

Annual Statement

OF THE FINANCIAL CONDITION
OF THE ESSEX REGIONAL RETIREMENT SYSTEM
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 Essex Regional Retirement System.

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

Date of Certificate 10/05/1936

Effective Date 01/01/1937

ADMINISTRATION OFFICE

491 Maple Street, Suite 202
Street & Number

Danvers, MA 01923-4025
City/Town, State and Zip Code

(978) 739-9151
Telephone Number

We, the undersigned, members of the Essex Regional Retirement System 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

Tracy A. Blais (First Member)
(Name)

(Signature)

Appointed Member

Term Expires 12/01/2024

Kevin A. Merz (Second Member)
(Name)

(Signature)

Elected Member

Term Expires 12/01/2025

Susan J. Yaskell (Chairperson)
(Name)

(Signature)

Elected Member

Term Expires 12/01/2025

Katherine E. Carleton
(Name)

(Signature)

Member Appointed by Other Members

Term Expires 12/11/2025

Vincent R. Malgeri (Vice Chair)
(Name)

(Signature)

Investment Managers

See Attachment

Investment Consultant

Custodian

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	705,486,056.33
Income Current Year	-8,785,539.58
Disbursements Current Year	67,135,792.43
Assets Current Year	629,564,724.32

2. ASSET DIFFERENCE

Assets Current Year	629,564,724.32
Assets Previous Year	705,486,056.33
Difference	-75,921,332.01

3. INCOME DIFFERENCE

Income Current Year	-8,785,539.58
Disbursements Current Year	67,135,792.43
Difference	-75,921,332.01

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	1,605,943.64
Total Fund Change Debits Current Year	-77,527,275.65
Difference	-75,921,332.01

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

Annual Statement of the Essex Regional Retirement System for the Year Ended December 31, 2022.

ASSETS & LIABILITIES

	2022	2021	2020
1. 1040 Cash	4,335,902.16	3,084,659.34	1,833,260.47
2. 1100 Short Term Investments	0.00	0.00	0.00
3. 1180 Fixed Income Securities	0.00	1,188.89	1,188.89
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	2,882,760.09	3,987,917.79	5,408,627.46
13. 1194 Pooled Real Estate Funds	38,039.33	36,945.47	36,945.47
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	2,015,309.85	2,000,277.20	2,000,282.52
18. 1199 PRIT Fund	617,261,760.43	692,815,010.84	576,636,300.90
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)	3,528,417.13	4,046,617.89	4,106,423.93
22. 1910 Land	0.00	0.00	0.00
23. 1920 Buildings	375,250.00	375,250.00	375,250.00
24. 1929 Accumulated Depreciation – Buildings	-253,305.00	-242,047.00	-230,789.00
25. 2020 Accounts Payable (A)	(-619,409.67)	(-619,764.09)	(-1,366,325.42)
TOTAL	629,564,724.32	705,486,056.33	588,801,165.22
FUNDS			
1. 3293 Annuity Savings Fund	153,886,686.33	147,584,274.25	146,242,471.98
2. 3294 Annuity Reserve Fund	46,529,697.18	46,071,516.17	42,493,015.39
3. 3295 Military Service Fund	26,199.26	35,990.71	35,954.76
4. 3296 Pension Fund	-531,597.99	702,822.75	2,159,460.93
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	429,653,739.54	511,091,452.45	397,870,262.16
TOTAL ASSETS AT MARKET VALUE	629,564,724.32	705,486,056.33	588,801,165.22

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

Annual Statement of the Essex Regional Retirement System for the Year Ended December 31, 2022.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	147,584,274.25	20,336,297.17	-10,381,655.78	-3,652,229.31	153,886,686.33
Annuity Reserve Fund	46,071,516.17	1,343,887.04	10,215,085.42	-11,100,791.45	46,529,697.18
Pension Fund	702,822.75	46,806,790.83	4,941,294.00	-48,041,211.57	4,409,696.01
Military Service Fund	35,990.71	35.99	-9,827.44	0.00	26,199.26
Expense Fund	0.00	4,341,560.10	0.00	-4,341,560.10	0.00
Pension Reserve Fund	511,091,452.45	-81,614,110.71	176,397.80	0.00	429,653,739.54
Total All Funds	705,486,056.33	-8,785,539.58	- 0 -	-67,135,792.43	629,564,724.32

List below all transfers:

Xfer from	<u>Annuity Savings Fund</u>	to	<u>Annuity Reserve Fund</u>	in the amt of	<u>10,205,257.98</u>	on acct of	<u>2022 Retirements</u>
Xfer from	<u>Pension Reserve Fund</u>	to	<u>Annuity Savings Fund</u>	in the amt of	<u>78,714.15</u>	on acct of	<u>Transfers from Pension Reserve Fund</u>
Xfer from	<u>Annuity Savings Fund</u>	to	<u>Pension Reserve Fund</u>	in the amt of	<u>255,111.95</u>	on acct of	<u>Transfers to Pension Reserve Fund</u>
Xfer from	<u>Pension Reserve Fund</u>	to	<u>Pension Fund</u>	in the amt of	<u>4,941,294.00</u>	on acct of	<u>FY 24 Appropriation Pension Reserve Xfer</u>
Xfer from	<u>Special Military Serv Credit Fund</u>	to	<u>Annuity Reserve Fund</u>	in the amt of	<u>9,827.44</u>	on acct of	<u>Military Fund Transfer</u>
Xfer from	<u></u>	to	<u></u>	in the amt of	<u></u>	on acct of	<u></u>

Annual Statement of the Essex Regional Retirement System for the Year Ended December 31, 2022.

RECEIPTS

	2022	2021	2020
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	16,205,672.75	15,273,970.47	15,054,080.62
(b) 4892 Transfers from Other Systems	3,560,535.95	2,565,665.11	3,187,393.42
(c) 4893 Member Make Up Payments and Redeposits	178,884.71	152,845.54	199,757.74
(d) 4900 Member Payments from Rollovers	156,587.31	444,818.46	159,740.42
(e) Investment Income Credited to Members' Accounts	234,616.45	230,845.59	225,760.19
Subtotal	20,336,297.17	18,668,145.17	18,826,732.39
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	1,343,887.04	1,282,094.12	1,211,836.33
Subtotal	1,343,887.04	1,282,094.12	1,211,836.33
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	2,110,873.44	2,605,623.29	1,940,112.14
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	169,687.39	185,266.10	216,870.29
(c) 4894 Pension Fund Appropriation	44,519,430.00	41,415,403.00	38,624,587.00
(d) 4840 Workers Compensation Settlement	6,800.00	8,500.00	9,600.00
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	0.00	67,135.92	36,286.75
Subtotal	46,806,790.83	44,281,928.31	40,827,456.18
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	35.99	35.95	36.35
Subtotal	35.99	35.95	36.35
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	4,341,560.10	4,187,610.67	3,440,452.87
Subtotal	4,341,560.10	4,187,610.67	3,440,452.87
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	43,407.30	19,938.90	21,909.99
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	32,051.51	41,587.36	21,385.83
(d) 4825 Miscellaneous Income	-2,445.84	-549.31	-454.41
(e) Excess Investment Income	-81,687,123.68	112,205,662.55	59,212,583.27
Subtotal	-81,614,110.71	112,266,639.50	59,255,424.68
TOTAL RECEIPTS	-8,785,539.58	180,686,453.72	123,561,938.80

Annual Statement of the Essex Regional Retirement System for the Year Ended December 31, 2022.

DISBURSEMENTS

	2022	2021	2020
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	1,100,453.30	1,165,172.51	1,170,750.05
(b) 5756 Transfers to Other Systems	2,551,776.01	2,731,001.49	1,634,341.11
Subtotal	3,652,229.31	3,896,174.00	2,805,091.16
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	10,956,759.43	10,169,900.94	9,301,622.21
(b) 5759 Option B Refunds	144,032.02	9,310.51	169,864.84
Subtotal	11,100,791.45	10,179,211.45	9,471,487.05
3. Pension Fund:			
(a) 5751 Pensions Paid	39,780,898.37	38,244,873.87	36,323,331.62
Regular Pension Payments	33,371,698.88	31,868,123.79	30,115,750.15
Survivorship Payments	2,348,718.12	2,074,966.99	1,920,545.94
Ordinary Disability Payments	245,750.76	300,382.59	313,824.64
Accidental Disability Payments	3,119,379.35	3,303,731.37	3,304,202.52
Accidental Death Payments	467,351.26	478,435.80	484,919.44
Section 101 Benefits	228,000.00	219,233.33	184,088.93
(b) 5755 3(8)(c) Reimbursements To Other Systems	3,356,357.61	3,086,402.68	3,250,000.00
(c) 5752 COLAs Paid	4,868,938.24	4,374,768.01	4,008,790.97
(d) 5753 Chapter 389 Beneficiary Increase Paid	35,017.35	32,521.93	24,541.66
Subtotal	48,041,211.57	45,738,566.49	43,606,664.25
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	22,500.00	22,500.00	22,500.00
(b) 5119 Salaries	483,997.23	522,614.42	433,125.02
(c) 5120 Benefits	0.00	0.00	0.00
(d) 5304 Management Fees	3,213,083.36	3,166,824.86	2,529,780.19
(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	87,357.21	47,631.00	28,290.90
(h) 5309 Medical Expenses	350.00	350.00	175.00
(i) 5310 Fiduciary Insurance	33,237.00	32,946.00	30,901.00
(j) 5311 Service Contracts	65,358.01	64,639.27	60,590.54
(k) 5312 Rent Expense	25,046.86	31,709.50	23,279.29
(l) 5315 Professional Services	119,888.50	60,549.50	91,599.50
(m) 5316 Actuarial Services	0.00	0.00	0.00
(n) 5317 Accounting Services	0.00	0.00	0.00
(o) 5320 Education And Training	835.12	100.00	0.00
(p) 5589 Administrative Expenses	277,262.78	226,488.12	208,953.43
(q) 5599 Furniture and Equipment	0.00	0.00	0.00
(r) 5719 Travel	1,386.03	0.00	0.00
(s) 5829 Depreciation Expense: Building	11,258.00	11,258.00	11,258.00
Subtotal	4,341,560.10	4,187,610.67	3,440,452.87
TOTAL DISBURSEMENTS	67,135,792.43	64,001,562.61	59,323,695.33

Annual Statement of the Essex Regional Retirement System for the Year Ended December 31, 2022.

INVESTMENT INCOME

Investment Income received from:	2022	2021	2020
(a) Cash (from Schedule 1)	263,794.30	260,976.07	280,149.60
(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)	16,284,016.02	14,674,327.84	11,567,368.21
(f) Commission Recapture and Securities Litigation	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	16,547,810.32	14,935,303.91	11,847,517.81
Plus:			
4884 Realized Gains (Profits)	6,079,337.51	49,438,111.49	25,110,206.20
4886 Unrealized Gains (Increase in Market Value)	60,465,901.21	69,843,341.26	94,197,892.49
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	2,216,646.86	621,755.26	3,632,001.30
4887 Unrealized Losses (Decrease in Market Value)	156,643,426.28	15,688,752.52	63,432,946.19
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	-75,767,024.10	117,906,248.88	64,090,669.01
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	234,616.45	230,845.59	225,760.19
Annuity Reserve Fund	1,343,887.04	1,282,094.12	1,211,836.33
Expense Fund	4,341,560.10	4,187,610.67	3,440,452.87
Military Service Fund	35.99	35.95	36.35
TOTAL INCOME REQUIRED	5,920,099.58	5,700,586.33	4,878,085.74
Net Investment Income	-75,767,024.10	117,906,248.88	64,090,669.01
Less Income Required	5,920,099.58	5,700,586.33	4,878,085.74
EXCESS INCOME TO PENSION RESERVE FUND	-81,687,123.68	112,205,662.55	59,212,583.27

Annual Statement of the Essex Regional Retirement System 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	2,497	531	3,028
Inactive Membership, Dec. 31st, Previous Year	942	55	997
Enrolled During Current Year	545	47	592
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	545	47	592
Deduct:			
Death	5	0	5
Withdrawals	168	15	183
Retirements	117	15	132
SUBTOTAL	290	30	320
Active Membership, Dec. 31st, Current Year	2,662	548	3,210
Inactive Membership, Dec. 31st, Current Year	1,032	55	1,087

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	1,568	468	2,036
Retirements During the Year			
Superannuation	114	14	128
Ordinary Disability	0	0	0
Accidental Disability	0	1	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	6	3	9
Survivor Benefits from Active Membership	3	0	3
SUBTOTAL	123	18	141
Deduct:			
Deaths of Retired Members	55	11	66
Termination of Survivor Benefits	13	2	15
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	68	13	81
Retired Membership, Dec. 31st, Current Year			
Superannuation	1,431	333	1,764
Ordinary Disability	9	7	16
Accidental Disability	45	51	96
Termination	0	0	0
Beneficiaries from Accidental Deaths	2	12	14
Beneficiaries from Section 100	0	1	1
Beneficiaries from Section 101	2	17	19
Beneficiaries under Option C	80	30	110
Option (D) Survivor Allowance	53	22	75
Section 12B Survivor Allowance	1	0	1
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	1,623	473	2,096
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	5,317	1,076	6,393

Annual Statement of the Essex Regional Retirement System 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	11,411.01	12/31/2022
4891 Members Deductions	639,456.29	12/31/2022
4892 Transfers From Other Systems	8,513.91	12/31/2022
4893 Member Make Up Payments and Redeposits	0.00	
4900 Member Payments from Rollovers	0.00	
4898 3(8)(c) Reimbursements from Other Systems	3,649.81	12/31/2022
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)	26,288.00	12/31/2022
4894 Pension Fund Appropriation (Previous Fiscal Year)	2,831,299.30	12/31/2022
4890 Contributions Received from Municipality on Account of Military Service	0.00	
4897 Federal Grant Reimbursement	3,304.00	
4895 Pension Reserve Appropriation	0.00	
Investments Sold But Funds Not Received (list individually)		
Eastern Interest	200.01	12/31/2022
Death Repayments	4,294.80	12/31/2022
	0.00	
	0.00	
TOTAL RECEIVABLES	3,528,417.13	
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	582,830.03	12/31/2022
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	9,352.00	12/31/2022
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	25,945.86	12/31/2022
5599 Furniture and Equipment	0.00	
5719 Travel	0.00	
Investments Purchased But Not Paid For (list individually)		
Tailings	1,281.78	12/31/2022
	0.00	
	0.00	
	0.00	
TOTAL PAYABLES	619,409.67	