

FRANKLIN REGIONAL RETIREMENT SYSTEM

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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Financial Section

Independent Auditor's Report

To the Honorable Franklin Regional Retirement Board
Franklin Regional Retirement System
Greenfield, Massachusetts

Opinion

We have audited the accompanying financial statements of the Franklin Regional Retirement System (FRRS) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Franklin Regional Retirement System's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Franklin Regional Retirement System as of December 31, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, Issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the FRRS 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's for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the FRRS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform auditing procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FRRS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the FRRS'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 Management's Discussion and Analysis; the Schedule of Changes in the Net Pension Liability and Related Ratios; the Schedule of Contributions; and the Schedule of Investment Returns 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2022, on our consideration of the Franklin Regional Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FRRS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Franklin Regional Retirement System's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of Franklin Regional Retirement System, the Public Employee Retirement Administration Commission and all member units and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan LLC

July 27, 2022

Management's Discussion and Analysis

As management of the Franklin Regional Retirement System, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2021. The System complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB).

The GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of a public retirement system compared to others.

Financial Highlights

- The System's assets exceeded its liabilities at the close of the most recent year by \$204.7 million (net position).
- The System's net position increased by \$31.2 million for the year ended December 31, 2021.
- Total investment income was \$35.1 million; investment expenses were \$1.1 million; and net investment income was \$34.1 million.
- Total contributions were \$12.7 million including \$7.7 million from employers, \$3.7 million from members, and \$1.3 million from other contributions.
- Retirement benefits, refunds and transfers amounted to \$15.0 million.
- Administrative expenses were \$606,000.
- The total pension liability was \$235.2 million as of December 31, 2021, while the net pension liability was \$30.5 million.
- The Plan fiduciary net position as a percentage of the total pension liability was 87.05%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System fiduciary financial statements. These fiduciary financial statements comprise of four components: 1) management's discussion and analysis, 2) fiduciary financial statements, 3) notes to the financial statements and 4) required supplementary information.

Fiduciary Financial Statements

The *statement of fiduciary net position* presents information on all assets and deferred outflows less deferred inflows and liabilities with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of changes in fiduciary net position* presents information showing how the System's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, additions and deductions are reported in this statement for some items that will only result in cash flows in future periods.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the fiduciary financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios; the Schedule of Contributions; and the Schedule of Investment Returns be presented to supplement the financial statements. Such information, 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.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the System's financial position. The System's assets exceeded liabilities by \$204.7 million at the close of 2021.

The assets accumulated are held to provide pension benefits for qualified retirees along with active and inactive employees of the member units. At year-end, the System's net position includes investments of \$205.8 million, cash of \$1.4 million, accounts receivable of \$90,000, and prepaid expenses of \$7,000.

In 2021, the System's contributions of \$12.7 million did not fully support deductions of \$15.6 million, which resulted in a deficiency of \$2.9 million. A similar \$3.2 million deficiency occurred in 2020. For 2021 and 2020, investment income supported current operations.

The increase in net position for both years was related to net investment income. Net investment income was \$34.1 million and \$19.6 million in 2021 and 2020, respectively. The annual money weighted rate of return was 19.76% and 13.19% in 2021 and 2020, respectively. Fluctuations in the System's annual investment returns are expected.

The following tables present summarized financial information for the past two years.

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents.....	\$ 1,438,475	\$ 1,498,656
Investments.....	205,768,704	174,172,764
Receivables.....	90,412	93,197
Prepaid expenses.....	<u>7,487</u>	<u>8,308</u>
Total assets.....	<u>207,305,078</u>	<u>175,772,925</u>
Liabilities:		
Accounts payable.....	<u>2,581,944</u>	<u>2,209,591</u>
Net Position Restricted for Pension Benefits.....	<u>\$ 204,723,134</u>	<u>\$ 173,563,334</u>

	<u>2021</u>	<u>2020</u>
Additions:		
Contributions:		
Member contributions.....	\$ 3,701,036	\$ 3,598,678
Employer contributions.....	7,684,673	7,268,256
Other contributions.....	<u>1,269,242</u>	<u>922,551</u>
Total contributions.....	<u>12,654,951</u>	<u>11,789,485</u>
Net investment income:		
Total investment income.....	35,143,235	20,448,356
Less, investment expenses.....	<u>(1,056,568)</u>	<u>(820,937)</u>
Net investment income.....	<u>34,086,667</u>	<u>19,627,419</u>
Total additions.....	<u>46,741,618</u>	<u>31,416,904</u>
Deductions:		
Administration.....	605,897	590,757
Retirement benefits, refunds and transfers.....	<u>14,975,921</u>	<u>14,376,294</u>
Total deductions.....	<u>15,581,818</u>	<u>14,967,051</u>
Net increase (decrease) in fiduciary net position.....	31,159,800	16,449,853
Fiduciary net position at beginning of year.....	<u>173,563,334</u>	<u>157,113,481</u>
Fiduciary net position at end of year.....	<u>\$ 204,723,134</u>	<u>\$ 173,563,334</u>

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the System's Board, 101 Munson Street #108, Greenfield, MA 01301.

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2021

Assets

Cash and cash equivalents.....	\$ 1,438,475
Investments:	
Investments in Pension Reserve Investment Trust.....	122,813,312
Equity securities.....	42,508,670
International equity securities.....	1,676,725
Equity mutual funds.....	20,260,644
Fixed income mutual funds.....	16,579,640
Real estate investment trusts.....	<u>1,929,713</u>
Total investments.....	<u>205,768,704</u>
Receivables, net of allowance for uncollectibles:	
Member contributions.....	82,411
Employer pension appropriation.....	7,972
Interest and dividends.....	29
Prepaid expenses.....	<u>7,487</u>
Total Assets.....	<u>207,305,078</u>
Liabilities	
Accounts payable.....	<u>2,581,944</u>
Net Position Restricted for Pensions.....	\$ <u><u>204,723,134</u></u>

See notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED DECEMBER 31, 2021

Additions:

Contributions:

Employer pension appropriation.....	\$	7,684,673
Member contributions.....		3,701,036
Transfers from other systems.....		624,038
3(8)(c) contributions from other systems.....		525,129
State COLA reimbursements.....		21,362
Members' makeup payments and redeposits.....		<u>98,713</u>
Total contributions.....		<u>12,654,951</u>

Net investment income:

Investment income.....		35,143,235
Less: investment expense.....		<u>(1,056,568)</u>
Net investment income.....		<u>34,086,667</u>
Total additions.....		<u>46,741,618</u>

Deductions:

Administration.....		605,897
Retirement benefits and refunds.....		13,167,819
Transfers to other systems.....		491,990
3(8)(c) transfer to other systems.....		<u>1,316,112</u>
Total deductions.....		<u>15,581,818</u>

Net increase (decrease) in fiduciary net position..... 31,159,800

Fiduciary net position at beginning of year..... 173,563,334

Fiduciary net position at end of year..... \$ 204,723,134

See notes to financial statements.

NOTE 1 – PLAN DESCRIPTION

Franklin Regional Retirement System is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all employees of governmental member units deemed eligible by the Franklin Regional Retirement Board (the Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts' Teachers Retirement System. Membership in the Plan is mandatory immediately upon the commencement of employment for all non-teaching permanent, full time employees. The Plan is administered by the Franklin Regional Retirement System (the System). As of December 31, 2021, the System had 38 participating employers.

The System is governed by a five-member Board who establish the policies under which the System operates. Board members also approve all of the System's financial transactions, including the approval of retirement benefits to members. Board members are appointed or elected as specified by MGL Ch. 34B, Section 19(b) for terms ranging from 3 to 6 years.

The day-to-day operations of the System are managed by the Executive Director. The legislative body for the System is an Advisory Council consisting of treasurers or other qualified officials of the member units. The Advisory Council meets no less than twice annually and is responsible for supervising and certifying the procedures involved in the election of members to the retirement board.

As of December 31, 2021, the System had 677 retirees and beneficiaries, 1,086 active participants and 681 inactive participants with a vested right to retirement benefits or to receive a refund of their contributions.

The System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems.

Massachusetts Contributory Retirement System benefits are, with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees, which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 50 years of age with 10 years of service if in group 2, and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Active members contribute between 5% and 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employee Retirement Administration Commission's (PERAC) in consultation with the Commissioner of Banks, and shall be obtained from the average rates paid on individual savings accounts by a representative sample of no less than 10 financial institutions. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment.

Administrative expenses are paid from investment income.

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

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Franklin Regional Retirement System (FRRS) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles.

FRRS is a special-purpose government engaged only in fiduciary activities. Accordingly, the financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, additions are recorded when earned and deductions are recorded when the liabilities are incurred.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market. The fair value of private equities are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values. Real estate assets are reported at fair value utilizing an income approach to valuation along with independent appraisals and estimates by management.

Fair Value Measurements

The System reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the System's financial instruments see Note 4.

Accounts Receivable

Accounts receivable consists of member deductions, employer pension appropriations and interest and dividends receivable. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fiduciary net position that applies to a future period(s) and so will not be recognized as an outflow of resources (deduction) until then. The FRRS did not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an

inflow of resources (addition) until that time. The FRRS did not have any items that qualify for reporting in this category.

NOTE 3 – PLAN ADMINISTRATION

The System is administered by a five-member Board of Retirement. The first member, who shall serve as chairman, shall be elected by the other four members for a term of 6 years. The second member shall be a member of the regional retirement board advisory council and shall be elected by a majority of those present and voting at a public meeting of the council and shall serve for a term of 3 years. The third and fourth members shall be elected by and from the members in or retired from service of the Franklin Regional Retirement System and shall serve for a term of 3 years. The fifth member, who shall not be an employee, retiree or official of the retirement system, or of any of its constituent governmental units, shall be chosen by the other 4 members and shall serve for a term of 5 years.

First Member.....	Sandra A. Hanks	Term Expires:	12/31/2026
Second Member....	Angelina J. Bragdon	Term Expires:	12/31/2024
Third Member.....	Mary A. Stokarski	Term Expires:	12/31/2023
Fourth Member.....	Gabriele H. Voelker	Term Expires:	12/31/2022
Fifth Member.....	Paul J. Mokrzecki	Term Expires:	6/30/2025

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

The FRRS Advisory Council consists of the official treasurers, elected or appointed, for each town, unit or district within the System. The members of the Advisory Council elect the second member of the Board of Retirement. The FRRS Advisory Council is required by statute to meet at least twice per year. All FRRS Advisory Council meetings are open, public meetings and are subject to the Commonwealth’s Open Meeting Law.

The investment of the System’s funds is the responsibility of the Board. Disability retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. Superannuation retirement allowances are required to obtain PERAC’s verification. All expenses incurred by the System must be approved by a majority vote of the Board.

FRRS board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. The MACRS program for FRRS provides \$50 million fiduciary protection for Trustees and employees, as well as a \$1 million fidelity policy for crime coverage.

NOTE 4 – CASH AND INVESTMENTSCustodial Credit Risk - Deposits

At December 31, 2021, the carrying amount of the System's deposits totaled \$1,438,475 and the bank balance totaled \$1,452,790, which was fully covered by Federal Depository Insurance Fund or the Depositors Insurance Fund.

Investments

The System's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
PRIT General Allocation Fund.....	\$ 84,287,399
PRIT International Equity Fund.....	5,909,359
PRIT Value Added Fixed Income Fund..	7,130,456
PRIT Core Real Estate Fund.....	21,328,297
PRIT Emerging Markets Fund.....	4,157,801
Equity Securities.....	42,508,670
Fixed Income Mutual Funds.....	16,579,640
International Equity Securities.....	1,676,725
Equity Mutual Funds.....	20,260,644
Real Estate Investment Trusts.....	1,929,713
Total Investments.....	<u>\$ 205,768,704</u>

Approximately 60% of the Retirement System's investments are in Pension Reserve Investment Trust (PRIT) Pooled Funds. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management (PRIM) Board. The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Administration does not have the ability to control any of the investment decisions relative to its funds in PRIT.

PRIM Board's adopted asset allocation is reflected in the PRIT General Allocation Fund. The PRIM Board believes that this is the most appropriate asset allocation for long-term public pension fund investors in Massachusetts. The System has invested \$84.3 million in the PRIT General Allocation Fund. To the extent that local systems wish to pursue their own asset allocation, PRIM offers the option to invest in one or more specific separate account segments of the PRIT fund. The System has opted to invest \$5.9 million, \$7.1 million, \$21.3 million, and \$4.2 million in the PRIT international equity fund, value added fixed income fund, core real estate fund, and emerging markets fund, respectively.

The System's annual money-weighted rate of return on pension plan investments was 19.76%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested, measured monthly.

Fair Value of Investments

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System’s activities, the plan shows greater disaggregation in its disclosures. The System chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System had the following recurring fair value measurements as of December 31, 2021:

Investment Type	12/31/21	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Equity Securities.....	\$ 42,508,670	\$ 42,508,670	\$ -	\$ -
International Equity Securities.....	1,676,725	1,676,725	-	-
Equity Mutual Funds.....	20,260,644	20,260,644	-	-
Fixed Income Mutual Funds.....	16,579,640	16,579,640	-	-
Real Estate Investment Trusts.....	1,929,713	-	-	1,929,713
Total Investments by Fair Value Level....	<u>82,955,392</u>	<u>\$ 81,025,679</u>	<u>\$ -</u>	<u>\$ 1,929,713</u>
Investments Measured at the Net Asset Value (NAV):				
PRIT Investments.....	<u>122,813,312</u>			
Total Investments.....	<u>\$ 205,768,704</u>			

PRIT Investments are valued using the net asset value (NAV) method.

NOTE 5 – RECEIVABLES

At December 31, 2021, receivables for the System were as follows:

<u>Receivables:</u>	
Member contributions.....	\$ 82,411
Employer pension appropriation.....	7,972
Interest and dividends.....	<u>29</u>
Total.....	<u>\$ 90,412</u>

NOTE 6 – PAYABLES

Accounts payable represent calendar year 2021, expenditures paid after year-end of \$146,000. The remaining \$2.4 million represents 3(8)(c) reimbursements owed to the Massachusetts State Retirement Board, which will be paid once a final determination of the amount owed is verified.

NOTE 7 – MEMBERSHIP

The following table represents the System’s membership at December 31, 2021:

Active members.....	1,086
Inactive members entitled to a return of contributions.....	681
Retired, Beneficiary, and Survivor.....	<u>677</u>
 Total.....	 <u><u>2,444</u></u>

NOTE 8 – ACTUARIAL VALUATION

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2021:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual Entry Age Normal.
Amortization method.....	Increasing dollar amount at 4% to reduce the unfunded actuarial accrued liability to zero, on or before June 30, 2034.
Remaining amortization period.....	12 years, as of December 31, 2021.
Salary increases:	
Group 1 and 2.....	4.00% - 6.00%, based on service.
Group 4.....	4.50% - 7.00%, based on service.
Net investment return/Discount rate..	7.25%, net of pension plan investment expense, including inflation.
Inflation rate.....	2.40%
Cost of living adjustments.....	3% of the first \$17,000.
Mortality rates.....	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

Components of the net pension liability as of December 31, 2021, were as follows:

Total pension liability.....	\$	235,181,218
The pension plan's fiduciary net position.....		<u>204,723,134</u>
The net pension liability.....	\$	<u><u>30,458,084</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		87.05%

Investment Policy. The Systems' policy in regard to the allocation of invested assets is established by the retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Asset Allocation</u>
PRIT Core.....	6.50%	40.00%
Domestic Equity.....	9.38%	32.00%
International Equity.....	7.10%	5.00%
Real Estate.....	6.60%	10.00%
Fixed Income.....	2.00%	<u>13.00%</u>
Total.....		<u><u>100.00%</u></u>

Discount Rate. The discount rates used to measure the total pension liability was 7.25% as of December 31, 2021, and 7.75% as of December 31, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for the current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the plan fiduciary net position was projected to be available to make all projected future benefit payments for 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 as of both December 31, 2021, and December 31, 2020.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following page presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Franklin Regional Retirement System's net pension liability as of December 31, 2021.....	\$ 56,758,167	\$ 30,458,084	\$ 8,201,049

Contributions: Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Various legal actions and claims are pending against the System. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at December 31, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at December 31, 2021.

NOTE 10 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

There were no GASB pronouncements required to be implemented in 2021, that impacted the System's financial statements.

None of the issued GASB statements that are required to be implemented in future years are anticipated to impact the System's financial statements.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 27, 2022, which is the date the financial statements were available to be issued.

Fair Value Decline on Investments

The System carries its investments at fair value in accordance with Generally Accepted Accounting Principles (GAAP). Subsequent to year end the System's investments of approximately \$205.8 million have declined in value by approximately \$34.4 million. The fair value declines are consistent with recent trends in the financial securities markets.

In accordance with GAAP, the System has not recorded the losses in its financial statements as the impairments were not known as of December 31, 2021.

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Required Supplementary Information

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 4,703,273	\$ 4,703,273	\$ 5,089,632	\$ 5,207,589
Interest.....	11,306,271	12,116,265	12,791,108	13,899,079
Changes in benefit terms.....	-	962,410	1,003,761	(293,031)
Differences between expected and actual experience.....	-	-	(146,259)	1,964,150
Changes in assumptions.....	-	-	5,736,511	180,697
Benefit payments.....	(11,287,291)	(9,235,255)	(9,686,040)	(10,906,590)
Net change in total pension liability.....	4,722,253	8,546,693	14,788,713	10,051,894
Total pension liability - beginning.....	151,531,013	156,253,266	164,799,959	179,588,672
Total pension liability - ending (a).....	<u>\$ 156,253,266</u>	<u>\$ 164,799,959</u>	<u>\$ 179,588,672</u>	<u>\$ 189,640,566</u>
Plan fiduciary net position:				
Employer pension appropriation.....	\$ 5,418,158	\$ 5,645,345	\$ 5,875,820	\$ 6,166,761
Member contributions.....	3,270,956	2,971,069	3,098,432	3,310,425
Net investment income (loss).....	8,362,434	579,359	10,050,389	18,794,508
Administrative expenses.....	(403,802)	(469,365)	(498,301)	(495,399)
Retirement benefits and refunds.....	(11,287,291)	(9,235,255)	(9,686,040)	(10,906,590)
Net increase (decrease) in fiduciary net position.....	5,360,455	(508,847)	8,840,300	16,869,705
Fiduciary net position - beginning of year.....	113,358,538	118,718,993	118,210,146	127,050,446
Fiduciary net position - end of year (b).....	<u>\$ 118,718,993</u>	<u>\$ 118,210,146</u>	<u>\$ 127,050,446</u>	<u>\$ 143,920,151</u>
Net pension liability - ending (a)-(b).....	<u>\$ 37,534,273</u>	<u>\$ 46,589,813</u>	<u>\$ 52,538,226</u>	<u>\$ 45,720,415</u>
Plan fiduciary net position as a percentage of the total pension liability.....	75.98%	71.73%	70.75%	75.89%
Covered payroll.....	\$ 30,854,652	\$ 32,088,838	\$ 33,556,164	\$ 29,460,407
Net pension liability as a percentage of covered payroll.....	121.65%	145.19%	156.57%	155.19%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
\$	5,063,236	\$ 5,265,765	\$ 5,440,650	\$ 5,631,076
	14,639,832	15,234,331	15,875,568	16,491,787
	-	-	-	-
	-	(999,252)	-	3,955,362
	-	1,485,132	-	8,905,535
	<u>(11,605,484)</u>	<u>(12,732,025)</u>	<u>(13,173,421)</u>	<u>(13,937,440)</u>
	8,097,584	8,253,951	8,142,797	21,046,320
	<u>189,640,566</u>	<u>197,738,150</u>	<u>205,992,101</u>	<u>214,134,898</u>
\$	<u><u>197,738,150</u></u>	<u><u>205,992,101</u></u>	<u><u>214,134,898</u></u>	<u><u>235,181,218</u></u>
\$	6,506,893	\$ 6,872,253	\$ 7,268,256	\$ 7,684,673
	3,281,580	3,639,392	3,318,356	3,931,797
	(5,160,455)	23,500,789	19,627,419	34,086,667
	(542,267)	(567,346)	(590,757)	(605,897)
	<u>(11,605,484)</u>	<u>(12,732,025)</u>	<u>(13,173,421)</u>	<u>(13,937,440)</u>
	(7,519,733)	20,713,063	16,449,853	31,159,800
	<u>143,920,151</u>	<u>136,400,418</u>	<u>157,113,481</u>	<u>173,563,334</u>
\$	<u><u>136,400,418</u></u>	<u><u>157,113,481</u></u>	<u><u>173,563,334</u></u>	<u><u>204,723,134</u></u>
\$	<u><u>61,337,732</u></u>	<u><u>48,878,620</u></u>	<u><u>40,571,564</u></u>	<u><u>30,458,084</u></u>
	68.98%	76.27%	81.05%	87.05%
\$	30,220,970	\$ 31,398,150	\$ 32,646,666	\$ 33,981,821
	202.96%	155.67%	124.27%	89.63%

SCHEDULE OF CONTRIBUTIONS

Year	Statutory required contribution	Contributions in relation to the statutory required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2021.....	\$ 7,684,976	\$ (7,684,976)	\$ -	\$ 33,981,821	22.61%
December 31, 2020.....	7,268,256	(7,268,256)	-	32,646,666	22.26%
December 31, 2019.....	6,872,253	(6,872,253)	-	31,398,150	21.89%
December 31, 2018.....	6,506,893	(6,506,893)	-	30,220,970	21.53%
December 31, 2017.....	6,166,761	(6,166,761)	-	29,460,407	20.93%
December 31, 2016.....	5,875,820	(5,875,820)	-	33,556,164	17.51%
December 31, 2015.....	5,645,345	(5,645,345)	-	32,088,838	17.59%
December 31, 2014.....	5,888,495	(5,888,495)	-	30,854,652	19.08%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2021.....	19.76%
December 31, 2020.....	13.19%
December 31, 2019.....	17.04%
December 31, 2018.....	-4.05%
December 31, 2017.....	14.48%
December 31, 2016.....	8.24%
December 31, 2015.....	0.57%
December 31, 2014.....	7.37%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A – CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the FRRS's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

NOTE B – CONTRIBUTIONS

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. The actuarially determined contributions reflect the adjusted rates for communities that chose to pay the entire appropriation on July 1. The pension fund appropriations are allocated amongst employers based on a 5-year average of covered payroll.

NOTE C – MONEY WEIGHTED RATE OF RETURN

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

NOTE D – CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS*Actuarial Assumptions:*

The following changes were reflected in the January 1, 2022, valuation:

- Investment return assumption decreased from 7.75% to 7.25%.
- Administrative expense assumption has increased from \$600,000 to \$650,000.
- The salary scale and mortality improvement rates have been updated.

Plan Provisions:

None.

***Audit of Specific Elements,
Accounts and Items of
Financial Statements***

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Independent Auditor's Report

To the Honorable Franklin Regional Retirement Board
Franklin Regional Retirement System
Greenfield, Massachusetts

Report on the Audit of the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer

Opinions

We have audited the accompanying schedule of employer allocations of the Franklin Regional Retirement System (FRRS) as of and for the year ended December 31, 2021, and the related notes. We have also audited the total for all entities of the rows titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, total contributions and total pension expense included in the accompanying schedule pension amounts by employer of the FRRS Pension Plan as of and for the year ended December 31, 2021, and the related notes.

In our opinion, the accompanying schedule of employer allocations and schedule of pension amounts by employer present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, total contributions and total pension expense for the total of all participating entities for the FRRS as of and for the year ended December 31, 2021, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the FRRS 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 Schedules

Management is responsible for the preparation and fair presentation of the 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.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified row totals included in the schedule of pension amounts by employer as a whole are free from material

misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 purposes of expressing an opinion on the effectiveness of the FRRS'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 GAAS, the financial statements of the Franklin Regional Retirement System as of and for the year ended December 31, 2021, and our report thereon, dated July 27, 2022, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Powers & Sullivan LLC

July 27, 2022

SCHEDULE OF EMPLOYER ALLOCATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

Employer	2021 Actual Employer Contribution	Allocated Net Pension Liability	Proportionate Share of Total Employer Contribution
Town of Ashfield.....	\$ 115,925	\$ 459,449	1.508463%
Town of Bernardston.....	124,370	492,919	1.618352%
Bernardston Fire & Water District.....	4,606	18,255	0.059935%
Town of Buckland.....	144,331	572,031	1.878093%
Town of Charlemont.....	83,682	331,659	1.088904%
Town of Colrain.....	105,945	419,895	1.378599%
Town of Conway.....	220,335	873,260	2.867088%
Town of Deerfield.....	740,079	2,933,176	9.630206%
Town of Erving.....	376,949	1,493,973	4.905012%
Franklin County Regional Housing Authority.....	287,009	1,137,511	3.734677%
Franklin County Solid Waste Management District.....	31,585	125,182	0.410997%
Franklin Regional Transit Authority.....	91,499	362,641	1.190622%
Frontier Regional School District.....	468,307	1,856,054	6.093799%
Town of Gill.....	102,106	404,680	1.328644%
Hawlemont Regional School District.....	76,004	301,229	0.988995%
Town of Hawley.....	35,315	139,965	0.459533%
Town of Heath.....	74,469	295,145	0.969021%
Town of Leverett.....	199,607	791,108	2.597367%
Town of Leyden.....	34,547	136,921	0.449539%
Mahar Regional School District.....	370,807	1,469,630	4.825090%
Mohawk Regional School District.....	727,028	2,881,451	9.460381%
Town of Monroe.....	28,406	112,582	0.369630%
Town of New Salem.....	59,882	237,332	0.779209%
New Salem/Wendell Union School District.....	172,736	684,610	2.247710%
Town of Northfield.....	201,910	800,236	2.627334%
Town of Orange.....	1,008,777	3,998,113	13.126612%
Orange Housing Authority.....	8,444	33,466	0.109877%
Pioneer Valley Regional School District.....	499,016	1,977,764	6.493397%
Town of Rowe.....	151,240	599,414	1.967996%
Town of Shelburne.....	145,099	575,075	1.888087%
Shelburne Falls Fire District.....	48,367	191,694	0.629371%
Town of Shutesbury.....	227,244	900,643	2.956990%
South Deerfield Fire District.....	21,496	85,196	0.279715%
South Deerfield Water Supply District.....	43,760	173,435	0.569423%
Town of Sunderland.....	327,815	1,299,239	4.265661%
Town of Warwick.....	61,417	243,416	0.799183%
Town of Wendell.....	57,579	228,204	0.749241%
Town of Whately.....	207,283	821,531	2.697250%
Total.....	\$ 7,684,976	\$ 30,458,084	100.000000%

See notes to schedule of employer allocations and schedule of pension amounts by employer.

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Town of Ashfield	Town of Bernardston	Bernardston Fire & Water District	Town of Buckland
Net Pension Liability				
Beginning net pension liability.....	\$ 591,650	\$ 652,438	\$ 24,315	\$ 786,166
Ending net pension liability.....	\$ 459,449	\$ 492,919	\$ 18,255	\$ 572,031
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 45,560	\$ 48,879	\$ 1,810	\$ 56,724
Changes of assumptions.....	110,528	118,580	4,392	137,611
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	45,179	25,559	3,237	8,542
Total Deferred Outflows of Resources.....	\$ 201,267	\$ 193,018	\$ 9,439	\$ 202,877
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 5,349	\$ 5,738	\$ 213	\$ 6,659
Net difference between projected and actual investment earnings on pension plan investments.....	349,525	374,987	13,888	435,172
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	367	-	-	49,524
Total Deferred Inflows of Resources.....	\$ 355,241	\$ 380,725	\$ 14,101	\$ 491,355
Pension Expense				
Proportionate share of plan pension expense.....	\$ 30,444	\$ 32,662	\$ 1,210	\$ 37,904
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	19,708	16,413	1,290	(6,463)
Total Employer Pension Expense.....	\$ 50,152	\$ 49,075	\$ 2,500	\$ 31,441
Contributions				
Statutory required contribution.....	\$ 115,925	\$ 124,370	\$ 4,606	\$ 144,331
Contribution in relation to statutory required contribution.....	(115,925)	(124,370)	(4,606)	(144,331)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.65%	22.60%	22.40%	22.65%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ (11,185)	\$ (17,811)	\$ 131	\$ (47,027)
June 30, 2024.....	(62,247)	(74,847)	(1,883)	(111,787)
June 30, 2025.....	(29,721)	(39,359)	(837)	(63,120)
June 30, 2026.....	(50,821)	(55,690)	(2,073)	(66,544)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	\$ (153,974)	\$ (187,707)	\$ (4,662)	\$ (288,478)
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 856,176	\$ 918,547	\$ 34,018	\$ 1,065,971
Current discount rate (7.25%).....	\$ 459,449	\$ 492,919	\$ 18,255	\$ 572,031
1% increase (8.25%).....	\$ 123,710	\$ 132,722	\$ 4,915	\$ 154,023
Covered Payroll.....	\$ 511,801	\$ 550,271	\$ 20,564	\$ 637,234

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Town of Charlмонт	Town of Colrain	Town of Conway	Town of Deerfield
Net Pension Liability				
Beginning net pension liability.....	\$ 444,323	\$ 534,914	\$ 1,163,037	\$ 3,861,939
Ending net pension liability.....	\$ 331,659	\$ 419,895	\$ 873,260	\$ 2,933,176
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 32,888	\$ 41,638	\$ 86,594	\$ 290,860
Changes of assumptions.....	79,786	101,013	210,077	705,624
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	6,343	41,570	40,608	197,727
Total Deferred Outflows of Resources.....	\$ 119,017	\$ 184,221	\$ 337,279	\$ 1,194,211
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 3,861	\$ 4,888	\$ 10,166	\$ 34,146
Net difference between projected and actual investment earnings on pension plan investments.....	252,309	319,434	664,331	2,231,409
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	2,355	15,201	-	-
Total Deferred Inflows of Resources.....	\$ 258,525	\$ 339,523	\$ 674,497	\$ 2,265,555
Pension Expense				
Proportionate share of plan pension expense.....	\$ 21,976	\$ 27,823	\$ 57,863	\$ 194,357
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	5,638	9,342	21,185	112,040
Total Employer Pension Expense.....	\$ 27,614	\$ 37,165	\$ 79,048	\$ 306,397
Contributions				
Statutory required contribution.....	\$ 83,682	\$ 105,945	\$ 220,335	\$ 740,079
Contribution in relation to statutory required contribution.....	(83,682)	(105,945)	(220,335)	(740,079)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.68%	22.61%	22.62%	22.59%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ (17,393)	\$ (20,018)	\$ (35,694)	\$ (89,568)
June 30, 2024.....	(55,062)	(64,030)	(133,083)	(428,467)
June 30, 2025.....	(29,229)	(25,194)	(69,305)	(223,264)
June 30, 2026.....	(37,824)	(46,060)	(99,136)	(330,045)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	\$ (139,508)	\$ (155,302)	\$ (337,218)	\$ (1,071,344)
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 618,042	\$ 782,468	\$ 1,627,306	\$ 5,465,928
Current discount rate (7.25%).....	\$ 331,659	\$ 419,895	\$ 873,260	\$ 2,933,176
1% increase (8.25%).....	\$ 89,302	\$ 113,060	\$ 235,131	\$ 789,778
Covered Payroll.....	\$ 368,905	\$ 468,602	\$ 974,227	\$ 3,276,017

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Town of Erving	Franklin County Regional Housing Authority	Franklin County Solid Waste Management District	Franklin Regional Transit Authority
Net Pension Liability				
Beginning net pension liability.....	\$ 1,945,150	\$ 1,560,387	\$ 173,378	\$ 487,104
Ending net pension liability.....	\$ 1,493,973	\$ 1,137,511	\$ 125,182	\$ 362,641
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 148,145	\$ 112,798	\$ 12,413	\$ 35,960
Changes of assumptions.....	359,400	273,647	30,115	87,239
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	133,288	2,173	1,065	15,670
Total Deferred Outflows of Resources.....	\$ 640,833	\$ 388,618	\$ 43,593	\$ 138,869
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 17,392	\$ 13,242	\$ 1,457	\$ 4,222
Net difference between projected and actual investment earnings on pension plan investments.....	1,136,537	865,360	95,232	275,878
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	-	72,471	6,152	4,626
Total Deferred Inflows of Resources.....	\$ 1,153,929	\$ 951,073	\$ 102,841	\$ 284,726
Pension Expense				
Proportionate share of plan pension expense.....	\$ 98,993	\$ 75,373	\$ 8,295	\$ 24,029
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	37,908	(52,892)	(834)	18,664
Total Employer Pension Expense.....	\$ 136,901	\$ 22,481	\$ 7,461	\$ 42,693
Contributions				
Statutory required contribution.....	\$ 376,949	\$ 281,752	\$ 30,709	\$ 89,823
Contribution in relation to statutory required contribution.....	(376,949)	(287,009)	(31,585)	(91,499)
Contribution deficiency/(excess).....	\$ -	\$ (5,257)	\$ (876)	\$ (1,676)
Contributions as a percentage of covered payroll.....	22.59%	23.04%	23.07%	22.97%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ (35,363)	\$ (100,728)	\$ (9,121)	\$ (13,117)
June 30, 2024.....	(207,434)	(213,211)	(22,916)	(58,524)
June 30, 2025.....	(103,640)	(116,380)	(12,558)	(32,775)
June 30, 2026.....	(166,659)	(132,136)	(14,653)	(41,441)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	\$ (513,096)	\$ (562,455)	\$ (59,248)	\$ (145,857)
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 2,783,995	\$ 2,119,734	\$ 233,274	\$ 675,775
Current discount rate (7.25%).....	\$ 1,493,973	\$ 1,137,511	\$ 125,182	\$ 362,641
1% increase (8.25%).....	\$ 402,262	\$ 306,283	\$ 33,706	\$ 97,643
Covered Payroll.....	\$ 1,668,523	\$ 1,245,586	\$ 136,887	\$ 398,267

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Frontier Regional School District	Town of Gill	Hawlemont Regional School District	Town of Hawley
Net Pension Liability				
Beginning net pension liability.....	\$ 2,496,280	\$ 551,130	\$ 389,033	\$ 182,353
Ending net pension liability.....	\$ 1,856,054	\$ 404,680	\$ 301,229	\$ 139,965
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 184,050	\$ 40,129	\$ 29,870	\$ 13,879
Changes of assumptions.....	446,504	97,352	72,466	33,671
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	-	995	36,481	13,115
Total Deferred Outflows of Resources.....	\$ 630,554	\$ 138,476	\$ 138,817	\$ 60,665
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 21,607	\$ 4,711	\$ 3,507	\$ 1,629
Net difference between projected and actual investment earnings on pension plan investments.....	1,411,990	307,859	229,159	106,478
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	34,393	45,649	-	-
Total Deferred Inflows of Resources.....	\$ 1,467,990	\$ 358,219	\$ 232,666	\$ 108,107
Pension Expense				
Proportionate share of plan pension expense.....	\$ 122,985	\$ 26,815	\$ 19,960	\$ 9,274
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	(4,380)	(18,583)	14,053	7,760
Total Employer Pension Expense.....	\$ 118,605	\$ 8,232	\$ 34,013	\$ 17,034
Contributions				
Statutory required contribution.....	\$ 468,307	\$ 102,106	\$ 76,004	\$ 35,315
Contribution in relation to statutory required contribution.....	(468,307)	(102,106)	(76,004)	(35,315)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.61%	22.62%	22.52%	22.54%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ (128,170)	\$ (47,145)	\$ (3,754)	\$ (3,052)
June 30, 2024.....	(327,005)	(85,781)	(38,127)	(19,451)
June 30, 2025.....	(169,944)	(40,072)	(18,574)	(9,318)
June 30, 2026.....	(212,317)	(46,745)	(33,394)	(15,621)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	\$ (837,436)	\$ (219,743)	\$ (93,849)	\$ (47,442)
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 3,458,729	\$ 754,114	\$ 561,335	\$ 260,823
Current discount rate (7.25%).....	\$ 1,856,054	\$ 404,680	\$ 301,229	\$ 139,965
1% increase (8.25%).....	\$ 499,756	\$ 108,963	\$ 81,108	\$ 37,687
Covered Payroll.....	\$ 2,071,449	\$ 451,472	\$ 337,535	\$ 156,678

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Town of Heath	Town of Leverett	Town of Leyden	Mahar Regional School District
Net Pension Liability				
Beginning net pension liability.....	\$ 385,226	\$ 1,114,412	\$ 182,353	\$ 2,066,727
Ending net pension liability.....	\$ 295,145	\$ 791,108	\$ 136,921	\$ 1,469,630
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 29,267	\$ 78,448	\$ 13,577	\$ 145,732
Changes of assumptions.....	71,002	190,314	32,939	353,544
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	25,614	-	4,369	24,165
Total Deferred Outflows of Resources.....	\$ 125,883	\$ 268,762	\$ 50,885	\$ 523,441
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 3,436	\$ 9,210	\$ 1,594	\$ 17,108
Net difference between projected and actual investment earnings on pension plan investments.....	224,531	601,834	104,163	1,118,019
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	-	120,460	-	106,918
Total Deferred Inflows of Resources.....	\$ 227,967	\$ 731,504	\$ 105,757	\$ 1,242,045
Pension Expense				
Proportionate share of plan pension expense.....	\$ 19,557	\$ 52,420	\$ 9,073	\$ 97,380
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	12,864	(59,355)	3,962	(4,473)
Total Employer Pension Expense.....	\$ 32,421	\$ (6,935)	\$ 13,035	\$ 92,907
Contributions				
Statutory required contribution.....	\$ 74,469	\$ 199,607	\$ 34,547	\$ 370,807
Contribution in relation to statutory required contribution.....	(74,469)	(199,607)	(34,547)	(370,807)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.53%	22.63%	22.80%	22.59%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ (7,296)	\$ (103,222)	\$ (6,074)	\$ (108,607)
June 30, 2024.....	(41,124)	(175,230)	(21,600)	(275,948)
June 30, 2025.....	(20,676)	(90,462)	(11,653)	(159,982)
June 30, 2026.....	(32,988)	(93,828)	(15,545)	(174,067)
Total Deferred (Inflows)/Outflows Recognized in	\$ (102,084)	\$ (462,742)	\$ (54,872)	\$ (718,604)
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 549,998	\$ 1,474,218	\$ 255,150	\$ 2,738,633
Current discount rate (7.25%).....	\$ 295,145	\$ 791,108	\$ 136,921	\$ 1,469,630
1% increase (8.25%).....	\$ 79,470	\$ 213,011	\$ 36,867	\$ 395,708
Covered Payroll.....	\$ 330,562	\$ 881,919	\$ 151,509	\$ 1,641,213

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Mohawk Regional School District	Town of Monroe	Town of New Salem	New Salem/ Wendell Union School District
Net Pension Liability				
Beginning net pension liability.....	\$ 3,793,045	\$ 145,886	\$ 324,193	\$ 863,165
Ending net pension liability.....	\$ 2,881,451	\$ 112,582	\$ 237,332	\$ 684,610
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 285,731	\$ 11,164	\$ 23,534	\$ 67,887
Changes of assumptions.....	693,180	27,084	57,094	164,694
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	93,869	17,916	7,784	76,436
Total Deferred Outflows of Resources.....	\$ 1,072,780	\$ 56,164	\$ 88,412	\$ 309,017
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 33,544	\$ 1,311	\$ 2,763	\$ 7,970
Net difference between projected and actual investment earnings on pension plan investments.....	2,192,059	85,647	180,550	520,816
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	-	722	7,475	5,666
Total Deferred Inflows of Resources.....	\$ 2,225,603	\$ 87,680	\$ 190,788	\$ 534,452
Pension Expense				
Proportionate share of plan pension expense.....	\$ 190,929	\$ 7,460	\$ 15,726	\$ 45,363
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	37,372	5,981	5,820	25,508
Total Employer Pension Expense.....	\$ 228,301	\$ 13,441	\$ 21,546	\$ 70,871
Contributions				
Statutory required contribution.....	\$ 727,028	\$ 28,406	\$ 59,882	\$ 172,736
Contribution in relation to statutory required contribution.....	(727,028)	(28,406)	(59,882)	(172,736)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.58%	22.79%	22.51%	22.61%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ (140,147)	\$ (161)	\$ (12,164)	\$ (19,663)
June 30, 2024.....	(458,176)	(12,571)	(40,214)	(93,364)
June 30, 2025.....	(230,327)	(6,272)	(22,519)	(37,898)
June 30, 2026.....	(324,173)	(12,512)	(27,479)	(74,510)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	\$ (1,152,823)	\$ (31,516)	\$ (102,376)	\$ (225,435)
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 5,369,539	\$ 209,795	\$ 442,265	\$ 1,275,759
Current discount rate (7.25%).....	\$ 2,881,451	\$ 112,582	\$ 237,332	\$ 684,610
1% increase (8.25%).....	\$ 775,851	\$ 30,314	\$ 63,903	\$ 184,336
Covered Payroll.....	\$ 3,219,470	\$ 124,626	\$ 266,052	\$ 763,862

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Town of Northfield	Town of Orange	Orange Housing Authority	Pioneer Valley Regional School District
Net Pension Liability				
Beginning net pension liability.....	\$ 1,053,623	\$ 5,272,143	\$ 44,578	\$ 2,723,212
Ending net pension liability.....	\$ 800,236	\$ 3,998,113	\$ 33,466	\$ 1,977,764
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 79,353	\$ 396,463	\$ 3,319	\$ 196,119
Changes of assumptions.....	192,510	961,808	8,051	475,784
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	12,698	49,673	1	897
Total Deferred Outflows of Resources.....	<u>\$ 284,561</u>	<u>\$ 1,407,944</u>	<u>\$ 11,371</u>	<u>\$ 672,800</u>
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 9,316	\$ 46,539	\$ 390	\$ 23,024
Net difference between projected and actual investment earnings on pension plan investments.....	608,778	3,041,561	25,459	1,504,581
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	50,444	285,022	7,270	199,639
Total Deferred Inflows of Resources.....	<u>\$ 668,538</u>	<u>\$ 3,373,122</u>	<u>\$ 33,119</u>	<u>\$ 1,727,244</u>
Pension Expense				
Proportionate share of plan pension expense.....	\$ 53,025	\$ 264,918	\$ 2,218	\$ 131,050
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	(19,966)	(186,719)	(4,200)	(76,644)
Total Employer Pension Expense.....	<u>\$ 33,059</u>	<u>\$ 78,199</u>	<u>\$ (1,982)</u>	<u>\$ 54,406</u>
Contributions				
Statutory required contribution.....	\$ 201,910	\$ 1,008,777	\$ 8,444	\$ 499,016
Contribution in relation to statutory required contribution.....	(201,910)	(1,008,777)	(8,444)	(499,016)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.59%	22.53%	23.55%	22.60%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ (74,082)	\$ (383,617)	\$ (5,380)	\$ (207,770)
June 30, 2024.....	(152,360)	(766,121)	(8,286)	(407,361)
June 30, 2025.....	(67,493)	(365,029)	(4,284)	(208,894)
June 30, 2026.....	(90,042)	(450,411)	(3,798)	(230,419)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	<u>\$ (383,977)</u>	<u>\$ (1,965,178)</u>	<u>\$ (21,748)</u>	<u>\$ (1,054,444)</u>
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 1,491,227	\$ 7,450,425	\$ 62,364	\$ 3,685,533
Current discount rate (7.25%).....	\$ 800,236	\$ 3,998,113	\$ 33,466	\$ 1,977,764
1% increase (8.25%).....	\$ 215,469	\$ 1,076,518	\$ 9,011	\$ 532,527
Covered Payroll.....	\$ 893,884	\$ 4,476,682	\$ 35,857	\$ 2,207,805

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Town of Rowe	Town of Shelburne	Shelburne Falls Fire District	Town of Shutesbury
Net Pension Liability				
Beginning net pension liability.....	\$ 786,166	\$ 774,009	\$ 255,305	\$ 1,207,615
Ending net pension liability.....	\$ 599,414	\$ 575,075	\$ 191,694	\$ 900,643
Differences between expected and actual experience.....	\$ 59,439	\$ 57,026	\$ 19,009	\$ 89,310
Changes of assumptions.....	144,199	138,344	46,115	216,664
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	11,395	8,223	982	24,908
Total Deferred Outflows of Resources.....	\$ 215,033	\$ 203,593	\$ 66,106	\$ 330,882
Differences between expected and actual experience.....	\$ 6,978	\$ 6,695	\$ 2,232	\$ 10,485
Net difference between projected and actual investment earnings on pension plan investments.....	456,003	437,487	145,831	685,162
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	51,676	7,741	5,157	10,886
Total Deferred Inflows of Resources.....	\$ 514,657	\$ 451,923	\$ 153,220	\$ 706,533
Proportionate share of plan pension expense.....	\$ 39,718	\$ 38,105	\$ 12,702	\$ 59,678
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	(19,145)	2,032	(1,444)	15,731
Total Employer Pension Expense.....	\$ 20,573	\$ 40,137	\$ 11,258	\$ 75,409
Statutory required contribution.....	\$ 151,240	\$ 145,099	\$ 48,367	\$ 227,244
Contribution in relation to statutory required contribution.....	(151,240)	(145,099)	(48,367)	(227,244)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.61%	22.65%	22.62%	22.62%
Future Pension Expense				
June 30, 2023.....	\$ (54,893)	\$ (33,629)	\$ (13,585)	\$ (43,736)
June 30, 2024.....	(117,354)	(96,899)	(34,019)	(148,010)
June 30, 2025.....	(60,133)	(51,979)	(17,748)	(81,123)
June 30, 2026.....	(67,244)	(65,823)	(21,762)	(102,782)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	\$ (299,624)	\$ (248,330)	\$ (87,114)	\$ (375,651)
1% decrease (6.25%).....	\$ 1,116,998	\$ 1,071,643	\$ 357,219	\$ 1,678,334
Current discount rate (7.25%).....	\$ 599,414	\$ 575,075	\$ 191,694	\$ 900,643
1% increase (8.25%).....	\$ 161,396	\$ 154,843	\$ 51,615	\$ 242,504
Covered Payroll.....	\$ 668,991	\$ 640,579	\$ 213,827	\$ 1,004,472

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	South Deerfield Fire District	South Deerfield Water Supply District	Town of Sunderland	Town of Warwick
Net Pension Liability				
Beginning net pension liability.....	\$ 97,256	\$ 218,832	\$ 1,669,588	\$ 328,245
Ending net pension liability.....	\$ 85,196	\$ 173,435	\$ 1,299,239	\$ 243,416
Deferred Outflows of Resources				
Differences between expected and actual experience.....	\$ 8,448	\$ 17,198	\$ 128,835	\$ 24,138
Changes of assumptions.....	20,495	41,723	312,553	58,558
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	29,676	31,077	134,267	3,884
Total Deferred Outflows of Resources.....	\$ 58,619	\$ 89,998	\$ 575,655	\$ 86,580
Deferred Inflows of Resources				
Differences between expected and actual experience.....	\$ 992	\$ 2,019	\$ 15,125	\$ 2,834
Net difference between projected and actual investment earnings on pension plan investments.....	64,812	131,941	988,394	185,178
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	448	429	-	8,135
Total Deferred Inflows of Resources.....	\$ 66,252	\$ 134,389	\$ 1,003,519	\$ 196,147
Pension Expense				
Proportionate share of plan pension expense.....	\$ 5,645	\$ 11,492	\$ 86,089	\$ 16,129
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	10,303	10,499	59,285	571
Total Employer Pension Expense.....	\$ 15,948	\$ 21,991	\$ 145,374	\$ 16,700
Contributions				
Statutory required contribution.....	\$ 21,496	\$ 43,760	\$ 327,815	\$ 61,417
Contribution in relation to statutory required contribution.....	(21,496)	(43,760)	(327,815)	(61,417)
Contribution deficiency/(excess).....	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	22.43%	22.47%	22.60%	22.59%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense				
June 30, 2023.....	\$ 4,987	\$ 1,336	\$ (25,347)	\$ (15,452)
June 30, 2024.....	(4,276)	(18,429)	(174,458)	(42,904)
June 30, 2025.....	255	(8,413)	(84,578)	(23,309)
June 30, 2026.....	(8,599)	(18,885)	(143,481)	(27,902)
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	\$ (7,633)	\$ (44,391)	\$ (427,864)	\$ (109,567)
Discount Rate Sensitivity				
1% decrease (6.25%).....	\$ 158,761	\$ 323,194	\$ 2,421,111	\$ 453,601
Current discount rate (7.25%).....	\$ 85,196	\$ 173,435	\$ 1,299,239	\$ 243,416
1% increase (8.25%).....	\$ 22,940	\$ 46,699	\$ 349,829	\$ 65,541
Covered Payroll.....	\$ 95,851	\$ 194,774	\$ 1,450,655	\$ 271,883

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

FOR THE YEAR ENDED DECEMBER 31, 2021

	Town of Wendell	Town of Whately	Totals
Net Pension Liability			
Beginning net pension liability.....	\$ 312,035	\$ 1,110,353	\$ 40,571,564
Ending net pension liability.....	\$ 228,204	\$ 821,531	\$ 30,458,084
Deferred Outflows of Resources			
Differences between expected and actual experience.....	\$ 22,629	\$ 81,465	\$ 3,020,288
Changes of assumptions.....	54,898	197,633	7,327,191
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	<u>1,961</u>	<u>7,888</u>	<u>1,139,235</u>
Total Deferred Outflows of Resources.....	<u>\$ 79,488</u>	<u>\$ 286,986</u>	<u>\$ 11,486,714</u>
Deferred Inflows of Resources			
Differences between expected and actual experience.....	\$ 2,657	\$ 9,564	\$ 354,573
Net difference between projected and actual investment earnings on pension plan investments.....	173,606	624,978	23,170,938
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	<u>9,873</u>	<u>30,536</u>	<u>1,139,235</u>
Total Deferred Inflows of Resources.....	<u>\$ 186,136</u>	<u>\$ 665,078</u>	<u>\$ 24,664,746</u>
Pension Expense			
Proportionate share of plan pension expense.....	\$ 15,121	\$ 54,436	\$ 2,018,197
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	<u>126</u>	<u>1,043</u>	<u>-</u>
Total Employer Pension Expense.....	<u>\$ 15,247</u>	<u>\$ 55,479</u>	<u>\$ 2,018,197</u>
Contributions			
Statutory required contribution.....	\$ 57,579	\$ 207,283	\$ 7,684,976
Contribution in relation to statutory required contribution.....	<u>(57,579)</u>	<u>(207,283)</u>	<u>(7,684,976)</u>
Contribution deficiency/(excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll.....	22.58%	22.57%	22.61%
Deferred (Inflows)/Outflows Recognized in Future Pension Expense			
June 30, 2023.....	\$ (16,889)	\$ (56,384)	\$ (1,900,790)
June 30, 2024.....	(41,575)	(147,795)	(5,181,929)
June 30, 2025.....	(21,741)	(79,577)	(2,637,125)
June 30, 2026.....	<u>(26,443)</u>	<u>(94,336)</u>	<u>(3,458,188)</u>
Total Deferred (Inflows)/Outflows Recognized in Future Pension Expense.....	<u>\$ (106,648)</u>	<u>\$ (378,092)</u>	<u>\$ (13,178,032)</u>
Discount Rate Sensitivity			
1% decrease (6.25%).....	\$ 425,256	\$ 1,530,910	\$ 56,758,168
Current discount rate (7.25%).....	\$ 228,204	\$ 821,531	\$ 30,458,084
1% increase (8.25%).....	\$ 61,446	\$ 221,203	\$ 8,201,050
Covered Payroll.....	\$ 255,038	\$ 918,292	\$ 33,981,821

See notes to schedule of employer allocations and schedule of pension amounts by employer.

(concluded)

NOTE I – SCHEDULE OF EMPLOYER ALLOCATIONS

Governmental Accounting Standards Board (GASB) Statement #68 requires employers participating in a cost-sharing pension plan to recognize pension liabilities as employees provide services to the government and earn their pension benefits. Employers participating in cost-sharing plans are required to recognize their proportionate share of the plan's collective pension amounts for all benefits provided through the plan including the net pension liability, deferred outflows of resources, deferred inflows of resources, contributions and pension expense.

GASB Statement #68 requires the allocation of the collective pension amounts be consistent with the manner in which contributions to the plan are determined. As permissible under GASB Statement #68, The Schedule of Employer Allocations is used to demonstrate the allocation of Franklin Regional Retirement System's collective pension amounts.

A 5-year average of the rates of regular compensation were applied to allocate the System's fiscal year 2021 pension fund appropriation by member unit. The annual pension fund appropriations are calculated based on semi-annual payments. Discounts are applied to member units making one annual payment on July 1. The System's net pension liability is allocated to each member unit based on their actual contributions to the System, regardless of which payment option they select.

NOTE II – SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

The Schedule of Pension Amounts by Employer presents the net pension liability, the various categories of deferred outflows of resources and deferred inflows of resources, contributions and pension expense for all participating employers including differences between expected and actual economic experience; differences between projected and actual investment earnings, net; and changes of assumptions.

NOTE III – CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

Actuarial Assumptions:

The following changes were reflected in the January 1, 2022, valuation:

- Investment return assumption decreased from 7.75% to 7.25%.
- Administrative expense assumption has increased from \$600,000 to \$650,000.
- The salary scale and mortality improvement rates have been updated.

Plan Provisions:

None.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Franklin Regional Retirement Board
Franklin Regional Retirement System
Greenfield, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Franklin Regional Retirement System, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Franklin Regional Retirement System's financial statements, and have issued our report thereon dated July 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Franklin Regional Retirement System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Regional Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin Regional Retirement System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin Regional Retirement System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Powers & Sullivan LLC

July 27, 2022