

Copy

Annual Statement

OF THE FINANCIAL CONDITION
OF THE LEXINGTON RETIREMENT BOARD
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
FOR THE YEAR ENDED 12/31/2011



Town of Lexington
Comptroller's Office
Retirement

Marguerite Oliva, Retirement Administrator

Tel: (781) 862-0500 x220
Fax: (781) 861-2794

INVESTMENT MANAGERS FOR LEXINGTON RETIREMENT

In addition to the managers listed on the front sheet of the 2010 Annual Statement, Lexington Retirement has contracted with the following:

Acadian Asset Management	One Post Office Sq.	Boston, MA 02019
Beacon Capital Partners	500 Boylston St.	Boston, MA 02116
Artio Global Management LLC	330 Madison Ave.	New York, NY 10017
PIMCO	1345 Ave. of the Americas	New York, NY 10105
State Street Global Advisors	1 Lincoln St.	Boston, MA 02111
Matthew Asia	P.O. Box 9791	Providence, RI 02940
Loomis Sayles & Co. L.P.	One Financial Center	Boston, MA 02111

Annual Statement for the Year Ended December 31, 2011 of the conditions and Affairs of the Lexington Retirement Board.

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

Date of Certificate 07/01/1937

Effective Date 07/01/1937

ADMINISTRATION OFFICE

1625 Massachusetts Avenue
Street & Number

Lexington, MA 02420
City/Town, State and Zip Code

(781) 861-2720
Telephone Number

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

Rob Addelson
(Name)

(Signature)

Appointed Member

Michael McNabb
(Name)

Term Expires 10/18/2014

(Signature)

Elected Member

Robert Cunha, Chairman
(Name)

Term Expires 06/30/2014

(Signature)

Elected Member

Joseph Foley
(Name)

Term Expires 12/29/2014

(Signature)

Member Appointed by Other Members

Alan Fields
(Name)

Term Expires 01/20/2015

(Signature)

Investment Managers

Wellington Management

280 Congress St., Boston, MA 02210

Fidelity Investments

82 Devonshire St., Boston, MA 02109

Hartford Life

200 Hopemeadow St., Simsbury, CT 06089

Investment Consultant

Meketa Investment Group

100 Lowder Brook Rd., Westwood, MA 02093

Custodian

State Street

200 Newport Ave., 7.S., N. Quincy, MA 02171

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

ANNUAL STATEMENT BALANCE TESTS

1. ASSET BALANCE

Assets Previous Year	112,362,163.51
Income Current Year	1,342,591.96
Disbursements Current Year	9,488,948.90
Assets Current Year	104,215,806.57

2. ASSET DIFFERENCE

Assets Current Year	104,215,806.57
Assets Previous Year	112,362,163.51
Difference	-8,146,356.94

3. INCOME DIFFERENCE

Income Current Year	1,342,591.96
Disbursements Current Year	9,488,948.90
Difference	-8,146,356.94

4. FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	5,343,200.89
Total Fund Change Debits Current Year	-13,489,557.83
Difference	-8,146,356.94

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

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

ASSETS & LIABILITIES

	2011	2010	2009
1. 1040 Cash	63,085.27	71,112.48	123,332.89
2. 1100 Short Term Investments	320,926.17	183,227.48	861,247.93
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	41,831,077.81	48,989,808.33	45,740,527.10
7. 1173 Pooled International Equity Funds	15,258,399.31	18,754,430.66	16,522,196.33
8. 1174 Pooled Global Equity Funds	0.00	0.00	0.00
9. 1181 Pooled Domestic Fixed Income Funds	7,433,211.72	8,210,884.52	7,145,658.07
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	0.00	0.00	0.00
13. 1194 Pooled Real Estate Funds	2,840,404.50	2,263,590.00	1,412,838.00
14. 1195 Pooled Domestic Balanced Funds	34,358,195.87	32,043,911.45	26,610,450.77
15. 1196 Pooled International Balanced Funds	0.00	0.00	0.00
16. 1197 PRIT Absolute	0.00	0.00	0.00
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	33.26	16.98	123.15
20. 1350 Prepaid Expenses	0.00	0.00	0.00
21. 1398 Accounts Receivable (A)	2,167,166.26	1,879,206.25	1,863,113.00
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)	(-56,693.60)	(-34,024.64)	(-67,877.26)
TOTAL	104,215,806.57	112,362,163.51	100,211,609.98
FUNDS			
1. 3293 Annuity Savings Fund	26,824,997.51	25,532,926.21	24,531,047.91
2. 3294 Annuity Reserve Fund	7,785,175.81	7,422,851.76	7,129,053.39
3. 3295 Military Service Fund	5,442.59	5,431.73	5,415.48
4. 3296 Pension Fund	1,294,000.28	1,500,250.71	1,728,742.22
5. 3298 Expense Fund	0.00	0.00	0.00
6. 3297 Pension Reserve Fund	68,306,190.38	77,900,703.10	66,817,350.98
TOTAL ASSETS AT MARKET VALUE	104,215,806.57	112,362,163.51	100,211,609.98

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

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

	Balance Dec. 31 Prior year	Receipts	Interfund Transfers	Disbursements	Balance Dec.31 Current Year
Annuity Savings Fund	25,532,926.21	3,241,034.71	-1,615,943.93	-333,019.48	26,824,997.51
Annuity Reserve Fund	7,422,851.76	236,517.79	1,615,943.93	-1,490,137.67	7,785,175.81
Pension Fund	1,500,250.71	4,489,442.87	2,384,665.00	-7,080,358.30	1,294,000.28
Military Service Fund	5,431.73	10.86	0.00	0.00	5,442.59
Expense Fund	0.00	585,433.45	0.00	-585,433.45	0.00
Pension Reserve Fund	77,900,703.10	-7,209,847.72	-2,384,665.00	0.00	68,306,190.38
Total All Funds	112,362,163.51	1,342,591.96	- 0 -	-9,488,948.90	104,215,806.57

List below all transfers:

Xfer from	Annuity Savings Fund	to	Annuity Reserve Fund	in the amt of	1,615,943.93	on acct of	Retirements
	Control Acct						
Xfer from	Pension Reserve Fund	to	Pension Fund Control	in the amt of	2,384,665.00	on acct of	To Meet Cost of Benefits
	Control Acct		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	
Xfer from		to		in the amt of		on acct of	

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

RECEIPTS

	2011	2010	2009
1. Annuity Savings Fund:			
(a) 4891 Members' Deductions	2,704,813.35	2,576,543.77	2,566,315.82
(b) 4892 Transfers from Other Systems	413,310.18	202,898.55	217,194.84
(c) 4893 Member Make Up Payments and Redeposits	33,627.31	23,178.26	20,827.47
(d) 4900 Member Payments from Rollovers	28,175.74	5,911.36	6,162.40
(e) Investment Income Credited to Members' Accounts	61,108.13	75,171.78	112,683.56
Subtotal	3,241,034.71	2,883,703.72	2,923,184.09
2. Annuity Reserve Fund:			
(a) Investment Income Credited to Annuity Reserve Fund	236,517.79	215,762.11	200,609.72
Subtotal	236,517.79	215,762.11	200,609.72
3. Pension Fund:			
(a) 4898 3(8)(c) Reimbursements from Other Systems	251,389.11	206,915.23	132,400.86
(b) 4899 Received from Commonwealth for COLA & Survivor Bft	149,767.76	168,807.75	179,811.84
(c) 4894 Pension Fund Appropriation	4,083,286.00	3,798,276.00	3,718,593.00
(e) 4840 Workers Compensation Settlement	5,000.00	5,500.00	0.00
Subtotal	4,489,442.87	4,179,498.98	4,030,805.70
4. Military Service Fund:			
(a) 4890 Contributions Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited	10.86	16.25	26.94
Subtotal	10.86	16.25	26.94
5. Expense Fund:			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	585,433.45	518,790.11	473,034.78
Subtotal	585,433.45	518,790.11	473,034.78
6. Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 Interest Not Refunded	7,707.97	9,986.22	1,969.29
(d) 4825 Miscellaneous Income	3,617.26	0.00	1,898.41
(f) Excess Investment Income	-7,221,172.95	13,427,268.90	18,124,677.97
Subtotal	-7,209,847.72	13,437,255.12	18,128,545.67
TOTAL RECEIPTS	1,342,591.96	21,235,026.29	25,756,206.90

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

DISBURSEMENTS

	2011	2010	2009
1. Annuity Savings Fund:			
(a) 5757 Refunds to Members	181,135.34	337,695.69	190,872.35
(b) 5756 Transfers to Other Systems	151,884.14	279,117.21	133,068.15
Subtotal	333,019.48	616,812.90	323,940.50
2. Annuity Reserve Fund:			
(a) 5750 Annuities Paid	1,278,836.12	1,168,372.99	1,080,115.01
(b) 5759 Option B Refunds	211,301.55	18,603.27	26,148.26
Subtotal	1,490,137.67	1,186,976.26	1,106,263.27
3. Pension Fund:			
(a) 5751 Pensions Paid	6,817,858.95	6,489,526.69	6,185,890.13
Regular Pension Payments	5,580,240.68	5,251,142.98	4,948,644.03
Survivorship Payments	278,346.26	272,436.78	251,034.96
Ordinary Disability Payments	26,158.80	35,942.94	34,203.39
Accidental Disability Payments	727,437.88	710,545.27	748,116.84
Accidental Death Payments	202,941.42	203,492.26	185,294.41
Section 101 Benefits	40,201.27	23,862.98	18,823.56
(b) 5755 3(8)(c) Reimbursements To Other Systems	262,499.35	272,366.80	284,238.24
(c) 5752 COLAs Paid	0.00	0.00	0.00
(d) 5753 Chapter 389 Beneficiary Increase Paid	0.00	0.00	0.00
Subtotal	7,080,358.30	6,761,893.49	6,470,128.37
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	0.00	0.00	0.00
(b) 5119 Salaries	162,661.43	87,904.35	87,001.68
(c) 5304 Management Fees	274,311.52	266,154.48	249,619.96
(d) 5305 Custodial Fees	25,613.46	14,756.79	26,509.36
(e) 5307 Investment Consultant Fees	75,000.00	75,000.00	66,666.60
(f) 5308 Legal Expenses	3,947.00	17,663.00	4,743.00
(g) 5309 Medical Expenses	39.17	116.02	50.00
(h) 5310 Fiduciary Insurance	6,403.00	6,161.00	5,690.00
(i) 5311 Service Contracts	19,300.00	18,735.00	17,500.00
(j) 5312 Rent Expense	0.00	0.00	0.00
(k) 5315 Professional Services	9,606.00	21,930.00	6,900.00
(l) 5320 Education And Training	4,274.73	6,425.22	5,384.29
(m) 5589 Administrative Expenses	3,301.00	3,047.68	1,236.59
(n) 5599 Furniture and Equipment	0.00	0.00	830.72
(o) 5719 Travel	976.14	896.57	902.58
(p) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	585,433.45	518,790.11	473,034.78
TOTAL DISBURSEMENTS	9,488,948.90	9,084,472.76	8,373,366.92

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

INVESTMENT INCOME

	2011	2010	2009
Investment Income received from:			
(a) Cash (from Schedule 1)	234.55	239.59	0.00
(b) Short Term Investments (from Schedule 2)	366.83	814.01	19,197.05
(c) Fixed Income Securities (from Schedules 3A and 3C)	0.00	0.00	0.00
(d) Equities (from Schedules 4A and 4C)	25,947.00	36,399.02	72,782.12
(e) Pooled Funds (from Schedule 5)	3,068,263.95	2,699,490.84	3,879,580.64
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	3,094,812.33	2,736,943.46	3,971,559.81
Plus:			
4884 Realized Gains (Profits)	0.00	0.00	1,100,021.33
4886 Unrealized Gains (Increase in Market Value)	8,476,027.73	20,298,640.00	23,895,571.33
1550 Interest Due & Accrued on Fixed Income Securities at End Of Current Year	33.26	16.98	123.15
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	0.00	0.00
4885 Realized Losses	0.00	0.00	407,608.30
4887 Unrealized Losses (Decrease in Market Value)	17,908,959.06	8,798,468.14	9,644,780.00
1550 Interest Due and Accrued on Fixed Income Securities Prior Year	16.98	123.15	3,854.35
NET INVESTMENT INCOME	-6,338,102.72	14,237,009.15	18,911,032.97
Income required:			
Annuity Savings Fund (from Supplementary Schedule)	61,108.13	75,171.78	112,683.56
Annuity Reserve Fund	236,517.79	215,762.11	200,609.72
Expense Fund	585,433.45	518,790.11	473,034.78
Military Service Fund	10.86	16.25	26.94
TOTAL INCOME REQUIRED	883,070.23	809,740.25	786,355.00
Net Investment Income	-6,338,102.72	14,237,009.15	18,911,032.97
Less Income Required	883,070.23	809,740.25	786,355.00
EXCESS INCOME TO PENSION RESERVE FUND	-7,221,172.95	13,427,268.90	18,124,677.97

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

MEMBERSHIP FOR CURRENT YEAR

	Group 1	Group 2 & 4	TOTAL
ACTIVE MEMBERS			
Active Membership, Dec. 31st, Previous Year	527	103	630
Inactive Membership, Dec. 31st, Previous Year	200	4	204
Enrolled During Current Year	91	4	95
Transfers Between Groups	0	0	0
Reinstatements of Disabled Members	0	0	0
SUBTOTAL	91	4	95
Deduct:			
Death	0	0	0
Withdrawals	46	4	50
Retirements	20	3	23
SUBTOTAL	66	7	73
Active Membership, Dec. 31st, Current Year	534	101	635
Inactive Membership, Dec. 31st, Current Year	218	3	221

RETIREED MEMBERS, BENEFICIARIES & SURVIVORS

Retired, Beneficiary and Survivor Membership, Dec. 31st, Previous Year	292	90	382
Retirements During the Year			
Superannuation	19	2	21
Ordinary Disability	1	0	1
Accidental Disability	0	1	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	1	1	2
Survivor Benefits from Active Membership	1	0	1
SUBTOTAL	22	4	26
Deduct:			
Deaths of Retired Members	18	2	20
Termination of Survivor Benefits	3	1	4
Reinstatements of Disabled Pensions	0	0	0
SUBTOTAL	21	3	24
Retired Membership, Dec. 31st, Current Year	259	56	315
Superannuation	3	0	3
Ordinary Disability	4	21	25
Accidental Disability	0	0	0
Termination	0	7	7
Beneficiaries from Accidental Deaths	0	0	0
Beneficiaries from Section 100	2	3	5
Beneficiaries from Section 101	14	4	18
Beneficiaries under Option C	9	0	9
Option (D) Survivor Allowance	2	0	2
Section 12B Survivor Allowance			
Total Retired, Beneficiary and Survivor Membership, Dec. 31st, Current Year	293	91	384
TOTAL MEMBERSHIP			
Active, Inactive, Retired, Beneficiary and Survivor, Dec. 31st, Current Year	1,045	195	1,240

Annual Statement of the Lexington Retirement Board for the Year Ended December 31, 2011.

Schedule A: Detail of Accounts Receivable and Accounts Payable

Accounts Receivable	Amount	Original Date
4891 Members Deductions	51,485.70	12/31/2011
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	74,037.56	12/31/2011
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)	2,041,643.00	12/31/2011
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	2,167,166.26	
Accounts Payable		
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	-44,927.23	12/31/2011
5305 Custodial Fees	-4,976.37	12/31/2011
5307 Investment Consultant Fees	-6,250.00	12/31/2011
5308 Legal Expenses	-184.00	12/31/2011
5309 Medical Expenses	0.00	
5310 Fiduciary Insurance	0.00	
5311 Service Contracts	0.00	
5312 Rent Expense	0.00	
5315 Professional Services Expense	-356.00	12/31/2011
5589 Administrative Expenses	0.00	
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	-56,693.60	