Hampden County Regional Retirement System

Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67/68) Actuarial Valuation as of December 31, 2023

Segal

Segal

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March 26, 2025

Retirement Board
Hampden County Regional Retirement System
67 Hunt Street, Suite 202
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Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67/68) Actuarial Valuation as of December 31, 2023 for the Hampden County Regional Retirement System. It contains various information that will need to be disclosed in order to comply with GASB 67 and 68. Please refer to the Hampden County Regional Retirement System Actuarial Valuation and Review as of January 1, 2024, dated March 26, 2025, for the data, assumptions, and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board, based upon information provided by the staff of the Retirement System and the System's other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of A. Donald Morgan, FSA, MAAA, EA, Enrolled Actuary. He is a member of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of his knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In his opinion, the assumptions are reasonable and take into account the experience of the Retirement System and reasonable expectations. In addition, in his opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Retirement System and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Retirement System's legal, tax and other advisors before taking, or refraining from taking, any action.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

Lisa VanDermark

Lisa VanDermark, FSA, MAAA, EA
Vice President and Consulting Actuary

A. Donald Morgan

A. Donald Morgan, FSA, MAAA, EA
Senior Vice President and Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67/68) as of December 31, 2023. This report is based on the Actuarial Valuation and Review as of January 1, 2024, which reflects:

- The benefit provisions of the Massachusetts General Law Chapter 32;
- The characteristics of covered active participants, inactive participants, and retired participants and beneficiaries as of December 31, 2023, provided by the staff of the Retirement System;
- The assets of the System as of December 31, 2023, provided by the staff of the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Highlights of the valuation

- The Net Pension Liability (NPL) measured as of December 31, 2023 and December 31, 2022 was determined based upon the results of actuarial valuations as of January 1, 2024 and January 1, 2022, respectively.
- The NPL is equal to the difference between the Total Pension Liability (TPL) and the System Fiduciary Net Position (FNP). The System Fiduciary Net Position is equal to the market value of assets, and, therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAL) on a market value basis. The NPL decreased from $439,979,143 as of December 31, 2022 to $428,763,306 as of December 31, 2023 and the System Fiduciary Net Position as a percent of the TPL increased from 52.02% to 55.12%.
- The discount rate used to measure the TPL and NPL was 7.00% as of December 31, 2023 and December 31, 2022.

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the Retirement System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the Retirement System.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the System's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the System will be determined by the actual benefits and expenses paid and the actual investment experience of the System.
- Actuarial results in this report are not rounded, but that does not imply precision.
- If the Board is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the System. This valuation is based on Segal's understanding of applicable guidance in these areas and of the System's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

Section 2: GASB Information

General information about the pension plan

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

Membership	Amount
Retired participants or beneficiaries currently receiving benefits	2,037
Inactive participants with a vested right to a deferred or immediate benefit	118
Inactive participants entitled to a refund of employee contributions	1,049
Active members	2,674
Total	**5,878**

Exhibit A: Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Reporting date for employer under GASB 68	June 30, 2024	June 30, 2023
Measurement date	December 31, 2023	December 31, 2022
Total Pension Liability	$955,442,052	$916,964,706
Plan Fiduciary Net Position	526,678,746	476,985,563
Net Pension Liability	428,763,306	439,979,143
Plan Fiduciary Net Position as a percentage of the Total Pension Liability[1]	55.12%	52.02%

Actuarial assumptions. The TPL as of December 31, 2023, which was determined based on the results of an actuarial valuation as of January 1, 2024, used the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Assumption
Wage inflation	3.25%
Salary increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4
Net investment rate of return	7.00%
Cost-of-living adjustment	5% of first $18,000
Mortality	Pre-Retirement: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 Healthy Retiree: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 Disabled Retiree: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021

Detailed information regarding all actuarial assumptions can be found in the January 1, 2024 Actuarial Valuation and Review.

[1] These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Determination of discount rate and investment rates of return

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 and adding expected inflation. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22%	6.29%
International developed markets equity	9.5%	6.39%
International emerging markets equity	4.5%	7.63%
Core fixed income	15%	1.72%
High-yield fixed income	9%	3.43%
Real estate	10%	3.24%
Timber	4%	3.72%
Hedge fund, GTAA, Risk parity	10%	2.87%
Private equity	16%	9.43%
Total	**100%**	

Note: Some asset classes included in the Plan's target asset allocation have been combined.

Discount rate. The discount rate used to measure the TPL was 7.00% as of December 31, 2023 and December 31, 2022. 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. Based on those assumptions, the Plan FNP 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 TPL as of both December 31, 2023 and December 31, 2022.

Section 2: GASB Information

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the Hampden County Regional Retirement System as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the Hampden County Regional Retirement System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Hampden County Regional Retirement System's Net Pension Liability as of December 31, 2023	$536,516,656	$428,763,306	$338,016,880

Exhibit B: Schedule of changes in Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Reporting and Measurement date		
Reporting date for employer under GASB 68	June 30, 2024	June 30, 2023
Measurement date and reporting date for the plan under GASB 67	December 31, 2023	December 31, 2022
Total Pension Liability		
Service cost	$21,310,183	$20,608,490
Interest	63,700,967	61,715,865
Change of benefit terms	6,094,793	0
Differences between expected and actual experience	3,893,558	0
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	-56,522,155	-52,812,752
Net change in Total Pension Liability	**$38,477,346**	**$29,511,603**
Total Pension Liability — beginning	916,964,706	887,453,103
Total Pension Liability — ending	**$955,442,052**	**$916,964,706**
Plan Fiduciary Net Position		
Contributions — employer	$42,254,331	$39,045,565
Contributions — employee	13,395,427	12,741,964
Net investment income	51,349,265	-60,775,958
Benefit payments, including refunds of member contributions	-56,522,155	-52,812,752
Administrative expense	-783,685	-899,805
Other	0	0
Net change in Plan Fiduciary Net Position	**$49,693,183**	**-$62,700,986**
Plan Fiduciary Net Position — beginning	476,985,563	539,686,549
Plan Fiduciary Net Position — ending	**$526,678,746**	**$476,985,563**

Section 2: GASB Information

Components of the Net Pension Liability	Current	Prior
Net Pension Liability		
Net Pension Liability – ending	$428,763,306	$439,979,143
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.12%	52.02%
Covered payroll	$131,595,133	$130,874,871
Plan Net Pension Liability as percentage of covered payroll	325.82%	336.18%

Notes to Schedule:

- **Benefit changes:**
  - As of January 1, 2023:
    None
  - As of January 1, 2024:
    The Board approved a one-time increase in the COLA from 3% to 5% effective July 1, 2022.
- **Change of assumptions:**
  - As of January 1, 2023:
    None
  - As of January 1, 2024:
    None

Exhibit C: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$21,373,733	$21,373,733	—	$100,077,260	21.36%
2015	22,876,301	22,876,301	—	104,080,350	21.98%
2016	24,644,961	24,644,961	—	107,528,616	22.92%
2017	26,603,693	26,603,693	—	109,713,930	24.25%
2018	28,726,819	28,726,819	—	114,335,356	25.13%
2019	30,980,826	30,986,622	-5,796	120,106,229	25.80%
2020	33,416,528	33,416,528	—	125,225,926	26.68%
2021	36,176,306	36,180,780	-4,474	125,635,569	28.80%
2022	39,043,214	39,045,565	-2,351	130,874,871	29.83%
2023	42,254,331	42,254,331	—	131,595,133	32.11%

Notes to Schedule:

- **Methods and assumptions used to determine contribution rates for the year ended December 31, 2023:**
- **Valuation date**: Actuarially determined contribution for the year ended December 31, 2023 was determined with the January 1, 2022 actuarial valuation.
- **Actuarial cost method:** Entry age
- **Amortization method:** Total appropriation increases 8.00% per year through fiscal 2030, then 3.75% per year
- **Remaining amortization period:** 14 years from July 1, 2022
- **Asset valuation method:** Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 10% of the market value.
- **Investment rate of return:** 7.00%

Section 2: GASB Information

- **Wage Inflation rate:** 3.25%
- **Projected salary increases:** Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.
- **Mortality:**
  - **Pre-Retirement:** RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021
  - **Healthy Retiree:** RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021
  - **Disabled Retiree:** RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021
- **Other information:** Same as those used in the January 1, 2022 funding actuarial valuation.

Exhibit D: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2024	June 30, 2023
Measurement date	December 31, 2023	December 31, 2022
Service cost	$21,310,183	$20,608,490
Interest	63,700,967	61,715,865
Current-period benefit changes	6,094,793	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	648,928	—
Expensed portion of current-period changes of assumptions	—	—
Member contributions	-13,395,427	-12,741,964
Projected earnings on pension plan investments	-33,331,027	-37,710,682
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	-3,603,646	19,697,328
Administrative expense	783,685	899,805
Recognition of beginning of year deferred outflows of resources as pension expense	27,923,346	18,830,685
Recognition of beginning of year deferred inflows of resources as pension expense	-21,451,938	-22,483,164
Pension expense	**$48,679,864**	**$48,816,363**

Deferred outflows of resources and deferred inflows of resources

Deferred Outflows and Inflows	Current	Prior
Reporting and measurement dates		
Reporting date for employer under GASB 68	June 30, 2024	June 30, 2023
Measurement date	December 31, 2023	December 31, 2022
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$30,388,064	$31,196,919
Changes of assumptions	13,267,964	20,937,300
Net difference between projected and actual earnings on pension plan investments	19,290,158	33,115,705
Difference between expected and actual experience in the Total Pension Liability	3,801,312	1,113,364
Total deferred outflows of resources	**$70,247,278**	**$86,363,288**
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions[4]	$30,388,064	$31,196,919
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	0
Difference between expected and actual experience in the Total Pension Liability	3,496,695	4,662,260
Total deferred inflows of resources	**$37,384,539**	**$35,859,179**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2024	N/A	$6,471,408
2025	$9,298,892	12,253,614
2026	7,493,288	10,448,010
2027	18,376,355	21,331,077
2028	-2,954,722	0
2029	648,926	0
Thereafter	0	0

Note: Average expected remaining service is 6.00 years as of December 31, 2023 and December 31, 2022.

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68

Exhibit E: Determination of proportionate share

Employer Name	FY 2023 Total Appropriation	Percent of FY 2023 Total Appropriation	Share of NPL as of December 31, 2022	FY 2024 Total Appropriation	Percent of FY 2024 Total Appropriation	Share of NPL as of December 31, 2023
Town of Agawam	$8,644,142	21.85%	$96,135,441	8,891,321	20.81%	89,225,645
Agawam Housing Authority	130,552	0.33%	1,451,931	119,633	0.28%	1,200,537
Town of Blandford	102,859	0.26%	1,143,946	140,996	0.33%	1,414,919
Town of Brimfield	450,999	1.14%	5,015,762	427,262	1.00%	4,287,633
Brimfield Housing Authority	0	0.00%	0	0	0.00%	0
Town of Chester	193,850	0.49%	2,155,898	93,998	0.22%	943,279
Chester Electric Light	75,166	0.19%	835,960	68,362	0.16%	686,021
Town of East Longmeadow	3,283,588	8.30%	36,518,269	3,593,274	8.41%	36,058,994
East Longmeadow Schools	1,404,426	3.55%	15,619,260	1,670,594	3.91%	16,764,645
East Longmeadow Housing Authority	98,903	0.25%	1,099,948	111,088	0.26%	1,114,785
Town of Granville	158,245	0.40%	1,759,917	145,269	0.34%	1,457,795
Town of Hampden	672,542	1.70%	7,479,645	709,255	1.66%	7,117,471
Hampden Housing Authority	31,649	0.08%	351,983	34,181	0.08%	343,011
Hampden-Wilbraham Regional School	2,076,968	5.25%	23,098,905	2,234,580	5.23%	22,424,321

Employer Name	FY 2023 Total Appropriation	Percent of FY 2023 Total Appropriation	Share of NPL as of December 31, 2022	FY 2024 Total Appropriation	Percent of FY 2024 Total Appropriation	Share of NPL as of December 31, 2023
Town of Holland	371,876	0.94%	4,135,804	388,808	0.91%	3,901,746
Town of Longmeadow	4,529,768	11.45%	50,377,612	4,870,787	11.40%	48,879,017
Town of Ludlow	3,390,402	8.57%	37,706,213	3,559,092	8.33%	35,715,983
Town of Ludlow - School	1,962,240	4.96%	21,822,965	2,072,220	4.85%	20,795,020
Ludlow Housing Authority	79,123	0.20%	879,958	85,452	0.20%	857,527
Town of Monson	1,301,566	3.29%	14,475,314	1,499,689	3.51%	15,049,592
Town of Monson - School	886,173	2.24%	9,855,533	922,886	2.16%	9,261,287
Monson Housing Authority	102,859	0.26%	1,143,946	111,088	0.26%	1,114,785
Town of Montgomery	51,430	0.13%	571,973	55,544	0.13%	557,392
Town of Palmer	1,246,181	3.15%	13,859,343	1,371,511	3.21%	13,763,302
Town of Palmer - School	890,129	2.25%	9,899,531	1,110,881	2.60%	11,147,846
Town of Palmer - Library	154,289	0.39%	1,715,919	170,905	0.40%	1,715,053
Town of Palmer - WWTP	197,806	0.50%	2,199,896	192,268	0.45%	1,929,435
Palmer Fire/Water District #1	185,938	0.47%	2,067,902	196,540	0.46%	1,972,311
Palmer Housing Authority	0	0.00%	0	0	0.00%	0
Pathfinder Regional Vocational Technical High School	447,043	1.13%	4,971,764	538,350	1.26%	5,402,418
Town of Russell	181,982	0.46%	2,023,904	226,449	0.53%	2,272,446
Town of Southwick	1,396,513	3.53%	15,531,264	1,674,867	3.92%	16,807,522

Employer Name	FY 2023 Total Appropriation	Percent of FY 2023 Total Appropriation	Share of NPL as of December 31, 2022	FY 2024 Total Appropriation	Percent of FY 2024 Total Appropriation	Share of NPL as of December 31, 2023
Town of Southwick – Water	98,903	0.25%	1,099,948	106,815	0.25%	1,071,908
Southwick-Tolland Regional High School	933,646	2.36%	10,383,508	1,093,790	2.56%	10,976,341
Southwick Housing Authority	15,825	0.04%	175,992	21,363	0.05%	214,382
Three Rivers Fire District	55,386	0.14%	615,971	64,089	0.15%	643,145
Town of Tolland	106,815	0.27%	1,187,944	106,815	0.25%	1,071,908
Town of Wales	189,894	0.48%	2,111,900	196,540	0.46%	1,972,311
West Hampden Veterans' Services	47,474	0.12%	527,975	0	0.00%	0
Western Massachusetts Emergency Communications and Regional Dispatch Center	466,823	1.18%	5,191,754	623,802	1.46%	6,259,944
Town of Wilbraham	2,662,475	6.73%	29,610,596	2,901,108	6.79%	29,113,028
Wilbraham - Solid Waste	35,605	0.09%	395,981	42,726	0.10%	428,763
Wilbraham - Sewer	71,210	0.18%	791,962	76,907	0.18%	771,774
Wilbraham - Water Dept.	134,508	0.34%	1,495,929	158,087	0.37%	1,586,424
Wilbraham - Ambulance	0	0.00%	0	0	0.00%	0
Wilbraham Housing Authority	43,517	0.11%	483,977	46,999	0.11%	471,640
Grand totals:	**$39,561,288**	**100.00%**	**$439,979,143**	**42,726,191**	**100.00%**	**428,763,306**

Exhibit F: Determination of proportionate share amounts by employer

Net Pension Liability by Employer With Discount Rate Sensitivity

Employer Name	2024 Share of Cost Allocation	Net Pension Liability	Covered Employee Payroll	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Town of Agawam	20.81%	89,225,645	27,384,949	111,649,113	89,225,645	70,341,312
Agawam Housing Authority	0.28%	1,200,537	368,465	1,502,247	1,200,537	946,447
Town of Blandford	0.33%	1,414,919	434,263	1,770,505	1,414,919	1,115,456
Town of Brimfield	1.00%	4,287,633	1,315,952	5,365,167	4,287,633	3,380,169
Brimfield Housing Authority	0.00%	0	0	0	0	0
Town of Chester	0.22%	943,279	289,510	1,180,337	943,279	743,637
Chester Electric Light	0.16%	686,021	210,553	858,427	686,021	540,827
Town of East Longmeadow	8.41%	36,058,994	11,067,155	45,121,051	36,058,994	28,427,220
East Longmeadow Schools	3.91%	16,764,645	5,145,369	20,977,801	16,764,645	13,216,460
East Longmeadow Housing Authority	0.26%	1,114,785	342,147	1,394,943	1,114,785	878,844
Town of Granville	0.34%	1,457,795	447,423	1,824,157	1,457,795	1,149,257
Town of Hampden	1.66%	7,117,471	2,184,480	8,906,176	7,117,471	5,611,080
Hampden Housing Authority	0.08%	343,011	105,276	429,213	343,011	270,414
Hampden-Wilbraham Regional School	5.23%	22,424,321	6,882,426	28,059,821	22,424,321	17,678,283

Section 2: GASB Information

Employer Name	2024 Share of Cost Allocation	Net Pension Liability	Covered Employee Payroll	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Town of Holland	0.91%	3,901,746	1,197,515	4,882,302	3,901,746	3,075,954
Town of Longmeadow	11.40%	48,879,017	15,001,849	61,162,899	48,879,017	38,533,924
Town of Ludlow	8.33%	35,715,983	10,961,875	44,691,837	35,715,983	28,156,806
Town of Ludlow - School	4.85%	20,795,020	6,382,363	26,021,058	20,795,020	16,393,819
Ludlow Housing Authority	0.20%	857,527	263,189	1,073,033	857,527	676,034
Town of Monson	3.51%	15,049,592	4,618,988	18,831,735	15,049,592	11,864,392
Town of Monson - School	2.16%	9,261,287	2,842,456	11,588,760	9,261,287	7,301,165
Monson Housing Authority	0.26%	1,114,785	342,147	1,394,943	1,114,785	878,844
Town of Montgomery	0.13%	557,392	171,074	697,472	557,392	439,422
Town of Palmer	3.21%	13,763,302	4,224,205	17,222,185	13,763,302	10,850,342
Town of Palmer - School	2.60%	11,147,846	3,421,474	13,949,433	11,147,846	8,788,439
Town of Palmer - Library	0.40%	1,715,053	526,381	2,146,067	1,715,053	1,352,068
Town of Palmer - WWTP	0.45%	1,929,435	592,179	2,414,325	1,929,435	1,521,076
Palmer Fire/Water District #1	0.46%	1,972,311	605,336	2,467,977	1,972,311	1,554,878
Palmer Housing Authority	0.00%	0	0	0	0	0
Pathfinder Regional Vocational Technical High School	1.26%	5,402,418	1,658,099	6,760,110	5,402,418	4,259,013
Town of Russell	0.53%	2,272,446	697,455	2,843,538	2,272,446	1,791,489
Town of Southwick	3.92%	16,807,522	5,158,530	21,031,453	16,807,522	13,250,262

Employer Name	2024 Share of Cost Allocation	Net Pension Liability	Covered Employee Payroll	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Town of Southwick – Water	0.25%	1,071,908	328,986	1,341,292	1,071,908	845,042
Southwick-Tolland Regional High School	2.56%	10,976,341	3,368,834	13,734,826	10,976,341	8,653,232
Southwick Housing Authority	0.05%	214,382	65,797	268,258	214,382	169,008
Three Rivers Fire District	0.15%	643,145	197,392	804,775	643,145	507,025
Town of Tolland	0.25%	1,071,908	328,986	1,341,292	1,071,908	845,042
Town of Wales	0.46%	1,972,311	605,336	2,467,977	1,972,311	1,554,878
West Hampden Veterans' Services	0.00%	0	0	0	0	0
Western Massachusetts Emergency Communications and Regional Dispatch Center	1.46%	6,259,944	1,921,288	7,833,143	6,259,944	4,935,046
Town of Wilbraham	6.79%	29,113,028	8,935,308	36,429,481	29,113,028	22,951,346
Wilbraham - Solid Waste	0.10%	428,763	131,595	536,517	428,763	338,017
Wilbraham - Sewer	0.18%	771,774	236,871	965,730	771,774	608,430
Wilbraham - Water Dept.	0.37%	1,586,424	486,902	1,985,112	1,586,424	1,250,662
Wilbraham - Ambulance	0.00%	0	0	0	0	0
Wilbraham Housing Authority	0.11%	471,640	144,755	590,168	471,640	371,819
Grand totals:	**100.00%**	**$428,763,306**	**$131,595,133**	**$536,516,656**	**$428,763,306**	**$338,016,880**

Exhibit F: Determination of proportionate share by employer

Schedule of Contributions and Pension Expense by Employer

Employer Name	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency / (Excess)	Contributions as a Percentage of Covered Employee Payroll	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Town of Agawam	$8,791,622	$8,791,622	$0	32.10%	$10,130,276	-278,868	$9,851,408
Agawam Housing Authority	118,292	118,292	0	32.10%	136,304	-14,908	121,396
Town of Blandford	139,415	139,415	0	32.10%	160,644	93,794	254,438
Town of Brimfield	422,471	422,471	0	32.10%	486,799	-65,934	420,865
Brimfield Housing Authority	0	0	0	0.00%	0	-49,784	-49,784
Town of Chester	92,944	92,944	0	32.10%	107,096	-120,478	-13,382
Chester Electric Light	67,595	67,595	0	32.10%	77,888	86,461	164,349
Town of East Longmeadow	3,552,982	3,552,982	0	32.10%	4,093,977	-1,784,903	2,309,074
East Longmeadow Schools	1,651,861	1,651,861	0	32.10%	1,903,383	2,480,593	4,383,976
East Longmeadow Housing Authority	109,842	109,842	0	32.10%	126,568	10,723	137,291
Town of Granville	145,269	145,269	0	32.47%	165,512	49,460	214,972
Town of Hampden	701,302	701,302	0	32.10%	808,086	9,778	817,864
Hampden Housing Authority	33,798	33,798	0	32.10%	38,944	6,737	45,681
Hampden-Wilbraham Regional School	2,209,523	2,209,523	0	32.10%	2,545,957	-72,731	2,473,226

Employer Name	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency / (Excess)	Contributions as a Percentage of Covered Employee Payroll	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Town of Holland	384,448	384,448	0	32.10%	442,987	-431	442,556
Town of Longmeadow	4,816,170	4,816,170	0	32.10%	5,549,504	-638,846	4,910,658
Town of Ludlow	3,519,184	3,519,184	0	32.10%	4,055,033	-293,834	3,761,199
Town of Ludlow - School	2,048,984	2,048,984	0	32.10%	2,360,973	108,347	2,469,320
Ludlow Housing Authority	85,452	85,452	0	32.47%	97,360	12,742	110,102
Town of Monson	1,482,873	1,482,873	0	32.10%	1,708,663	10,660	1,719,323
Town of Monson - School	912,538	912,538	0	32.10%	1,051,485	-22,228	1,029,257
Monson Housing Authority	109,842	109,842	0	32.10%	126,568	67,188	193,756
Town of Montgomery	54,921	54,921	0	32.10%	63,284	1,105	64,389
Town of Palmer	1,356,132	1,356,132	0	32.10%	1,562,624	-213,470	1,349,154
Town of Palmer - School	1,098,425	1,098,425	0	32.10%	1,265,676	401,644	1,667,320
Town of Palmer - Library	168,989	168,989	0	32.10%	194,719	18,110	212,829
Town of Palmer - WWTP	190,112	190,112	0	32.10%	219,059	-11,067	207,992
Palmer Fire/Water District #1	196,540	196,540	0	32.47%	223,927	34,324	258,251
Palmer Housing Authority	0	0	0	0.00%	0	0	0
Pathfinder Regional Vocational Technical High School	532,313	532,313	0	32.10%	613,366	82,793	696,159
Town of Russell	223,910	223,910	0	32.10%	258,003	55,939	313,942
Town of Southwick	1,656,087	1,656,087	0	32.10%	1,908,251	-17,071	1,891,180

Employer Name	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency / (Excess)	Contributions as a Percentage of Covered Employee Payroll	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Town of Southwick – Water	105,617	105,617	0	32.10%	121,700	-10,268	111,432
Southwick-Tolland Regional High School	1,081,525	1,081,525	0	32.10%	1,246,205	-583,889	662,316
Southwick Housing Authority	21,363	21,363	0	32.47%	24,340	651	24,991
Three Rivers Fire District	63,370	63,370	0	32.10%	73,020	19,424	92,444
Town of Tolland	105,617	105,617	0	32.10%	121,700	-21,919	99,781
Town of Wales	196,540	196,540	0	32.47%	223,927	24,599	248,526
West Hampden Veterans' Services	0	0	0	0.00%	0	-83,449	-83,449
Western Massachusetts Emergency Communications and Regional Dispatch Center	616,807	616,807	0	32.10%	710,726	923,755	1,634,481
Town of Wilbraham	2,868,578	2,868,578	0	32.10%	3,305,363	-175,232	3,130,131
Wilbraham - Solid Waste	42,247	42,247	0	32.10%	48,680	-10,977	37,703
Wilbraham - Sewer	76,045	76,045	0	32.10%	87,624	-10,487	77,137
Wilbraham - Water Dept.	156,314	156,314	0	32.10%	180,115	-7,522	172,593
Wilbraham - Ambulance	0	0	0	0.00%	0	-5,435	-5,435
Wilbraham Housing Authority	46,472	46,472	0	32.10%	53,548	-5,096	48,452
Grand totals:	**$42,254,331**	**$42,254,331**	**$0**	**32.11%**	**48,679,864**	**$0**	**48,679,864**

Exhibit F: Determination of proportionate share by employer

Deferred Outflows and Inflows of Resources

Employer Name	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Town of Agawam	$791,055	$4,014,284	$2,761,063	$2,444,214	$10,010,616	$727,662	$0	$5,200,643	$5,928,305
Agawam Housing Authority	10,644	54,012	37,150	201,696	303,502	9,791	0	222,635	232,426
Town of Blandford	12,544	63,658	43,784	372,279	492,265	11,539	0	125,672	137,211
Town of Brimfield	38,013	192,902	132,680	348,478	712,073	34,967	0	609,150	644,117
Brimfield Housing Authority	0	0	0	0	0	0	0	116,131	116,131
Town of Chester	8,363	42,438	29,190	490,697	570,688	7,693	0	933,500	941,193
Chester Electric Light	6,082	30,864	21,229	76,305	134,480	5,595	0	139,474	145,069
Town of East Longmeadow	319,690	1,622,302	1,115,836	1,454,788	4,512,616	294,072	0	9,565,916	9,859,988
East Longmeadow Schools	148,631	754,245	518,777	10,156,018	11,577,671	136,721	0	0	136,721
East Longmeadow Housing Authority	9,883	50,154	34,497	184,795	279,329	9,091	0	57,856	66,947
Town of Granville	12,924	65,587	45,111	184,634	308,256	11,889	0	340,177	352,066
Town of Hampden	63,102	320,217	220,248	308,957	912,524	58,045	0	728,167	786,212
Hampden Housing Authority	3,041	15,432	10,614	31,379	60,466	2,797	0	25,285	28,082
Hampden-Wilbraham Regional School	198,809	1,008,875	693,915	360,018	2,261,617	182,877	0	263,841	446,718

Employer Name	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Town of Holland	34,592	175,540	120,738	159,267	490,137	31,820	0	203,208	235,028
Town of Longmeadow	433,350	2,199,078	1,512,548	1,253,485	5,398,461	398,623	0	2,328,730	2,727,353
Town of Ludlow	316,649	1,606,870	1,105,221	308,694	3,337,434	291,275	0	1,469,884	1,761,159
Town of Ludlow - School	184,364	935,573	643,496	535,420	2,298,853	169,590	0	411,386	580,976
Ludlow Housing Authority	7,603	38,580	26,536	113,950	186,669	6,993	0	45,493	52,486
Town of Monson	133,426	677,085	465,706	923,692	2,199,909	122,734	0	981,259	1,103,993
Town of Monson - School	82,108	416,667	286,588	481,803	1,267,166	75,529	0	663,860	739,389
Monson Housing Authority	9,883	50,154	34,497	145,019	239,553	9,091	0	15	9,106
Town of Montgomery	4,942	25,077	17,248	37,901	85,168	4,546	0	50,582	55,128
Town of Palmer	122,022	619,214	425,902	194,540	1,361,678	112,244	0	837,095	949,339
Town of Palmer - School	98,834	501,544	344,967	2,531,682	3,477,027	90,914	0	628,995	719,909
Town of Palmer - Library	15,205	77,161	53,072	108,074	253,512	13,987	0	126,692	140,679
Town of Palmer - WWTP	17,106	86,806	59,706	47,473	211,091	15,735	0	162,305	178,040
Palmer Fire/Water District #1	17,486	88,735	61,033	121,624	288,878	16,085	0	104,969	121,054
Palmer Housing Authority	0	0	0	0	0	0	0	0	0
Pathfinder Regional Vocational Technical High School	47,897	243,056	167,176	613,719	1,071,848	44,058	0	133,317	177,375
Town of Russell	20,147	102,238	70,320	311,800	504,505	18,532	0	16,088	34,620
Town of Southwick	149,011	756,174	520,104	1,286,652	2,711,941	137,070	0	656,992	794,062

Employer Name	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Town of Southwick – Water	9,503	48,225	33,170	12,389	103,287	8,742	0	36,371	45,113
Southwick-Tolland Regional High School	97,314	493,828	339,660	658,575	1,589,377	89,515	0	1,669,099	1,758,614
Southwick Housing Authority	1,901	9,645	6,634	33,232	51,412	1,748	0	25,172	26,920
Three Rivers Fire District	5,702	28,935	19,902	51,159	105,698	5,245	0	0	5,245
Town of Tolland	9,503	48,225	33,170	64,155	155,053	8,742	0	101,955	110,697
Town of Wales	17,486	88,735	61,033	140,434	307,688	16,085	0	164,427	180,512
West Hampden Veterans' Services	-	-	-	20,047	20,047	-	0	440,051	440,051
Western Massachusetts Emergency Communications and Regional Dispatch Center	55,499	281,636	193,712	2,876,043	3,406,890	51,052	0	0	51,052
Town of Wilbraham	258,109	1,309,802	900,895	366,995	2,835,801	237,426	0	373,247	610,673
Wilbraham - Solid Waste	3,801	19,290	13,268	32,502	68,861	3,497	0	29,630	33,127
Wilbraham - Sewer	6,842	34,722	23,882	50,062	115,508	6,294	0	78,964	85,258
Wilbraham - Water Dept.	14,065	71,374	49,091	161,993	296,523	12,938	0	86,746	99,684
Wilbraham - Ambulance	0	0	0	92,871	92,871	0	0	196,612	196,612
Wilbraham Housing Authority	4,181	21,219	14,595	38,554	78,549	3,846	0	36,473	40,319
Grand totals:	**$3,801,312**	**$19,290,158**	**$13,267,964**	**$30,388,064**	**$70,247,278**	**$3,496,695**	**$0**	**$30,388,064**	**$33,884,759**

Exhibit F: Determination of proportionate share by employer

Deferred Inflows/(Outflows) Recognized In Future Pension Expense (Year Ended June 30)

Employer Name	2025	2026	2027	2028	2029	Thereafter
Town of Agawam	$1,363,711	$997,899	$3,757,365	-$1,496,372	-$540,297	$0
Agawam Housing Authority	38,179	9,140	69,783	-15,383	-30,642	0
Town of Blandford	108,087	101,379	93,745	4,266	47,576	0
Town of Brimfield	75,915	14,661	188,426	-126,645	-84,401	0
Brimfield Housing Authority	-60,834	-55,297	0	0	0	0
Town of Chester	-45,832	-56,494	-33,233	-61,106	-173,839	0
Chester Electric Light	3,463	5,846	29,052	-30,513	-18,438	0
Town of East Longmeadow	-995,124	-1,236,128	-825,423	-2,416,574	125,878	0
East Longmeadow Schools	2,844,182	2,773,583	3,199,110	2,365,065	259,011	0
East Longmeadow Housing Authority	41,437	46,239	98,715	17,817	8,175	0
Town of Granville	103,067	-48,577	11,872	-73,697	-36,475	0
Town of Hampden	92,702	40,101	229,130	-220,408	-15,213	0
Hampden Housing Authority	19,545	6,265	14,741	-8,685	518	0
Hampden-Wilbraham Regional School	541,626	356,473	1,024,963	-129,057	20,893	0

Section 2: GASB Information

Employer Name	2025	2026	2027	2028	2029	Thereafter
Town of Holland	88,666	39,932	154,724	-14,632	-13,580	0
Town of Longmeadow	567,740	546,224	1,643,510	-127,751	41,385	0
Town of Ludlow	514,770	402,223	1,320,447	-559,329	-101,834	0
Town of Ludlow - School	486,495	436,900	972,776	-138,305	-39,990	0
Ludlow Housing Authority	32,475	18,004	62,516	19,734	1,455	0
Town of Monson	291,969	142,646	462,684	33,072	165,543	0
Town of Monson - School	318,989	181,313	282,213	-216,798	-37,939	0
Monson Housing Authority	98,026	65,266	60,473	4,999	1,684	0
Town of Montgomery	18,567	15,866	11,252	-16,486	842	0
Town of Palmer	16,362	47,472	470,942	-182,176	59,739	0
Town of Palmer - School	664,258	582,545	805,611	460,668	244,035	0
Town of Palmer - Library	11,633	55,325	61,070	-24,277	9,082	0
Town of Palmer - WWTP	30,570	21,059	56,668	-45,705	-29,541	0
Palmer Fire/Water District #1	87,556	48,805	72,908	-38,302	-3,144	0
Palmer Housing Authority	0	0	0	0	0	0
Pathfinder Regional Vocational Technical High School	231,414	175,717	309,563	85,231	92,547	0
Town of Russell	105,023	111,541	168,298	36,150	48,872	0
Town of Southwick	152,970	368,330	980,372	137,658	278,550	0

Employer Name	2025	2026	2027	2028	2029	Thereafter
Town of Southwick – Water	23,729	6,868	39,650	-13,692	1,619	0
Southwick-Tolland Regional High School	-184,341	-240,170	111,422	-2,555	146,407	0
Southwick Housing Authority	5,248	4,167	9,462	-1,240	6,854	0
Three Rivers Fire District	38,687	18,155	34,077	2,072	7,462	0
Town of Tolland	7,866	9,649	52,221	-14,016	-11,364	0
Town of Wales	29,740	66,608	59,935	-19,472	-9,636	0
West Hampden Veterans' Services	-83,506	-83,888	-84,176	-90,539	-77,895	0
Western Massachusetts Emergency Communications and Regional Dispatch Center	1,059,517	1,033,155	926,906	145,050	191,211	0
Town of Wilbraham	518,142	490,856	1,319,569	-186,367	82,928	0
Wilbraham - Solid Waste	-1,738	1,908	24,880	3,545	7,139	0
Wilbraham - Sewer	722	25,874	20,447	-17,958	1,166	0
Wilbraham - Water Dept.	37,578	41,416	74,746	21,230	21,870	0
Wilbraham - Ambulance	-5,435	-98,306	0	0	0	0
Wilbraham Housing Authority	5,076	2,738	32,943	-3,239	713	0
Grand totals:	**$9,298,892**	**$7,493,288**	**$18,376,355**	**-$2,954,722**	**$648,926**	**$0**

Appendix: Definition of terms

Definitions of certain terms as they are used in Statement No. 68. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to a pension Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Allocated insurance contract	A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Appendix: Definition of terms

Term	Definition
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Collective deferred outflows of resources and deferred inflows of resources related to pensions	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Net Pension Liability	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective pension expense	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions	Additions to a pension Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	The payroll of employees that are provided with pensions through the pension plan.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.

Appendix: Definition of terms

Term	Definition
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement No. 68.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.
Defined contribution pensions	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount rate	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement No. 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry age actuarial cost method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive employees	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement period	The period between the prior and the current measurement dates.
Multiple-employer defined benefit pension plan	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL)	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

Appendix: Definition of terms

Term	Definition
Non-employer contributing entities	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement No. 68, employees are not considered non-employer contributing entities.
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Appendix: Definition of terms

Term	Definition
Special funding situations	Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists: 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 68.