

Annual Statement

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· **OF THE FINANCIAL CONDITION**
· **OF THE WORCESTER REGIONAL RETIREMENT BOARD**
· **TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**
· **FOR THE YEAR ENDED 12/31/2022**
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Annual Statement for the Year Ended December 31, 2022 of the conditions and Affairs of the Worcester Regional Retirement Board.

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

23 Midstate Dr, Midstate Office Park
Street & Number

Auburn, MA 01501
City/Town, State and Zip Code

(508) 832-6314
Telephone Number

We, the undersigned, members of the Worcester Regional 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

Kevin P. Blanchette*

(Name)

(Signature)

Appointed Member

Term Expires 12/31/2024

Rebecca L. Tuttle

(Name)

(Signature)

Elected Member

Term Expires 12/31/2023

Michael Donoghue

(Name)

(Signature)

Elected Member

Term Expires 12/31/2025

Pauline M. Lajoie

(Name)

(Signature)

Member Appointed by Other Members

Term Expires 12/31/2023

Eugene J. Durgin

(Name)

(Signature)

Investment Managers

See Attached Sheet

Investment Consultant

Custodian

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	1,083,598,831.80
Income Current Year	7,083,795.93
Disbursements Current Year	127,587,551.47
Assets Current Year	963,095,076.26

2. ASSET DIFFERENCE

Assets Current Year	963,095,076.26
Assets Previous Year	1,083,598,831.80
Difference	-120,503,755.54

3. INCOME DIFFERENCE

Income Current Year	7,083,795.93
Disbursements Current Year	127,587,551.47
Difference	-120,503,755.54

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	31,355,704.05
Total Fund Change Debits Current Year	-151,859,459.59
Difference	-120,503,755.54

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

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

ASSETS & LIABILITIES

	2022	2021	2020
1. 1040 Cash	3,508,459.02	3,913,791.94	4,386,751.93
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	22,544.93	47,219.95	688,421.62
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	962,232,324.45	1,082,662,153.65	899,736,351.44
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)	7,108,318.43	6,944,235.17	5,656,730.53
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)	(-9,776,570.57)	(-9,968,568.91)	(-8,092,377.93)
TOTAL	963,095,076.26	1,083,598,831.80	902,375,877.59
FUNDS			
1. 3293 Annuity Savings Fund	327,469,313.95	318,149,270.73	308,550,118.94
2. 3294 Annuity Reserve Fund	93,418,366.87	88,669,172.60	83,044,316.86
3. 3295 Military Service Fund	150,947.75	158,079.69	136,804.55
4. 3296 Pension Fund	12,735,261.22	17,203,477.30	18,757,670.57
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	529,321,186.47	659,418,831.48	491,886,966.67
TOTAL ASSETS AT MARKET VALUE	963,095,076.26	1,083,598,831.80	902,375,877.59

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

Annual Statement of the Worcester Regional 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	318,149,270.73	41,641,419.91	-22,391,611.04	-9,929,765.65	327,469,313.95
Annuity Reserve Fund	88,669,172.60	2,633,670.68	22,417,637.03	-20,302,113.44	93,418,366.87
Pension Fund	17,203,477.30	84,759,452.90	1,854,271.09	-91,081,940.07	12,735,261.22
Military Service Fund	158,079.69	11,942.88	-19,074.82	0.00	150,947.75
Expense Fund	0.00	6,273,732.31	0.00	-6,273,732.31	0.00
Pension Reserve Fund	659,418,831.48	-128,236,422.75	-1,861,222.26	0.00	529,321,186.47
Total All Funds	1,083,598,831.80	7,083,795.93	- 0 -	-127,587,551.47	963,095,076.26

List below all transfers:

Xfer from	Annuity Savings Fund Control Acct	to	Annuity Reserve Fund	in the amt of	22,400,488.30	on acct of	2022 Retirements
Xfer from	Pension Reserve Fund Control Acct	to	Pension Fund Control Account	in the amt of	1,852,345.00	on acct of	Cost of Pensions Pd/Funding Schedule
Xfer from	Special Military Serv Credit Fund	to	Pension Fund Control Account	in the amt of	1,926.09	on acct of	MFS Credit - Uxbridge Appropriation
Xfer from	Special Military Serv Credit Fund	to	Annuity Reserve Fund	in the amt of	17,148.73	on acct of	Transfer MSF-S. Brown Retired
Xfer from	Pension Reserve Fund Control Acct	to	Annuity Savings Fund Control Acct	in the amt of	66,310.31	on acct of	Net Cost 3% int. refunds/pension
Xfer from	Pension Reserve Fund Control Acct	to	Annuity Savings Fund Control Acct	in the amt of	75,187.57	on acct of	Member's Accounts Re- activated

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

RECEIPTS

	2022	2021	2020
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	34,813,627.90	32,949,548.78	31,966,755.32
(b) 4892 Transfers from Other Systems	5,451,038.71	4,739,657.21	2,819,225.44
(c) 4893 Member Make Up Payments and Redeposits	427,381.97	324,490.69	199,517.49
(d) 4900 Member Payments from Rollovers	378,654.15	396,495.63	361,498.21
(e) Investment Income Credited to Members' Accounts	570,717.18	430,709.34	286,192.43
Subtotal	41,641,419.91	38,840,901.65	35,633,188.89
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	2,633,670.68	2,495,072.94	2,360,472.26
Subtotal	2,633,670.68	2,495,072.94	2,360,472.26
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	3,094,594.32	2,453,769.42	2,480,903.31
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	239,604.30	65,929.94	357,645.99
(c) 4894 Pension Fund Appropriation	81,313,363.91	73,946,616.41	67,269,029.00
(d) 4840 Workers Compensation Settlement	26,500.00	50,800.00	15,250.00
(e) 4751 Recovery of Pension from Reinstatement	0.00	0.00	0.00
(f) 4841 Recovery of 91A Overearnings	85,390.37	81,872.65	22,027.61
Subtotal	84,759,452.90	76,598,988.42	70,144,855.91
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	11,784.80	24,455.93	7,225.87
(b) Investment Income Credited	158.08	136.80	129.45
Subtotal	11,942.88	24,592.73	7,355.32
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	6,273,732.31	6,154,070.87	5,050,721.87
Subtotal	6,273,732.31	6,154,070.87	5,050,721.87
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	98,023.34	12,449.32	16,308.14
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	0.00	0.00	0.00
(d) 4825 Miscellaneous Income	0.00	7,550.78	6,424.71
(e) Excess Investment Income	-128,334,446.09	173,786,931.64	93,715,893.32
Subtotal	-128,236,422.75	173,806,931.74	93,738,626.17
TOTAL RECEIPTS	7,083,795.93	297,920,558.35	206,935,220.42

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

DISBURSEMENTS

	2022	2021	2020
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	3,764,812.62	2,329,153.97	2,707,878.76
(b) 5756 Transfers to Other Systems	6,164,953.03	5,318,166.65	2,914,334.47
Subtotal	<u>9,929,765.65</u>	<u>7,647,320.62</u>	<u>5,622,213.23</u>
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	20,302,113.44	18,542,613.55	16,786,037.23
(b) 5759 Option B Refunds	0.00	5,198.82	106,349.63
Subtotal	<u>20,302,113.44</u>	<u>18,547,812.37</u>	<u>16,892,386.86</u>
3. Pension Fund:			
(a) 5751 Pensions Paid	84,332,457.46	78,647,619.09	74,062,373.19
Regular Pension Payments	69,731,194.71	64,890,940.69	60,728,613.21
Survivorship Payments	3,649,749.23	3,428,965.52	3,224,000.16
Ordinary Disability Payments	699,036.22	603,618.27	631,394.50
Accidental Disability Payments	8,888,304.43	8,402,714.08	8,174,666.90
Accidental Death Payments	1,103,641.03	1,096,823.83	1,091,708.40
Section 101 Benefits	264,986.09	224,556.70	211,990.02
(b) 5755 3(8)(c) Reimbursements To Other Systems	6,749,482.61	5,700,781.19	4,382,779.90
(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>91,081,940.07</u>	<u>84,348,400.28</u>	<u>78,445,153.09</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	30,000.00	29,625.00	30,000.00
(b) 5119 Salaries	724,979.68	723,805.66	637,785.46
(c) 5120 Benefits	92,809.02	123,011.97	88,786.77
(d) 5304 Management Fees	5,006,118.40	4,905,830.94	3,916,404.61
(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	3,023.00	3,392.44	2,078.08
(h) 5309 Medical Expenses	0.00	0.00	0.00
(i) 5310 Fiduciary Insurance	60,779.00	60,249.00	56,507.00
(j) 5311 Service Contracts	74,229.85	56,405.72	54,769.58
(k) 5312 Rent Expense	81,952.56	81,952.56	81,952.56
(l) 5315 Professional Services	33,860.39	50,786.76	30,060.00
(m) 5316 Actuarial Services	52,270.00	28,035.00	57,445.00
(n) 5317 Accounting Services	0.00	0.00	0.00
(o) 5320 Education And Training	2,930.49	3,865.99	1,591.94
(p) 5589 Administrative Expenses	107,078.20	60,196.87	76,954.75
(q) 5599 Furniture and Equipment	2,608.93	26,618.87	15,361.79
(r) 5719 Travel	1,092.79	294.09	1,024.33
(s) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	<u>6,273,732.31</u>	<u>6,154,070.87</u>	<u>5,050,721.87</u>
TOTAL DISBURSEMENTS	<u>127,587,551.47</u>	<u>116,697,604.14</u>	<u>106,010,475.05</u>

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

INVESTMENT INCOME

	2022	2021	2020
Investment Income received from:			
(a) Cash (from Schedule 1)	77,219.24	45,701.78	98,332.97
(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)	25,413,011.33	22,991,203.63	18,233,753.92
(f) Commission Recapture and Securities Litigation	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	25,490,230.57	23,036,905.41	18,332,086.89
Plus:			
4884 Realized Gains (Profits)	9,174,892.08	76,351,898.61	39,176,901.07
4886 Unrealized Gains (Increase in Market Value)	94,982,088.43	106,895,779.65	149,045,671.46
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	3,139,415.50	11,122.00	6,380,303.78
4887 Unrealized Losses (Decrease in Market Value)	245,363,963.42	23,406,540.08	98,760,946.31
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	-118,856,167.84	182,866,921.59	101,413,409.33
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	570,717.18	430,709.34	286,192.43
Annuity Reserve Fund	2,633,670.68	2,495,072.94	2,360,472.26
Expense Fund	6,273,732.31	6,154,070.87	5,050,721.87
Military Service Fund	158.08	136.80	129.45
TOTAL INCOME REQUIRED	9,478,278.25	9,079,989.95	7,697,516.01
Net Investment Income	-118,856,167.84	182,866,921.59	101,413,409.33
Less Income Required	9,478,278.25	9,079,989.95	7,697,516.01
EXCESS INCOME TO PENSION RESERVE FUND	-128,334,446.09	173,786,931.64	93,715,893.32

Annual Statement of the Worcester Regional 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	6,462	1,169	7,631
Inactive Membership, Dec. 31st, Previous Year	2,313	84	2,397
Enrolled During Current Year	1,238	140	1,379
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	1,238	140	1,379
Deduct:			
Death	4	0	4
Withdrawals	427	40	467
Retirements	227	39	266
SUBTOTAL	658	79	737
Active Membership, Dec. 31st, Current Year	7,239	1,233	8,472
Inactive Membership, Dec. 31st, Current Year	2,116	81	2,197

RETIRED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	3,384	689	4,073
Retirements During the Year			
Superannuation	258	35	293
Ordinary Disability	0	0	0
Accidental Disability	4	6	10
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	19	5	24
Survivor Benefits from Active Membership	5	2	7
SUBTOTAL	286	48	334
Deduct:			
Deaths of Retired Members	105	13	118
Termination of Survivor Benefits	15	4	19
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	120	17	137
Retired Membership, Dec. 31st, Current Year			
Superannuation	3,138	494	3,632
Ordinary Disability	25	14	39
Accidental Disability	111	128	239
Termination	0	0	0
Beneficiaries from Accidental Deaths	6	22	28
Beneficiaries from Section 100	0	3	3
Beneficiaries from Section 101	10	14	24
Beneficiaries under Option C	122	30	152
Option (D) Survivor Allowance	127	13	140
Section 12B Survivor Allowance	11	2	13
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	3,550	720	4,270
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	12,905	2,034	14,939

Annual Statement of the Worcester Regional 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	2,759,766.13	12/31/2022
4892 Transfers From Other Systems	0.00	
4893 Member Make Up Payments and Redeposits	2,014.68	12/31/2022
4900 Member Payments from Rollovers	0.00	
4898 3(8)(c) Reimbursements from Other Systems	3,208,206.52	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)	1,125,790.50	12/31/2022
4894 Pension Fund Appropriation (Previous Fiscal Year)	0.00	
4890 Contributions Received from Municipality on Account of Military Service	11,784.80	12/31/2022
4897 Federal Grant Reimbursement	0.00	
4895 Pension Reserve Appropriation	0.00	
Investments Sold But Funds Not Received (list individually)		
#5750 Retiree Overpayment	156.16	12/31/2022
#5751 Retiree Overpayment	599.64	12/31/2022
	0.00	
	0.00	
TOTAL RECEIVABLES	7,108,318.43	
Accounts Payable		
5316 Actuarial Services	-15,900.00	12/31/2022
5317 Accounting Services	0.00	
5320 Education and Training	-1,307.49	12/31/2022
5757 Refunds to Members	-114.31	12/31/2022
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	-9,733,697.20	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	-442.50	12/31/2022
5309 Medical Expenses	0.00	
5310 Fiduciary Insurance	0.00	
5311 Service Contracts	-2,879.23	12/31/2022
5312 Rent Expense	0.00	
5315 Professional Services Expense	0.00	
5589 Administrative Expenses	-1,381.49	12/31/2022
5599 Furniture and Equipment	0.00	
5719 Travel	0.00	
Investments Purchased But Not Paid For (list individually)		
#5120 - Benefits	-20,848.35	12/31/2022
	0.00	
	0.00	
	0.00	
TOTAL PAYABLES	-9,776,570.57	