

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

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February 10, 2025

Retirement Board
Hampshire County Retirement System
99 Industrial Drive
Northampton, Massachusetts 01060

We have audited the financial schedules of Hampshire County Retirement System for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 6, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hampshire County Retirement System are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements:

None

Uncorrected Misstatements:

The Schedule of Uncorrected Misstatements, attached to the below referenced management representation letter, summarizes uncorrected misstatements of the financial schedules. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial schedules taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial schedules to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial schedules under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial schedules or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 27, 2025. A copy of management's written representations is attached to this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Hampshire County Retirement System's financial schedules or a determination of the type of auditors' opinion that may be expressed on those schedules, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Hampshire County Retirement System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Meeting with Retirement Board

Our issuance of this written communication completes our responsibility under generally accepted auditing standards. However, we are available to schedule a consultation meeting with the full Board, Executive Committee, or Audit Committee to verbally discuss this letter, the audit process, and how the firm of Ron L. Beaulieu & Company can provide assistance to the Board in fulfilling its responsibilities to provide oversight and monitoring of the operations of the government unit. Please call us to discuss this further and to schedule a consultation meeting.

Restriction on Use

This information is intended solely for the information and use of the Retirement Board of Hampshire County Retirement System and is not intended to be, and should not be, used by anyone other than this specified party.

Sincerely,

Ron L. Beaulieu & Co.

Ron L. Beaulieu & Company

Hampshire County Retirement System
99 Industrial Drive
Northampton, Massachusetts 01060

January 27, 2025

Ron L. Beaulieu & Company
41 Bates Street
Portland, Maine 04103

This representation letter is provided in connection with your audit of the financial schedules of Hampshire County Retirement System, which comprise the schedule of employer allocations and the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the schedule of pension amounts by employer of Hampshire County Retirement System as of and for the year ended December 31, 2023, and the disclosures, for the purpose of expressing an opinion as to whether the financial schedules referred to above are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 27, 2025, the following representations made to you during your audit.

Financial Schedules

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 6, 2023, including our responsibility for the preparation and fair presentation of the financial schedules in accordance with U.S. GAAP.
- 2) The financial schedules referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial schedules that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial schedules as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

Information Provided

- 7) We have provided you with:

Ron L. Beaulieu & Company
 January 27, 2025
 Page 2

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial schedules, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Retirement Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial schedules.
- 9) We have disclosed to you the results of our assessment of the risk that the financial schedules may be materially misstated as a result of fraud.
- 10) We have no knowledge of any fraud or suspected fraud that affects the entity and involves
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial schedules.
- 11) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial schedules communicated by employees, former employees, regulators, or others.

Government-specific

- 12) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 13) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial schedules.
- 14) In addition to your audit, you assisted with preparation of the financial schedules and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial schedules and disclosures

Signature: 

Title: Chair of Retirement Board
 Responsible for Operations

Signature: 

Title: Administrator
 Responsible for Financial Schedules

Hampshire County Retirement System
 Schedule of Uncorrected Misstatements
 December 31, 2023

Current Year Item:	Assets	Liabilities	Revenues	Expenses
	Over <Under>	Over <Under>	Over <Under>	Over <Under>
	\$ -	\$ -	\$ -	\$ -
Total Current Year Misstatements	\$ -	\$ -	\$ -	\$ -
Effect of Previous Year misstatements				
Item:			\$ -	\$ -
Combined current year and prior year misstatements			\$ -	\$ -

Hampshire County Retirement System

**Independent Auditors' Report and
Management's Schedule of
Employer Allocations and
Schedule of Pension Amounts
By Employer**

December 31, 2023

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

HAMPSHIRE COUNTY RETIREMENT SYSTEM

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Retirement Board of
Hampshire County Retirement System
Northampton, Massachusetts

Opinions

We have audited the schedule of employer allocations of Hampshire County Retirement System as of and for the year ended December 31, 2023, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of Hampshire County Retirement System as of and for the year ended December 31, 2023, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for Hampshire County Retirement System, as of and for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of Hampshire County 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 is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgment made by a reasonable user based on the schedules.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- 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 Hampshire County 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 schedules.

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.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Hampshire County Retirement System as of and for the year ended December 31, 2023, and our report thereon, dated January 27, 2025, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of Hampshire County Retirement System management, Retirement Board, Hampshire County Retirement System employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Ron L. Beaulieu & Co.

Portland, Maine
January 27, 2025

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER ALLOCATIONS
AS OF AND YEAR ENDED DECEMBER 31,**

Employer	2023	
	Actual Employer Contributions	Employer Allocation Percentage
Hampshire County Group Insurance Trust	\$ 111,539	0.34404%
Town of Amherst	8,436,900	26.02315%
Amherst Housing Authority	296,374	0.91415%
Amherst-Pelham Regional School District	1,961,100	6.04890%
Town of Belchertown	4,227,760	13.04029%
Belchertown Housing Authority	-	0.00000%
Belchertown Water District	82,857	0.25557%
Town of Chesterfield	108,352	0.33421%
Chesterfield/Goshen Regional School District	123,119	0.37975%
Town of Cummington	86,044	0.26540%
Foothills Health District	64,799	0.19987%
Gateway Regional School District	803,077	2.47705%
Town of Goshen	66,923	0.20642%
Town of Granby	1,568,359	4.83752%
Granby Housing Authority	25,920	0.07995%
Town of Hadley	1,815,720	5.60049%
Hadley Housing Authority	-	0.00000%
Hampshire County Regional Housing Authority	-	0.00000%
Hampshire County Regional School District	639,855	1.97360%
Town of Hatfield	825,385	2.54585%
Hatfield Housing Authority	9,561	0.02949%
Town of Huntington	152,278	0.46969%
Town of Middlefield	70,110	0.21625%
Town of Pelham	309,121	0.95347%
Town of Plainfield	108,352	0.33421%
Quabbin Health District	105,369	0.32500%
South Hadley Fire District #1	841,318	2.59500%
South Hadley Fire District #2	305,934	0.94364%
Town of South Hadley	4,343,569	13.39750%
South Hadley Housing Authority	79,670	0.24574%
So Hadley-Granby-Easthampton Veterans District	22,308	0.06881%
Town of Southampton	1,041,155	3.21138%
Town of Ware	2,761,548	8.51784%
Ware Housing Authority	86,221	0.26594%
Town of Westhampton	251,758	0.77653%
Town of Williamsburg	386,108	1.19093%
Town of Worthington	302,287	0.93239%
Total	<u>\$ 32,420,750</u>	<u>100.00000%</u>

See Independent Auditors' Report and management's notes to schedules.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
AS OF AND YEAR ENDED DECEMBER 31,**

Employer	2023 Deferred Outflows of Resources						2023 Deferred Inflows of Resources					2023 Pension Expense		
	December 31, 2023 Net Pension Liability	Differences Between Expected and Actual Experience	Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense (Income)	Net Amortization of Deferred Amounts from Changes in Proportion	Total Employer Pension Expense
Hampshire County Group Insurance Trust	\$ 630,486	\$ 12,656	\$ 173,930	\$ 67,935	\$ 30,526	\$ 285,047	\$ 6,782	\$ 109,112	\$ -	\$ 850,664	\$ 966,558	\$ 71,491	\$ (228,518)	\$ (157,027)
Town of Amherst	47,690,492	957,284	13,156,204	5,138,671	384,051	19,636,210	512,970	8,253,320	-	1,530,000	10,296,290	5,407,625	(193,369)	5,214,256
Amherst Housing Authority	1,675,286	33,628	462,155	180,513	209,605	885,901	18,020	289,925	-	63,175	371,120	189,961	41,441	231,402
Amherst-Pelham Regional School District	11,085,330	222,514	3,058,070	1,194,449	349,212	4,824,245	119,237	1,918,428	-	274,265	2,311,930	1,256,966	32,293	1,289,259
Town of Belchertown	23,897,872	479,698	6,592,620	2,575,006	720,147	10,367,471	257,051	4,135,768	-	835,241	5,228,060	2,709,780	97,300	2,807,080
Belchertown Housing Authority	-	-	-	-	199	199	-	-	-	140,964	140,964	-	(32,508)	(32,508)
Belchertown Water District	468,358	9,401	129,204	50,466	101,376	290,447	5,038	81,054	-	34,225	120,317	53,107	7,349	60,456
Town of Chesterfield	612,471	12,294	168,960	65,994	18,357	265,605	6,588	105,994	-	71,317	183,899	69,448	(6,980)	62,468
Chesterfield/Goshen Regional School District	695,343	13,970	191,987	74,988	74,558	355,503	7,486	120,440	-	70,095	198,021	78,913	8,258	87,171
Town of Cummington	486,373	9,763	134,174	52,407	95,915	292,259	5,232	84,172	-	74,875	164,279	55,150	16,426	71,576
Foothills Health District	366,283	7,352	101,045	39,467	167,304	315,168	3,940	63,389	-	-	67,329	41,533	33,770	75,303
Gateway Regional School District	4,539,480	91,120	1,252,290	489,131	319,256	2,151,797	48,828	785,603	-	260,205	1,094,636	514,732	(74,397)	440,335
Town of Goshen	378,290	7,593	104,357	40,761	59,700	212,411	4,069	65,467	-	135,679	205,215	42,894	(25,400)	17,494
Town of Granby	8,865,319	177,952	2,445,644	955,242	620,434	4,199,272	95,358	1,534,233	-	46,179	1,675,770	1,005,239	(19,058)	1,124,297
Granby Housing Authority	146,516	2,941	40,419	15,787	1,973	61,120	1,576	25,356	-	49,017	75,949	16,613	(13,032)	3,581
Town of Hadley	10,263,554	206,019	2,831,370	1,105,902	725,400	4,868,691	110,397	1,776,211	-	206,002	2,092,610	1,163,784	236,989	1,400,773
Hadley Housing Authority	-	-	-	-	115	115	-	-	-	43,491	43,491	-	(10,658)	(10,658)
Hampshire County Regional Housing Authority	-	-	-	-	6,751	6,751	-	-	-	47,882	47,882	-	(6,637)	(6,637)
Hampshire County Regional School District	3,616,850	72,600	997,767	389,717	207,232	1,667,316	38,904	625,932	-	462,015	1,126,851	410,115	(65,670)	344,445
Town of Hatfield	4,665,578	93,651	1,287,076	502,718	269,379	2,152,824	50,184	807,425	-	190,160	1,047,769	529,030	23,592	552,622
Hatfield Housing Authority	54,045	1,085	14,909	5,823	246	22,063	581	9,353	-	25,839	35,773	6,128	(8,276)	(2,148)
Town of Huntington	860,768	17,278	237,457	92,748	109,012	456,495	9,259	148,965	-	167,091	325,315	97,602	(21,539)	76,063
Town of Middlefield	396,304	7,955	109,327	42,702	32,675	192,659	4,263	68,584	-	16,815	89,662	44,937	2,340	47,277
Town of Pelham	1,747,340	35,074	482,032	188,277	150,179	855,562	18,795	302,395	-	37,486	358,676	198,131	(2,202)	195,929
Town of Plainfield	612,471	12,294	168,960	65,994	80,062	327,310	6,588	105,994	-	28,792	141,374	69,448	2,949	72,397
Quabbin Health District	595,610	11,956	164,309	64,177	81,267	321,709	6,407	103,076	-	11,081	120,564	67,536	19,249	86,785
South Hadley Fire District #1	4,755,641	95,459	1,311,922	512,422	258,656	2,178,459	51,153	823,012	-	82,373	956,538	539,242	(11,830)	527,412
South Hadley Fire District #2	1,729,325	34,712	477,063	186,336	44,479	742,590	18,601	299,277	-	183,383	501,261	196,088	(69,844)	136,244
Town of South Hadley	24,552,494	492,838	6,773,208	2,645,542	648,522	10,560,110	264,092	4,249,057	-	232,497	4,745,646	2,784,008	(40,419)	2,743,589
South Hadley Housing Authority	450,343	9,040	124,235	48,525	5,565	187,365	4,844	77,936	-	13,925	96,705	51,064	(209)	50,855
So Hadley-Granby-Easthampton Veterans District	126,098	2,531	34,786	13,587	11,685	62,589	1,356	21,823	-	5,751	28,930	14,298	(474)	13,824
Town of Southampton	5,885,241	118,134	1,623,540	634,137	140,939	2,516,750	63,303	1,018,500	-	249,149	1,330,952	667,328	33,658	700,986
Town of Ware	15,609,950	313,337	4,306,260	1,681,980	751,028	7,052,605	167,904	2,701,460	-	554,540	3,423,904	1,770,012	8,549	1,778,561
Ware Housing Authority	487,374	9,783	134,450	52,515	27,412	224,160	5,242	84,345	-	14,816	104,403	55,263	7,432	62,695
Town of Westhampton	1,423,089	28,565	392,583	153,338	59,862	634,348	15,307	246,280	-	169,300	430,887	161,364	(15,740)	145,624
Town of Williamsburg	2,182,517	43,809	602,083	235,167	173,161	1,054,220	23,476	377,707	-	169,035	570,218	247,476	8,080	255,556
Town of Worthington	1,708,710	34,299	471,376	184,114	431,935	1,121,724	18,379	295,709	-	20,857	334,945	193,751	118,969	312,720
Total	\$ 183,261,801	\$ 3,678,585	\$ 50,555,772	\$ 19,746,538	\$ 7,368,175	\$ 81,349,070	\$ 1,971,210	\$ 31,715,302	\$ -	\$ 7,368,181	\$ 41,054,693	\$ 20,780,057	\$ -	\$ 20,780,057

See Independent Auditors' Report and management's notes to schedules.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULES
DECEMBER 31, 2023**

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Hampshire County Retirement System, a Massachusetts regional public employee pension plan, is provided for general information purposes only. Participants should refer to Chapter 32 of the Massachusetts General Laws for a more detailed description of the pension plan provisions.

General

The Hampshire County Retirement System (the Plan) is a cost-sharing, multiple-employer, defined benefit pension plan maintained to provide retirement, disability, and death benefits to all member unit employees and beneficiaries deemed eligible by the Retirement Board, with the exception of the school department employees who serve in a teaching capacity. The Plan has 37 participating employers. The Plan was established and is governed in accordance with Chapter 32 and Chapter 34B, Section 19 of the Massachusetts General Laws (M.G.L), and is further regulated by the Code of Massachusetts Regulations 840 CMR 1.00-27.00: Public Employee Retirement Administration (PERAC).

Administration of the Plan

The Plan is administered by a five person Board of Retirement consisting of the Chairperson who shall be appointed by the other four board members, a second member who shall be a member of the regional retirement board advisory council and is elected by the advisory council, a third and fourth member who shall be elected by the members in or retired from the service of the Plan, and a fifth member, who shall not be a member of the Plan, appointed by the other four board members.

Plan Amendments

The Plan did not adopt any significant plan amendments during 2023.

Plan Membership

Participation in the plan is required for nearly all employees who are regularly employed on a full-time basis. There are three classes of membership:

- Group 1: General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2: Certain specified hazardous duty positions.
- Group 4: Police officers, firefighters, and other specified hazardous positions.

At December 31, 2023, Plan membership consisted of the following:

Group	Inactive members receiving benefits	Inactive members entitled to benefits but not yet receiving benefits	Active Members	Total
Group 1	1,203	861	1,774	3,838
Group 2 & 4	258	113	375	746
	<u>1,461</u>	<u>974</u>	<u>2,149</u>	<u>4,584</u>

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULES
DECEMBER 31, 2023**

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

Benefits Provided

Pursuant to M.G.L. Chapter 32, members are eligible to receive benefits once they have met one of the conditions below:

Tier 1 (Membership prior to April 2, 2012):

- Completion of 20 years of service, or
- Reach age 55 if hired prior to 1978, or
- Reach age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 and 2, or
- Disabled or death

Tier 2 (Membership on or after April 2, 2012):

- If classified as Group 1, attain age 60 with 10 years of creditable service, or
- If classified as Group 2, attain age 55 with 10 years creditable service, or
- If classified as Group 4, attain age 55, or
- Disabled or death

The annual amount of a member's retirement allowance is calculated as the member's highest 3-year (5-year for members hired after April 2, 2012) average annual rate of regular compensation multiplied by the member's creditable service and multiplied by a benefit rate. The benefit rate is based upon a member's age at retirement and group classification. The annual retirement allowance may not exceed 80% of the member's highest 3-year (or 5-year) average annual rate of regular compensation.

An annual cost of living adjustment may be voted on and granted by the Retirement Board. The amount of increase will be based upon the Consumer Price Index, limited to a maximum of 5% on the base amount of the first \$13,000 of a member's benefit.

Contributions

The contributions of plan members and participating employers are governed by Chapter 32 of M.G.L. Member contribution rates vary depending on the most recent date of membership as follows:

Prior to 1975:	5% of compensation
1975 - 1983:	7% of compensation
1984 - 6/30/96:	8% of compensation
7/1/96 - present:	9% of compensation
1979 to present:	an additional 2% of compensation in excess of \$30,000
Group 1 members hired on or after April 2, 2012:	6% of compensation with 30 or more years of creditable service

Participating employer contributions are set by annual appropriations as determined by the Plan's actuary. For the year ended December 31, 2023, employers were required to contribute \$32,420,750. In addition to member and employer contributions, the Commonwealth of Massachusetts currently reimburses the Plan for cost of living adjustments granted to members after 1981 and prior to July 1, 1998.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULES
DECEMBER 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The schedules are prepared using the accrual method of accounting.

Basis of Allocation

The Schedule of Employer Allocations is prepared using the historical measure basis of actual contributions.

NOTE 3 - NET PENSION LIABILITY OF THE PARTICIPATING EMPLOYERS

The net pension liability is the actuarial total liability less the fiduciary net position. The components of the collective net pension liability of the participating employers at December 31, 2023, were as follows:

	2023
Total pension liability	\$ 657,299,209
Plan fiduciary net position	474,037,408
Employer's net pension liability (asset)	\$ 183,261,801
 Plan fiduciary net position as a % of total pension liability	72.1%

Actuarial assumptions. The total pension liability as of the December 31, 2023 measurement date was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Salary increases	Group 1: 6% - 4.25%, based on service Group 4: 7% - 4.75%, based on service
Investment rate of return	6.8% of pension plan investment, net of expense, including inflation

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULES
DECEMBER 31, 2023**

NOTE 3 - NET PENSION LIABILITY OF THE PARTICIPATING EMPLOYERS (CONTINUED)

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.0%	0.00%
Domestic Equity	26.0%	4.40%
Non-US Developed Equity	11.0%	4.10%
Emerging Equity	6.0%	6.70%
Private Equity	16.0%	7.70%
Core Bonds	12.0%	2.40%
Value Add Fixed Income - Public	12.0%	5.30%
Real Estate	14.0%	4.10%
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 6.8%. The discount rate at the Plan's prior fiscal year end was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The municipal bond rate used was 3.26%, based on the December 2023 Bond Buyer Index as published by the Federal Reserve.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.8%, as well as what the participating employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
Employer's net pension liability (asset)	\$ 258,225,509	\$ 183,261,801	\$ 119,516,224

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULES
DECEMBER 31, 2023**

NOTE 4 – COMPONENTS OF SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

Net Pension Liability

The Net Pension Liability is the product of the Total Net Pension Liability multiplied by the Employer Allocation Percentage for the year ended December 31, 2023.

Difference between Expected and Actual Experience

The difference between the projected total pension liability and accrued liability is the amount of the difference between expected and actual experience. Each employer's proportionate share of this amount is the product of the Difference between Expected and Actual Experience multiplied by the Employer's Allocation Percentage for the year ended December 31, 2023, as shown in the schedule of employer allocations.

Difference between Projected and Actual Investment Earnings on Pension Plan Investments

The difference between the actual earnings on plan investments compared to the plan's expected rate of return of 6.8% is amortized over a closed period of 5 years. Each employer's proportionate share of this amount is the product of the Total Difference Between Projected and Actual Investment Earnings on Pension Plan Investments multiplied by the Employer's Allocation Percentage for the year ended December 31, 2023, as shown in the schedule of employer allocations.

Changes of Assumptions

Each employer's proportionate share of this amount is the product of the Change of Assumptions multiplied by the Employer's Allocation Percentage for the year ended December 31, 2023, as shown in the schedule of employer allocations. All of the actuarial assumptions and methods used in these disclosures are the same as the last measurement date.

Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions

The Changes in Proportion are the December 31, 2023 Net Pension Liability multiplied by the December 31, 2022 Employer Allocation Percentage less the current year Net Pension Liability plus the December 31, 2023 Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments multiplied by the December 31, 2022 Employer Allocation Percentage less the current year Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments. The changes in proportion are amortized over the average expected remaining service life of members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULES
DECEMBER 31, 2023**

NOTE 4 – COMPONENTS OF SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (CONTINUED)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following table summarizes the changes in the collective deferred outflows and (deferred inflows) of resources (excluding employer specific amounts) as of December 31, 2023:

	Year of deferral	Amortization period	Balance January 1	Additions	Deletions	Balance December 31
Deferred outflows of resources:						
Difference between expected and actual experience	2021	7.08 years	\$ 4,022,494	\$ -	\$ (791,829)	\$ 3,230,665
	2023	7.13 years	-	520,990	(73,070)	447,920
			<u>\$ 4,022,494</u>	<u>\$ 520,990</u>	<u>\$ (864,899)</u>	<u>\$ 3,678,585</u>
Difference between projected and actual investments earnings	2022	5 years	\$ 67,407,696	\$ -	\$ (16,851,924)	\$ 50,555,772
			<u>\$ 67,407,696</u>	<u>\$ -</u>	<u>\$ (16,851,924)</u>	<u>\$ 50,555,772</u>
Changes in assumptions	2019	7.2 years	\$ 8,978,262	\$ -	\$ (2,877,649)	\$ 6,100,613
	2021	7.08 years	8,100,103	-	(1,594,508)	6,505,595
	2023	7.13 years	-	8,305,147	(1,164,817)	7,140,330
			<u>\$ 17,078,365</u>	<u>\$ 8,305,147</u>	<u>\$ (5,636,974)</u>	<u>\$ 19,746,538</u>
Deferred inflows of resources:						
Differences between expected and actual experience	2017	6.79 years	\$ (50,598)	\$ -	\$ 50,598	\$ -
	2019	7.12 years	(2,901,026)	-	929,816	(1,971,210)
			<u>\$ (2,951,624)</u>	<u>\$ -</u>	<u>\$ 980,414</u>	<u>\$ (1,971,210)</u>
Difference between projected and actual investments earnings	2019	5 years	\$ (5,395,069)	\$ -	\$ 5,395,069	\$ -
	2020	5 years	(6,402,160)	-	3,201,080	(3,201,080)
	2021	5 years	(26,935,967)	-	8,978,656	(17,957,311)
	2023	5 years	-	(13,196,139)	2,639,228	(10,556,911)
			<u>\$(38,733,196)</u>	<u>\$(13,196,139)</u>	<u>\$ 20,214,033</u>	<u>\$(31,715,302)</u>
Changes in assumptions	2017	6.79 years	\$ (1,163,109)	\$ -	\$ 1,163,109	\$ -

**HAMPSHIRE COUNTY RETIREMENT SYSTEM
NOTES TO SCHEDULES
DECEMBER 31, 2023**

NOTE 4 – COMPONENTS OF SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (CONTINUED)

Collective Pension Expense

Each employer’s proportionate share of the collective pension expense is equal to the Total Pension Expense multiplied by the Employer’s Allocation Percentage for the year ended December 31, 2023.

Service cost	\$ 16,441,231
Interest cost	43,174,553
Employee contributions	(10,196,768)
Projected earnings on pension plan investments	(29,548,283)
Administrative expenses	844,490
Recognition of deferred outflows and deferred inflows of resources:	
Differences between expected and actual experience	(115,515)
Changes of benefit terms	-
Changes of assumptions	4,473,865
Differences between projected and actual earnings on plan investments	(3,362,110)
Other changes in fiduciary net position	<u>227,254</u>
Pension Expense per Actuarial Certification Report	<u><u>\$ 21,938,717</u></u>

Subsequent to the measurement date of the pension liability, there were adjustments made to the financial statements of the Plan.

Below is the reconciliation between the Actuarial Certification report and the Schedule of Pension Amounts by Employer:

Actuarial Certification Report	\$ 21,938,717
Year end accruals	<u>(1,158,660)</u>
Total Pension Expense	<u><u>\$ 20,780,057</u></u>

NOTE 5 – FUTURE RECOGNITION OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the collective pension expense as follows:

<u>Total</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Thereafter</u>
\$ 40,294,383	7,605,017	10,806,098	18,070,657	984,997	1,428,799	1,398,815

NOTE 6 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of January 27, 2025, the date the schedules were available to be issued. At that time, there were no material subsequent events.