

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009  
OF THE CONDITIONS AND AFFAIRS OF

FRANKLIN REGIONAL RETIREMENT SYSTEM

Organized under the Laws of the Commonwealth of Massachusetts to the  
PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

Date of Certificate: February 4, 1939

Effective Date: January 1, 1940

Administration Offices located at:

278 Main Street - Suite 311      Greenfield MA 01301

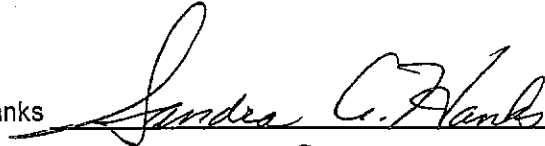
Telephone Number    (413) 774-4837

We, the undersigned members of the Franklin Regional Board of Retirement, certify under the penalties of perjury, that we are the official board members of said retirement system, and that on the thirty-first day 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 the assets, liabilities, income and disbursements, changes in fund balances and of the conditions and affairs of the said retirement system on the said thirty-first day 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

First Member - Chair/Treasurer  
Term Expires December 31, 2014

Sandra A. Hanks




Second Member Appointed by Advisory Council  
Term Expires December 31, 2012

Herbert L. Sanderson




Third Elected Member  
Term Expires December 31, 2011

Mary A. Stokarski



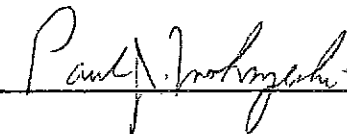
Fourth Elected Member  
Term Expires December 31, 2010

David R. Gendron



Fifth Appointed Member  
Term Expires June 30, 2010

Paul J. Mokrzecki



INVESTMENT MANAGERS

see attached

INVESTMENT CONSULTANT

Dahab Associates, 450 Washington St, Dedham, MA

CUSTODIAN

State Street Bank, 1200 Crown Colony Drive, Quincy MA

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

FRANKLIN REGIONAL RETIREMENT SYSTEM

Investment Managers:

Daruma Asset Management, Inc.	80 West 40 <sup>th</sup> Street, 9 <sup>th</sup> Floor New York, NY 10018
Rothschild Asset Management Inc.	1251 Avenue of the Americas New York, NY 10020
Income Research & Management	100 Federal Street, 31 <sup>st</sup> Floor Boston, MA 02110
Pension Reserve Investment Mgmt.	84 State Street, Suite 250 Boston, MA 02109
Prudential Investment Management	8 Campus Drive Parsippany, NJ 07054
Rhumblin Advisors	30 Rowes Wharf, Suite 350 Boston, MA 02110

**Annual Statement of the Franklin Regional Retirement System for  
the Year Ended December 31, 2009**

**ASSETS & LIABILITIES**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
1 1040 Cash	2,290,581.02	\$2,018,469.98	\$1,663,315.54
3 1180 Fixed Income Securities		0.00	0.00
5 1170 Equities (at market value)	11,363,504.74	7,355,697.59	11,134,539.73
6 1172 Pooled Domestic Equity Funds	5,727,271.38	4,037,845.62	5,561,288.13
7 1173 Pooled International Equity Funds	-	0.00	0.00
9 1181 Pooled Domestic Fixed Income Funds	8,184,877.47	8,937,352.66	9,763,998.77
13 1194 Pooled Real Estate Funds	2,290,257.04	3,535,008.44	4,061,779.57
18 1199 PRIT Fund	41,496,600.23	33,492,695.45	47,236,061.10
19 1350 Prepaid Expenses			
20 1398 Accounts Receivable (A)	948,223.59	1,021,557.97	1,257,830.46
21 1550 Interest Due and Accrued	2.37	129.63	3,074.28
22 2020 Accounts Payable (A)	<u>(66,193.32)</u>	<u>(67,880.40)</u>	<u>(84,229.83)</u>
<b>Total</b>	72,235,124.52	60,330,876.94	80,597,657.75
<b>Funds:</b>			
1 3293 Annuity Savings Fund	24,755,610.48	23,444,974.02	22,343,591.37
2 3294 Annuity Reserve Fund	6,418,263.18	5,820,678.55	5,291,941.86
3 3295 Military Service Fund	1,796.59	1,785.87	1,776.99
4 3296 Pension Fund	6,237,301.94	5,828,478.33	6,068,968.25
6 3297 Pension Reserve Fund	<u>34,822,152.33</u>	<u>25,234,960.17</u>	<u>46,891,379.28</u>
<b>Total Assets at Market Value</b>	72,235,124.52	60,330,876.94	80,597,657.75

**Annual Statement of the Franklin Regional Retirement System for  
the Year Ended December 31, 2009**

**RECEIPTS**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>1 Annuity Savings Fund:</b>			
(a) 4891-Members Deductions	\$2,803,190.97	\$2,722,284.54	\$2,564,465.43
(b) 4892-Transfers From Other Systems	278,300.78	204,089.85	132,681.85
(c) 4893-Member Make Up Payments and Redeposits	53,201.72	35,412.82	38,853.24
(d) 4900-Member Payments from Rollovers	30,730.87	21,355.64	0.00
(e) Investment Income Credited to Members Accounts	113,147.43	129,114.71	122,226.67
Subtotal	<u>3,278,571.77</u>	<u>3,112,257.56</u>	<u>2,858,227.19</u>
<b>2 Annuity Reserve Fund</b>			
(a) Investment Income Credited to Annuity Reserve Fund	<u>178,414.71</u>	<u>159,920.82</u>	<u>155,589.25</u>
Subtotal	\$178,414.71	\$159,920.82	\$155,589.25
<b>3 Pension Fund</b>			
(a) 4898-3(8)(c) Reimbursements From Other Systems	240,782.78	225,050.87	206,265.28
(b) 4899-Received From Commonwealth for COLA and Survivor Benefits	96,009.01	111,752.16	119,930.75
(c) 4894-Pension Fund Appropriation	4,789,108.44	3,779,153.00	3,632,343.00
(d) 4840 -Workers' Compensation Settlements	<u>16,500.00</u>	<u>5,040.00</u>	
Subtotal	5,142,400.23	4,120,996.03	3,958,539.03
<b>4 Military Service Fund</b>			
(a) 4890-Contribution Received from Municipality	0.00	0.00	0.00
(b) Investment Income Credited to Military Service Fund	8.94	8.88	31.61
Subtotal	8.94	8.88	31.61
<b>5 Expense Fund</b>			
(a) 4896-Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	764,256.24	785,106.21	764,119.16
Subtotal	764,256.24	785,106.21	764,119.16
<b>6 Pension Reserve Fund</b>			
(a) 4897-Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895-Pension Reserve Appropriation	0.00	866,309.00	854,903.00
(c) 4822-Interest Not Refunded	9,433.78	7,099.77	4,135.27
(d) 4825-Miscellaneous Income	4,978.82	2,556.83	7,740.00
(e) Excess Investment Income	9,717,290.78	-22,532,551.79	<u>6,829,979.92</u>
Subtotal	<u>9,731,703.38</u>	<u>-21,656,586.19</u>	<u>7,696,758.19</u>
<b>TOTAL RECEIPTS</b>	19,095,355.27	-13,478,296.69	15,433,264.43

Annual Statement of the Franklin Regional Retirement System for  
the Year Ended December 31, 2009

DISBURSEMENTS

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>1 Annuity Savings Fund:</b>			
(a) 5757-Refunds to Members	\$477,358.66	\$387,597.96	\$407,014.53
(b) 5756-Transfers to Other Systems	<u>188,938.30</u>	<u>\$451,161.61</u>	<u>\$534,412.54</u>
Subtotal	\$666,296.96	\$838,759.57	\$941,427.07
<b>2 Annuity Reserve Fund:</b>			
(a) 5750-Annuities Paid	\$883,456.18	\$777,444.77	\$711,520.71
(b) 5759-Option B Refunds	<u>0.00</u>	<u>\$25,687.62</u>	<u>\$16,075.07</u>
Subtotal	\$883,456.18	\$803,132.39	\$727,595.78
<b>3 Pension Fund:</b>			
(a) 5751-Pensions Paid			
Regular Pension Payments	\$3,737,332.18	\$3,325,453.78	\$3,094,065.05
Survivorship Payments	\$150,347.79	\$150,347.79	\$154,345.61
Ordinary Disability Payments	\$16,302.78	\$16,094.61	\$13,170.78
Accidental Disability Payments	\$306,275.84	\$274,037.91	\$240,805.76
Accidental Death Payments	\$56,213.04	\$54,821.10	\$53,438.28
Section 101 Benefits			
(b) 5755-3(8)(c) Reimbursements to Other Systems	\$514,465.86	\$448,852.99 *	\$1,195,041.97
(c) 5752-COLA's Paid	96,160.82	\$91,877.77	\$116,735.04
(d) 5753-Chapter 389 Beneficiary Increase Paid	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Subtotal	\$4,877,098.31	\$4,361,485.95	\$4,867,602.49
<b>4 Military Service Fund:</b>			
(a) 4890-Return to Municipality for Members who withdrew their funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Subtotal			
<b>5 Expense Fund:</b>			
(a) 5118-Board Member Stipend	\$17,500.00	\$17,000.00	\$15,749.94
(b) 5119-Salaries	\$223,749.23	\$220,594.21	\$181,585.60
(c) 5304-Management Fees	\$362,856.28	\$375,395.87	\$412,645.66
(d) 5305-Custodial Fees	\$16,250.25	\$16,774.17	\$13,330.67
(e) 5307-Consultant Fees	\$20,000.00	\$20,000.00	\$20,000.00
(f) 5308-Legal Expenses	\$39,271.60	\$23,760.00	\$17,015.00
(g) 5309-Medical Expenses	\$0.00	\$0.00	\$0.00
(h) 5310-Fiduciary Insurance	\$8,802.00	\$8,469.00	\$8,208.00
(i) 5311-Service Contracts	\$0.00	\$0.00	\$0.00
(j) 5312-Rent	\$13,385.00	\$10,500.00	\$10,500.00
(k) 5589-Administrative Expenses	\$50,640.68	\$61,360.82	\$74,518.75
(l) 5599-Furniture and Equipment	\$6,727.31	\$26,865.35	\$8,345.49
(m) 5719-Travel	\$5,073.89	\$4,386.79	\$2,220.05
Subtotal	<u>\$764,256.24</u>	<u>\$785,106.21</u>	<u>\$764,119.16</u>
<b>TOTAL DISBURSEMENTS</b>	<b>\$7,191,107.69</b>	<b>\$6,788,484.12</b>	<b>\$7,300,744.50</b>

**Annual Statement of the Franklin Regional Retirement System for  
the Year Ended December 31, 2009**

**Investment Income**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Investment Income Received From:			
(a) Cash (from Schedule 1)	13,839.99	\$30,274.50	\$88,242.89
(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)	96,952.88	98,353.42	85,680.66
(e) Pooled Funds (from Schedule 5)	1,288,217.54	1,659,455.90	1,710,299.82
(f) Commission Recapture			0.00
<b>4821- TOTAL INVESTMENT INCOME</b>	<u>\$1,399,010.41</u>	<u>\$1,788,083.82</u>	<u>1,884,223.37</u>
<b>Plus:</b>			
4884-Realized Gains (Profits)	2,276,775.12	990,448.76	4,361,827.69
4886-Unrealized Gains (Incr. in Market Value)	15,437,184.98	3,981,652.07	7,038,535.38
1550-Interest Due and Accrued- Current Year	2.37	129.63	3,074.28
	<u>17,713,962.47</u>	<u>4,972,230.46</u>	<u>11,403,437.35</u>
<b>Less:</b>			
4823-Paid Accrued Interest on Fixed Income Securites	0.00	0.00	0.00
4885-Realized Losses	(3,136,569.27)	(4,481,173.10)	(484,506.73)
4887-Unrealized Losses (Decrease in Market Value)	(5,203,155.88)	(23,734,468.07)	(4,927,525.93)
1550-Interest Due and Accrued- Prior Year	<u>(129.63)</u>	<u>(3,074.28)</u>	<u>(3,681.45)</u>
<b>NET INVESTMENT INCOME</b>	10,773,118.10	(21,458,401.17)	7,871,946.61
<b>Income Required:</b>			
Annuity Savings Fund (From supplementary schedule)	113,147.43	129,114.71	122,226.67
Annuity Reserve Fund	178,414.71	159,920.82	155,589.25
Expense Fund	764,256.24	785,106.21	764,119.16
Military Service Fund	<u>8.94</u>	<u>8.88</u>	<u>31.61</u>
<b>TOTAL INCOME REQUIRED</b>	1,055,827.32	1,074,150.62	1,041,966.69
Net Investment Income	10,773,118.10	-21,458,401.17	7,871,946.61
Less Income Required:	<u>(1,055,827.32)</u>	<u>(1,074,150.62)</u>	<u>(1,041,966.69)</u>
<b>EXCESS INCOME TO PENSION RESERVE FUND</b>	9,717,290.78	-22,532,551.79	6,829,979.92

Annual Statement of the Franklin Regional Retirement System for the Year Ended December 31, 2009

**MEMBERSHIP FOR CURRENT YEAR**

ACTIVE MEMBERS	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	1160	156	1316
Inactive Membership, Dec. 31st, Previous Year	293	161	354
Enrolled During Current Year	84	8	92
Transfers Between Groups			
Reinstatements of Disabled Members			
<b>SUBTOTAL</b>	<b>1537</b>	<b>225</b>	<b>1762</b>
Deduct:			
Death	2		2
Withdrawals	80	11	91
Retirements	33	3	36
<b>SUBTOTAL</b>	<b>115</b>	<b>14</b>	<b>129</b>
Active Membership, Dec. 31st, Current Year	1188	156	1344
Inactive Membership, Dec. 31st, Current Year	234	55	289

**RETIRED MEMBERS, BENEFICIARIES & SURVIVORS**

Retired, Beneficiary, and Survivor Membership, Dec. 31, previous year	378	38	416
Retirements During the Year:			
Superannuation	31	3	34
Ordinary Disability	1	-	1
Accidental Disability	1	-	1
Termination Retirement Allowance			
Beneficiary of Deceased Retiree	4	-	4
Survivor Benefits from Active Membership	2	-	2
<b>SUBTOTAL</b>	<b>39</b>	<b>3</b>	<b>42</b>
Deduct:			
Deaths of Retired Members	9	-	9
Terminations of Survivor Benefits	1	-	1
Reinstatements of Disabled Pensions			
<b>SUBTOTAL</b>	<b>10</b>	<b>-</b>	<b>10</b>
Retired Membership, Dec. 31, current year	363	28	391
Superannuation	4	-	4
Ordinary Disability	8	6	14
Termination			
Beneficiaries from Accidental Deaths	1	3	4
Beneficiaries from Section 100			
Beneficiaries from Section 101			
Beneficiaries under Option (C)	11	1	12
Option (D) Survivor Allowance	20	-	20
Section 12B Survivor Allowance	3	-	3

Total Retired, Beneficiary, and Survivor Membership, Dec. 31, Current Year	410	38	448
<b>TOTAL MEMBERSHIP:</b>			
Active, Inactive, Retired, Beneficiary, and Survivor, Dec. 31, Current Year	1832	249	2081