



**Powers &  
Sullivan, LLC**  
CPAs AND ADVISORS

**WELLESLEY CONTRIBUTORY RETIREMENT  
SYSTEM**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

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# ***Financial Section***

## **Independent Auditor's Report**

To the Honorable Wellesley Retirement Board and the Audit Committee  
Wellesley Contributory Retirement System  
Wellesley, Massachusetts

## **Opinions**

We have audited the accompanying financial statements of the Wellesley Contributory Retirement System, as of and for the years ended December 31, 2021 and 2020, which comprise the statements of assets, liabilities, and fund balance, the related statements of changes in fund balance, statements of income, statements of disbursements, and statements of investment income for the years then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wellesley Contributory Retirement System as of December 31, 2021 and 2020, and the changes in its fund balances for the years then ended, on the basis of the financial reporting provisions of Public Employee Retirement Administration Commission (PERAC) as described in Note 2.

## **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the Commonwealth of Massachusetts' Division of Public Employee Retirement Administration Rules and Regulations 840 CMR 25.00: "The Conduct of Field Examinations of Contributory Retirement Systems", in existence as of August 27, 2004. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wellesley Contributory Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained in sufficient an appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wellesley Contributory Retirement System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform auditing procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wellesley Contributory Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wellesley Contributory Retirement System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. As described in Note 2 to the financial statements, the financial statements are prepared by the Wellesley Contributory Retirement System on the basis of the financial reporting provisions of the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of PERAC. Our opinion is not modified with respect to this matter.

### **Additional Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Wellesley Contributory Retirement System's financial statements. The schedule of funding progress, as listed in the table of contents, which is the responsibility of management, is presented for the purpose of

additional information and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Restriction on Use**

Our report is intended solely for the information and use of management of the member units, the Wellesley Contributory Retirement Board, others within the Town of Wellesley, Massachusetts, and PERAC and is not intended to be and should not be used by anyone other than these specified parties.

*Powers & Sullivan LLC*

October 17, 2022

# ***Financial Statements***

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE**

December 31,

	2021	2020
<b>Assets</b>		
Cash and cash equivalents.....	\$ 3,619,689	\$ 708,786
Massachusetts Municipal Depository Trust (MMDT) funds.....	815,263	866,907
Investments:		
Pension Reserve Investment Trust (PRIT) funds.....	285,467,610	241,386,975
Receivables:		
Reimbursements from other systems.....	580,868	523,303
Payments from members.....	174,242	79,762
Prepaid expenses.....	1,983	1,862
Total assets.....	290,659,655	243,567,595
<b>Liabilities</b>		
Reimbursements to other systems.....	605,593	549,981
Other accrued liabilities.....	675	43,884
Total liabilities.....	606,268	593,865
Net assets available for pension benefits.....	\$ 290,053,387	\$ 242,973,730
<b>Fund Balance</b>		
Annuity Savings Fund.....	\$ 44,021,997	\$ 42,054,828
Annuity Reserve Fund.....	7,574,069	8,234,869
Special Military Service Credit Fund.....	8,931	2,917
Pension Fund.....	9,876,223	9,831,838
Pension Reserve Fund.....	228,572,167	182,849,278
Total fund balance.....	\$ 290,053,387	\$ 242,973,730

See notes to financial statements.



**STATEMENTS OF CHANGES IN FUND BALANCE**

YEARS ENDED DECEMBER 31,

	2021		
	Annuity Savings Fund	Annuity Reserve Fund	Special Military Service Credit Fund
Income:			
Receipts.....	\$ 4,936,220	\$ -	\$ 6,011
Investment income.....	59,637	235,610	3
Total income.....	4,995,857	235,610	6,014
Disbursements.....	(1,278,400)	(2,606,339)	-
Net increase (decrease) in fund balance before interfund transfers (out) in.....	3,717,457	(2,370,729)	6,014
Interfund transfers (out) in.....	(1,750,288)	1,709,929	-
Net increase (decrease) in fund balance.....	1,967,169	(660,800)	6,014
Fund balance, beginning of year.....	42,054,828	8,234,869	2,917
Fund balance, end of year.....	\$ <u>44,021,997</u>	\$ <u>7,574,069</u>	\$ <u>8,931</u>

See notes to financial statements.

2020

Pension Fund	Pension Reserve Fund	Expense Fund	Total All Funds	Total All Funds
\$ 10,371,288	\$ 25,050	\$ -	\$ 15,338,569	\$ 14,942,830
-	46,896,317	1,587,625	48,779,192	26,704,396
10,371,288	46,921,367	1,587,625	64,117,761	41,647,226
(11,565,740)	-	(1,587,625)	(17,038,104)	(15,502,833)
(1,194,452)	46,921,367	-	47,079,657	26,144,393
1,238,837	(1,198,478)	-	-	-
44,385	45,722,889	-	47,079,657	26,144,393
9,831,838	182,849,278	-	242,973,730	216,829,337
\$ 9,876,223	\$ 228,572,167	\$ -	\$ 290,053,387	\$ 242,973,730

**STATEMENTS OF INCOME**

YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
Members deductions.....	\$ 4,177,829	\$ 3,985,761
Employer contributions:		
Town of Wellesley.....	9,684,429	9,368,663
Wellesley Housing Authority.....	71,780	69,407
Investment income.....	48,779,192	26,704,396
Reimbursements from other systems for Pension Fund.....	559,197	523,303
Transfers of members' accounts from other systems.....	726,230	886,472
State Retirement Board, cost of living adjustment.....	55,882	61,415
Federal grant reimbursement.....	20,237	16,408
Members' makeup payments and redeposits.....	32,161	29,034
Military Service contribution.....	6,011	-
Income from court ordered restitution.....	-	402
Interest not refunded.....	<u>4,813</u>	<u>1,965</u>
Total income.....	<u>\$ 64,117,761</u>	<u>\$ 41,647,226</u>

See notes to financial statements.

**STATEMENTS OF DISBURSEMENTS**

YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
Superannuation and termination retirement allowance payments from Pension Fund.....	\$ 8,926,709	\$ 8,526,274
Annuity portion of retirement allowance payments from Annuity Reserve Fund.....	2,606,339	2,485,801
Accidental disability payments from Pension Fund.....	1,295,620	1,280,110
Investment management and custodial fees from Expense Fund.....	1,302,884	1,041,106
Survivor allowance payments from Pension Fund.....	665,362	621,296
Refunds of members' accounts from Annuity Savings Fund.....	266,498	336,150
Transfer of members' accounts to other systems from Annuity Savings Fund.....	1,011,902	361,184
Reimbursements to other systems from Pension Fund.....	503,139	448,032
Accidental death benefits from Pension Fund.....	108,449	106,289
Staff salaries and benefits from Expense Fund.....	179,178	167,922
Ordinary disability payments from Pension Fund.....	27,335	26,537
Administrative expenses from Expense Fund.....	37,237	34,692
Section 101 benefits from Pension Fund.....	39,126	35,719
Legal expenses from Expense Fund.....	10,107	1,159
Fiduciary insurance expenses from Expense Fund.....	12,119	11,462
Actuarial and accounting service expenses from Expense Fund.....	<u>46,100</u>	<u>19,100</u>
Total disbursements.....	<u>\$ 17,038,104</u>	<u>\$ 15,502,833</u>

See notes to financial statements.

**STATEMENTS OF INVESTMENT INCOME**

YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
Gross investment income.....	\$ <u>48,779,192</u>	\$ <u>26,704,396</u>
Investment income required:		
Annuity Savings Fund.....	59,637	70,365
Annuity Reserve Fund.....	235,610	238,667
Special Military Service Credit Fund.....	3	2
Expense Fund.....	<u>1,587,625</u>	<u>1,275,441</u>
Total investment income required.....	<u>1,882,875</u>	<u>1,584,475</u>
Excess (deficiency) investment income transferred to Pension Reserve Fund.....	\$ <u><u>46,896,317</u></u>	\$ <u><u>25,119,921</u></u>

See notes to financial statements.

**NOTE 1 – PLAN DESCRIPTION**

The Plan is a cost sharing multiple-employer defined benefit pension plan covering all employees of governmental member units deemed eligible by the Wellesley Retirement Board (the Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts' Teachers Retirement System. The Plan is administered by the Wellesley Contributory Retirement System (the System).

Instituted in 1937, the System is a Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the Plan is mandatory immediately upon the commencement of employment for all permanent and full-time employees and those employees who are scheduled for 1,000 hours per calendar year.

Massachusetts Contributory Retirement System benefits are, with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation (except for members who were hired on or after April 2, 2012, where the retirement allowance is calculated on the highest five-year average). Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. For members who began service prior to April 2, 2012, a superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service and normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55). For members who began service on or after April 2, 2012, a superannuation retirement allowance may be received upon the completion of age 60 with 10 years of service and normal retirement for most employees occurs at age 67 (except for certain hazardous duty and public safety positions, a superannuation allowance may also be received at age 55 and whose normal retirement is at age 57).

A retirement allowance consists of two parts, an annuity portion and a pension portion. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension portion. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Active members contribute between 5% and 11% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. The majority of the Town's employees contribute between 9% and 11% of their regular compensation. As of January 1, 2021, the Town's employees contributing 5%, 7%, 8% and 9% total 1, 8, 93, and 592, respectively, and exclusive of the additional 2% contribution. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employee Retirement Administration Commission's (PERAC) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and all costs are borne by the System.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as determined by PERAC's actuary. Upon their inception, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside money for the future benefits of employees who are currently employed. Large unfunded liabilities resulted from operating under this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future

pension obligations. In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund.

Administrative expenses, which were previously appropriated from the governmental entities whose employees are members of the system, are now paid from investment income.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, a member who voluntarily withdraws with less than 10 years of creditable service is entitled to receive 3% interest on his or her contributions. Members who involuntarily withdraw or those with more than 10 years of creditable service are entitled to interest on his or her contributions at the regular interest rate.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements are presented on the basis of accounting and reporting practices prescribed by the Commonwealth of Massachusetts' Commissioner of PERAC. Financial accounting and reporting standards required by generally accepted accounting principles (GAAP) differ in some respects from the requirements of PERAC. The valuation of assets, liabilities, and net assets/fund balance are substantially the same. The main difference between GAAP and PERAC is that the financial statements for the changes in net assets/fund balance are presented in different formats.

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commissioner of PERAC.

The *Annuity Savings Fund* is the fund in which members' contributions are deposited. Voluntary contributions, redeposits, and transfers to and from other systems are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw from the System with less than 10 years of service is transferred to the Pension Reserve Fund. Upon retirement, a member's contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances are not entitled to an allowance and must be transferred to the Pension Reserve Fund after a period of 10 years of inactivity.

The *Annuity Reserve Fund* is the fund to which a Member's account is transferred upon retirement from the Annuity Savings Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 2.5% annually on the previous month's balance.

The *Special Military Service Credit Fund* contains contributions and interest for members while on military leave for service in the Armed Forces who will receive creditable service for the period of that leave. Creditable service is granted provided the member returns to the same governmental unit within two years of the date of discharge from the military.

The *Pension Fund* contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The *Pension Reserve Fund* contains the amounts appropriated by the governmental units for the purpose of funding retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain or loss of market valued investments as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund and Annuity Reserve Fund is credited to the Pension Reserve Fund.

The *Expense Fund* contains amounts transferred from investment income for the purpose of administering the System.

The *Investment Income Account* is credited with all interest and dividends derived from invested funds. At the end of the year, the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Special Military Service Credit Fund, and the Expense Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

### NOTE 3 – PLAN ADMINISTRATION

The System is administered by a five-member retirement board consisting of the Town Finance Director, who shall be a member ex officio, two elected members, one member appointed by the Board of Selectmen, and one member appointed by the other 4 members.

Ex-Officio Member:	Sheryl Strother	Term Expires:	Indefinite
Elected Member:	Timothy Barros	Term Expires:	June 2023
Elected Member:	Michael Leach	Term Expires:	June 2025
Appointed Member:	David Kornwitz	Term Expires:	June 2023
Appointed Member:	Charles Cahill	Term Expires:	June 2024

Board members are required to meet at least once a month and must keep record of all Board proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the System. The Board must annually file a financial statement of condition for the System with the Commissioner of PERAC.

The investment of the System's funds is the responsibility of the Board. All retirement allowances must be approved by the Board. All expenses incurred by the System must be approved by at least three members of the Board.

The Board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. The bonding provides dishonesty coverage in the amount of \$1,000,000 and fiduciary liability coverage in the amount of \$50,000,000.

### NOTE 4 – CASH AND INVESTMENTS

At December 31, 2021 and 2020, the carrying amount (book value) of the Retirement System's deposits totaled \$3,619,689 and \$708,786 and the bank balances totaled \$3,865,663 and \$974,178, respectively. Of the bank balances, \$3,228,333 and \$200,064, which were amounts in the PRIT cash fund, were uninsured and uncollateralized. The remaining bank balances were fully covered by Federal Depository Insurance.



Investments

The Retirement System's investments at December 31, 2021 and 2020, consist of two external investment pools, namely the Pension Reserve Investment Trust (PRIT) and the Massachusetts Municipal Depository Trust (MMDT).

The Retirement System participates, as a participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 1.33 to 15.12 years and from .19 to 16.28 years in 2020 and 2021, respectively.

The MMDT meets the criteria of an external investment pool. The MMDT is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

MMDT maintains a cash portfolio and a short-term bond portfolio. The System invests in the cash portfolio which has a weighted average maturity of 27 days.

As of December 31, 2021 and 2020, the Retirement System had investments in PRIT totaling \$285,467,610 and \$241,386,975 and investments in MMDT totaling \$815,263 and \$866,907, respectively.

**NOTE 5 – ACTUARIAL VALUATION**

The most recent actuarial valuations of the System contained the following information:

<b>Funding Information</b>	January 1, 2021	January 1, 2019	January 1, 2017
Actuarial accrued liability - active members.....	\$ 131,727,392	\$ 118,685,048	\$ 111,805,358
Actuarial accrued liability - retired and inactive members....	154,351,301	129,868,644	112,331,808
Actuarial accrued liability - total.....	286,078,693	248,553,692	224,137,166
Actuarial value of assets.....	242,973,730	193,017,080	169,089,812
Unfunded liability.....	\$ 43,104,963	\$ 55,536,612	\$ 55,047,354
<b>Other Actuarial Information</b>			
Normal cost for employees.....	\$ 4,175,748	\$ 3,952,186	\$ 3,668,973
Normal cost for employer.....	\$ 3,720,093	\$ 2,765,329	\$ 2,662,568
Covered payroll.....	\$ 40,939,192	\$ 39,169,350	\$ 36,836,364
Investment return.....	6.000%	6.625%	6.625%

The principal actuarial assumptions used in the January 1, 2021 valuation were as follows:

Valuation date.....	January 1, 2021
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Amortization payments on the unfunded liability increasing by 3% per year
Remaining amortization period.....	As of January 1, 2021, 9 years for the unfunded liability.
Asset valuation method.....	As of January 1, 2021, the actuarial value of assets was set to equal the market value of assets with a smoothing method applied going forward.
Inflation rate.....	2.75%
Projected salary increases.....	Based on years of service, ranging from 7.00% decreasing to 3.50% after 11 years of service from Group 1 and 2 employees, and ranging from 8.00% decreasing to 4.00% after 11 years for Group 4 employees.
Cost of living adjustments.....	2.75% increase on the first \$18,000 (previously \$17,000) of retirement allowance.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Mortality Rates:	
Pre-Retirement.....	RP-2014 Blue Collar Employee Mortality Table set forward one year for females projected generationally with Scale MP-2016.
Healthy Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females project generationally with Scale MP-2016.
Disabled Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with with Scale MP-2016.
Investment rate of return/Discount rate.....	6.0%, net of pension plan investment expense, including inflation.

## NOTE 6 – MEMBERSHIP

The following table represents the System's membership at December 31:

	2021	2020
Active members.....	689	694
Inactive members.....	399	363
Disabled members.....	34	34
Retirees and beneficiaries currently receiving benefits.....	404	396
Total.....	<u>1,526</u>	<u>1,487</u>

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 17, 2022, which is the date the financial statements were available to be issued.

The System carries its investments at fair (market) value in accordance with financial reporting provisions of Public Employee Retirement Administration Commission (PERAC). Market value adjustments are recorded monthly. Subsequent to year end, the System's investments of \$285,467,610 in PRIT have declined in value by approximately (\$29.5 million). The market value decline is consistent with recent trends in the overall financial securities market.

In accordance with financial reporting provisions of PERAC, the System has not recorded the losses in its financial statements as the impairments were not known as of December 31, 2021. The System has recorded the losses associated with the investment during 2022.

# ***Additional Information***

**SCHEDULE OF FUNDING PROGRESS**  
(Dollar amounts in thousands)

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Entry Age	(C) Unfunded AAL (UAAL) (B) - (A)	(D) Funded Ratio (A) / (B)	(E) Covered Payroll	UAAL as a Percentage of Covered Payroll (C) / (E)	Investment Return Assumption
01/01/21	\$ 242,974	\$ 286,079	\$ 43,105	84.9%	\$ 40,939	105.3%	6.000%
01/01/19	193,017	248,554	55,537	77.7%	39,169	141.8%	6.625%
01/01/17	169,090	224,137	55,047	75.4%	36,836	149.4%	6.625%
01/01/15	152,956	207,928	54,972	73.6%	35,960	152.9%	6.750%
01/01/13	125,715	186,236	60,521	67.5%	34,037	177.8%	7.000%
01/01/12	125,425	165,408	39,983	75.8%	33,920	117.9%	7.750%
01/01/10	129,514	149,447	19,933	86.7%	32,053	62.2%	8.000%
01/01/08	144,298	136,022	(8,276)	106.1%	30,256	-27.4%	8.000%
01/01/06	127,011	123,086	(3,925)	103.2%	26,392	-14.9%	8.000%
01/01/04	116,792	112,846	(3,946)	103.5%	23,173	-17.0%	7.500%

Valuation of Assets

Actuarial Valuation Date	Actual Market Value of Assets (1)	Actuarial Value of Assets (2)	Difference in Valuation Methods	Asset Valuation Methodologies
01/01/21	\$ 242,974	\$ 242,974	\$ -	<p>(1) The actual market value of the System's assets as reported in the System's Annual Statement of the Financial Condition of the Wellesley Retirement Board to PERAC.</p> <p>(2) The actuarial value of assets may otherwise be determined as the market value of assets (as reported in the System's Annual Statement) less unrecognized return in each of the last five years. Unrecognized return is equal to the difference between the actual market value return and the expected market value return and is recognized over a five year period, further adjusted, if necessary, to be within 20% of the actual market value.</p> <p>The actuarial value of assets was reset to actual market value in the valuations dated January 1, 2004, 2006, 2008, 2013, 2015 and 2021.</p>
01/01/19	187,949	193,017	(5,068)	
01/01/17	164,353	169,090	(4,737)	
01/01/15	152,956	152,956	-	
01/01/13	125,715	125,715	-	
01/01/12	113,747	125,425	(11,678)	
01/01/10	107,929	129,514	(21,585)	
01/01/08	144,298	144,298	-	
01/01/06	127,011	127,011	-	
01/01/04	116,792	116,792	-	