

MIDDLESEX COUNTY RETIREMENT SYSTEM

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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YEAR ENDED DECEMBER 31, 2014

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Financial Section



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Independent Auditor's Report

To the Honorable Middlesex County Retirement Board
Middlesex County Retirement System
Billerica, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Middlesex County Retirement System (MCRS) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Middlesex County Retirement System's financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Middlesex County Retirement System as of December 31, 2014 and the results of its operations and changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 Return 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. 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 September 28, 2015, on our consideration of the Middlesex County 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 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 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 Middlesex County Retirement System's internal control over financial reporting and compliance.

Restriction on Use

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



September 28, 2015

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STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2014

Assets

Cash.....	\$	<u>52,174,629</u>
Investments:		
PRIT funds.....		1,003,799,871
Pooled alternative investments.....		7,116,430
Pooled real estate funds.....		<u>17,581,266</u>
Total investments.....		<u>1,028,497,567</u>
Receivables:		
Member deductions.....		2,804,503
Members contributions.....		3,816
Member make-up payments and redeposits.....		209,889
Reimbursements from other systems.....		924,125
Pension fund appropriations.....		2,726,473
Other.....		<u>853,315</u>
Total receivables.....		<u>7,522,121</u>
Prepaid expenses.....		<u>61,077</u>
Capital assets, net of accumulated depreciation.....		<u>5,488,201</u>
Total assets.....		<u>1,093,743,595</u>

Liabilities

Accounts payable.....		165,081
Other.....		<u>17,840</u>
Total liabilities.....		<u>182,921</u>

Net Position Restricted for Pensions \$ 1,093,560,674

See notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014

Additions:	
Contributions:	
Member contributions.....	\$ 39,048,869
Member contributions - transfers from other systems.....	3,725,040
Retirement benefits - 3(8)c contributions from other systems.....	1,831,891
Members' makeup payments and redeposits.....	758,111
Employer - federal grant contributions.....	32,261
Employer contributions.....	<u>93,368,685</u>
 Total contributions.....	 <u>138,764,857</u>
Net investment income (loss):	
Total investment income (loss).....	80,380,141
 Less, investment expenses.....	 <u>(5,522,439)</u>
 Net investment income (loss).....	 <u>74,857,702</u>
 Miscellaneous.....	 <u>105,191</u>
 Total additions.....	 <u>213,727,750</u>
Deductions:	
Administration.....	2,996,390
Member contributions - transfers to other systems.....	3,882,249
Retirement benefits - 3(8)c payments to other systems.....	3,205,986
Retirement benefits and refunds.....	123,551,373
Building operations and maintenance.....	381,899
Depreciation.....	<u>162,594</u>
 Total deductions.....	 <u>134,180,491</u>
 Net increase (decrease) in fiduciary net position.....	 79,547,259
 Fiduciary net position at beginning of year.....	 <u>1,014,013,415</u>
 Fiduciary net position at end of year.....	 <u>\$ 1,093,560,674</u>

See notes to financial statements.

NOTE 1 – PLAN DESCRIPTION

The Middlesex County Retirement System is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all employees of the governmental member units deemed eligible by the Middlesex County 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 System is mandatory immediately upon the commencement of employment for all permanent employees working a minimum of 20 hours per week. As of January 1, 2014, the System had 71 participating employers.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the Plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

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 those hired prior to April 2, 2012 and the highest five-year average for members hired after that date. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

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. 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 11% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employee Retirement Administration Commission's (PERAC) actuary. 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. In past years, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside money for the future benefits of employees who are currently employed. Large unfunded liabilities resulted from operating under this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations. In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the Retirement Systems' unfunded liabilities, and in some Systems have actually reduced such liability.

Administrative expenses, which were previously appropriated from the governmental entities whose employees are members of the system, are now 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.

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 Middlesex County Retirement System 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.

MCRS 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.

Accounts Receivable

Accounts receivable consist of member deductions, pension fund appropriations, and other miscellaneous reimbursements. 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 MCRS 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 MCRS did not have any items that qualify for reporting in this category.

NOTE 3 – PLAN ADMINISTRATION

The System is administered by a five-person Board of Retirement consisting of a first member, who shall serve as Chairman/Treasurer, who shall be appointed by the other four members, a second member elected by the Advisory Council consisting of representatives from the member units, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member who shall be chosen by the other four members.

Chairman	Thomas F. Gibson	Term Expires:	12/31/2020
Advisory Council Member	Brian P. Curtin	Term Expires:	12/31/2015
Elected Member	John Brown	Term Expires:	12/31/2017
Elected Member	Edgar W. McLean, Jr.	Term Expires:	12/31/2016
Appointed Member	Robert W. Healy	Term Expires:	12/17/2015

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 the Executive Director of PERAC.

The investment of the System's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board. The PERAC Actuary performs verification prior to payment, unless the System has obtained a waiver for superannuation calculations allowing them to bypass this requirement. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by three persons designated by the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer-Custodian:)	\$10,000,000 Fidelity
Ex-Officio Member:)	RLI Insurance Company
Elected Members:)	
Appointed Members:)	\$1,000,000 Fidelity
Staff Employees:)	National Union Fire Insurance

NOTE 4 – OFFICE BUILDING

The MCRS owns an office building that was purchased as an investment and for the administrative offices of the System. The building is a two story, 1986-built office building consisting of 62,307 square feet of net rentable area. The property is situated on a 4.23 acre site in Billerica, Middlesex County, Massachusetts

NOTE 5 – CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

At December 31, 2014, the carrying amount of the System's deposits totaled \$5,673,508 and the bank balance totaled \$7,609,840 which was covered by Federal Depository Insurance.

Investments

The System's investments are as follows:

<u>Other Investments</u>	
PRIT Pooled Funds.....	\$ 1,003,799,871
Money Market Mutual Funds.....	46,501,121
Pooled Alternative Investments.....	7,116,430
Pooled Real Estate Funds.....	<u>17,581,266</u>
 Total Investments.....	 \$ <u>1,074,998,688</u>

Approximately 93% of the Retirement System's investments are in Pension Reserve Investment Trust (PRIT). 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 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.

Approximately 2% of the System's funds are invested in pooled alternative investments and pooled real estate funds. The market values of assets in those funds are based on the quoted values obtained from each pool.

The Administration's annual money-weighted rate of return on pension plan investments was 7.54%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested, measured monthly.

NOTE 6 – CAPITAL ASSETS

Capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Building.....	40
Building improvements.....	40
Ford Pick-up truck with plow.....	5

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 672,657	\$ -	\$ -	\$ 672,657
Construction in progress.....	-	267,270	-	267,270
Total capital assets not being depreciated.....	672,657	267,270	-	939,927
<u>Capital assets being depreciated:</u>				
Buildings.....	5,417,136	-	-	5,417,136
Building improvements.....	1,086,623	-	-	1,086,623
Ford Pick-up truck with plow.....	19,603	-	-	19,603
Total capital assets being depreciated.....	6,523,362	-	-	6,523,362
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,494,070)	(135,428)	-	(1,629,498)
Building improvements.....	(298,821)	(27,166)	-	(325,987)
Ford Pick-up truck with plow.....	(19,603)	-	-	(19,603)
Total accumulated depreciation.....	(1,812,494)	(162,594)	-	(1,975,088)
Total capital assets being depreciated, net.....	4,710,868	(162,594)	-	4,548,274
Total capital assets, net.....	\$ 5,383,525	\$ 104,676	\$ -	\$ 5,488,201

NOTE 7 – MEMBERSHIP

The following table represents the System's membership at January 1, 2014:

Active members.....	10,224
Inactive members.....	1,840
Disabled members.....	454
Retirees and beneficiaries currently receiving benefits.....	4,813
Total.....	17,331

NOTE 8 – ACTUARIAL VALUATION

Components of the net pension liability as of December 31, 2014 were as follows:

Total pension liability.....	\$ 2,294,876,389
The pension plan's fiduciary net position.....	<u>1,093,560,674</u>
The net pension liability.....	\$ <u>1,201,315,715</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	47.65%

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2014:

Valuation date.....	January 1, 2014
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Prior year's total contribution increased by 6.5% for fiscal 2016 through fiscal 2020, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI liability amortized in level payments.
Remaining amortization period.....	As of July 1, 2014, 5 years remaining for 2002 ERI liability, 6 years remaining for 2003 ERI liability, 8 years remaining for 2010 ERI liability, and 21 years for remaining unfunded liability.
Asset valuation method.....	The difference between the expected return and the actual investment return on a market value basis is recognized over a five year period. Asset value is adjusted as necessary to be within 20% of the market value.
Inflation rate.....	4.00%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4 (previously, 4.75% for group 1 and 5.25% for group 4).
Cost of living adjustments.....	3.0% of the first \$14,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates:	
Pre-Retirement.....	The RP-2000 Employee Mortality Table projected 22 years with Scale AA.
Post-Retirement.....	The RP-2000 Employee Mortality Table projected 17 years with Scale AA.
Disabled Retiree.....	The RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA.
Investment rate of return/Discount rate.....	7.875%, net of pension plan investment expense, including inflation previously 8.0%

Investment policy: The pension plan’s policy in regard to the allocation of invested assets is established by PRIT. 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	6.60%	19.60%
International developed markets equity.....	7.10%	15.60%
International emerging markets equity.....	9.40%	6.50%
Core fixed income.....	2.20%	15.30%
High-yield fixed income.....	4.70%	8.30%
Real estate.....	4.40%	9.90%
Commodities.....	4.40%	3.90%
Short-term government money market.....	1.80%	0.00%
Hedge fund, GTAA, Risk parity.....	3.90%	9.80%
Private equity.....	11.70%	11.10%

Discount rate: The discount rate used to measure the total pension liability was 7.875%. 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 contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net position liability to changes in the discount rate. The following presents the net position liability, calculated using the discount rate of 7.875%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
Middlesex County Retirement System's net pension liability as of December 31, 2014.....	\$ 1,452,645,252	\$ 1,201,315,715	\$ 987,337,404

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 the actuarial valuation.

NOTE 9 – TOWN OF ACTON SETTLEMENT

In March of 2011 the Town of Acton and the MCRS reached a settlement regarding a civil suit filed by the Town of Acton. The Town of Acton sought relief relating to increased assessments due to investment losses incurred by the System. The MCRS agreed to credit against (i.e. to reduce) Acton's annual assessment by a total credit of \$300,000, which is to be credited, at a minimum, in installments of \$37,500 per year for a period of eight years or in larger installments until the total credit of \$300,000 is paid in full to Acton, whichever is earlier. Without limiting the foregoing, the MCRS intends to fund the credit through the System's operating budget and will not increase assessments to members of the System (including Acton) to fund the credit. The Parties agree that Acton shall receive the credit for each year that Acton is a member of the MCRS so that if Acton ceases to be a member of the MCRS, any remaining amount of the credit then outstanding will be forfeited. The Parties further agree that the MCRS may, at its discretion, credit all or a part of this obligation in one year. If the MCRS credits more than \$37,500 in any given year, the remaining years' obligations will be ratably and proportionally reduced. As of December 31, 2014, the Town of Acton has been credited \$150,000.

NOTE 10 – DISPUTE WITH THE COMMONWEALTH AND STATE EMPLOYEES RETIREMENT SYSTEM

The County of Middlesex was abolished on July 11, 1997, pursuant to Chapter 48 of the Acts of 1997. This Act required that active employees of Middlesex County be transferred to the Commonwealth. Therefore the MCRS was required to transfer the Annuity Savings Fund Balances of these transferred County employees to the State Employees Retirement System (SERS). This transfer, totaling approximately \$18 million, was made during calendar year 1998.

In December of 1999, the State Legislature enacted Massachusetts General Law, Chapter 34B (Abolition of County Government). This legislation, among other things, defines the components of determining the overall surplus or deficit of an abolished County upon transfer to the Commonwealth and how regional retirement systems will be affected. Sections 8 and 18 addressed how the abolished County's unfunded liabilities in regional retirement systems will be paid for. The MCRS believes, as a result of the abolishment of Middlesex County, that the Commonwealth of Massachusetts owed them \$9,501,680 for the Unfunded Liability for retirees of the former Middlesex County.

The Commonwealth and SERS did not agree with the assertion that the MCRS was owed \$9,501,680. As a result, the MCRS acted to stop 3(8)(c) reimbursements to the State Employees Retirement System and correspondingly the State System began to intercept all COLA reimbursements which were due the MCRS. In 2012 the MCRS reinstated payments for 3(8)(c) reimbursements to the SERS. The SERS and MCRS are currently working to determine the amount owed after accounting for the 3(8)(c) reimbursements and COLA reimbursements which were withheld. As of the date of this report no payments have been received by the MCRS.

The net effect of the above mentioned transactions cannot be reasonably estimated and no amounts are reported in these financial statements. The exact amount due to/from the Commonwealth and SERS is being discussed by the mentioned parties, but as of the date of this report there has been no resolution.

Required Supplementary Information

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

	2014
Total pension liability:	
Service cost.....	\$ 52,132,389
Interest.....	172,094,226
Changes in benefit terms.....	-
Differences between expected and actual experience.....	-
Changes in assumptions.....	-
Benefit payments, including refunds of employee contributions.....	(125,082,678)
Net change in total pension liability.....	99,143,937
Total pension liability, beginning.....	2,195,732,452
Total pension liability, ending (a)	\$ 2,294,876,389
Plan fiduciary net position:	
Member contributions.....	\$ 39,806,980
Employer contributions.....	93,400,946
Net investment income (loss).....	74,962,895
Retirement benefits and refunds.....	(125,082,678)
Administrative expenses.....	(3,540,884)
Net increase (decrease) in fiduciary net position.....	79,547,259
Fiduciary net position at beginning of year.....	1,014,013,415
Fiduciary net position at end of year (b)	\$ 1,093,560,674
Net pension liability - ending (a) - (b)	\$ 1,201,315,715
Plan fiduciary net position as a percentage of the total pension liability.....	47.65%
Covered-employee payroll (*).....	\$ 415,752,810
Net pension liability as a percentage of covered-employee payroll.....	288.95%

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.

*Covered employee payroll as reported in the January 1, 2014 funding
valuation report.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS

		2014
Actuarially determined contribution (a).....	\$	92,826,743
Contributions in relation to the actuarially determined contribution.....		93,400,946
Contribution deficiency (excess).....	\$	(574,203)
Covered-employee payroll (*).....	\$	415,752,810
Contributions as a percentage of covered- employee payroll.....		22.47%

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.

(a) Based on the results of the January 1, 2012 actuarial valuation (including assumptions and methods) which determined budgeted appropriations for fiscal 2015.

*Covered employee payroll as reported in the January 1, 2014 funding valuation report.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURN

2014

Annual money-weighted rate of return, net of investment expense.....	7.54%
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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.

The annual money-weighted rate of return has been calculated by
the Pension Reserves Investment Management Board (PRIM).

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 system's total pension liability, changes in the system's net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Since the system performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2014.

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. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll. In addition, an employer may contribute more than the amount required.

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.

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Audit of Specific Elements, Accounts and Items of Financial Statements



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Independent Auditor's Report

To the Honorable Middlesex County Retirement Board
Middlesex County Retirement System
Billerica, Massachusetts

We have audited the accompanying schedule of employer allocations of the Middlesex County Retirement System (MCRS) as of and for the year ended December 31, 2014, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, total covered payroll, total pension expense and contributions included in the accompanying schedule of pension amounts by employer of the MCRS Pension Plan as of and for the year ended December 31, 2014, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, total covered payroll, total pension expense and contributions for the total of all participating entities for the Middlesex County Retirement System as of and for the year ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Middlesex County Retirement System as of and for the year ended December 31, 2014, and our report thereon, dated September 28, 2015, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

A handwritten signature in cursive script that reads "Powers & Sullivan, LLC".

September 28, 2015

SCHEDULE OF EMPLOYER ALLOCATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Employer	Share of Net Pension Liability	Percent of Total Net Pension Liability
Middlesex County Retirement Board.....	\$ -	0.000000%
Middlesex County.....	-	0.000000%
Middlesex Hospital.....	-	0.000000%
Town of Acton.....	41,050,336	3.417115%
Town of Ashby.....	1,427,805	0.118853%
Town of Ashland.....	24,556,017	2.044094%
Town of Ayer.....	15,773,883	1.313051%
Town of Bedford.....	43,939,870	3.657645%
Town of Billerica.....	119,887,544	9.979687%
Town of Boxborough.....	7,339,622	0.610965%
Town of Burlington.....	98,053,205	8.162151%
Town of Carlisle.....	7,984,515	0.664648%
Town of Chelmsford.....	88,099,468	7.333582%
Town of Dracut.....	48,701,871	4.054044%
Town of Dunstable.....	2,190,299	0.182325%
Town of Groton.....	19,495,870	1.622876%
Town of Holliston.....	21,225,487	1.766853%
Town of Hopkinton.....	16,828,857	1.400869%
Town of Hudson.....	52,755,296	4.391460%
Town of Lincoln.....	21,739,395	1.809632%
Town of Littleton.....	19,021,595	1.583397%
Town of North Reading.....	41,397,005	3.445972%
Town of Pepperell.....	11,580,175	0.963958%
Town of Sherborn.....	9,464,261	0.787825%
Town of Shirley.....	8,549,600	0.711686%
Town of Stow.....	8,519,238	0.709159%
Town of Sudbury.....	48,635,848	4.048548%
Town of Tewksbury.....	81,064,434	6.747971%
Town of Townsend.....	6,742,808	0.561285%
Town of Tyngsborough.....	16,343,894	1.360499%
Town of Wayland.....	49,341,309	4.107272%
Town of Westford.....	42,997,563	3.579206%
Town of Weston.....	54,939,016	4.573237%
Town of Wilmington.....	69,798,925	5.810207%
Acton-Boxborough Regional School District.....	21,781,913	1.813171%
Acton Water Supply.....	2,562,079	0.213273%
Bedford Housing Authority.....	243,648	0.020282%
Billerica Housing Authority.....	1,012,365	0.084271%
Chelmsford Housing Authority.....	1,002,070	0.083414%
Chelmsford Water District.....	2,106,325	0.175335%
Dracut Housing Authority.....	1,713,245	0.142614%
Dracut Water Supply.....	2,291,065	0.190713%
East Chelmsford Water District.....	250,496	0.020852%
East Middlesex Mosquito Control.....	404,042	0.033633%
Greater Lowell Regional Vocational Technical School District.....	13,955,534	1.161687%
Groton-Dunstable Regional School District.....	7,593,692	0.632115%
Hudson Housing Authority.....	1,329,916	0.110705%
Lincoln-Sudbury Regional School District.....	7,427,692	0.618296%
Nashoba Valley Technical High School District.....	3,059,922	0.254714%
North Chelmsford Water District.....	625,314	0.052052%
North Middlesex Regional School District.....	10,106,977	0.841326%
Shawsheen Valley Regional Vocational School.....	6,940,284	0.577724%
South Middlesex Regional Vocational Technical School.....	6,035,168	0.502380%
Sudbury Water District.....	1,332,112	0.110888%
Tewksbury Housing Authority.....	1,170,186	0.097409%
Wayland Housing Authority.....	388,273	0.032321%
Hopkinton Housing Authority.....	390,851	0.032535%
Sudbury Housing Authority.....	228,202	0.018996%
Wilmington Housing Authority.....	253,992	0.021143%
Acton Housing Authority.....	753,333	0.062709%
Burlington Housing Authority.....	57,928	0.004822%
Ayer Housing Authority.....	394,227	0.032816%
Holliston Housing Authority.....	186,991	0.015566%
Littleton Housing Authority.....	354,194	0.029484%
Westford Housing Authority.....	388,239	0.032318%
Shirley Water District.....	317,690	0.026445%
Tyngsborough Housing Authority.....	387,394	0.032247%
Pepperell Housing Authority.....	90,362	0.007522%
Groton Housing Authority.....	8,010	0.000667%
Tyngsborough Water District.....	326,402	0.027170%
North Reading Housing Authority.....	76,277	0.006349%
West Groton Water.....	10,524	0.000876%
Ayer-Shirley Regional School District.....	4,313,770	0.359087%
Total.....	\$ 1,201,315,715	100.000%

(concluded)

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, 2014

Employer	Deferred Outflows of Resources						
	12/31/2013 Net Pension Liability	12/31/2014 Net Pension Liability	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
Middlesex County Retirement Board.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Middlesex County.....	-	-	-	-	-	-	-
Middlesex Hospital.....	-	-	-	-	-	-	-
Town of Acton.....	39,712,176	41,050,336	-	138,629	-	-	138,629
Town of Ashby.....	1,444,247	1,427,805	-	4,822	-	-	4,822
Town of Ashland.....	24,485,785	24,556,017	-	82,928	-	-	82,928
Town of Ayer.....	15,638,364	15,773,883	-	53,270	-	-	53,270
Town of Bedford.....	43,191,014	43,939,870	-	148,388	-	-	148,388
Town of Billerica.....	117,182,728	119,887,544	-	404,870	-	-	404,870
Town of Boxborough.....	7,196,907	7,339,622	-	24,786	-	-	24,786
Town of Burlington.....	96,366,603	98,053,205	-	331,133	-	-	331,133
Town of Carlisle.....	7,962,135	7,984,515	-	26,964	-	-	26,964
Town of Chelmsford.....	86,318,979	88,099,468	-	297,519	-	-	297,519
Town of Dracut.....	47,998,084	48,701,871	-	164,470	-	-	164,470
Town of Dunstable.....	2,183,553	2,190,299	-	7,397	-	-	7,397
Town of Groton.....	19,227,759	19,495,870	-	65,839	-	-	65,839
Town of Holliston.....	21,181,353	21,225,487	-	71,680	-	-	71,680
Town of Hopkinton.....	17,062,284	16,828,857	-	56,832	-	-	56,832
Town of Hudson.....	51,960,035	52,755,296	-	178,159	-	-	178,159
Town of Lincoln.....	21,322,318	21,739,395	-	73,416	-	-	73,416
Town of Littleton.....	18,948,679	19,021,595	-	64,237	-	-	64,237
Town of North Reading.....	40,639,956	41,397,005	-	139,801	-	-	139,801
Town of Pepperell.....	11,461,499	11,580,175	-	39,107	-	-	39,107
Town of Sherborn.....	9,282,741	9,464,261	-	31,962	-	-	31,962
Town of Shirley.....	8,397,405	8,549,600	-	28,873	-	-	28,873
Town of Stow.....	8,406,016	8,519,238	-	28,770	-	-	28,770
Town of Sudbury.....	47,531,730	48,635,848	-	164,247	-	-	164,247
Town of Tewksbury.....	79,764,172	81,064,434	-	273,761	-	-	273,761
Town of Townsend.....	6,784,021	6,742,808	-	22,771	-	-	22,771
Town of Tyngsborough.....	16,210,108	16,343,894	-	55,195	-	-	55,195
Town of Wayland.....	48,453,302	49,341,309	-	166,629	-	-	166,629
Town of Westford.....	42,773,128	42,997,563	-	145,206	-	-	145,206
Town of Weston.....	53,924,602	54,939,016	-	185,533	-	-	185,533
Town of Wilmington.....	68,204,357	69,798,925	-	235,716	-	-	235,716
Acton-Boxborough Regional School District.....	21,494,863	21,781,913	-	73,559	-	-	73,559
Acton Water Supply.....	2,455,110	2,562,079	-	8,652	-	-	8,652
Bedford Housing Authority.....	244,485	243,648	-	823	-	-	823
Billerica Housing Authority.....	1,003,716	1,012,365	-	3,419	-	-	3,419
Chelmsford Housing Authority.....	989,833	1,002,070	-	3,384	-	-	3,384
Chelmsford Water District.....	2,651,988	2,106,325	-	7,113	-	-	7,113
Dracut Housing Authority.....	1,651,995	1,713,245	-	5,786	-	-	5,786
Dracut Water Supply.....	2,205,071	2,291,065	-	7,737	-	-	7,737
East Chelmsford Water District.....	246,232	250,496	-	846	-	-	846
East Middlesex Mosquito Control.....	405,320	404,042	-	1,364	-	-	1,364
Greater Lowell Regional Vocational Technical School District..	13,714,384	13,955,534	-	47,129	-	-	47,129
Groton-Dunstable Regional School District.....	7,565,542	7,593,692	-	25,645	-	-	25,645
Hudson Housing Authority.....	1,270,874	1,329,916	-	4,491	-	-	4,491
Lincoln-Sudbury Regional School District.....	7,254,200	7,427,692	-	25,084	-	-	25,084
Nashoba Valley Technical High School District.....	2,956,465	3,059,922	-	10,334	-	-	10,334
North Chelmsford Water District.....	604,319	625,314	-	2,112	-	-	2,112
North Middlesex Regional School District.....	9,918,551	10,106,977	-	34,132	-	-	34,132
Shawsheen Valley Regional Vocational School.....	6,737,812	6,940,284	-	23,438	-	-	23,438
South Middlesex Regional Vocational Technical School.....	5,927,985	6,035,168	-	20,381	-	-	20,381
Sudbury Water District.....	1,292,468	1,332,112	-	4,499	-	-	4,499
Tewksbury Housing Authority.....	1,141,173	1,170,186	-	3,952	-	-	3,952
Wayland Housing Authority.....	386,391	388,273	-	1,311	-	-	1,311
Hopkinton Housing Authority.....	379,814	390,851	-	1,320	-	-	1,320
Sudbury Housing Authority.....	234,924	228,202	-	771	-	-	771
Wilmington Housing Authority.....	252,085	253,992	-	858	-	-	858
Acton Housing Authority.....	743,059	753,333	-	2,544	-	-	2,544
Burlington Housing Authority.....	74,134	57,928	-	196	-	-	196
Ayer Housing Authority.....	390,508	394,227	-	1,331	-	-	1,331
Holliston Housing Authority.....	184,883	186,991	-	632	-	-	632
Littleton Housing Authority.....	346,459	354,194	-	1,196	-	-	1,196
Westford Housing Authority.....	363,690	388,239	-	1,311	-	-	1,311
Shirley Water District.....	305,150	317,690	-	1,073	-	-	1,073
Tyngsborough Housing Authority.....	376,056	387,394	-	1,308	-	-	1,308
Pepperell Housing Authority.....	89,236	90,362	-	305	-	-	305
Groton Housing Authority.....	10,029	8,010	-	27	-	-	27
Tyngsborough Water District.....	315,593	326,402	-	1,102	-	-	1,102
North Reading Housing Authority.....	83,574	76,277	-	258	-	-	258
West Groton Water.....	16,419	10,524	-	36	-	-	36
Ayer-Shirley Regional School District.....	4,198,607	4,313,770	-	14,568	-	-	14,568
Total for All Entities.....	\$ 1,181,719,037	\$ 1,201,315,715	\$ -	\$ 4,056,937	\$ -	\$ -	\$ 4,056,937

See notes to schedule of employer allocations and schedule of p

(Continued)

Deferred Inflows of Resources				Pension Expense		
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	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	
					Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
\$ -	\$ -	\$ -	\$ -	\$ 307,873	\$ -	\$ 307,873
-	-	-	-	-	-	-
-	-	-	-	3,712,110	-	3,712,110
-	-	-	-	129,114	-	129,114
-	-	-	-	2,220,556	-	2,220,556
-	-	-	-	1,426,404	-	1,426,404
-	-	-	-	3,973,403	-	3,973,403
-	-	-	-	10,841,214	-	10,841,214
-	-	-	-	663,709	-	663,709
-	-	-	-	8,866,774	-	8,866,774
-	-	-	-	722,025	-	722,025
-	-	-	-	7,966,676	-	7,966,676
-	-	-	-	4,404,022	-	4,404,022
-	-	-	-	198,065	-	198,065
-	-	-	-	1,762,976	-	1,762,976
-	-	-	-	1,919,383	-	1,919,383
-	-	-	-	1,521,803	-	1,521,803
-	-	-	-	4,770,566	-	4,770,566
-	-	-	-	1,965,854	-	1,965,854
-	-	-	-	1,720,089	-	1,720,089
-	-	-	-	3,743,456	-	3,743,456
-	-	-	-	1,047,174	-	1,047,174
-	-	-	-	855,836	-	855,836
-	-	-	-	773,125	-	773,125
-	-	-	-	770,379	-	770,379
-	-	-	-	4,398,052	-	4,398,052
-	-	-	-	7,330,511	-	7,330,511
-	-	-	-	609,740	-	609,740
-	-	-	-	1,477,949	-	1,477,949
-	-	-	-	4,461,846	-	4,461,846
-	-	-	-	3,888,192	-	3,888,192
-	-	-	-	4,968,036	-	4,968,036
-	-	-	-	6,311,791	-	6,311,791
-	-	-	-	1,969,699	-	1,969,699
-	-	-	-	231,684	-	231,684
-	-	-	-	22,033	-	22,033
-	-	-	-	91,546	-	91,546
-	-	-	-	90,615	-	90,615
-	-	-	-	190,471	-	190,471
-	-	-	-	154,926	-	154,926
-	-	-	-	207,177	-	207,177
-	-	-	-	22,652	-	22,652
-	-	-	-	36,537	-	36,537
-	-	-	-	1,261,974	-	1,261,974
-	-	-	-	686,684	-	686,684
-	-	-	-	120,262	-	120,262
-	-	-	-	671,673	-	671,673
-	-	-	-	276,703	-	276,703
-	-	-	-	56,546	-	56,546
-	-	-	-	913,956	-	913,956
-	-	-	-	627,597	-	627,597
-	-	-	-	545,749	-	545,749
-	-	-	-	120,461	-	120,461
-	-	-	-	105,818	-	105,818
-	-	-	-	35,111	-	35,111
-	-	-	-	35,344	-	35,344
-	-	-	-	20,636	-	20,636
-	-	-	-	22,968	-	22,968
-	-	-	-	68,123	-	68,123
-	-	-	-	5,238	-	5,238
-	-	-	-	35,649	-	35,649
-	-	-	-	16,909	-	16,909
-	-	-	-	32,029	-	32,029
-	-	-	-	35,108	-	35,108
-	-	-	-	28,728	-	28,728
-	-	-	-	35,031	-	35,031
-	-	-	-	8,171	-	8,171
-	-	-	-	724	-	724
-	-	-	-	29,516	-	29,516
-	-	-	-	6,898	-	6,898
-	-	-	-	952	-	952
-	-	-	-	390,086	-	390,086
\$ -	\$ -	\$ -	\$ -	\$ 108,940,687	\$ -	\$ 108,940,687

(Continued)

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

	Deferred Inflows/(Outflows) Recognized in Future Pension Expense				Discount Rate Sensitivity		
	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	1% decrease (6.875%)	Current discount rate (7.875%)	1% increase (8.875%)
Middlesex County Retirement Board.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Middlesex County.....	-	-	-	-	-	-	-
Middlesex Hospital.....	-	-	-	-	-	-	-
Town of Acton.....	34,658	34,658	34,658	34,655	49,638,562	41,050,336	33,738,450
Town of Ashby.....	1,206	1,206	1,206	1,204	1,726,512	1,427,805	1,173,480
Town of Ashland.....	20,732	20,732	20,732	20,732	29,693,434	24,556,017	20,182,105
Town of Ayer.....	13,318	13,318	13,318	13,316	19,073,973	15,773,883	12,964,244
Town of Bedford.....	37,097	37,097	37,097	37,097	53,132,606	43,939,870	36,113,297
Town of Billerica.....	101,217	101,217	101,217	101,219	144,969,449	119,887,544	98,533,183
Town of Boxborough.....	6,197	6,197	6,197	6,195	8,875,154	7,339,622	6,032,286
Town of Burlington.....	82,783	82,783	82,783	82,784	118,567,099	98,053,205	80,587,970
Town of Carlisle.....	6,741	6,741	6,741	6,741	9,654,978	7,984,515	6,562,318
Town of Chelmsford.....	74,380	74,380	74,380	74,379	106,530,931	88,099,468	72,407,198
Town of Dracut.....	41,117	41,117	41,117	41,119	58,890,878	48,701,871	40,027,093
Town of Dunstable.....	1,849	1,849	1,849	1,850	2,648,535	2,190,299	1,800,163
Town of Groton.....	16,460	16,460	16,460	16,459	23,574,631	19,495,870	16,023,262
Town of Holliston.....	17,920	17,920	17,920	17,920	25,666,106	21,225,487	17,444,801
Town of Hopkinton.....	14,208	14,208	14,208	14,208	20,349,657	16,828,857	13,831,304
Town of Hudson.....	44,540	44,540	44,540	44,539	63,792,335	52,755,296	43,358,527
Town of Lincoln.....	18,354	18,354	18,354	18,354	26,287,533	21,739,395	17,867,174
Town of Littleton.....	16,059	16,059	16,059	16,060	23,001,141	19,021,595	15,633,471
Town of North Reading.....	34,950	34,950	34,950	34,951	50,057,749	41,397,005	34,023,370
Town of Pepperell.....	9,777	9,777	9,777	9,777	14,002,890	11,580,175	9,517,518
Town of Sherborn.....	7,990	7,990	7,990	7,992	11,444,302	9,464,261	7,778,491
Town of Shirley.....	7,218	7,218	7,218	7,219	10,338,273	8,549,600	7,026,742
Town of Stow.....	7,193	7,193	7,193	7,191	10,301,565	8,519,238	7,001,792
Town of Sudbury.....	41,062	41,062	41,062	41,061	58,811,040	48,635,848	39,972,829
Town of Tewksbury.....	68,440	68,440	68,440	68,441	98,024,080	81,064,434	66,625,242
Town of Townsend.....	5,693	5,693	5,693	5,692	8,153,480	6,742,808	5,541,777
Town of Tyngsborough.....	13,799	13,799	13,799	13,798	19,763,239	16,343,894	13,432,725
Town of Wayland.....	41,657	41,657	41,657	41,658	59,664,092	49,341,309	40,552,633
Town of Westford.....	36,302	36,302	36,302	36,300	51,993,166	42,997,563	35,338,840
Town of Weston.....	46,383	46,383	46,383	46,384	66,432,910	54,939,016	45,153,279
Town of Wilmington.....	58,929	58,929	58,929	58,929	84,401,696	69,798,925	57,366,347
Acton-Boxborough Regional School District.....	18,390	18,390	18,390	18,389	26,338,942	21,781,913	17,902,115
Acton Water Supply.....	2,163	2,163	2,163	2,163	3,098,100	2,562,079	2,105,724
Bedford Housing Authority.....	206	206	206	205	294,626	243,648	200,252
Billerica Housing Authority.....	855	855	855	854	1,224,159	1,012,365	832,039
Chelmsford Housing Authority.....	846	846	846	846	1,211,710	1,002,070	823,578
Chelmsford Water District.....	1,778	1,778	1,778	1,779	2,546,996	2,106,325	1,731,148
Dracut Housing Authority.....	1,446	1,446	1,446	1,448	2,071,675	1,713,245	1,408,081
Dracut Water Supply.....	1,934	1,934	1,934	1,935	2,770,383	2,291,065	1,882,981
East Chelmsford Water District.....	211	211	211	213	302,906	250,496	205,880
East Middlesex Mosquito Control.....	341	341	341	341	488,568	404,042	332,071
Greater Lowell Regional Vocational Technical School District.....	11,782	11,782	11,782	11,783	16,875,191	13,955,534	11,469,770
Groton-Dunstable Regional School District.....	6,411	6,411	6,411	6,412	9,182,389	7,593,692	6,241,108
Hudson Housing Authority.....	1,123	1,123	1,123	1,122	1,608,151	1,329,916	1,093,032
Lincoln-Sudbury Regional School District.....	6,271	6,271	6,271	6,271	8,981,647	7,427,692	6,104,668
Nashoba Valley Technical High School District.....	2,583	2,583	2,583	2,585	3,700,091	3,059,922	2,514,887
North Chelmsford Water District.....	528	528	528	528	756,131	625,314	513,929
North Middlesex Regional School District.....	8,533	8,533	8,533	8,533	12,221,482	10,106,977	8,306,726
Shawsheen Valley Regional Vocational School.....	5,859	5,859	5,859	5,861	8,392,280	6,940,284	5,704,085
South Middlesex Regional Vocational Technical School.....	5,095	5,095	5,095	5,096	7,297,799	6,035,168	4,960,186
Sudbury Water District.....	1,125	1,125	1,125	1,124	1,610,809	1,332,112	1,094,839
Tewksbury Housing Authority.....	988	988	988	988	1,415,007	1,170,186	961,755
Wayland Housing Authority.....	328	328	328	327	469,509	388,273	319,117
Hopkinton Housing Authority.....	330	330	330	330	472,618	390,851	321,230
Sudbury Housing Authority.....	193	193	193	192	275,944	228,202	187,555
Wilmington Housing Authority.....	214	214	214	216	307,133	253,992	208,753
Acton Housing Authority.....	636	636	636	636	910,939	753,333	619,149
Burlington Housing Authority.....	49	49	49	49	70,047	57,928	47,609
Ayer Housing Authority.....	333	333	333	332	476,700	394,227	324,005
Holliston Housing Authority.....	158	158	158	158	226,119	186,991	153,689
Littleton Housing Authority.....	299	299	299	299	428,298	354,194	291,107
Westford Housing Authority.....	328	328	328	327	469,466	388,239	319,088
Shirley Water District.....	268	268	268	269	384,152	317,690	261,101
Tyngsborough Housing Authority.....	327	327	327	327	468,435	387,394	318,387
Pepperell Housing Authority.....	76	76	76	77	109,268	90,362	74,268
Groton Housing Authority.....	7	7	7	6	9,689	8,010	6,586
Tyngsborough Water District.....	276	276	276	274	394,684	326,402	268,260
North Reading Housing Authority.....	64	64	64	66	92,228	76,277	62,686
West Groton Water.....	9	9	9	9	12,725	10,524	8,649
Ayer-Shirley Regional School District.....	3,642	3,642	3,642	3,642	5,216,260	4,313,770	3,545,400
Total for All Entities.....	\$ 1,014,234	\$ 1,014,234	\$ 1,014,234	\$ 1,014,235	\$ 1,452,645,252	\$ 1,201,315,715	\$ 987,337,404

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

Schedule of Contributions

Statutory Required Contribution	Contribution in Relation to the Statutory Required Contribution	Contribution Deficiency/ (Excess)	Covered Employer Payroll	Contributions as a Percentage of Covered Employee Payroll
\$ 307,873	\$ (307,873)	\$ -	\$ 1,409,549	21.84%
-	-	-	-	NA
-	-	-	-	NA
2,512,579	(2,512,579)	-	12,546,476	20.03%
150,378	(150,378)	-	890,708	16.88%
2,206,657	(2,233,252)	(26,595)	11,227,098	19.89%
1,344,155	(1,344,155)	-	5,183,887	25.93%
3,372,935	(3,372,935)	-	16,210,255	20.81%
8,541,268	(8,541,268)	-	30,175,213	28.31%
545,780	(545,780)	-	2,782,496	19.61%
7,511,305	(7,511,305)	-	29,210,227	25.71%
726,609	(726,609)	-	4,542,103	16.00%
6,483,706	(6,483,706)	-	23,136,579	28.02%
3,864,705	(3,864,705)	-	14,022,321	27.56%
198,716	(198,716)	-	1,061,161	18.73%
1,560,704	(1,560,704)	-	6,626,697	23.55%
1,909,829	(1,946,929)	(37,100)	9,798,713	19.87%
1,812,062	(1,812,062)	-	12,044,656	15.04%
4,153,464	(4,153,464)	-	20,202,237	20.56%
1,622,193	(1,622,193)	-	9,225,968	17.58%
1,711,410	(1,711,410)	-	10,367,883	16.51%
3,126,208	(3,126,208)	-	12,101,624	25.83%
967,605	(967,605)	-	4,287,483	22.57%
700,612	(706,278)	(5,666)	3,785,488	18.66%
649,803	(649,803)	-	1,939,960	33.50%
685,927	(685,927)	-	3,075,468	22.30%
3,458,181	(3,458,181)	-	14,294,094	24.19%
6,304,010	(6,304,010)	-	18,938,690	33.29%
673,724	(673,724)	-	2,883,402	23.37%
1,399,358	(1,399,358)	-	7,154,125	19.56%
3,740,468	(3,740,468)	-	17,400,877	21.50%
3,808,963	(3,808,963)	-	21,791,477	17.48%
4,139,155	(4,139,155)	-	18,621,858	22.23%
4,952,939	(4,952,939)	-	20,291,188	24.41%
1,756,208	(1,756,208)	-	12,401,710	14.16%
133,367	(133,367)	-	974,755	13.68%
23,693	(23,693)	-	129,557	18.29%
86,316	(86,316)	-	296,957	29.07%
81,762	(81,762)	-	1,316,791	6.21%
243,247	(743,247)	(500,000)	1,175,508	63.23%
99,462	(99,462)	-	350,319	28.39%
128,920	(128,920)	-	606,983	21.24%
19,234	(19,234)	-	183,717	10.47%
39,179	(39,179)	-	353,375	11.09%
1,067,953	(1,067,953)	-	4,910,870	21.75%
684,179	(684,179)	-	4,506,491	15.18%
65,711	(65,711)	-	272,389	24.12%
523,265	(523,265)	-	2,721,134	19.23%
183,580	(183,580)	-	784,836	23.39%
37,663	(37,663)	-	482,919	7.80%
759,662	(759,662)	-	4,798,208	15.83%
448,563	(448,563)	-	2,606,516	17.21%
458,947	(458,947)	-	2,235,967	20.53%
85,316	(85,316)	-	774,283	11.02%
80,757	(80,757)	-	342,718	23.56%
34,540	(34,540)	-	250,959	13.76%
25,627	(25,627)	-	171,221	14.97%
28,129	(28,129)	-	94,127	29.88%
21,919	(21,919)	-	116,036	18.89%
60,393	(60,393)	-	331,278	18.23%
21,640	(21,640)	-	249,747	8.66%
33,261	(33,261)	-	161,812	20.56%
15,433	(15,433)	-	134,701	11.46%
25,490	(25,490)	-	36,089	70.63%
31,870	(31,870)	-	192,960	16.52%
17,261	(17,261)	-	191,365	9.02%
25,001	(25,001)	-	132,588	18.86%
7,350	(7,350)	-	71,176	10.33%
2,770	(2,770)	-	25,933	10.68%
19,809	(19,809)	-	178,260	11.11%
9,611	(14,453)	(4,842)	80,892	17.87%
6,883	(6,883)	-	174,460	3.95%
289,491	(289,491)	-	3,703,242	7.82%
\$ 92,826,743	\$ (93,400,946)	\$ (574,203)	\$ 415,752,810	22.47%

(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. For the first time, 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, pension expense, and contributions.

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 Middlesex County Retirement System's collective pension amounts.

Massachusetts General Law (MGL) Chapter 32 Section 22 Paragraph 7c dictates that Massachusetts cost sharing defined benefit pension plans allocate the annual required pension fund appropriation to employer units based on their proportionate share of the aggregate of the annual rates of regular compensation of all members in service of the system. The Public Employee Retirement Administration Commission (PERAC) approves each system's proportionate share of the annual required contribution. PERAC can accept alternative allocation methodologies and as such the System has elected to use an actuarial based allocation methodology. Accordingly, the each member unit's proportionate share of the net pension liability has been calculated based on each member unit's actual current employees, retirees, inactive participants, and actual share of net position as of December 31, 2014.

The County of Middlesex was abolished on July 11, 1997, pursuant to Chapter 48 of the Acts of 1997. This Act required that active employees of Middlesex County and Hospital be transferred to the Commonwealth. The legislation required that County and Hospital retirees and beneficiaries remain with the County Retirement System. The Commonwealth provided a mechanism, in the legislation, that fully funded the actuarially determined liability of those retirees. At December 31, 2014, the remaining liabilities for Middlesex County and the Middlesex Hospital retirees and beneficiaries were actuarially determined and are separately identified in the System's funding schedule. No assets have been allocated to cover the remaining liability and therefore the liability has been allocated to the remaining member units.

The current employees, retirees, beneficiaries and inactive participants of the Middlesex County Retirement System have been identified and their total pension liability has been actuarially determined. For transparency purposes, the System has historically paid a contribution as an employer to itself. However with the implementation of GASB 67 & 68 the net pension liability is allocated to each member unit.

When a member unit accepts an Early Retirement Incentive Program (E.R.I. or ERIP), PERAC completes an analysis of the costs and liabilities attributable to the additional benefits payable in accordance with the ERIP. The accrued liability for the members who accept the ERIP as retirees including the ERIP less the accrued liability for the members as active employees excluding the ERIP represents the increase in accrued liability due to the ERIP. The net increase is amortized for each member unit accepting the ERIP, and is separately identified in the system's funding schedule. The 2002 ERIP amortization is straight line ending in fiscal 2019. The 2003 ERIP amortization is straight line ending in fiscal 2020. The 2010 ERIP amortization is straight line ending in fiscal 2022.

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, covered payroll, pension expense, and contributions for all participating employers including differences between expected and actual economic experience; differences between projected and actual investment earnings, net; and changes of assumptions. Since the system performs an actuarial valuation bi-annually, there are not reported differences between expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statements 67, 68 and 71.