

Wellesley Fire Rescuers Summer Program is an educational and service learning-based summer program for middle school age youth collaboratively managed by the Wellesley Youth Commission and the Wellesley Fire Department. Participants find out about careers in fire and public safety and learning basic components of first aid and fire prevention. In addition, the program strives to foster positive relationships between fire service personnel and local youth.

Wellesley Youth Academy is an educational and learning-based summer program for middle school age youth collaboratively managed by the Wellesley Youth Commission and the Wellesley Police Department. Participants spend a week with Wellesley police personnel where they gain a valuable perspective on the importance of law enforcement with-in their community. While learning about law enforcement careers, Academy attendees will also get to know local police officers.

On-going Parent discussion group is a monthly group offered to parents of Wellesley youth interested in discussing hot topics facing their children. Discussion topics are proposed by parents and discussed in two parts, first in a brief informational format followed by open and supportive discussion with other parents. The on-going parent discussion group is co-advised by the Wellesley Youth Director and the WHS Outreach Counselor from Human Relations Service Inc.

REPORT OF THE CONTRIBUTORY RETIREMENT BOARD

This report covers the activities of this Board for the twelve-month period ending June 30, 2005. The financial records of the System are on a calendar year basis, so that all statements in this report are as of December 31, 2004.

The Board employs Mercer Investment Consulting to monitor the investment performance of all funds held by the Board and Mellon Human Resources and Investor Solutions to perform actuarial services for the System. It continues to employ Standish Mellon Asset Management as an investment advisor and it also employs State Street Global Advisors, William Blair & Company, and the Pension Reserves Investment Management Board to manage a portion of the equity investments of the System.

The Division of Public Employee Retirement Administration Commission of the Commonwealth has oversight responsibility for the 106 public retirement systems subject to the laws of the Commonwealth. Their report on the investment performance of those systems, issued as of December 31, 2004, shows that the Wellesley System had an annualized rate of return of 12.63 for 2004 and 12.15 for the nineteen-year period that they have measured performance.

The Board engaged Mellon Human Resources and Investor Solutions to prepare an actuarial study of the System as of January 1, 2004. The assumptions used included an investment return of 7 percent, salary increases at the rate of 4 percent per year and inflation at the rate of 3 percent. Shown below is the unfunded actuarial liability of the Plan as of 1/1/04, 1/1/03 and 1/1/01.

		1/1/04	1/1/03	1/1/01
A.	Accrued Actuarial Liability			
	- Active Members	\$45,439,531	\$46,228,747	\$42,678,694
	- Retired & Inactive Members	67,406,628	68,582,279	49,600,197
	Total Accrued Actuarial Liability	\$112,846,159	114,811,026	92,278,891
B.	Assets			
	Net Assets	\$116,792,365	\$119,033,662	\$123,291,025
	(at actuarial value)			
C.	Unfunded (Overfunded)			
	Actuarial Liability	(\$3,946,206)	\$(4,222,636)	\$(31,012,134)
	Normal Cost for Employee	1,881,232	1,863,619	1,737,223
	Normal Cost for Employer	1,186,524	1,451,528	1,073,262
	Administrative Expenses	150,000	175,000	150,000

The report also shows the following funding schedule:

Fiscal Year Ending	Projected Payroll	Employee Contributions	% of Payroll	Funding Contrib.	% of Payroll
2005	23,173,000	1,881,000	8.11%	0	0.00%
2006	24,216,000	1,991,000	8.22%	0	0.00%
2007	25,305,000	2,107,000	8.32%	0	0.00%
2008	26,444,000	2,229,000	8.42%	1,347	5.09 %

The Board is pleased to report to the Town that the program started by it and which was first supported by the 1978 Annual Town Meeting to fund the System is complete based on the current level of benefits. Due to the support of the Town and the excellent performance of the System's assets the program was completed in fifteen years. Based on the current funding status of the Fund, the actuaries have recommended the Town make no appropriation to the Fund until Fiscal Year 2008.

Rates of Interest Credited on Members' Accounts

As required by the statutes governing Retirement Systems (MGL Ch.32), interest on accumulated deductions arising from compensation on or after January 1, 1946 is based on

the average rate paid by savings banks. That rate for 2004 was 0.6 percent, and for 2005 it is 0.6 percent.

Membership Information

	<u># of Active Members</u>	<u># of Inactive Members</u>	<u># of Retiree Allowances</u>	<u># of Survivor Allowances</u>	<u>Total</u>
Membership - January 1, 2004	596	165	345	68	1174
Add:					
New Members	111				111
Deduct:					
Withdrawals & Transfers	(36)	(35)			(71)
Deaths					
Active	(1)			1	0
Retirees			(7)	3	(4)
Survivors				(5)	(5)
Active Members					
Retired	(10)	(2)	12	1	1
Inactive	(6)	3			(3)
TOTAL	654	131	350	68	1203

The Board regretfully recorded the following deaths during the year 2004:

Members:

R. Arnold Wakelin, Jr.

Retirees & Beneficiaries:

Marion Boughner	Colleen McBurney
Dorothy Coughlin	Mary McGlone
Elizabeth Dooling	Arnold J. Murphy
Paul Flanagan	Norman Murphy
Michael Glavin	Robert Nahass
Madeline Linehan	Arthur Perkins

Those members retired during the year 2004 were:

Susan Adler	James Napoleon
James DeCicco	Daniel O'Brien
Ellen Gordon	James Ouellet
Francis Hannon	Michael Price
Charles Keating	Carol Sheehy
Mary Jane Kelley	Barbara Tymann
Thomas Komola	

Administration of the Non-Contributory System

The Board continues to administer benefits under the Non-Contributory Retirement System applicable to certain employees who were employed on July 1, 1937 by the Town, and to certain veterans. As of December 31, 2003, four retirees and one beneficiary were receiving allowances at an aggregate yearly rate of \$78,003 compared to \$88,683 as of December 31, 2003. These allowances are paid from a separate appropriation voted each year by the Town. The actuarial report, referred to previously, determined the unfunded actuarial liability of this System to be \$505,842. The report further states that it would not be possible to amortize the unfunded actuarial liability of this system over any appreciable number of years, since annual contributions would not be sufficient to meet pension payments when due.

Respectfully submitted,
RETIREMENT BOARD
David N. Kornwitz, Chairman
Richard C. Gerard, Vice Chairman
Hans Larsen
Derek B. Knight
Joan H. Donahue

WELLESLEY RETIREMENT SYSTEM

Table 1 (a)

**Income and Disbursements for the year ending
December 31, 2004
(with comparative amounts for 2003)**

Income

	2004	2003
Contributions from Members	\$2,406,183	\$2,256,720
Appropriation by Town Including Housing Authority)		
Funding Appropriation	0.00	0.00
Expense Fund	0.00	0.00
Pension Reimbursement from:		
Other Systems	144,200	55,845
Comm of Mass for Cost of Living Payment	0.00	0.00
Other	11,739	0.00
Grants & Other Accounts	45,743	33,946
Interest on Investments	2,584,168	2,915,293
Interest Not Refunded	3,744	4,447
Profit on Sale of Investments	2,034,935	3,180,094
Increase in Market Value of Equities	<u>13,050,039</u>	<u>21,086,471</u>
TOTAL INCOME	20,280,751	29,532,816

Disbursements

Payments on account of:		
Superannuation Allowance	\$5,207,103	\$5,041,682
Disability Allowance	695,119	572,134
Survivor Benefits	688,708	553,939
Annuity Payments	<u>1,067,757</u>	<u>1,021,936</u>
SUBTOTAL	7,658,687	7,189,691
Pension Reimbursements to Other Systems	150,713	156,270
Refunds on Account of Member Withdrawing or Transferring	466,014	475,093
Administrative Expenses	640,849	475,736
Loss on Sale of Investments	2,506,865	2,436,701
Decrease in Market Value of Equities	<u>1,082,861</u>	<u>1,628,330</u>
TOTAL DISBURSEMENTS	\$12,505,989	\$12,361,821

Assets

Income Less Disbursements	7,774,762	\$17,170,995
Assets Beginning of Period	<u>\$116,792,365</u>	<u>99,621,370</u>
ASSETS END OF PERIOD	\$124,567,127	\$116,792,365

WELLESLEY RETIREMENT SYSTEM

Table 1 (b)

Assets & Liabilities as of December 31, 2004

(with comparative amounts for 2003)

<u>Assets/Liabilities</u>	2004	2003
Market Value of Equities	\$104,914,839	\$92,124,172
Fixed Income Securities (1)	22,621,224	24,281,672
Cash	(969,583)	52,357
Interest Due & Accrued	136,908	247,908
Short Term Investments	932,471	143,668
Accounts Receivable	1,313,695	619,450
Accounts Payable	(4,382,427)	(676,862)
TOTAL ASSETS/LIABILITIES	\$124,567,127	\$116,792,365

Fund Balances

Annuity Savings Fund	\$19,290,165	\$17,949,059
Annuity Reserve Fund	8,211,474	8,330,926
Pension Fund	15,354,233	21,951,675
Pension Reserve Fund	81,704,731	68,554,220
Special Fund for Military Service Credit	6,524	6,485
Expense Fund	0.00	0.00
TOTAL FUND BALANCE	\$124,567,127	\$116,792,365

(1) Market Value

Annuity Savings Fund consists of the accumulated contributions of present active and inactive members.

Annuity Reserve Fund is the fund out of which that portion of benefits paid to retirees is paid, based on their contributions.

Pension Fund is the fund out of which the balance of benefits is paid to retirees.

Pension Reserve Fund is the fund that is credited with funds to cover future pension costs.