Annual Statement

OF THE FINANCIAL CONDITION

OF THE HAMPSHIRE COUNTY RET. BOARD

TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

FOR THE YEAR ENDED 12/31/2011

Annual Statement for the Year Ended December 31, 2011 of the Conditions and Affairs of Hampshire County Retirement System
(Name of Retirement System)

Organized Under the Laws of the Commonwealth of Massachusetts to the Public Employee Retirement Administration Commission

Date of Certificate Nov. 16, 1936 Effective Date Jul. 1, 1937

ADMINISTRATION OFFICE

99 Industrial Drive, Suite 2	Northampton, MA 01060	(413) 584-9100
Street & Number	City/Town, State and Zip Code	Telephone Number

We, the undersigned, members of the Hampshire County Board of Retirement certify under the penalties of perjury, that we are the official board members of said retirement system, and that on the thirty-first day of December last, all of the herein-described assets were the absolute property of said retirement system, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all the assets, liabilities, income and disbursements, changes in fund balances, and of the conditions and affairs of the said retirement system on the said thirty-first day of December last, and for the year ended on that date, according to the best of our information, knowledge, and belief, respectively.

BOARD OF RETIREMENT

Please identify the name of the Board Member who serves as Chairperson by inserting the title next to his or her name.

Ex-Officio Member
Patrick E. Brock, Chairman
(Name Typed)
Term expires: Dec. 31, 2014
Patrick E. Brock
(Signature)

Appointed Member
John J. Lillis, III
(Name Typed)
Term Expires Dec. 31, 2014
John J. Lillis III
(Signature)

Elected Member
Edward R. Montleon
(Name Typed)
Term Expires Dec. 31, 2014
Edward R. Montleon
(Signature)

Elected Member
Joseph A. Wilhelm, III
(Name Typed)
Term Expires Dec. 31, 2013
Joseph A. Wilhelm III
(Signature)

Member Appointed by Other Members
John B. Walsh
(Name Typed)
Term Expires Dec. 16, 2015
John B. Walsh
(Signature)

INVESTMENT MANAGERS

Please compile/submit a complete list. Attach the list to this page.

Name	Address
See Attached	

INVESTMENT CONSULTANT

New England Pension Consultants (Name) — Cambridge, MA (Address)

CUSTODIAN

(Name) (Address)

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011
OF THE CONDITIONS AND AFFAIRS OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM

INVESTMENT MANAGERS

PENN CAPITAL MANAGEMENT	PHILADELPHIA, PA
RBC GLOBAL ASSET MANAGENT (VOYAGEUR)	BOSTON, MA
SHENKMAN CAPITAL MANAGEMENT	NEW YORK, NY
RHUMBLINE ADVISERS	BOSTON, MA
MFS INSTITUTIONAL ADVISORS, INC.	BOSTON, MA
ASCENT VENTURE PARTNERS	BOSTON, MA
COLCHESTER GLOBAL INVESTORS	NEW YORK, NY
PRIM	BOSTON, MA
INTERCONTINENTAL REAL ESTATE CORP	BOSTON, MA
PIMCO	NEWPORT BEACH, CA
MELLON CAPITAL MANAGEMENT	SAN FRANCISCO, CA
GMO	BOSTON, MA
LEXINGTON PARTNERS	NEW YORK, NY
PERELLA WEINBERG PARTNERS	NEW YORK, NY
PERMAL CAPITAL MANAGEMENT	BOSTON, MA

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

ANNUAL STATEMENT BALANCE TESTS

1 ASSET BALANCE

Assets Previous Year	191,224,016.05
Income Current Year	25,931,163.42
Disbursements Current Year	23,335,123.61
Assets Current Year	193,820,055.86

2 ASSET DIFFERENCE

Assets Current Year	193,820,055.86
Assets Previous Year	191,224,016.05
Difference	2,596,039.81

3 INCOME DIFFERENCE

Income Current Year	25,931,163.42
Disbursements Current Year	23,335,123.61
Difference	2,596,039.81

4 FUND CHANGE DIFFERENCE - *Add interfund transfer credits and debits respectively to income and Disbursement activities.*

Total Fund Change Credits Current Year	29,725,002.26
Total Fund Change Debits Current Year	27,128,962.45
Difference	2,596,039.81

NOTE: The difference as a result of tests 2, 3, and 4 should be the same.

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

ASSETS & LIABILITIES

		2011	2010	2009
1040	Cash	2,085,984.85	4,539,174.71	6,160,381.96
1100	Individually Owned Short Term Investments	0.00	0.00	0.00
1180	Fixed Income Securities (Market Value)	0.00	0.00	20,850,321.45
1170	Equities	0.00	0.00	0.00
1101	Pooled Short Term Funds	0.00	0.00	0.00
1172	Pooled Domestic Equity Funds	33,420,167.64	43,931,275.96	49,289,041.29
1173	Pooled International Equity Funds	28,610,311.62	34,434,112.23	22,778,393.87
1174	Pooled Global Equity Funds	34,849,974.01	33,745,037.20	26,263,897.60
1181	Pooled Domestic Fixed Income Funds	35,444,102.18	33,671,645.15	11,250,288.00
1182	Pooled International Fixed Income Funds	0.00	0.00	0.00
1183	Pooled Global Fixed Income Funds	12,063,703.88	5,606,317.00	5,270,517.00
1193	Pooled Alternative Investments/Private Equity	14,687,005.50	8,404,680.17	6,051,594.28
1194	Pooled Real Estate Funds	12,157,018.25	8,923,100.77	5,002,577.61
1195	Pooled Domestic Balanced Funds	0.00	0.00	0.00
1196	Pooled International Balanced Funds	0.00	0.00	0.00
1197	Hedge Funds	18,784,618.68	17,348,746.54	15,824,157.22
1198	PRIT Cash Fund	0.00	0.00	0.00
1199	PRIT Core Fund	0.00	0.00	0.00
1350	Prepaid Expenses	0.00	0.00	0.00
1550	Interest Due & Accrued	0.00	4.93	175,792.42
1398	Accounts Receivable (A)	1,717,184.96	631,657.37	296,812.43
2020	Accounts Payable (A)	(15.71)	(11,735.98)	(3.62)
	TOTAL	**193,820,055.86**	**191,224,016.05**	**169,213,771.51**

FUNDS

		2011	2010	2009
3293	Annuity Savings Fund	66,150,881.58	63,272,156.73	61,574,814.48
3294	Annuity Reserve Fund	19,757,698.13	18,937,572.33	16,872,477.69
3295	Special Military Service Fund	55,433.52	55,322.87	48,595.26
3296	Pension Fund	0.00	0.00	1,045,706.39
3298	Expense Fund	0.00	0.00	0.00
3297	Pension Reserve Fund	107,856,042.63	108,958,964.14	89,672,177.71
	TOTAL ASSETS AT MARKET VALUE	**193,820,055.86**	**191,224,016.07**	**169,213,771.53**

(A) Detail for Accounts Receivable and Accounts Payable is to be placed on Schedule A

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

	Balance December 31 Prior Year	Receipts	Interfund Transfers	Disbursements	Balance December 31 Current Year
Annuity Savings Fund	63,272,156.73	7,436,567.34	(3,187,310.30)	1,370,532.19	66,150,881.58
Annuity Reserve Fund	18,937,572.33	573,248.68	3,160,623.05	2,913,745.93	19,757,698.13
Pension Fund	-	16,489,603.57	633,215.79	17,122,819.36	0.00
Special Military Service Fund	55,322.87	110.65	0.00	0.00	55,433.52
Expense Fund	0.00	1,928,026.13	0.00	1,928,026.13	0.00
Pension Reserve Fund	108,958,964.12	(496,392.95)	(606,528.54)	0.00	107,856,042.63
TOTAL ALL FUNDS	**191,224,016.05**	**25,931,163.42**	**-**	**23,335,123.61**	**193,820,055.86**

List below all transfers:

Transfer from Annuity Savings Fund to the Annuity Reserve Fund in the amount of $ 3,160,623.05 on account of Current Year Retirements

Transfer from Annuity Savings Fund to the Pension Reserve Fund in the amount of $ 791.25 on account of Adjustment for Prior Year Retirements

Transfer from Annuity Savings Fund to the Pension Reserve Fund in the amount of $ 37,816.24 on account of 10 Year Inactives

Transfer from Pension Reserve Fund to Annuity Savings Fund in the amount of $ 11,920.24 on account of Reinstatements

Transfer from Pension Reserve Fund to Pension Fund in the amount of $ 633,215.79 on account of Cost of Benefits

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

Receipts

	2011	2010	2009
1 Annuity Savings Fund:			
(a) 4891 Member Deductions	6,303,934.41	6,211,182.45	6,201,060.30
(b) 4892 Transfers from Other Systems	709,156.36	770,104.33	249,345.23
(c) 4893 Member Make-Up Payments & Redeposits	57,748.37	83,532.70	52,716.80
(d) 4900 Member Payments from Rollovers	199,176.33	71,375.77	99,280.58
(e) Investment Income Credited to Members Accounts	166,551.87	198,039.67	285,779.34
Subtotal	**7,436,567.34**	**7,334,234.92**	**6,888,182.25**
2 Annuity Reserve Fund:			
(a) Investment Income Credited to Annuity Reserve Fund	573,248.68	518,511.06	464,001.77
Subtotal	**573,248.68**	**518,511.06**	**464,001.77**
3 Pension Fund:			
(a) 4898 3(8)(c) Reimbursements From Other Systems	607,170.78	674,095.09	469,983.73
(b) 4899 Rec'd from Commonwealth for COLA and Survivor Benefits	149,795.29	318,973.93	350,224.57
(c) 4894 Pension Fund Appropriation	15,728,137.50	11,910,748.00	14,939,893.42
(d) 4840 Workers' Compensation Settlements	4,500.00	6,750.00	8,454.62
Subtotal	**16,489,603.57**	**12,910,567.02**	**15,768,556.34**
4 Military Service Fund			
(a) 4890 Contribution Received (For Military Service)	0.00	6,580.29	4,887.03
(b) Investment Income Credited	110.65	147.32	231.61
Subtotal	**110.65**	**6,727.61**	**5,118.64**
5 Expense Fund			
(a) 4896 Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Credited to Expense Fund	1,928,026.13	1,449,855.48	1,365,935.41
Subtotal	**1,928,026.13**	**1,449,855.48**	**1,365,935.41**
6 Pension Reserve Fund:			
(a) 4897 Federal Grant Reimbursement	0.00	0.00	0.00
(b) 4895 Pension Reserve Appropriation	788,484.50	830,484.50	743,194.50
(c) 4822 Interest Not Refunded	14,297.86	9,253.35	6,813.21
(d) 4825 Miscellaneous Income	0.00	0.00	0.00
(e) Excess Investment Income	(1,299,175.31)	20,593,943.78	26,503,249.87
Subtotal	**(496,392.95)**	**21,433,681.63**	**27,253,257.58**
TOTAL RECEIPTS	**25,931,163.42**	**43,653,577.72**	**51,745,051.99**

Annual Statement of the Hampshire County Retirement System for Year Ended December 31, 2011

Disbursements

	2011	2010	2009
1 Annuity Savings Fund:			
(a) 5757 Refunds to Members	768,636.75	855,158.66	625,199.52
(b) 5756 Transfer to Other Systems	601,895.44	602,167.45	615,505.42
Subtotal	**1,370,532.19**	**1,457,326.11**	**1,240,704.94**
2 Annuity Reserve Fund:			
(a) 5750 Annuities Paid	2,858,466.35	2,563,546.66	2,243,569.08
(b) 5759 Option B Refunds	55,279.58	39,916.68	89,322.89
Subtotal	**2,913,745.93**	**2,603,463.34**	**2,332,891.97**
3 Pension Fund:			
(a) 5751 Pensions Paid			
Regular Pension Payments	12,982,600.38	12,039,179.57	10,885,108.93
Survivorship Payments	631,820.78	565,887.48	579,554.78
Ordinary Disability Payments	83,231.35	60,666.54	46,455.16
Accidental Disability Payments	1,860,710.00	1,804,231.11	1,666,801.79
Accidental Death Payments	232,085.82	231,518.44	208,706.17
Section 101 Benefits	91,350.00	74,027.54	76,365.99
(b) 5755 3(8)(c) Reimbursements To Other Systems	1,241,021.03	1,357,177.57	1,259,857.13
(c) 5752 COLA's Paid	0.00	0.00	0.00
(d) 5753 Chapter 389 Beneficiary Increase paid	0.00	0.00	0.00
Subtotal	**17,122,819.36**	**16,132,688.25**	**14,722,849.95**
4 Military Service Fund			
(a) 4890 Return to Municipality for Members who withdrew their funds	0.00	0.00	0.00
Subtotal	**0.00**	**0.00**	**0.00**
5 Expense Fund			
(a) 5118 Board Member Stipend	45,354.60	44,400.86	39,632.16
(b) 5119 Staff Salaries	362,319.91	355,858.38	346,473.70
(c) 5304 Management Fees	1,249,084.12	710,235.07	621,059.56
(d) 5305 Custodial Fees	9,154.05	42,868.37	40,770.16
(e) 5307 Investment Consultant Fees	90,000.00	67,500.00	105,000.00
(f) 5308 Legal Expenses	7,492.87	12,581.86	12,170.94
(g) 5309 Medical Expenses	428.90	339.80	83.49
(h) 5310 Fiduciary Insurance	21,809.00	20,975.00	19,352.00
(i) 5311 Service Contracts	0.00	0.00	0.00
(j) 5312 Rent Expense	35,840.04	35,840.04	35,840.04
(k) 5315 Professional Services	0.00	28,000.00	3,000.00
(l) 5320 Education and Training	9,725.00	8,740.00	12,240.00
(m) 5589 Administrative Expenses	72,210.03	81,580.04	110,805.50
(n) 5599 Furniture & Equipment	3,676.97	17,826.64	722.15
(o) 5719 Travel Expense	20,930.64	23,109.42	18,785.71
(p) 5829 Depreciation Expense: Building	0.00	0.00	0.00
Subtotal	**1,928,026.13**	**1,449,855.48**	**1,365,935.41**
TOTAL DISBURSEMENTS	**23,335,123.61**	**21,643,333.18**	**19,662,382.27**

INVESTMENT INCOME

	2011	2010	2009
Investment Income received from:			
(a) Cash (from schedule 1)	12,861.30	16,076.57	50,134.14
(b) Short Term Investments (from schedule 2)	0.00	0.00	0.00
(c) Fixed Income Securities (from sch 3A and 3C)	0.00	666,308.93	996,790.64
(d) Equities (from schedules 4A and 4C)	0.00	0.00	0.00
(e) Pooled Funds (from schedule 5)	3,581,224.33	2,872,983.11	2,400,051.39
(f) Commission Recapture	0.00	0.00	0.00
4821 TOTAL INVESTMENT INCOME	**3,594,085.63**	**3,555,368.61**	**3,446,976.17**
Plus:			
4884 Realized Gains (Profits)	2,825,430.78	2,188,594.97	1,021,069.96
4886 Unrealized Gains (Increase in Market Value)	28,132,380.51	40,426,126.70	44,793,130.95
1550 Interest/Dividends Due and Accrued-Current Year	0.00	4.93	175,792.42
	30,957,811.29	**42,614,726.60**	**45,989,993.33**
Less:			
4823 Paid Accrued Interest on Fixed Income Securities	0.00	(24,245.73)	(39,022.33)
4885 Realized Losses	(2,196,146.27)	(692,891.24)	(1,725,114.43)
4887 Unrealized Losses (Decrease in Market Value)	(30,986,983.70)	(22,516,668.51)	(18,909,812.26)
1550 Interest/Dividends Due and Accrued-Prior Year	(4.93)	(175,792.42)	(143,822.48)
	(33,183,134.90)	**(23,409,597.90)**	**(20,817,771.50)**
NET INVESTMENT INCOME	**1,368,762.02**	**22,760,497.31**	**28,619,198.00**
Income Required:			
Annuity Savings Fund (from supplementary schedule)	166,551.87	198,039.67	285,779.34
Annuity Reserve Fund	573,248.68	518,511.06	464,001.77
Expense Fund	1,928,026.13	1,449,855.48	1,365,935.41
Special Military Service Credit Fund	110.65	147.32	231.61
TOTAL INCOME REQUIRED	**2,667,937.33**	**2,166,553.53**	**2,115,948.13**
Net Investment Income	1,368,762.02	22,760,497.31	28,619,198.00
Less: Income Required	(2,667,937.33)	(2,166,553.53)	(2,115,948.13)
EXCESS INCOME TO PENSION RESERVE FUND	**(1,299,175.31)**	**20,593,943.78**	**26,503,249.87**

Annual Statement of the Hampshire County Retirement System for the year ended December 31, 2011

MEMBERSHIP FOR CURRENT YEAR

ACTIVE MEMBERS	**Group 1**	**Group 2 & 4**	**Total**
Active Membership, Dec. 31, previous year	1694	508	2202
Inactive Membership, Dec. 31, previous year	606	152	758
Correction for prior years			0
Enrolled during current year	167	28	195
Transfers between groups			0
Reinstatement of disabled members			0
SUBTOTAL	167	28	195
Deduct:			
Death	1	1	2
Withdrawal	130	35	165
Retirements	57	10	67
	188	46	234
Active Membership, Dec. 31, current year	1676	485	2161
Inactive Membership, Dec. 31, current year	603	157	760

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RETIRED MEMBERS, BENEFICIARIES AND SURVIVORS

Retired, Beneficiary, and Survivor Membership, Dec, 31, previous year	883	194	1077
Retirements during the year:			
Superannuation	51	5	56
Ordinary disability	1	1	2
Accidental disability	1	2	3
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	4	1	5
Survivor benefits from active membership	0	1	1
SUBTOTAL	57	10	67
Deduct:			
Death of retired members	26	5	31
Termination of Survivor Benefits	4	0	4
Reinstatement of disabled pensions	0	0	0
SUBTOTAL	30	5	35
Retired membership, Dec. 31, current year			
Superannuation	757	128	885
Ordinary Disability	7	1	8
Accidental Disability	27	41	68
Termination	13	0	13
Beneficiaries from accidental deaths	1	10	11
Beneficiaries from Section 100	0	0	0
Beneficiaries from Section 101	6	4	10
Beneficiaries under Option (C)	34	5	39
Option (D) Survivor Allowance	65	9	74
Section 12B Survivor Allowance	0	1	1
Total Retired, Beneficiary, and Survivor Membership, Dec. 31, current year	910	199	1109

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TOTAL MEMBERSHIP

Active, Inactive, Retired, Beneficiary, and Survivor, Dec. 31, current year	3189	841	4030

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

Schedule A

Detail of Accounts Receivable and Accounts Payable

		Original Date
Accounts Receivable		
4891 Members Deductions	494,662.90	12/11
4892 Transfers From Other Systems	-	
4893 Member Make-Up Payments and Redeposits	-	
4900 Member Payments from Rollovers		
4898 3(8)(c) Reimbursements From Other Systems	-	
4899 Received from Commonwealth for COLA and Survivor Benefits	-	
4884 Realized Gain on Sale of Investments		
4894 Pension Fund Appropriation (Current fiscal year)	-	
4894 Pension Fund Appropriation (Previous fiscal year)	-	
4890 Contributions Received from municipality on a/c of military service	-	
4897 Federal Grant Reimbursement	-	
4895 Pension Reserve Appropriation	-	
Invesmtent sold but funds not received (list individually)		
Perella Weinberg 4th Qtr Distribution	1,222,522.06	12/11
TOTAL RECEIVABLES	**$ 1,717,184.96**	
Accounts Payable		
5757 Refunds to Members		
5756 Transfers to Other Systems	-	
5750 Annuities Paid		
5759 Option B Refunds		
5751 Pensions Paid		
5755 3(8)(c) Reimbursements to Other Systems		
5752 COLA's Paid		
5753 Chapter 389 Beneficiary Increase Paid		
4885 Realized Loss on Sale of Investments		
4890 Return to Municipalityt for Members who withdrew their funds		
5118 Board Members Stipend		
5119 Salaries	10.80	12/11
5304 Management Fees		
5305 Custodial Fees		
5307 Investment Consultant Fees		
5308 Legal Expenses		
5309 Medical Expenses		
5310 Fiduciary Insurance		
5311 Service Contracts		
5312 Rent Expense		
5315 Professional Services		
5320 Education and Training		
5589 Administrative Expenses		
5599 Furniture & Equipment		
5719 Travel		
5829 Depreciation Expense: Builidng		
Investments Purchased but no paid for (listed individually)		
Member deductions overpaid	4.91	12/11
	-	
	-	
	-	
TOTAL PAYABLES	**$ 15.71**	

Accounting Close Interest - 2011

Beginning Balance 3294: 18,937,572.33 **Beginning Bal 3294 x.0025:** 47,343.93

3294 Jan Adj:	16,773.50	**5750 Jan Cash Disb:**	-224,261.25	**5759 Jan Cash Disb:**	-37,018.77	**Jan Monthly Total:**	18,693,065.81
3294 Feb Adj:	604,029.41	**5750 Feb Cash Disb:**	-236,282.99	**5759 Feb Cash Disb:**	0.00	**Feb Monthly Total:**	19,060,812.23
3294 Mar Adj:	175,417.07	**5750 Mar Cash Disb:**	-241,529.38	**5759 Mar Cash Disb:**	0.00	**Mar Monthly Total:**	18,994,699.92
3294 Apr Adj:	285,120.00	**5750 Apr Cash Disb:**	-232,455.45	**5759 Apr Cash Disb:**	-13,139.26	**Apr Monthly Total:**	19,034,225.21
3294 May Adj:	221,303.06	**5750 May Cash Disb:**	-235,194.45	**5759 May Cash Disb:**	0.00	**May Monthly Total:**	19,020,333.82
3294 Jun Adj:	97,180.81	**5750 Jun Cash Disb:**	-233,105.06	**5759 Jun Cash Disb:**	0.00	**Jun Monthly Total:**	18,884,409.57
3294 Jul Adj:	346,518.90	**5750 Jul Cash Disb:**	-234,373.94	**5759 Jul Cash Disb:**	0.00	**Jul Monthly Total:**	18,996,554.53
3294 Aug Adj:	308,474.74	**5750 Aug Cash Disb:**	-239,328.16	**5759 Aug Cash Disb:**	0.00	**Aug Monthly Total:**	19,065,701.11
3294 Sep Adj:	694,701.34	**5750 Sep Cash Disb:**	-248,160.46	**5759 Sep Cash Disb:**	0.00	**Sep Monthly Total:**	19,512,241.99
3294 Oct Adj:	376,304.68	**5750 Oct Cash Disb:**	-245,824.24	**5759 Oct Cash Disb:**	-828.46	**Oct Monthly Total:**	19,641,893.97
3294 Nov Adj:	64,405.98	**5750 Nov Cash Disb:**	-244,045.18	**5759 Nov Cash Disb:**	-4,293.09	**Nov Monthly Total:**	19,457,961.68
3294 Dec Adj:	53,238.88	**5750 Dec Cash Disb:**	-243,905.79	**5759 Dec Cash Disb:**	0.00	**Dec Monthly Total:**	19,267,294.77

Jan Mthly Total x .0025:	46,732.66
Feb Mthly Total x .0025:	47,652.03
Mar Mthly Total x .0025:	47,486.75
Apr Mthly Total x .0025:	47,585.56
May Mthly Total x .0025:	47,550.83
Jun Mthly Total x .0025:	47,211.02
Jul Mthly Total x .0025:	47,491.39
Aug Mthly Total x .0025:	47,664.25
Sep Mthly Total x .0025:	48,780.60
Oct Mthly Total x .0025:	49,104.73
Nov Mthly Total x .0025:	48,644.90

Total x .0025 No Dec:	573,248.68
Mth Total + x .0025:	19,840,543.45
ASF 3293 Interest:	166,551.87
MSF 3295 Interest:	110.65
EXPF 3298 Interest:	1,928,026.13
PRF Interest:	-1,299,175.31

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 1
CASH ACCOUNT ACTIVITY DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	BOOK VALUE AT END OF PREVIOUS YEAR	TOTAL DEPOSITS/WITHDRAWALS THIS YEAR	BOOK VALUE AT END OF YEAR	INCOME RECEIVED THIS YEAR	INCOME DUE AND ACCRUED AT YEAR END
		TD BANK - MONEY MARKET	4,454,409.65	(2,412,002.93)	2,042,406.72	13,033.31	0.00
		TD BANK - OPERATING ACCOUNT	30,025.96	495.41	30,521.37	292.37	0.00
		TD BANK - PAYROLL ACCOUNT	13,979.18	(922.42)	13,056.76	133.55	0.00
H200	8611249M9	STATE STREET BANK STIF	40,759.92	(40,759.92)	0.00	4.93	0.00
		Other Income				(602.86)	
SCHEDULE TOTALS			4,539,174.71	(2,453,189.86)	2,085,984.85	12,861.30	0.00

Other income breakdown listed below:

($83.81) - PRIM Interest expenses from drawdown for the Alternative Investments
$7,492.91 - Securities litigation
$5,780.97 - Permal from initital capital call and return of capital
$4,353.00 - Lexington Capital return of capital
($18,145.93) - Perella Weinberg from initital capital call and return of capital

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 2A

SHORT TERM SECURITIES OWNED AT END OF YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	PRICE	MARKET VALUE AT END OF YEAR	CHANGE IN MARKET VALUE INCR/DECR	INTEREST RECEIVED DURING YEAR	INTEREST DUE AND ACCRUED AT YEAR END
		NONE								

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 2B

SHORT TERM SECURITIES PURCHASED DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	TRADE DATE	NAME OF BROKER	COMM	ACCRUED INT PAID	COST INCLUDING COMMISSION BUT EXCLUDING INT
		NONE								

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 2C
SHORT TERM SECURITIES SOLD DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	TRADE DATE	NAME OF BROKER	COMM	PROCEEDS FROM SALE	BOOK VALUE	PROFIT/LOSS ON SALE	INTEREST RECEIVED DURING YEAR
		NONE										

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 3A
FIXED INCOME SECURITIES OWNED AT END OF YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	PRICE	MARKET VALUE AT END OF YEAR	CHANGE IN MARKET VALUE INCR/DECR	INTEREST RECEIVED DURING YEAR	INTEREST DUE AND ACCRUED AT YEAR END
		NONE								

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 3B

FIXED INCOME SECURITIES PURCHASED DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	TRADE DATE	NAME OF BROKER	COMM	ACCRUED INT PAID	COST INCLUDING COMMISSION BUT EXCLUDING INT
				NONE						

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 3C
FIXED INCOME SECURITIES SOLD DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	TRADE DATE	NAME OF BROKER	COMM	PROCEEDS FROM SALE	BOOK VALUE	PROFIT/LOSS ON SALE	INTEREST RECEIVED DURING YEAR
	NONE											

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 4A
EQUITIES OWNED AT END OF YEAR

FUND	CUSIP	SECURITY DESCRIPTION	SHARES	PRICE PER SHARE	MARKET VALUE AT END OF YEAR	CHANGE IN MARKET VALUE INCR/DECR	DIVIDENDS RECEIVED DURING YEAR
		NONE					

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 4B

EQUITIES PURCHASED DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	SHARES	TRADE DATE	NAME OF BROKER	COMM	COST INCLUDING COMMISSION
		NONE					

ANNUAL STATEMENT OF THE HAMPSHIRE COUNTY RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 4C
EQUITIES SOLD DURING YEAR

FUND	CUSIP	SECURITY DESCRIPTION	SHARES	TRADE DATE	NAME OF BROKER	COMM	PROCEEDS FROM SALE	BOOK VALUE	PROFIT/LOSS ON SALE	DIVIDENDS RECEIVED DURING YEAR
		NONE								

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

Schedule 5

Schedule of Pooled Funds

Perac Ledger	(A) Market Value at End of Previous Year	(B) Total Purchases this year at cost	(C) Reinvested Investment Income	(D) Realized Gain	(E) Realized Loss	(F) Unrealized Gain	(G) Unrealized Loss	(H) Total Sales/Redemptions this Year - Amount Received	(I) Cash Dividends/Distributions to System this Year	(J) Fees Paid	(K) =A+B+C+D-E+F-G-H-I-J Market Value at End of Year
Pooled Domestic Equity											
1172 RhumbLine S&P500	26,493,554.65	0.00	0.00	25,387.60	4,353.31	4,639,555.64	4,044,404.83	6,000,000.00	0.00	0.00	21,109,739.75
RhumbLine S&P400	8,735,563.38	0.00	0.00	0.01	4,887.97	1,953,266.92	2,087,631.61	2,500,000.00	0.00	0.00	6,096,310.73
RhumbLine S&P600	8,702,157.93	0.00	0.00	0.00	9,309.25	1,930,404.61	1,909,136.13	2,500,000.00	0.00	0.00	6,214,117.16
subtotal	43,931,275.96	0.00	0.00	25,387.61	18,550.53	8,523,227.17	8,041,172.57	11,000,000.00	0.00	0.00	33,420,167.64
Commingled Global Equity											
1174 PIMCO	14,934,388.10	0.00	1,017,297.55	0.00	0.00	1,864,447.13	2,516,606.87	0.00	0.00	0.00	15,299,525.91
Mellon Capital	8,158,491.75	500,000.00	0.00	0.00	0.00	1,472,640.54	1,410,807.74	0.00	0.00	0.00	8,720,324.55
GMO	10,652,157.35	0.00	284,761.30	0.00	0.00	1,162,336.90	1,269,132.00	0.00	0.00	0.00	10,830,123.55
subtotal	33,745,037.20	500,000.00	1,302,058.85	0.00	0.00	4,499,424.57	5,196,546.61	0.00	0.00	0.00	34,849,974.01
Pooled Alternative Investments											
1193 Ascent Partners III	227,820.13	0.00	(17,666.02)	0.00	152,801.50	148,903.00	1,748.63	21,008.51	0.00	0.00	183,498.47
Ascent Partners IV	1,749,294.74	160,000.00	0.00	2,264.00	664,898.00	487,980.00	143,094.00	0.00	0.00	109,180.00	1,482,366.74
Ascent Partners V	0.00	1,592,838.69	0.00	0.00	0.00	341,657.75	0.00	0.00	0.00	308,885.15	1,625,611.29
PRIM Alternative Inv '05	1,671,999.28	8,232.76	41,622.64	184,798.65	0.00	256,888.78	226,409.72	223,760.45	0.00	19,333.30	1,694,038.64
PRIM Alternative Inv '06	1,783,874.40	68,397.23	51,856.70	119,749.18	0.00	324,966.96	216,868.24	150,429.50	0.00	25,174.15	1,956,372.58
PRIM Alternative Inv '07	1,333,269.01	247,801.65	65,738.13	97,864.76	44.96	227,317.23	131,216.53	27,561.44	0.00	50,007.67	1,763,160.18
PRIM Alternative Inv '08	945,837.90	470,651.42	43,657.35	41,430.50	0.00	217,049.01	63,342.90	14,719.46	0.00	38,267.51	1,602,296.31
PRIM Alternative Inv '09	99,335.82	221,224.11	18,190.31	1,029.92	0.00	16,655.70	11,086.54	2,181.22	0.00	16,633.10	326,535.00
PRIM Alternative Inv '10	33,251.89	387,335.75	18,991.24	0.00	0.00	3,354.35	32,510.51	0.00	0.00	19,025.12	391,397.60
PRIM Alternative Inv '11	0.00	80,696.17	2,620.78	0.00	0.00	0.11	12,723.09	0.00	0.00	2,578.61	68,015.36
* Lexington Capital	515,003.00	345,653.00	(4,013.00)	46,825.36	707.36	49,550.00	59,418.00	127,887.00	0.00	13,693.00	751,313.00
** Permal Private Equity	44,994.00	710,000.00	1,607.00	24,724.00	0.00	619,198.00	270,627.00	0.00	0.00	25,000.00	1,104,896.00
Perella Weinberg	0.00	3,185,867.22	(19,033.00)	1,043.00	9,091.00	448,539.00	0.00	1,782,149.89	0.00	87,671.00	1,737,504.33
subtotal	8,404,680.17	7,478,698.00	203,572.13	519,729.37	827,542.82	3,142,059.89	1,169,045.16	2,349,697.47	0.00	715,448.61	14,687,005.50
Hedge Funds											
1197 PRIM Absolute Return	17,348,746.54	2,000,000.00	144,260.55	48,238.62	0.00	708,995.53	1,314,507.56	0.00	0.00	151,115.00	18,784,618.68
subtotal	17,348,746.54	2,000,000.00	144,260.55	48,238.62	0.00	708,995.53	1,314,507.56	0.00	0.00	151,115.00	18,784,618.68
Commingled Real Estate (Limite											
1194 Intercontinental R.E.	2,354,836.54	0.00	265,765.00	182,602.00	22,466.00	183,570.00	169,162.00	0.00	0.00	40,046.00	2,755,099.54
PRIM Core RE Fund	6,568,264.23	2,000,000.00	444,084.65	125,999.60	12,039.16	776,519.22	454,393.51	0.00	0.00	46,516.32	9,401,918.71
subtotal	8,923,100.77	2,000,000.00	709,849.65	308,601.60	34,505.16	960,089.22	623,555.51	0.00	0.00	86,562.32	12,157,018.25
Commingled International Investments											
1173 RBC Global Asset Mgmt	13,129,463.27	0.00	315,379.28	652,567.95	460,126.30	1,815,948.06	4,094,311.66	1,500,000.00	0.00	0.00	9,858,920.60
MFS Institutional Internati	13,244,069.16	0.00	194,119.94	0.00	0.00	2,657,790.66	3,946,066.89	1,500,000.00	0.00	0.00	10,649,912.87
PRIM Emerging Markets	8,060,579.80	2,000,000.00	265,054.90	452,080.85	212,324.21	1,668,238.26	4,099,849.23	0.00	0.00	32,302.22	8,101,478.15
subtotal	34,434,112.23	2,000,000.00	774,554.12	1,104,648.80	672,450.51	6,141,976.98	12,140,227.78	3,000,000.00	0.00	32,302.22	28,610,311.62

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

Schedule 5

Schedule of Pooled Funds

Perac Ledger	(A) Market Value at End of Previous Year	(B) Total Purchases this year at cost	(C) Reinvested Investment Income	(D) Realized Gain	(E) Realized Loss	(F) Unrealized Gain	(G) Unrealized Loss	(H) Total Sales/Redemptions this Year - Amount Received	(I) Cash Dividends/Distributions to System this Year	(J) Fees Paid	(K) =A+B+C+D-E+F-G-H-I-J Market Value at End of Year
Commingled Global Fixed Investments											
1183 Colchester Global Investo	5,606,317.00	0.00	284,339.00	484,300.00	238,897.00	733,776.00	816,926.00	0.00	0.00	35,302.00	6,017,607.00
PIMCO Emerging Local	0.00	6,000,000.00	77,279.54	0.00	0.00	344,682.70	375,865.36	0.00	0.00	0.00	6,046,096.88
subtotal	5,606,317.00	6,000,000.00	361,618.54	484,300.00	238,897.00	1,078,458.70	1,192,791.36	0.00	0.00	35,302.00	12,063,703.88
Commingled Domestic Fixed Income Investments											
1181 Shenkman Credos Floatin	4,957,264.00	0.00	0.00	0.00	0.00	322,939.00	267,323.00	0.00	0.00	0.00	5,012,880.00
Shenkman High Yield Fur	6,393,185.00	0.00	0.00	0.00	0.00	873,418.00	523,801.00	0.00	0.00	0.00	6,742,802.00
Mellon Aggregate Bond In	22,321,196.15	0.00	0.65	318,572.07	0.00	1,604,155.83	200,158.07	4,000,000.00	0.00	0.00	20,043,766.63
Penn Capital	0.00	4,000,000.00	85,309.84	15,952.71	404,200.25	277,635.62	317,855.08	0.00	0.00	12,189.29	3,644,653.55
subtotal	33,671,645.15	4,000,000.00	85,310.49	334,524.78	404,200.25	3,078,148.45	1,309,137.15	4,000,000.00	0.00	12,189.29	35,444,102.18
TOTAL ALL FUNDS	186,064,915.02	23,978,698.00	3,581,224.33	2,825,430.78	2,196,146.27	28,132,380.51	30,986,983.70	20,349,697.47	0.00	1,032,919.44	190,016,901.76

* Lexington - Estimated 4th Quarter numbers were provided by Lexington to close out 2010. Finalized 4th Quarter 2010 was released in June 2011. Adjustment made in 1st Quarter 2011.

** Permal - There was a revised 4th Quarter 2010 Report issued after their audit. Adjustment made in 1st Quarter 2011.

Annual Statement of the Hampshire County Retirement System for the Year Ended December 31, 2011

Schedule 6

Summary of Investments Owned

	Catagory of Investment	Market Value	Interest Due & Accrued	Paid Accrued Interest on Purchases in Current Year	Commissions Paid During Current Year	Unrealized Gains	Losses	Realized Gains	Losses	Investment Income Received During Year
1 1040-	Cash	2,085,984.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,861.30
2 1100-	Short Term Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 1180-	Fixed Income Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 1170-	Equities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5a. 1101-	Pooled Short Term Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5b. 1172-	Pooled Domestic Equity Funds	33,420,167.64	0.00	0.00	0.00	8,523,227.17	8,041,172.57	25,387.61	18,550.53	0.00
5c. 1173-	Pooled International Equity Funds	28,610,311.62	0.00	0.00	0.00	6,141,976.98	12,140,227.78	1,104,648.80	672,450.51	774,554.12
5d. 1174-	Pooled Global Equity Funds	34,849,974.01	0.00	0.00	0.00	4,499,424.57	5,196,546.61	0.00	0.00	1,302,058.85
5e. 1181-	Pooled Domestic Fixed Income Funds	35,444,102.18	0.00	0.00	0.00	3,078,148.45	1,309,137.15	334,524.78	404,200.25	85,310.49
5f. 1182-	Pooled International Fixed Income Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5g. 1183-	Pooled Global Fixed Income Funds	12,063,703.88	0.00	0.00	0.00	1,078,458.70	1,192,791.36	484,300.00	238,897.00	361,618.54
5h. 1193-	Pooled Alternative Investment/Private Equity	14,687,005.50	0.00	0.00	0.00	3,142,059.89	1,169,045.16	519,729.37	827,542.82	203,572.13
5i. 1194-	Pooled Real Estate Funds	12,157,018.25	0.00	0.00	0.00	960,089.22	623,555.51	308,601.60	34,505.16	709,849.65
5j. 1195-	Pooled Domestic Balanced Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5k. 1196-	Pooled International Balanced Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5l. 1197-	Hedge Funds	18,784,618.68	0.00	0.00	0.00	708,995.53	1,314,507.56	48,238.62	0.00	144,260.55
5m 1198-	PRIT Cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5n. 1199-	PRIT Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL	**192,102,886.61**	**0.00**	**0.00**	**0.00**	**28,132,380.51**	**30,986,983.70**	**2,825,430.78**	**2,196,146.27**	**3,594,085.63**

APPENDIX PAGE 3

ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by Kathy Riley, Segal Company as of January 1, 2010

The normal cost for employees on that date was:	$ 6,080,294	8.91%	of payroll
The normal cost for the employer was:	$ 4,099,162	6.00%	of payroll

The actuarial liability for active members was	$ 158,069,582
The actuarial liability for retired members was	$ 154,808,044
Total actuarial accrued liability	$ 312,877,626
System assets as of that date	$ 179,860,517
Unfunded actuarial accrued liability	$ 133,017,109
The ratio of system's assets to total actuarial liability was	57.49%
The ratio of system's assets to total market value was	54.08%

The principal actuarial assumptions used in the valuation are as follows:

Investment Return:	8.00% per annum
Rate of Salary Increase:	4.75% and 5.25% per annum

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2010	$ 179,860,517	$ 312,877,626	$ 133,017,109	57.49%	$ 68,275,759	194.82%

Attached Copy of Current Approved Funding Schedule

EXHIBIT G

Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2003 ERI Liability	(5) Amortization of Remaining Unfunded Liability	(6) Total Plan Cost: (2) + (3) + (4) + (5)	(7) Total Unfunded Accrued Liability
2011	$4,271,783	$285,985	$302,662	$8,450,253	$13,310,682	$138,235,435
2012	4,464,013	285,985	302,662	9,148,565	14,201,225	142,139,017
2013	4,664,894	285,985	302,662	9,900,565	15,154,105	145,252,508
2014	4,874,814	285,985	302,662	10,536,373	15,999,834	147,496,316
2015	5,094,181	285,985	302,662	11,016,355	16,699,183	148,961,809
2016	5,323,419	285,985	302,662	11,497,240	17,409,305	149,785,049
2017	5,562,973	285,985	302,662	11,980,071	18,131,690	149,938,891
2018	5,813,307	285,985	302,662	12,465,618	18,867,571	149,388,682
2019	6,074,906	285,985	302,662	12,901,914	19,565,467	147,509,839
2020	6,348,277	285,985	302,662	13,353,481	20,290,405	145,018,467
2021	6,633,949	285,985	302,662	13,820,853	21,043,449	141,849,387
2022	6,932,477	285,985	302,662	14,304,583	21,825,707	137,931,638
2023	7,244,438	285,985	302,662	14,805,243	22,638,328	133,187,996
2024	7,570,438	285,985	302,662	15,323,427	23,482,511	127,534,455
2025	7,911,108	285,985	302,662	15,859,747	24,359,501	120,879,656
2026	8,267,108	285,985	302,662	16,414,838	25,270,593	113,124,286
2027	8,639,128	285,985	302,662	16,989,357	26,217,132	104,160,411
2028	9,027,889	285,985	302,662	17,583,985	27,200,520	93,870,771
2029	9,434,144	0	0	18,199,424	27,633,568	82,127,999
2030	9,858,680	0	0	18,836,404	28,695,084	69,417,420
2031	10,302,321	0	0	19,495,678	29,797,999	55,015,167
2032	10,765,925	0	0	20,178,027	30,943,952	38,762,285
2033	11,250,392	0	0	20,884,258	32,134,650	20,486,280
2034	11,756,660	0	0	0	11,756,660	0
2035	12,285,710	0	0	0	12,285,710	0

Notes: Reflects deferred investment gains and losses in accordance with the asset valuation method adopted by the Board.
Item (2) increases at 4.50% per year.
Item (5) calculated as a 3.5% increasing amortization payment.
Recommended contributions are assumed to be paid on July 1, and December 31.
Fiscal 2011 appropriation is equal to budgeted amount from prior valuation.