets, liabilities, income and disbursements, changes in fund balances and of the conditions and affairs of the said retirement system on the said thirty-first day 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

*Please identify the
Name of the Board
Member who serves
as Chairperson by
inserting the title
next to his/her name.*

Ex-Officio Member

ANNE BAKER

Anne Baker
(signature)

Appointed Member

Term Expires 12/20/2014

THOMAS CANGIANO *

Thomas Cangiano
(signature)

Elected Member

Term Expires 07/01/2014

PATRICK RIPLEY

Patrick Ripley
(signature)

Elected Member

Term Expires 12/19/2014

RICK JORDAN

Rick Jordan
(signature)

Member Appointed by Other Members

Term Expires 01/27/2015

JAMES VIEIRA

James Vieira
(signature)

INVESTMENT MANAGERS

*Please compile/submit
a complete list. Attach
the list to this page.*

SEE ATTACHED LIST

Name

Address

Name

Address

Name

Address

INVESTMENT CONSULTANT

NEW ENGLAND PENSION

ONE MAIN STREET, CAMBRIDGE, MA 02142

CONSULTANTS

Address

CUSTODIAN

STATE STREET BANK & TRUST CO.

PUBLIC FUND SERVICES, P.O. BOX 1992, BOSTON.

Name

Address

**Annual Statement of the Medford Retirement Board
for the year ended December 31, 2013**

HEADCOUNT STATISTICS

	Group 1	Group 2+4	Total
<u>ACTIVE MEMBERS</u>			
Active membership, Dec 31, previous yr	489	212	701
Inactive membership, Dec 31, previous yr	80	3	83
Enrolled during the year	40	19	59
Transfers between groups	0	0	0
Reinstatements of disabled members	0	0	0
Subtotal:	609	234	843
Deduct			
Death	0	0	0
Withdrawn	22	2	24
Retirements	12	4	16
Subtotal:	34	6	40
Active Membership, Dec 31, current year	495	225	720
Inactive Membership, Dec 31, Current Yr	80	3	83

<u>RETIRED MEMBERS, BENEFICIARIES AND SURVIVORS</u>			
Retired, Beneficiary and Survivor Membership, Dec. 31, previous Year	340	219	559
Retirements during the year:			
Superannuation	9	4	13
Ordinary disability	0	0	0
Accidental disability	3	0	3
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	0	2	2
Survivor ben from active membership	1	2	3
Subtotal:	13	8	21
Deduct			
Deaths of retired members	24	11	35
Termination of Survivor Benefits	0	0	0
Reinstatements of disabled pensions	0	0	0
Subtotal:	24	11	35
Retired Membership, Dec. 31, curr year			
Superannuation	287	97	384
Ordinary Disability	4	4	8
Accidental Disability	28	76	104
Termination	0	0	0
Beneficiaries from accidental deaths	3	32	35
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	5	7	12
Beneficiaries under Option (c)	34	15	49
Option (d) Survivor Allowance	11	2	13
Section 12B Survivor Allowance	5	5	10
	377	238	615
Total Retired, Beneficiary, and Survivor Membership, Dec 31, current year			
	377	238	615
<u>TOTAL MEMBERSHIP</u>			
Active, Inact, Retired, Beneficiary, and Survivor, Dec. 31, current year	952	466	1418

Managers

Invesco National Trust Company
Loomis Sayles
Bank of New York Mellon
PIMCO
Pension Reserves Investment Management Board
Rhumbline Advisers
State Street Global Advisors
Wellington
Israel Bonds
Columbia
Western Asset

Address

P.O. Box 79269
One Financial Center
P.O. Box 371076
C/O BFDS Midwest 9th Street
84 State Street Suite 250
30 Rowes Wharf Suite 420
Attn: SSGA Finance P.O. Box 55848
75 State Street
100 State Street
225 Franklin St
385 East Colorado Boulevard

City

Atlanta
Boston
Pittsburgh
Kansas City
Boston
Boston
Boston
Boston
Boston
Boston
Pasadena

State

Ga
MA
PA
MO
MA
MA
MA
MA
MA
MA
MA
CA

Zip

30357-7269
02111
15251-7076
64105
02109
02110-3326
02205-8260
02109
02109
02110
91101

**Annual Statement of the Medford Retirement Board
for the year ended December 31, 2013
ANNUAL STATEMENT BALANCE TESTS**

1. ASSET BALANCE	
Assets Previous Year	155,155,047.81
Income Current Year	30,874,013.74
Disbursements Current Year	18,074,366.66
Assets Current Year	167,954,694.89
2. ASSET DIFFERENCE	
Assets Current Year	167,954,694.89
Assets Previous Year	155,155,047.81
Difference	12,799,647.08
3. INCOME DIFFERENCE	
Income Current Year	30,874,013.74
Disbursements Current Year	18,074,366.66
Difference	12,799,647.08
4. FUND CHANGE DIFFERENCE - Add interfund transfer credits and debits respectively to Income and Disbursement activities.	
Total Fund Change Credits Current Year.	43,362,649.74
Total Fund Chage Debits Current Year.	30,563,002.66
Difference	12,799,647.08

NOTE: THE SUMS OF TESTS 2,3, AND 4 SHOULD BE THE SAME.

**Annual Statement of the Medford Retirement Board for
the year ended December 31, 2013**

Assets and Liabilities

	2013 End Balance	2012 End Balance	2011 End Balance
1040 - 1049 Cash	2,861,479.30	242,309.32	89,111.11
1100 - Short Term Investments	0.00	4,253,301.83	1,119,175.59
1180 - Fixed Income Sec (book value)	16,889,308.16	18,363,172.90	18,232,725.03
1101 - Pooled Short Term Funds	0.00	0.00	0.00
1170 - Equities	18,234.25	12,135.25	8,264.36
1172 - Pooled Domestic Equity Funds	26,626,938.97	24,964,081.92	25,936,780.54
1173 - Pooled International Equity Funds	24,664,695.04	19,454,437.23	16,294,034.97
1174 - Pooled Global Equity Funds	0.00	0.00	0.00
1181 - Pooled Domestic Fixed Income Funds	32,538,673.07	30,973,695.44	27,212,006.32
1182 - Pooled International Fixed Income Funds	0.00	0.00	0.00
1183 - Pooled Global Fixed Income Funds	0.00	0.00	0.00
1193 - Pooled Alternative Investments	8,806,566.81	7,015,323.80	5,436,098.91
1194 - Pooled Real Estate Funds	9,175,148.49	8,325,488.94	7,314,949.99
1195 - Pooled Domestic Balanced Funds	0.00	0.00	0.00
1196 - Pooled International Balanced Funds	33,953,555.59	30,416,186.77	29,872,308.41
1197 - Hedge Funds	13,846,259.75	12,303,309.62	11,354,324.77
1198 - PRIT Cash	0.00	0.00	0.00
1199 - PRIT Fund	0.00	0.00	0.00
1350 - Prepaid Expenses	0.00	0.00	0.00
1398 - Accounts Receivable (A)	363,217.79	0.00	169,477.42
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	107,086.16	116,042.73	131,629.92
2020 - Accounts Payable (A)	-1,896,468.49	-1,284,437.94	-558,401.12
Total	167,954,694.89	155,155,047.81	142,612,486.22
Funds :			
3293 - Annuity Savings Fund	43,869,519.96	41,576,751.30	40,276,555.06
3294 - Annuity Reserve Fund	11,432,283.30	12,223,854.06	12,276,565.79
3295 - Special Military Service Cr Fnd	15,188.53	15,170.71	15,152.90
3296 - Pension Fund	4,303,243.51	-2,845,019.90	-6,152,564.73
3298 - Expense Fund	0.00	0.00	0.00
3297 - Pension Reserve Fund	108,334,459.59	104,184,291.64	96,196,777.20
Total Assets at Market Value	167,954,694.89	155,155,047.81	142,612,486.22

(A) Detail for Accounts Receivable and Accounts Payable are to be placed on Schedule A

**Annual Statement of the Medford Retirement Board
for the year ended December 31, 2013**

RECEIPTS

	2013	2012	2011
1. Annuity Savings Fund :			
(a) 4891 - Members Deductions	3,413,482.29	3,216,236.55	3,042,196.29
(b) 4892 - Transfers From Other	283,703.21	93,625.74	79,961.16
(c) 4893 - Make Up and Redeposit Payments	79,063.04	19,087.08	53,156.49
(d) 4900 - Member Payments from Rollovers	0.00	0.00	0.00
(e) Investment Income Cr to Members A/C	43,212.90	42,151.65	80,838.67
Subtotal	3,819,461.44	3,371,101.02	3,256,152.61
2. Annuity Reserve Fund :			
(a) 4750 - Recovery of Annuity from Reinstatement	0.00	0.00	0.00
(b) Investment Income Cr to Annuity Res Fd	351,986.84	366,415.50	369,282.47
Subtotal	351,986.84	366,415.50	369,282.47
3. Pension Fund :			
(a) 4898 - 3(8) (c) Reimburse from Other Sys	137,584.58	128,929.59	125,212.92
(b) 4899 - Rec'd from State for COLA & Surviv	304,679.41	509,357.16	187,058.02
(c) 4894 - Pension Fund Appropriation	9,401,469.55	8,755,463.12	8,460,380.79
(d) 4840 - Workers' Compensation Settlements	13,260.00	6,871.85	11,569.81
(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	9,856,993.54	9,400,621.72	8,784,221.54
4. Military Service Fund :			
(a) 4880 - Contributions Rec (for Military Serv)	0.00	0.00	0.00
(a) 4890 - Contributions Rec (for Military Serv)	0.00	0.00	0.00
(b) Invest Income Credited	17.82	17.81	35.52
Subtotal	17.82	17.81	35.52
5. Expense Fund :			
(a) 4896 - Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Cr to Expense Fund	1,312,484.22	1,213,968.07	1,089,693.72
Subtotal	1,312,484.22	1,213,968.07	1,089,693.72
6. Pension Reserve Fund :			
(a) 4897 - Federal Grant Reimbursement	58,933.15	35,246.77	27,474.81
(b) 4895 - Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 - Interest not Refunded:	0.00	0.00	0.00
(d) 4825 - Misc. Income	0.00	0.00	25.00
(e) Excess Investment Income	15,474,136.73	15,734,982.82	-541,903.63
Subtotal	15,533,069.88	15,770,229.59	-514,403.82
TOTAL RECEIPTS	30,874,013.74	30,122,353.71	12,984,982.04

**Annual Statement of the Medford Retirement Board
for the year ended December 31, 2013**

Disbursements

	2013	2012	2011
1. Annuity Savings Fund :			
(a) 5757 - Refunds To Members	162,339.41	167,819.61	366,957.49
(b) 5756 - Transfers To Other Systems :	258,619.30	188,644.61	168,941.83
Subtotal	420,958.71	356,464.22	535,899.32
2. Annuity Reserve Fund :			
(a) 5750 - Annuities Paid	2,145,900.36	2,100,528.53	2,025,306.90
(b) 5759 - Option B Refunds	110,714.34	33,863.15	115,466.37
Subtotal	2,256,614.70	2,134,391.68	2,140,773.27
3. Pension Fund :			
(a) 5751 - Pensions Paid	0.00	0.00	0.00
Regular Pension Payments	7,857,845.16	7,828,959.95	7,602,728.86
Survivorship Payments	801,332.75	753,177.01	760,986.71
Ordinary Disability Payments	148,279.26	157,141.44	157,377.52
Accidental Disability Payments	3,632,435.95	3,530,432.58	3,543,989.94
Accidental Death Payments	966,898.07	1,029,768.34	941,603.80
Section 101 Benefits	108,570.83	118,549.70	110,391.02
(b) 5755 - 3 (8) (c) Reimb To Other Sys	455,504.94	349,345.57	351,995.01
(c) 5752 - COLA's Paid	113,442.07	107,593.56	101,233.98
(d) 5753 - Chapter 389 Ben Increase Pd	0.00	0.00	0.00
Subtotal	14,084,309.03	13,874,968.15	13,570,306.84
4. Military Service Fund :			
(a) 4890 - Return to Municipality for Members who withdrew their fund	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00
5. Expense Fund :			
(a) 5118 Board Member Stipend	25,200.00	23,825.00	17,700.00
(b) 5119 - Salaries	162,164.71	170,434.77	141,260.93
(c) 5304 - Management Fees	933,359.60	833,851.36	768,544.77
(d) 5305 - Custodial Fees	56,771.03	43,378.63	55,800.72
(e) 5307 - Investment Consultant Fees	66,105.00	81,250.00	55,750.00
(f) 5308 - Legal Expenses	10,126.29	9,673.00	14,065.95
(g) 5309 - Medical Expenses	0.00	0.00	0.00
(h) 5310 - Fiduciary Insurance	10,899.00	10,884.00	10,535.00
(i) 5311 - Service Contracts	0.00	0.00	0.00
(j) 5312 - Rent Expense	0.00	0.00	0.00
(k) 5315 - Professional Services	0.00	0.00	0.00
(l) 5316 - Actuarial Services	9,500.00	0.00	0.00
(m) 5317 - Accounting Services	0.00	0.00	0.00
(n) 5320 - Education and Training	0.00	0.00	800.00
(o) 5589 - Administrative Expenses	38,358.59	40,671.31	18,626.55
(p) 5599 - Furniture and Equipment	0.00	0.00	0.00
(q) 5719 - Travel	0.00	0.00	6,609.80
(r) 5829 - Depreciation expense: Building	0.00	0.00	0.00
Subtotal	1,312,484.22	1,213,968.07	1,089,693.72
Total Disbursements:	18,074,366.66	17,579,792.12	17,336,673.15

**Annual Statement of the Medford Retirement Board
for the year ended December 31, 2013**

Investment Income

	<u>2013 End Balance</u>	<u>2012 End Balance</u>	<u>2011</u>
Investment Income Received From :			
(a) Cash (from schedules 1)	706.18	3,775.16	2,098.19
(b) Short Term Investments (sch 2)	0.00	0.00	0.00
(c) Fixed Inc Sec (from sch 3A and 3C)	2,340,275.04	785,695.32	778,849.98
(d) Equities (from sch 4A and 4C)	5,768.77	3,968.63	58,282.16
(e) Pooled Funds (from Schedule 5)	1,330,821.56	2,185,424.11	2,040,885.41
(f) Commission Recapture	0.00	0.00	0.00
4821 - TOTAL INVESTMENT INCOME	3,677,571.55	2,978,863.22	2,880,115.74
Plus :			
4884 - Realized Gains	3,219,231.65	916,264.29	714,722.39
4886 - Unrealized Gains	23,217,820.54	23,299,075.40	20,291,551.77
1550 - Interest Due & Accrued Fixed Inc Sec Cur Yr	107,086.16	116,042.73	131,629.92
	26,544,138.35	24,331,382.42	21,137,904.08
Less :			
4823 - Pd Accrued Int - Fixed Inc Securities	-47,794.28	-28,046.43	-17,777.00
4885 - Realized Losses	-476,797.11	-134,577.74	-332,258.42
4887 - Unrealized Losses	-12,399,237.27	-9,658,455.70	-22,545,453.09
1550 - Inc Due & Accrued Prior Year	-116,042.73	-131,629.92	-124,584.56
	-13,039,871.39	-9,952,709.79	-23,020,073.07
NET INVESTMENT INCOME	17,181,838.51	17,357,535.85	997,946.75
Income Required :			
Annuity Savings Fund (Supp Schedule)	43,212.90	42,151.65	80,838.67
Annuity Reserve Fund	351,986.84	366,415.50	369,282.47
Expense Fund	1,312,484.22	1,213,968.07	1,089,693.72
Special Military Service Cr Fnd	17.82	17.81	35.52
	1,707,701.78	1,622,553.03	1,539,850.38
TOTAL INCOME REQUIRED	1,707,701.78	1,622,553.03	1,539,850.38
Net Investment Income	17,181,838.51	17,357,535.85	997,946.75
Less : Income Required	-1,707,701.78	-1,622,553.03	-1,539,850.38
EXCESS INCOME TO THE PENSION RESERVE FUND	15,474,136.73	15,734,982.82	-541,903.63

**Annual Statement of the Medford Retirement Board
for the year ended December 31, 2013**

Schedule A

Detail of Accounts Receivable and Accounts Payable

Accounts Receivable

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 Bene	0.00
4884 - Profit on Sale of Investments	0.00
4894 - Pension Fund Appropriation - City	0.00
4894 - Pension Fund Appropriation - SHA	0.00
4880 - Contr Rec'd from municipality on a/c of mil serv	0.00
4897 - Federal Grant Reimbursement	0.00
4895 - Pension Reserve Appropriation	0.00

Investments Sold but funds not received (list individually)

4901 - FNMA TBA 3PCT JAN 30 SINGLE FA	110,218.52
4902 - FNMA TBA SINGLE FAMILY MORTGAG	165,844.58
4903 - GNMA TBA 30YR	87,154.69
4904 -	0.00
4905 -	0.00
Total Receivables	363,217.79

Accounts Payable

5757 - Refunds to Members	0.00
5756 - Transfers to Other Systems	0.00
5750 - Annuities Paid	0.00
5759 - Option B Refunds	0.00
5751 - Pensions Paid	0.00
5755 - 3(8)(c) Reimbursements To Other Systems	0.00
5752 - COLA's Paid	0.00
5753 - Chapter 389 Beneficiary Increase Paid	0.00
4885 - Loss on Sale of Investments	0.00
4890 - Return to Municipality For Members who withdrew funds	0.00
5118 - Board Member Stipend	0.00
5119 - Salaries	0.00
5304 - Management Fees as offset to Expense Fund	0.00
5305 - Custodial Fees as offset to Expense Fund	0.00
5307 - Consultant Fees	0.00
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	0.00
5320 - Education and Training	0.00
5589 - Administrative Expenses	0.00
5599 - Furniture and Equipment	0.00
5719 - Travel Expense	0.00
5820 - Depreciation Expense Building	0.00

Investments Purchased but not paid for (list individually)

5901 - PER INVESTMENT MANAGER - SEE ATTACHED LIST	1,896,468.49
5902 -	0.00
5903 -	0.00
5904 -	0.00
Total Payables	1,896,468.49

PAYABLES

STRIP PRINC	\$	29,331.00
US TREASURY N/B	\$	74,854.14
FNMA TBA SINGLE FAMILY MORTGAG	\$	165,219.58
FNMA TBA 3PCT JAN 30 SINGLE FA	\$	325,000.16
FNMA TBA 3PCT JAN 30 SINGLE FA	\$	85,716.56
FNMA CONV 15YR TBA	\$	224,118.17
GNMA TBA 30YR	\$	338,839.19
GNMA I TBA JAN 30 SINGLE FAM	\$	303,630.21
GNMA I TBA JAN 30 SINGLE FAM	\$	349,759.48

Total Payables \$ 1,896,468.49

**Annual Statement of the Medford Retirement Board
for the year ended December 31, 2013
Interest Posted to the Annuity Reserve Fund**

<u>Month</u>	<u>(Debits) Credits</u>	<u>Balance</u>	<u>Balance X .0025</u>
January 1st	-----	12223854.06	30559.64
January 31st	-179256.44	12044597.62	30111.49
February 28 th	308120.28	12352717.90	30881.79
March 31st	-178595.98	12174121.92	30435.30
April 30 th	-182964.45	11991157.47	29977.89
May 31st	-97163.14	11893994.33	29734.99
June 30 th	-176440.62	11717553.71	29293.88
July 31st	-257561.64	11459992.07	28649.98
August 31st	-62273.74	11397718.33	28494.30
September 30 th	-176525.48	11221192.85	28052.98
October 31st	-98454.41	11122738.44	27806.85
November 30th	72362.53	11195100.97	27987.75
			351986.84