**Hampshire County Retirement System**

**Independent Auditors' Report and Management's Financial Statements**

**December 31, 2025**

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

**HAMPSHIRE COUNTY RETIREMENT SYSTEM**

**DECEMBER 31, 2025**

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**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the accompanying financial statements of Hampshire County Retirement System, as of and for the year ended December 31, 2025, 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 Hampshire County Retirement System, as of December 31, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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 Financial Statements 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 opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements 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 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 Hampshire County 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.

**Auditors' 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 auditors' report that includes our opinion. 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 financial statements.

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 financial statements, 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 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 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 financial statements.

- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Hampshire County 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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 through 3.6 and the post employment benefit schedules on pages 16 through 19 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ronald Beaulieu & Co.

Portland, Maine
November 12, 2026

# Management's Discussion and Analysis

**Year ended December 31, 2025**

As management of the Hampshire County Retirement System, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2025. The System complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB).

## Financial Highlights

The System's net position for the year ended December 31, 2025 was $590.94 million. Total Assets of the fund were $591.44 million with outstanding liabilities of $498,058.

Total additions to the Fund were $120.48 million including employer contributions of $34.88 million; member contributions of $11.44 million; and $4.11 million received from other systems and non-employer entities. Gross investment gain was $72.39 million with $2.40 million in investment expense. Net investment gain was $70.05 million. Total deductions from the fund was $45.41 million. Total deductions included $39.55 million retirement benefits paid; $1.11 million refunded to terminated members, and $3.84 million transferred to other systems and $902,892 in Administrative expenses.

Total Fiduciary Net Position was increased by $75.07 million, an increase of 14.55% which was due to strong investment gains.

Total pension liability is based on Government Accounting Standards Board (GASB) 67/68 update to the actuarial valuation of January 1, 2026. As of December 31, 2025, total pension liability was $711.62 million with net pension liability of $120.35 million. Net pension liability decreased by $43.28 million (26.4%) from prior year

For reporting purposes in accordance with the Government Accounting Standards Board (GASB), the Plan's fiduciary net position as a percentage of the total pension liability increased from 75.9% to 83.1%.

As of December 31, 2025, membership counts for active, inactive, retired, beneficiaries and survivors totaled 4,715. Covered payroll increased by 4% to $113.35 million.

The Plan's assets are reserved and held in trust to meet future benefit payments.

## Overview of the Financial Statements

The basic financial statements consist of the: (1) Statements of Fiduciary Net Position; (2) Statements of Changes in Fiduciary Net Position; (3) Notes to the Financial Statements; and (4) Required Supplementary Information.

The Statements of Fiduciary Net Position report the Plan's assets, liabilities, and net position restricted for pensions at the end of the calendar year calculated using the following formula: Assets - Liabilities = Net position restricted for pensions.

The Statements of Fiduciary Net Position report the financial position of the Plan at a given point in time, in this case, December 31. Over time, the increase or decrease in fiduciary net position serves as a useful indicator of the Plan's financial health.

The Statements of Changes in Fiduciary Net Position report additions to and deductions from the Plan during the calendar year. The formula here is: Additions - Deductions = Net Increase (Decrease) in Plan Fiduciary Net Position. The Statements of Changes in Fiduciary Net Position report activity occurring over a specific period of time, in this case, the year beginning January 1 and ending December 31.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements.

The Required Supplementary Information following the Notes to the Financial Statements consists of the schedules of changes in net pension liability and related ratios, investment returns, contributions, and notes to schedule of contributions.

These statements and schedules are prepared in conformity with U.S. generally accepted accounting principles, including the new accounting and financial reporting requirements found in GASB Statement No. 67, 68, 87and

101.

## Assets and Liabilities – Fiduciary Net Position

Total assets are comprised of cash and cash equivalents; investments at fair value; and receivables, comprised of contributions due from plan members and investments sold but not yet received and amortized value of right of use leases. Total Assets as of December 31, 2025 was $591.44 million, an 14.53% increase of $75.04 million from prior year.

Total liabilities as of December 31, 2025 was $498,058 a decrease from prior year due to decrease in lease liability. Total liabilities are generally comprised of payables for benefits payments due, accrued employee payroll and accrued but unpaid compensated absences, right to use lease liability.

Fiduciary net position was the residual of the Plan's assets in excess of the Plan's liabilities as of the specific date, December 31, 2025 of the Statements of Fiduciary Net Position. Net Fiduciary Position was $590.94 million.

The fiduciary net position as a percentage of actuarial pension liability was 83.1% on December 31, 2025.

| Assets and Liabilities – Fiduciary Net Position 2025 | | | | |
|---|---|---|---|---|
| | 2025 | 2024 | Total $ Change | % Change |
| **Assets** | | | | |
| Cash and cash equivalents | 4,744,893 | 3,591,420 | 1,153,473 | 32.12% |
| Investments | 585,114,541 | 512,035,750 | 73,078,791 | 14.27% |
| Receivables | 1,401,645 | 549,638 | 852,007 | 155.01% |
| Lease Asset | 176,538 | 221,355 | (44,817) | -20.25% |
| **Total Assets** | **591,437,617** | **516,398,163** | **75,039,454** | **14.53%** |
| **Liabilities** | | | | |
| Payables | 7,759 | 16,886 | (9,127) | -54.05% |
| Accrued payroll | 6,905 | 3,293 | 3,612 | 109.69% |
| Accrued compensated absences* | 306,856 | 288,470 | 18,386 | 6.37% |
| Asset transfer (c. 316 of Acts 2020) | 0 | 0 | 0 | -- |
| Lease Liability - current | 48,130 | 44,817 | 3,313 | 7.39% |
| Lease Liability - long term | 128,408 | 176,538 | (48,130) | -27.26% |
| **Total Liabilities** | **498,058** | **530,005** | **(31,947)** | **-6.03%** |
| **Fiduciary Net Position** | **590,939,559** | **515,868,159** | **75,071,400** | **14.55%** |

| 5 Year History Assets and Liabilities - Fiduciary Net Position | | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| **Assets** | | | | | |
| Cash and cash equivalents | 4,744,893 | 3,591,420 | 5,148,535 | 3,784,841 | 4,672,747 |
| Investments | 585,114,541 | 512,035,750 | 467,658,220 | 423,470,826 | 470,900,409 |
| Receivables | 1,401,645 | 549,638 | 1,311,610 | 1,082,194 | 1,075,053 |
| Lease Asset | 176,538 | 221,355 | 19,870 | 66,498 | -- |
| **Total Assets** | **591,437,617** | **516,398,163** | **474,138,235** | **428,404,359** | **476,648,209** |
| **Liabilities** | | | | | |
| Payables | 7,759 | 16,886 | 2,832 | 37 | 55,815 |
| Accrued payroll | 6,905 | 3,293 | 7,651 | 6,290 | 6,029 |
| Accrued compensated absences | 306,856 | 288,470 | 70,474 | 66,300 | 62,183 |

| | | | | | |
|---|---|---|---|---|---|
| Asset transfer (c. 316 of Acts 2020) | 0 | 0 | 0 | 1,162,601 | 1,162,601 |
| Lease Liability - current | 48,130 | 44,817 | 19,870 | 46,628 | -- |
| Lease Liability - long term | 128,408 | 176,538 | 0 | 19,870 | -- |
| **Total Liabilities** | 498,058 | 530,005 | 100,826 | 1,301,726 | 1,286,628 |
| **Fiduciary Net Position** | **590,939,559** | **515,868,159** | **474,037,409** | **427,102,633** | **475,361,581** |

## Revenues - Additions to Plan Fiduciary Net Position

Revenue (Additions to the HCRS' fiduciary net position) includes contributions from active members, employers, non-employer entities, transfers in from other retirement systems and net investment earnings. For calendar year 2025 total revenues were $120.48 million.

Member contributions comprised of regular contributions and makeup/redeposit purchases of prior service, totaled $11.44 million, an increase of $800,115 from prior year. Member contributions generally increase annually due to salary increases and net gain from new members paying a higher percentage of salary replacing retiring members contributing at a lower percentage of salary. There were 403 new members enrolled in 2025. Withdrawals and transfers of active and inactive members totaled 294 comprised of 223 withdrawals/transfers, 5 active member deaths and 66 new retirements. Net gain of 109 active members.

Required employer contributions were determined by the biennial actuarial valuation as of January 1, 2026 establishing a funding schedule with the target date to reach full funding in 2032. Total employer contributions for calendar year 2025 was $34.87 million, an increase of $1.26 million. Total required employer contributions were distributed to unit employers based on aggregate salary data as of September 30 of prior year.

Non-employer contributions are comprised primarily of Commonwealth's COLA reimbursement for pre-1996 retirees but also includes worker's compensation offset settlements and recovery of 91A overearnings. The Commonwealth's COLA reimbursement decreases annually due to the declining population of pre-1996 retirees. Additions from worker's compensation offset settlements and recovery of 91A overearnings are variable from year to year. For the calendar year 2025 non-employer contributions totaled $116,731 an increase of $15,466 from prior year.

Transfers from other systems are comprised of transfers of member annuity savings accounts for service with other Massachusetts retirement systems and 3(8)(c) reimbursements of pension payments for retirees with service liabilities in other Massachusetts retirement systems. Transfers from other systems varies annually depending on an increase or a decrease of employees/retirees who have changed public employers. Transfers from other systems also varies by contribution levels and length of service of individual members transferred. Transfers from other systems totaled $3.99 million, an increase of $1.10 million from the prior year.

The asset allocation of investments is well diversified among domestic and global fixed income, domestic and international equities, real estate, private debt and private equities. The Board has as its primary purpose to grow Plan assets at a rate sufficient to meet promised benefits to members while minimizing the risks associated with achieving that growth. For the calendar year 2025 net investment earnings, comprised of the net change in fair value of investments and interest earned on investments minus investment expenses was $70.05 million. Total additions to the Fund was $120.48 million.

| Revenues - Additions to Plan Fiduciary Net Position 2025 | | | | |
|---|---|---|---|---|
| | **2025** | **2024** | **Total $ change** | **% change** |
| **Contributions** | | | | |
| Employer contributions | 34,876,312 | 33,615,460 | 1,260,852 | 3.75% |
| Member contributions | 11,442,196 | 10,642,081 | 800,115 | 7.52% |
| Non-employer entities | 116,731 | 101,265 | 15,466 | 15.27% |
| Transfer from other systems | 3,997,854 | 2,894,417 | 1,103,437 | 38.12% |

| | | | | |
|---|---|---|---|---|
| **Total Contributions** | **50,433,093** | **47,253,224** | **3,179,869** | **6.73%** |
| **Investment earnings** | | | | |
| Net increase(decrease) in fair value of investments | 72,394,535 | 40,699,414 | 31,695,121 | 77.88% |
| Interest | 46,805 | 46,963 | (158) | -0.34% |
| Gross investment earnings | 72,441,340 | 40,746,377 | 31,694,963 | 77.79% |
| Less investment expenses | (2,394,082) | (2,441,944) | 47,862 | 1.96% |
| **Net Investment Earnings** | **70,047,258** | **38,304,433** | **31,742,825** | **82.87%** |
| **Total Additions (Revenues)** | **120,480,351** | **85,557,657** | **34,922,694** | **40.82%** |

**5 Year History – Contributions - Additions to Plan**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Contributions** | | | | | |
| Employer contributions | 34,876,312 | 33,615,460 | 32,420,750 | 30,200,925 | 28,089,796 |
| Member contributions | 11,442,196 | 10,642,081 | 10,102,122 | 9,395,142 | 8,788,574 |
| Non-employer entities | 116,731 | 101,265 | 136,929 | 127,211 | 142,871 |
| Transfer from other systems | 3,997,854 | 2,894,417 | 3,513,939 | 2,713,293 | 2,187,757 |
| **Total Contributions** | **50,433,093** | **47,253,224** | **46,173,740** | **42,436,571** | **39,208,998** |
| **Investment earnings** | | | | | |
| Net increase(decrease) in fair value of investments | 72,394,535 | 40,699,414 | 45,918,617 | (49,218,425) | 75,508,391 |
| Interest | 46,805 | 46,963 | 31,626 | 5,593 | 11,469 |
| Gross investment earnings | 72,441,340 | 40,746,377 | 45,950,243 | (49,212,832) | 75,519,859 |
| Less investment expenses | (2,394,082) | (2,441,944) | (2,331,243) | (2,341,887) | (2,604,622) |
| **Net Investment Earnings** | **70,047,258** | **38,304,433** | **43,618,999** | **(51,554,719)** | **72,915,237** |
| **Total Additions (Revenues)** | **120,480,351** | **85,557,657** | **89,792,739** | **(9,118,148)** | **112,124,235** |

## Expenses – Deductions to Plan Fiduciary Net Position

Deductions to HCRS' fiduciary net position include benefits paid, refund of contributions to terminated members, transfers to other retirement systems and administrative expenses. Total Deductions for 2025 totaled $45.41 million, an increase of $1.88 (4.31%).

Benefits paid totaled $39.55 million, an increase of $1.65 million from prior year. For calendar year 2025, there were 66 new retirees and 66 retiree/beneficiary deaths.

Refunds to members terminating employment and withdrawing contributions totaled $1.11 million, a decrease of $298,986 from prior year. Refunds to withdrawing members include only the members' contributions and statutory interest based on creditable service years. Employer contributions for refunded members are retained by the System and pension liability for refunded members is terminated.

Transfers to other systems of annuity savings accounts of former members and 3(8)(c) reimbursement of benefit payments to former members retired from other retirement systems totaled $3.84 million, an increase of $512,961 from prior year. Both employer contributions and pension liability is retained for transferred members.

Cost of living adjustment for retirees was granted at 3% on the first $13,000 (maximum increase of $390 per

retiree).

Administrative expenses totaled $902,892, an increase of $16,425 (1.85%) from prior year.

| Expenses – Deductions to Plan Fiduciary Net Position - 2025 | | | | |
|---|---|---|---|---|
| | 2025 | 2024 | Total $ change | Total % change |
| Benefits Paid | 39,550,260 | 37,904,427 | 1,645,833 | 4.34% |
| Refunds to terminated members | 1,112,518 | 1,411,504 | (298,986) | -21.18% |
| Transfers to other systems | 3,843,278 | 3,330,317 | 512,961 | 15.40% |
| Asset transfer (c. 316 of Acts 2020) | 0 | 0 | 0 | 0.00% |
| Administrative expenses | 902,892 | 886,467 | 16,425 | 1.85% |
| Bad Debt Expense | 0 | 0 | 0 | 0.00% |
| **Total Deductions (Expenses)** | **45,408,948** | **43,532,716** | **1,876,232** | **4.31%** |

| 5 Year History Expenses – Deductions to Plan Fiduciary Net Position | | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Benefits Paid | 39,550,260 | 37,904,427 | 36,567,767 | 34,344,808 | 33,090,814 |
| Refunds to terminated members | 1,112,518 | 1,411,504 | 974,239 | 633,032 | 725,346 |
| Transfers to other systems | 3,843,278 | 3,330,317 | 4,238,682 | 3,374,525 | 3,546,144 |
| Asset transfer (c. 316 of Acts 2020) | 0 | 0 | 0 | 0 | 1,162,601 |
| Administrative expenses | 902,892 | 886,467 | 850,023 | 788,434 | 773,129 |
| Bad Debt Expense | 0 | 0 | 227,254 | 0 | 0 |
| **Total Deductions (Expenses)** | **45,408,948** | **43,532,716** | **42,857,966** | **39,140,799** | **39,298,034** |

## Changes to Fiduciary Net Position – Summary

Changes in fiduciary net position as of December 31, 2025 was a net increase of $33.05 million.

| Changes to Fiduciary Net Position – Summary 2025 | | | | |
|---|---|---|---|---|
| | 2025 | 2024 | Total $ change | % change |
| Total Additions (Revenues) | 120,480,351 | 85,557,657 | 34,922,694 | 40.82% |
| Total Deductions (Expenses) | 45,408,948 | 43,532,716 | 1,876,232 | 4.31% |
| **Net Position Change** | **75,071,403** | **42,024,941** | **33,046,462** | **78.64%** |

| 5 Year History - Changes to Fiduciary Net Position | | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Total Additions (Revenues) | 120,480,351 | 85,557,657 | 89,792,739 | (9,118,148) | 112,124,235 |
| Total Deductions (Expenses) | 45,408,948 | 43,532,716 | 42,857,966 | 39,140,799 | 39,298,034 |
| **Net Position Change** | **75,071,403** | **42,024,941** | **46,934,773** | **(48,258,947)** | **72,826,201** |

## Total Fiduciary Net Position at Fair Value

As of December 31, 2025, the Total Fiduciary Net Position at Fair Value was $590.94 million, a net increase of $75.07 million (14.55%) from prior year.

| Fiduciary Net Position at Fair Value 2025 | | | | |
|---|---|---|---|---|
| | 2025 | 2024* | Total $ change | Total % change |
| Beginning Net Position | 515,868,159 | 473,843,217 | 42,024,942 | 8.87% |
| **Ending Net Position** | **590,939,559** | **515,868,159** | **75,071,400** | **14.55%** |
| *** 2024 includes prior period adjustment - GASB 101** | | | | |

| 5 Year History - Fiduciary Net Position at Fair Value | | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024* | 2023 | 2022 | 2021 |
| Beginning Net Position | 515,868,159 | 473,843,217 | 427,102,633 | 475,361,581 | 402,535,381 |
| **Ending Net Position** | **590,939,559** | **515,868,159** | **474,037,409** | **427,102,633** | **475,361,581** |
| *** 2024 includes prior period adjustment - GASB 101** | | | | | |

## Overall Financial Position

HCRS maintains a well-diversified portfolio of assets in domestic and global fixed income, domestic and international equities, real estate and alternative investments (private debt and private equity). The Board has as its primary purpose to grow Plan assets at a rate sufficient to meet promised benefits to members while minimizing the risks associated with achieving that growth. The Board maintains a relatively conservative asset allocation with an emphasis on protecting assets in down markets rather than capturing all up markets. The Board attempts to outperform actuarial assumptions to reduce the unfunded liability as soon as practicable. However, at no time is the Plan exposed to unreasonable risk levels.

In accordance with Massachusetts General Laws, Chapter 32, Section 22 (6a), the Plan performs actuarial valuations biennially and adopts a funding schedules to achieve a 100% funding level prior to the year 2040. The Board has adopted the funding schedule with a full funding target date of 2032 with the long-term target rate of investment return of 6.8%. As of December 31, 2025, the funded ratio for the Plan was 83.1%.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM**
**STATEMENT OF FIDUCIARY NET POSITION**
**DECEMBER 31, 2025**

| | |
|---|---|
| **ASSETS** | |
| Cash | $ 4,744,893 |
| Investments at fair value: | |
| External investment pools | 581,176,216 |
| Limited partnerships | 3,938,325 |
| Total investments at fair value | 585,114,541 |
| Receivables: | |
| Members receivable, net | 1,401,645 |
| Total receivables | 1,401,645 |
| Lease asset, net of amortization | 176,538 |
| **TOTAL ASSETS** | 591,437,617 |
| **LIABILITIES** | |
| Accounts payable | 7,759 |
| Accrued payroll | 6,905 |
| Accrued compensated absences | 306,856 |
| Lease liability, current | 48,130 |
| Lease liability, long-term | 128,408 |
| **TOTAL LIABILITIES** | 498,058 |
| **NET POSITION** | |
| Restricted for pension benefits | $ 590,939,559 |

See accompanying independent auditors' report and management's notes to financial statements.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM**
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**
**YEAR ENDED DECEMBER 31, 2025**

| | |
|---|---|
| **ADDITIONS TO NET POSITION ATTRIBUTED TO** | |
| Contributions: | |
| Employer | $ 34,876,312 |
| Plan member | 11,442,196 |
| Nonemployer entities | 116,731 |
| Transfers from other systems | 3,997,854 |
| Total contributions | 50,433,093 |
| Investment earnings | |
| Net increase (decrease) in fair value of investments | 72,394,535 |
| Interest | 46,805 |
| Total investment income | 72,441,340 |
| Less investment expenses | (2,394,082) |
| Net investment earnings | 70,047,258 |
| **TOTAL ADDITIONS** | 120,480,351 |
| **DEDUCTIONS TO NET POSITION ATTRIBUTED TO** | |
| Benefits paid | 39,550,260 |
| Refunds of contributions | 1,112,518 |
| Transfers to other systems | 3,843,278 |
| Administrative expenses | 902,892 |
| **TOTAL DEDUCTIONS** | 45,408,948 |
| **NET INCREASE (DECREASE) IN NET POSITION** | 75,071,403 |
| **NET POSITION RESTRICTED FOR PENSIONS - BEGINNING** | 515,868,156 |
| **NET POSITION RESTRICTED FOR PENSIONS - ENDING** | $ 590,939,559 |

See accompanying independent auditors' report and management's notes to financial statements.

## 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 2025.

### 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:

Group1: 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, 2025, 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 | 1,234 | 1,059 | 1,682 | 3,975 |
| Group 2 & 4 | 266 | 111 | 363 | 740 |
| | 1,500 | 1,170 | 2,045 | 4,715 |

**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 3% 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, 2025, employers were required to contribute $34,876,312. 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.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using the accrual method of accounting.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest income is recorded on the accrual basis. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought, sold, and held.

Payments of Benefits

Benefits are recorded when paid.

## NOTE 3 - RISKS AND UNCERTAINTIES

Nature of Operations

The operations of the Plan are subject to the M.G.L and to the administrative directives, rules and regulations of state regulatory agencies, including, but not limited to the Public Employee Retirement Administration Commission (PERAC). Such laws and administrative directives, rules and regulations are subject to change by an act of Legislature and any administrative change mandated by PERAC. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

Deposit and Investment Risk

*Deposits*

Custodial credit risk for deposits is the risk that in an event of a bank failure, deposits may not be recovered. The Plan does not have a deposit policy to manage custodial credit risk. At December 31, 2025, the Plan held deposits of $5,087,688 at a local bank. The Federal Deposit Insurance Corporation (FDIC) insures $250,000 of that balance. The remaining balance was collateralized by an irrevocable standby letter of credit.

*Investments*

The Plan invests in various financial instruments. Financial instruments are exposed to various risks such as credit risk, custodial credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk. The Plan does not have an investment policy to manage these risks. Due to the level of risk associated with certain financial instruments, it is at least reasonably possible that changes in the values of financial instruments will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

**NOTE 3 - RISKS AND UNCERTAINTIES (CONTINUED)**

a). Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan has $0 in unit investment trusts that are held by the trust's agent.

b). Credit Risk. Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Plan's investments as of December 31, 2025, if rated, are presented below using the Standard and Poor's rating scale:

| Investment Type | Fair Value | AAA | AA | A | BBB | BB | B | Not Rated |
|---|---|---|---|---|---|---|---|---|
| External Investment Pools | $ 581,176,216 | $ - | $ - | $ - | $ - | $ - | $ - | $ 581,176,216 |
| Total | $ 581,176,216 | $ - | $ - | $ - | $ - | $ - | $ - | $ 581,176,216 |

c). Concentration of Credit Risk. The Plan does not have investments in any one issuer that represent 5% or more of total investments, excluding external investment pools.

d). Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's exposure to interest rate risk is presented below at December 31, 2025:

| Investment Type | Fair Value | < 1 yr | 1 to 5 yrs | 6 to 10 yrs | > 10 yrs | Unknown |
|---|---|---|---|---|---|---|
| External Investment Pools | $ 139,681,182 | $ - | $ - | $ - | $ - | $ 139,681,182 |
| Total | $ 139,681,182 | $ - | $ - | $ - | $ - | $ 139,681,182 |

e). Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan's exposure to foreign currency risk is presented below at December 31, 2025:

| Investment: | |
|---|---|
| PRIM International Equity (various currencies) | $ 68,210,936 |
| Total | $ 68,210,936 |

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 4 - INVESTMENTS**

*Investment policy*. The provisions of M.G.L Chapter 32, section 23(2) generally govern the investment practices of the system. The Board establishes the Investment Policy and Asset Allocation of the Plan. The Board retains an investment consultant to advise them on developing and implementing the Policy, and to closely monitor the individual performance of investment managers and the performance of the overall investment strategy. Investment policy guidelines are reviewed annually by the Board after consideration of the advice and recommendation of the investment consultant. All modifications of investment policy guidelines are in writing and signed by each Board member. The following was the Retirement Board's adopted asset allocation policy as of December 31, 2025:

| Asset Class | Target Allocation |
|---|---|
| Domestic Stocks - Large | 26.0% |
| Developed International Stocks | 11.0% |
| Emerging International Stocks | 6.0% |
| Private Equity | 16.0% |
| Real Estate | 14.0% |
| Domestic Fixed Income | 12.0% |
| Alternative Fixed Income | 12.0% |
| Cash/Liquidating Portfolios | 3.0% |
| **Total** | **100.0%** |

Investments are reported at their fair value at year end. Although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at year end.

The fair value measurement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy has three levels which are described below.

*Level 1 Fair Value Measurements*

The fair value of commingled domestic and international investments is based on quoted prices of the funds held by the Plan at year-end.

*Level 2 Fair Value Measurements*

Investments in certain preferred stocks are valued on the market approach using the quoted market price of the issuer's unrestricted common stock less an appropriate discount.

**NOTE 4 - INVESTMENTS (CONTINUED)**

*Level 3 Fair Value Measurements*

The fair value of certain investments is not actively traded and significant other observable inputs are not available. In this case, management decides what the best valuation technique to use is.

The investments of the Plan consisted of the following as of:

| | | December 31, 2025 | | |
|---|---|---|---|---|
| Investment Type | Fair Value | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant un-observable inputs (Level 3) |
| Investments measured by input level: | | | | |
| Limited partnerships | $ 3,938,325 | $ - | $ - | $ 3,938,325 |
| Total investments by input level | 3,938,325 | - | - | 3,938,325 |
| Investments measured by NAV: | | | | |
| External investment pools | 581,176,216 | n/a | n/a | n/a |
| Total investments by NAV | 581,176,216 | - | - | - |
| Total investments | $ 585,114,541 | $ - | $ - | $ 3,938,325 |

The following table presents the unfunded commitments, redemption terms, and fair value of the investments measured at NAV:

| | Investments measured at NAV | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period |
| External investment pools | $ 581,176,216 | $ 36,166,260 | Monthly | n/a |
| Total | $ 581,176,216 | $ 36,166,260 | | |

External Investment Pools. This type includes investment in the Pension Reserves Investment Trust (PRIT) fund that invests in 1). private equity and alternative debt, with managers representing various investment styles and concentrating on a variety of industries and locations 2). opportunities that offer long-term growth of capital, primarily through a diversified portfolio of non-US equity securities 3). domestic high quality, and substantially leased properties typically in the following property types: apartment, office, retail, industrial and R& D office 4). bonds, short-term fixed income, long duration treasury, and inflation-linked bonds 5.) hedge funds. The PRIT fund is an external investment pool, as defined by GASB, and it is not registered with the Securities and Exchange Commission, but is subject to oversight by the Pension Reserves Investment Management Board (the PRIM Board). The PRIT fund issues separate audited financial statements that may be obtained on their website. The fair value of the position in the pool is the same as the value of pool shares.

## NOTE 4 - INVESTMENTS (CONTINUED)

*Concentrations.* The following investments represent 5% or more of fiduciary net position:

| | |
|---|---|
| PRIM Domestic Equity | $ 155,929,739 |
| PRIM Emerging Markets | 43,973,200 |
| PRIM International Equity | 68,210,936 |
| PRIM Value-Added Fixed Income | 70,650,844 |
| PRIM Core Fixed Income | 69,030,338 |
| PRIM Core Real Estate | 79,538,590 |

*Rate of return*. For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.57%. This money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed amounts actually invested.

## NOTE 5 - PARTICIPANT CONTRIBUTIONS RECEIVABLE

Participant contributions receivable are stated at the amount the administrator expects to collect from balances outstanding at year-end. Balances that are still outstanding after the administrator has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to participant contributions receivable. The allowance for uncollectible accounts was estimated to be $0 at December 31, 2025.

## NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

| | Balance 1/1/25 | Additions | Deletions | Balance 12/31/2025 | Current Portion |
|---|---|---|---|---|---|
| Accrued Compensated Absences | $ 288,470 | $ 18,386 | $ - | $ 306,856 | $ 306,856 |
| Premise Lease | 221,355 | - | 44,817 | 176,538 | 48,130 |
| Totals | $ 509,825 | $ 18,386 | $ 44,817 | $ 483,394 | $ 354,986 |

* The change in the compensated absences liability is presented as a net change.

## NOTE 7 - NET PENSION LIABILITY OF THE PARTICIPATING EMPLOYERS

The net pension liability is the actuarial total liability less the plan fiduciary net position. The components of the net pension liability of the participating employers at December 31, 2025, were as follows:

| | 2025 |
|---|---|
| Total pension liability | $ 711,621,543 |
| Plan fiduciary net position | 590,939,559 |
| Employer's net pension liability (asset) | $ 120,681,984 |
| Plan fiduciary net position as a % of total pension liability | 83.0% |

**NOTE 7 - NET PENSION LIABILITY OF THE PARTICIPATING EMPLOYERS (CONTINUED)**

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of January 1, 2026, with a measurement date of December 31, 2025 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<br>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.

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, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 3.0% | 0.00% |
| Dometic Equity | 26.0% | 4.10% |
| Non-US Developed Equity | 11.0% | 3.90% |
| Emerging Equity | 6.0% | 5.30% |
| Private Equity | 16.0% | 7.40% |
| Core Bonds | 12.0% | 2.60% |
| Value Add Fixed Income - Public | 12.0% | 5.60% |
| Real Estate | 14.0% | 3.90% |
| Total | 100.0% | |

## NOTE 7 - NET PENSION LIABILITY OF THE PARTICIPATING EMPLOYERS (CONTINUED)

*Discount rate.* The discount rate used to measure the total pension liability is 6.8%. The discount rate at the Plan's prior fiscal year end was 6.8%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate 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 4.83%, based on the December 2025 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:

| | 1% Decrease (5.8%) | Current Discount Rate (6.8%) | 1% Increase (7.8%) |
|---|---|---|---|
| Employer's net pension liability (asset) | $ 200,969,105 | $ 120,681,984 | $ 52,309,581 |

## NOTE 8 – LEGALLY REQUIRED FUNDS

The balances in the Plan's legally required funds per M.G.L. Chapter 32, Section 22 at December 31, 2025:

| | 2025 | Purpose |
|---|---|---|
| Annuity Savings Fund | $ 100,941,883 | Active members' contribution balance |
| Special Fund for Military Service Credit | 52,378 | Members' contribution while on military leave |
| Annuity Reserve Fund | 26,794,978 | Retired members' contribution account |
| Pension Fund | 14,241,158 | To fund current pension benefits |
| Pension Reserve Fund | 448,909,162 | To fund future pension benefits |
| | $ 590,939,559 | |

## NOTE 9 – COMMITMENTS

As of December 31, 2025, the Plan had unfunded capital commitments on its limited partnerships totaling $2,565,176 and unfunded capital commitments on its external investment pools totaling $36,166,260.

## NOTE 10 - TAX STATUS

The Plan is a qualified plan under the Internal Revenue Code of 1986, as amended and, therefore, is exempt from federal income taxes. The Plan administrator believes the Plan is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenues Code and will retain its status as a qualified plan.

## NOTE 11 – LEASE COMMITMENTS

The Plan has entered into a lease commitment for space. At December 31, 2025, the total lease asset was $246,700 and accumulated amortization was $70,162. The annual lease / rent expense for the leased facilities was $44,817 for the year ended December 31, 2025. The lease expires in 2029. The discount rate used in the valuation of the lease asset and liability was 3.47%.

The future minimum lease payments on the above lease for the year ending December 31, 2025 are as follows:

| | |
|---|---|
| 2026 | $ 53,500 |
| 2027 | $ 54,700 |
| 2028 | $ 55,900 |
| 2029 | $ 23,500 |
| 2030 | $ - |
| Less: Imputed Interest | $(11,062) |
| Total | $176,538 |

## NOTE 12 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of November 12, 2026, the date the financial statements were available to be issued. At that time, there were no material subsequent events.

# HAMPSHIRE COUNTY RETIREMENT SYSTEM
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN NET PENSION LIABILITY - LAST TEN FISCAL YEARS
## DECEMBER 31, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Total pension liability** | | | | | |
| Service cost | $ 18,501,356 | $ 17,918,989 | $ 16,441,231 | $ 15,923,710 | $ 14,760,890 |
| Interest | 46,123,129 | 44,557,382 | 43,174,553 | 41,712,622 | 41,320,681 |
| Changes of benefit terms | - | - | - | - | (13,562,414) |
| Differences between expected and actual experience | 7,287,577 | - | 520,990 | - | 5,606,152 |
| Changes of assumptions | - | - | 8,305,147 | - | 11,289,119 |
| Benefit payments, including refunds | (40,140,951) | (39,925,148) | (38,514,082) | (35,418,801) | (34,822,644) |
| **Net change in total pension liability** | $ 31,771,111 | $ 22,551,223 | $ 29,927,839 | $ 22,217,531 | $ 24,591,784 |
| **Total pension liability - beginning** | 679,850,432 | 657,299,209 | 627,371,370 | 605,153,839 | 580,562,055 |
| **Total pension liability - ending** | $ 711,621,543 | $ 679,850,432 | $ 657,299,209 | $ 627,371,370 | $ 605,153,839 |
| **Fiduciary net position** | | | | | |
| Contributions - employer | $ 34,876,312 | $ 33,615,460 | $ 32,420,750 | $ 30,200,925 | $ 28,089,796 |
| Contributions - member | 11,442,196 | 10,642,081 | 10,102,122 | 9,395,142 | 8,788,574 |
| Contributions - nonemployer | 116,731 | 101,265 | 136,929 | 127,211 | 142,871 |
| Transfers from other systems | 3,997,854 | 2,894,417 | 3,513,939 | 2,713,293 | 2,187,757 |
| Net investment income | 70,047,258 | 38,304,432 | 43,618,999 | (51,554,719) | 72,915,237 |
| Benefits paid | (39,550,260) | (37,904,427) | (36,567,767) | (34,344,808) | (33,090,814) |
| Refunds of contributions | (1,112,518) | (1,411,504) | (974,239) | (633,032) | (725,346) |
| Transfers to other systems | (3,843,278) | (3,330,317) | (4,238,682) | (3,374,525) | (4,708,745) |
| Administrative expenses | (902,892) | (886,467) | (850,023) | (788,434) | (773,129) |
| Bad debt expense | - | - | (227,254) | - | - |
| **Net change in fiduciary net position** | $ 75,071,403 | $ 42,024,940 | $ 46,934,774 | $ (48,258,947) | $ 72,826,201 |
| **Fiduciary net position - beginning - original** | 515,868,156 | 474,037,408 | 427,102,634 | 475,361,582 | 402,535,380 |
| **Prior period adjustment** | - | (194,191) | - | - | - |
| **Fiduciary net position - beginning - revised** | 515,868,156 | 473,843,217 | 427,102,634 | 475,361,582 | 402,535,380 |
| **Fiduciary net position - ending** | $ 590,939,559 | $ 515,868,157 | $ 474,037,408 | $ 427,102,635 | $ 475,361,581 |
| **Net pension liability (asset) - ending** | $ 120,681,984 | $ 163,982,275 | $ 183,261,801 | $ 200,268,735 | $ 129,792,258 |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Total pension liability** | | | | | |
| Service cost | $ 14,261,729 | $ 13,282,271 | $ 12,771,414 | $ 11,029,438 | $ 10,605,229 |
| Interest | 39,817,266 | 38,884,736 | 37,396,643 | 36,888,260 | 34,627,268 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | - | (6,620,290) | - | (434,874) | (4,348,736) |
| Changes of assumptions | - | 20,488,858 | - | (9,996,849) | 16,610,092 |
| Benefit payments, including refunds | (32,280,113) | (31,865,798) | (29,543,223) | (28,662,890) | (26,880,118) |
| **Net change in total pension liability** | $ 21,798,882 | $ 34,169,777 | $ 20,624,834 | $ 8,823,085 | $ 30,613,735 |
| **Total pension liability - beginning** | 558,763,173 | 524,593,396 | 503,968,562 | 495,145,477 | 464,531,742 |
| **Total pension liability - ending** | $ 580,562,055 | $ 558,763,173 | $ 524,593,396 | $ 503,968,562 | $ 495,145,477 |
| **Fiduciary net position** | | | | | |
| Contributions - employer | $ 26,114,304 | $ 24,294,506 | $ 22,597,993 | $ 21,331,218 | $ 19,693,436 |
| Contributions - member | 8,632,409 | 8,422,814 | 8,103,147 | 7,792,063 | 7,446,905 |
| Contributions - nonemployer | 193,587 | 163,506 | 259,558 | 124,318 | 331,313 |
| Transfers from other systems | 1,949,877 | 1,959,926 | 2,170,184 | 1,618,180 | 1,268,799 |
| Net investment income | 42,203,912 | 50,129,282 | (9,856,143) | 43,357,379 | 19,035,979 |
| Benefits paid | (31,618,423) | (29,700,339) | (28,249,381) | (26,616,377) | (24,973,457) |
| Refunds of contributions | (683,575) | (1,271,210) | (538,578) | (911,881) | (741,840) |
| Transfers to other systems | (2,368,922) | (3,101,567) | (2,903,327) | (2,979,750) | (2,787,216) |
| Administrative expenses | (880,534) | (842,372) | (879,770) | (814,052) | (800,877) |
| Bad debt expense | - | - | - | - | - |
| **Net change in fiduciary net position** | $ 43,542,635 | $ 50,054,546 | $ (9,296,317) | $ 42,901,098 | $ 18,473,042 |
| **Fiduciary net position - beginning** | 358,992,746 | 308,938,200 | 318,234,520 | 275,333,422 | 256,860,381 |
| **Fiduciary net position - ending** | $ 402,535,381 | $ 358,992,746 | $ 308,938,203 | $ 318,234,520 | $ 275,333,423 |
| **Net pension liability (asset) - ending** | $ 178,026,674 | $ 199,770,427 | $ 215,655,193 | $ 185,734,042 | $ 219,812,054 |

See accompanying independent auditors' report and management's notes to required supplementary information.

# HAMPSHIRE COUNTY RETIREMENT SYSTEM
# REQUIRED SUPPLEMENTARY INFORMATION
# SCHEDULE OF NET PENSION LIABILITY - LAST TEN FISCAL YEARS
# DECEMBER 31, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Total pension liability | $ 711,621,543 | $ 679,850,432 | $ 657,299,209 | $ 627,371,370 | $ 605,153,839 |
| Fiduciary net position | 590,939,559 | 515,868,157 | 474,037,408 | 427,102,635 | 475,361,581 |
| Net pension liability (asset) | $ 120,681,984 | $ 163,982,275 | $ 183,261,801 | $ 200,268,735 | $ 129,792,258 |
| Fiduciary net position as a percentage of the total pension liability | 83.0% | 75.9% | 72.1% | 68.1% | 78.6% |
| Covered payroll | $ 113,347,416 | $ 109,002,538 | $ 102,054,966 | $ 96,766,143 | $ 90,501,248 |
| Net pension liability (asset) as a percentage of covered payroll | 106.5% | 150.4% | 179.6% | 207.0% | 143.4% |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Total pension liability | $ 580,562,055 | $ 558,763,173 | $ 524,593,396 | $ 503,968,562 | $ 495,145,477 |
| Fiduciary net position | 402,535,381 | 358,992,749 | 308,938,203 | 318,234,520 | 275,333,423 |
| Net pension liability (asset) | $ 178,026,674 | $ 199,770,424 | $ 215,655,193 | $ 185,734,042 | $ 219,812,054 |
| Fiduciary net position as a percentage of the total pension liability | 69.3% | 64.2% | 58.9% | 63.1% | 55.6% |
| Covered payroll | $ 87,719,692 | $ 85,426,619 | $ 84,192,999 | $ 76,767,518 | $ 78,914,925 |
| Net pension liability (asset) as a percentage of covered payroll | 202.9% | 233.9% | 256.1% | 241.9% | 278.5% |

See accompanying independent auditors' report and management's notes to required supplementary information.

# HAMPSHIRE COUNTY RETIREMENT SYSTEM
# REQUIRED SUPPLEMENTARY INFORMATION
# SCHEDULE OF CONTRIBUTIONS - LAST TEN FISCAL YEARS
# DECEMBER 31, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 34,876,312 | $ 33,615,460 | $ 32,420,750 | $ 30,200,925 | $ 28,089,796 |
| Contributions in relation to the actuarially determined contribution | 34,876,312 | 33,615,460 | 32,420,750 | 30,200,925 | 28,089,796 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 113,347,416 | $ 109,002,538 | $ 102,054,966 | $ 96,766,143 | $ 90,501,248 |
| Contributions as a percentage of covered payroll | 30.8% | 30.8% | 31.8% | 31.2% | 31.0% |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 26,114,304 | $ 24,294,506 | $ 22,597,993 | $ 21,331,218 | $ 19,693,436 |
| Contributions in relation to the actuarially determined contribution | 26,114,304 | 24,294,506 | 22,597,993 | 21,331,218 | 19,693,436 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 87,719,692 | $ 85,426,619 | $ 84,192,999 | $ 76,767,518 | $ 78,914,925 |
| Contributions as a percentage of covered payroll | 29.8% | 28.4% | 26.8% | 27.8% | 25.0% |

See accompanying independent auditors' report and management's notes to required supplementary information.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF INVESTMENT RETURNS - LAST TEN FISCAL YEARS**
**DECEMBER 31, 2025**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expenses | 13.57% | 8.07% | 9.98% | -10.78% | 18.36% |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expenses | 11.64% | 16.30% | -3.02% | 15.77% | 7.43% |

See accompanying independent auditors' report and management's notes to required supplementary information.

**HAMPSHIRE COUNTY RETIREMENT SYSTEM**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**DECEMBER 31, 2025**

## NOTE 1 – METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contributions in the schedule of employers' contributions were calculated as of July 1 of the fiscal year in which contributions were reported. The following actuarial methods and assumptions were used to determine contributions reported in that schedule:

| | |
|---|---|
| Actuarial cost method: | Entry Age Normal |
| Amortization method: | Increasing dollar amount at 4.00% |
| Remaining amortization period: | 8 years |
| Asset valuation method: | The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of:<br><br>a). 80% of gains & losses of the prior year,<br>b). 60% of gains & losses of the second prior year,<br>c). 40% of gains & losses of the third prior year,<br>d). 20% of gains & losses of the fourth prior year.<br><br>Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value. |
| Inflation: | 2.5% per year |
| Salary increases: | Group 1: 6% - 4.25%, based on service<br>Group 4: 7% - 4.75%, based on service |
| Payroll growth: | 3.25% per year |
| Investment rate of return: | 6.8%, net of pension plan investment expense including inflation |

## NOTE 2 – FACTORS THAT SIGNIFICANTLY AFFECT TRENDS IN THE AMOUNTS REPORTED ON THE SCHEDULES

All benefit provisions remained the same from the prior measurement date.

All actuarial assumptions and methods remained the same from the prior measurement date.