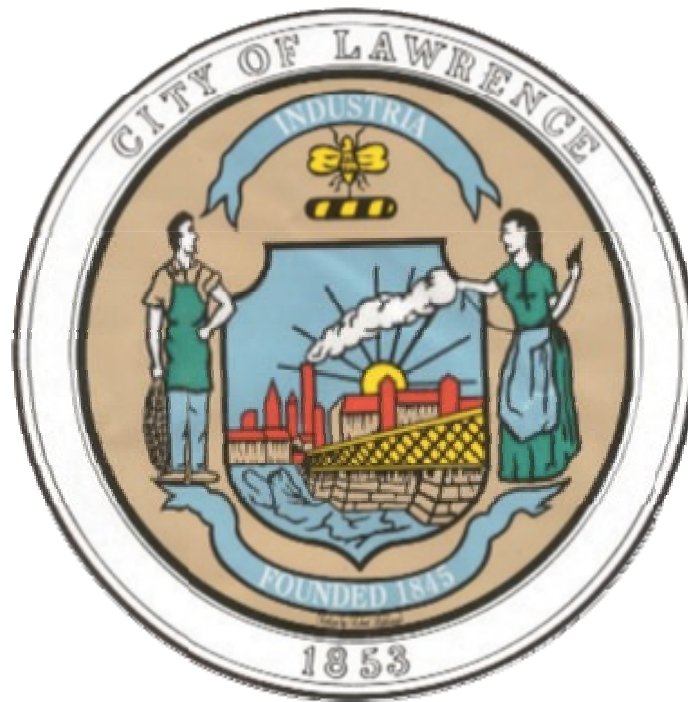




LAWRENCE CONTRIBUTORY RETIREMENT SYSTEM

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

(With Independent Auditors' Report Thereon)



CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

September 17, 2025

To the Honorable Lawrence Retirement Board
Lawrence Contributory Retirement System
354 Merrimack St – Entry C – 3rd Fl
Lawrence, MA 01843

We have audited the financial statements of the Lawrence Contributory Retirement System (the “System”) for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 24, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the System are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024. We noted no transactions entered into by the System during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the System’s financial statements was:

Management’s estimate of the net pension liability is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of net pension liability in Note 6 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Independence

During the year ended December 31, 2024, we were engaged to provide non -attest services mainly related to the preparation of the financial statements. We reviewed the nature of the requested work, our role and management's role and determined that our independence would not be impaired, in fact or appearance.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were noted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 17, 2025.

Significant Unusual Transactions

For purposes of this letter, professional standards define *significant unusual transactions* as transactions that are outside the normal course of business for the Company or that otherwise appear to be unusual due to their timing, size or nature. We did not identify any significant unusual transactions during our audit.

Related Party Relationships and Transactions

As part of our audit, we evaluated the System's identification of, accounting for, and disclosures of the System's relationships and transactions with related parties as required by professional standards. We did not identify any related parties or related party relationships or transactions that were previously undisclosed to us; significant related party transactions that have not been approved in accordance with the System's policies or procedures or for which exceptions to the System's policies or procedures were granted; or significant related party transactions that appeared to lack a business purpose.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to 's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of contributions, and schedule of investment returns, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the other information which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. We did read the other information and considered whether a material inconsistency exists between the other information and the financial statements. We did not note any material inconsistencies.

Restriction on Use

This information is intended solely for the information and use of the Retirement Board and management of the System and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Merrimack, NH

LAWRENCE CONTRIBUTORY RETIREMENT SYSTEM

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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Financial Section

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Independent Auditors' Report

To the Honorable Lawrence Retirement Board
Lawrence Contributory Retirement System

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Lawrence Contributory Retirement System (the "System") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary position of the System as of December 31, 2024, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 17, 2025 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's 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 System's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
September 17, 2025

Management's Discussion and Analysis

Lawrence Contributory Retirement System

Management's Discussion and Analysis

Year Ended December 31, 2024

As management of the Lawrence Contributory Retirement System (the "System"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2024. The System complies with financial reporting requirements issued by the Governmental Accounting Standards Board ("GASB").

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

Financial Highlights

- The System's assets exceeded its liabilities at the close of the most recent year by \$370.3 million (net position).
- The System's net position increased by \$33.1 million for the year ended December 31, 2024.
- Total investment income was \$32.3 million; investment expenses were \$1.7 million; and net investment income was \$30.6 million.
- Total contributions were \$38.1 million including \$25.7 million from employers, \$11.1 million from members, and \$1.3 million from other transfers in and settlements.
- Retirement benefits, refunds and transfers to other systems amounted to \$35.1 million.
- Administrative expenses were \$606,000.
- The total pension liability is \$568.7 million as of December 31, 2024, while the net pension liability is \$198.4 million.
- The Plan fiduciary net position as a percentage of the total pension liability is 65.11%.

Overview of the Financial Statements

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

Fiduciary Financial Statements

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

Lawrence Contributory Retirement System

Management's Discussion and Analysis

Year Ended December 31, 2024

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

Notes to the Financial Statements

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios; the Schedule of Contributions; and the Schedule of Investment Returns be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the System's financial position. The System's assets exceeded liabilities by \$370.3 million at the close of 2024.

The assets accumulated are held to provide pension benefits for qualified retirees along with active and inactive employees of the member units. At year end the System's net position include investments of \$368.6 million, cash of \$2.3 million, accounts receivables of \$829,000 and other assets of \$11,000.

In 2024 the System's contributions were \$38.1 million, while deductions were \$35.7 million which resulted in a current increase of \$2.4 million. In 2023, the System's contributions were \$35.7 million while deductions were \$34.2 million which resulted in a prior year increase of \$1.5 million. The System was able to substantially sustain operations independent of investment income for both years.

The primary change in net position when comparing the 2024 and 2023 results relates to each year's investment performance. Net investment income was \$30.6 million in 2024, as compared to net investment loss of \$32.8 million in 2023. The annual money weighted rate of return was 8.97% and -10.94% in 2024 and 2023, respectively. Fluctuations in the System's annual investment returns are expected.

Lawrence Contributory Retirement System

Management's Discussion and Analysis

Year Ended December 31, 2024

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

	2024	2023
Statement of Fiduciary Net Position		
Assets:		
Cash.....	\$ 2,347,003	\$ 2,337,632
Investments.....	368,605,233	335,293,539
Receivables.....	828,798	949,471
Other assets.....	10,629	13,685
Total assets.....	371,791,663	338,594,327
Liabilities:		
Accounts payable.....	1,488,109	1,344,951
Net Position Restricted for Pension Benefits.....	\$ 370,303,554	\$ 337,249,376
	2024	2023
Statement of Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Member contributions.....	\$ 11,107,675	\$ 9,659,898
Employer contributions.....	25,657,800	24,823,367
Other contributions.....	1,339,414	1,253,146
Total contributions.....	38,104,889	35,736,411
Net investment income (loss).....	30,611,356	32,839,008
Total additions.....	68,716,245	68,575,419
Deductions:		
Retirement benefits, refunds and transfers.....	35,055,779	33,680,411
Administration.....	606,288	559,831
Total deductions.....	35,662,067	34,240,242
Net increase in fiduciary net position.....	33,054,178	34,335,177
Fiduciary net position at beginning of year.....	337,249,376	302,914,199
Fiduciary net position at end of year.....	\$ 370,303,554	\$ 337,249,376

Lawrence Contributory Retirement System

Management's Discussion and Analysis

Year Ended December 31, 2024

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the System's Board, 354 Merrimack Street, Suite 302, Lawrence, MA 01843.

Financial Statements

Lawrence Contributory Retirement System

Statement of Fiduciary Net Position

December 31, 2024

Assets

Cash and cash equivalents.....	\$	2,347,003
Investments:		
Investment in Pension Reserve Investment Trust.....		368,605,233
Receivables, net of allowance for uncollectibles:		
Member deductions.....		144,828
Reimbursements from other systems.....		577,536
Other accounts receivable.....		106,434
Other assets.....		<u>10,629</u>
Total Assets.....		<u>371,791,663</u>

Liabilities

Warrants payable.....		<u>1,488,109</u>
Net Position Restricted for Pensions.....	\$	<u><u>370,303,554</u></u>

See notes to financial statements.

Lawrence Contributory Retirement System
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2024

Additions:

Contributions:

Employer contributions.....	\$ 25,657,800
Member contributions.....	11,107,675
Retirement benefits - transfers from other systems.....	710,491
Retirement benefits - 3(8)(c) contributions from other systems.....	485,327
Retirement benefits - state COLA reimbursements.....	130,070
Retirement benefits - members' makeup payments and redeposits.....	6,629
Retirement benefits - reimbursement of 91A overearnings.....	6,897
Total contributions.....	38,104,889

Net investment income:

Investment income.....	32,309,269
Less: investment expense.....	(1,697,913)

Net investment income.....	30,611,356

Total additions.....	68,716,245

Deductions:

Retirement benefits and refunds.....	32,019,707
Retirement benefits - transfers to other systems.....	1,454,492
Retirement benefits - 3(8)(c) transfer to other systems.....	1,581,580
Administration.....	606,288

Total deductions.....	35,662,067

Net increase in fiduciary net position.....	33,054,178
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Fiduciary net position at beginning of year.....	337,249,376

Fiduciary net position at end of year.....	\$ 370,303,554

See notes to financial statements.

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

NOTE 1 – PLAN DESCRIPTION

The Lawrence Contributory 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 Lawrence 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. The System has four participating employers.

The System is governed by a five-member Board who establish the policies under which the System operates. Board members also approve all of the System’s financial transactions, including the approval of retirement benefits to members. The day-to-day operations of the System are managed by the Executive Director.

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

Massachusetts contributory retirement system benefits are, with certain exceptions, uniform from system to system. The Plan 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. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member’s age, length of creditable service, level of compensation, and group classification.

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

Any individual in Group 1 or Group 2 whose membership began before January 1, 1978, and who maintains an annuity savings fund account, is eligible to receive a superannuation retirement allowance at age 55 or later, regardless of how many years of credible service he or she has completed.

There are no minimum vesting requirements for individuals in Group 4.

Members in Groups 1 and 2, hired after January 1, 1978 and prior to April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 20 years of service or upon the completion of 10 years of service and upon reaching the age of 55.

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

Members in Groups 1 and 2, hired on or after April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 10 years of service and upon reaching the age of 60 (Group 1) or age 55 (Group 2).

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

Active members contribute between 5% and 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the 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. Chapter 32 of the MGL requires Massachusetts retirement systems to adopt funding schedules designed to reduce the unfunded actuarial liability of the system to zero by no later than June 30, 2040. The System adopted Section 22d of Chapter 32 in April of 1989. The System's current funding schedule is designed to reduce the unfunded actuarial liability to zero by 2036.

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

Employees who resign from service are entitled to request a refund of their accumulated total deductions.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Lawrence Contributory 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.

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

The System 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 the accrual basis of accounting. Under this method, contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer is legally required to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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. Pooled investments including investments in the Pension Reserves Investment Trust (“PRIT”) fund are valued based on net asset value (“NAV”) or unit value at year-end.

Fair Value Measurements

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

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

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

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

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

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. For more information on the fair value of the System's financial instruments, see Note 4 – Cash and Investments.

Accounts Receivable

Accounts receivable consist of member deductions, federal grant reimbursements, and 3(8)c reimbursements due from other systems. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Other

Purchases and sales of securities are reflected on a trade-date basis. Realized gain or loss on sales of securities is based on average cost. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

The System presents in its Statement of Changes in Fiduciary Net Position the net appreciation (depreciation) in the fair value of its investments, which consists of the net realized gains and losses during the year and the change in unrealized appreciation and depreciation during the year on those investments.

NOTE 3 – PLAN ADMINISTRATION

The System is administered by a five-person Board of Retirement consisting of the Lawrence City Comptroller, who shall be a member ex-officio, a second member appointed by the Mayor of Lawrence, 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 appointed by the other members.

Ex Officio Member	Ramona Ceballos	Term Expires:	Indefinite
Elected Member	Diane Cockroft	Term Expires:	7/2/2028
Elected Member	Robert Wilson	Term Expires:	7/2/2028
Appointed Member	Sheryl Wright	Term Expires:	7/9/2027
Mayoral Appointment	Pasqual Ruiz	Term Expires:	Indefinite

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.

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

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 retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts in the amount of \$100 Million.

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

At December 31, 2024, the carrying amount of the System's deposits totaled \$2,347,003 and the bank balance totaled \$2,421,294. Of the bank balance, \$809,793 was covered by Federal Depository Insurance, and the remaining amount of \$1,611,509, which was the amount held in the PRIT cash fund, was uninsured.

Investments

The System's investments as of December 31, 2024, consist of \$368,605,233 in PRIT pooled funds.

100% of the Retirement System's investments are in Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. 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 PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 2.98 to 14.57 years. There is no credit quality rating for the fund.

The Administration's annual money-weighted rate of return on pension plan investments was a gain of 8.97%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested, measured monthly.

Fair Value of Investments

The System holds investments that are measured at fair value on a recurring basis. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System had \$368,605,233 PRIT investments which were valued using the net asset value (NAV) method as a practical expedient. The practical expedient is not used when the investment would be expected to sell at a value different than the NAV. There were no unfunded commitments at year end. The redemption frequency is monthly, and the notice period is 30 days.

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

NOTE 5 – MEMBERSHIP

The following table represents the System's membership at December 31, 2024:

Retirees and beneficiaries currently receiving benefits.....	950
Inactive members.....	816
Active members.....	<u>1,829</u>
Total.....	<u><u>3,595</u></u>

NOTE 6 – ACTUARIAL VALUATION

Components of the net pension liability as of December 31, 2024, were as follows:

Total pension liability.....	\$ 568,695,780
The pension plan's fiduciary net position.....	<u>(370,303,554)</u>
The net pension liability.....	<u><u>\$ 198,392,226</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	65.11%

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

The total pension liability was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement that was rolled forward to December 31, 2024:

Valuation date.....	January 1, 2024
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: a) 80% of gains and losses of the prior year, b) 60% of gains and losses of the second prior year, c) 40% of gains and losses of the third prior year, and d) 20% of gains and losses of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value. The actuarial value of assets smoothing method described here was implemented beginning with the January 1, 2022 valuation, in which the asset smoothing method was phased-in by only recognizing the 2020 and 2021 gains.
Projected salary increases.....	4.25% - 7.00%, based on service.
Payroll growth.....	3.75% per year.
Inflation.....	2.50% per year.
Investment rate of return/Discount rate...	7.00%, net of pension plan investment expense, including inflation.
Mortality Rates.....	Based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020.
Disabled Mortality Rates.....	Based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity.....	36.00%	4.61%
Core Fixed Income.....	15.00%	2.60%
Value Added Fixed Income.....	9.00%	5.30%
Private Equity.....	16.00%	7.80%
Real Estate.....	10.00%	4.10%
Timberland.....	4.00%	4.10%
Portfolio Completion Strategies.....	10.00%	4.10%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of December 31, 2024 and December 31, 2023. 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.

Lawrence Contributory Retirement System

Notes to Financial Statements

Year Ended December 31, 2024

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Lawrence Retirement System's net pension liability as of December 31, 2024.....	\$ 263,238,829	\$ 198,392,226	\$ 143,686,176

Contributions

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

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Various legal actions and claims are pending against the System. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at December 31, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at December 31, 2024.

NOTE 8 – IMPLEMENTATION OF GASB PRONOUNCEMENTS

There were no GASB pronouncements required to be implemented in 2024 that impacted the System's financial statements.

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

Required Supplementary Information

Lawrence Contributory Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios

	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
Total pension liability:										
Service cost.....	\$ 8,829,413	\$ 8,737,363	\$ 9,108,701	\$ 9,495,821	\$ 9,873,518	\$ 10,155,774	\$ 10,543,987	\$ 12,370,417	\$ 12,945,254	\$ 15,998,671
Interest.....	30,713,326	31,842,170	32,023,014	32,766,855	33,814,517	33,897,815	33,879,521	33,333,430	34,663,778	37,204,397
Changes in benefit terms.....	-	-	-	-	-	-	-	5,210,351	-	-
Differences between expected and actual experience.....	-	(11,573,571)	1,144,844	-	(5,276,740)	-	(13,283,146)	-	12,144,939	-
Changes in assumptions.....	-	-	9,356,284	-	6,640,447	-	8,496,574	-	7,217,056	-
Benefit payments.....	<u>(23,677,370)</u>	<u>(26,092,541)</u>	<u>(27,995,140)</u>	<u>(28,662,273)</u>	<u>(28,706,774)</u>	<u>(28,620,004)</u>	<u>(30,345,950)</u>	<u>(32,575,251)</u>	<u>(32,484,061)</u>	<u>(33,729,891)</u>
Net change in total pension liability.....	15,865,369	2,913,421	23,637,703	13,600,403	16,344,968	15,433,585	9,290,986	18,338,947	34,486,966	19,473,177
Total pension liability - beginning.....	<u>399,310,255</u>	<u>415,175,624</u>	<u>418,089,045</u>	<u>441,726,748</u>	<u>455,327,151</u>	<u>471,672,119</u>	<u>487,105,704</u>	<u>496,396,690</u>	<u>514,735,637</u>	<u>549,222,603</u>
Total pension liability - ending (a).....	<u>\$ 415,175,624</u>	<u>\$ 418,089,045</u>	<u>\$ 441,726,748</u>	<u>\$ 455,327,151</u>	<u>\$ 471,672,119</u>	<u>\$ 487,105,704</u>	<u>\$ 496,396,690</u>	<u>\$ 514,735,637</u>	<u>\$ 549,222,603</u>	<u>\$ 568,695,780</u>
Plan fiduciary net position:										
Employer pension appropriation.....	\$ 18,508,811	\$ 19,329,195	\$ 20,605,965	\$ 20,798,277	\$ 21,372,967	\$ 22,075,444	\$ 22,825,030	\$ 23,749,608	\$ 24,823,367	\$ 25,657,800
Member contributions.....	6,706,412	6,851,473	6,781,214	6,843,880	7,219,910	7,713,914	7,616,774	8,589,629	9,716,694	11,121,201
Net investment income (loss).....	1,013,895	13,190,264	33,087,835	(5,258,484)	35,297,869	30,834,840	56,218,505	(38,884,833)	32,839,008	30,611,356
Administrative expenses.....	(470,218)	(472,754)	(503,253)	(502,442)	(486,756)	(511,249)	(506,754)	(624,209)	(559,831)	(606,288)
Retirement benefits and refunds.....	<u>(23,677,370)</u>	<u>(26,092,541)</u>	<u>(27,995,140)</u>	<u>(28,662,273)</u>	<u>(28,706,774)</u>	<u>(28,620,004)</u>	<u>(30,345,950)</u>	<u>(32,575,251)</u>	<u>(32,484,061)</u>	<u>(33,729,891)</u>
Net increase (decrease) in fiduciary net position.....	2,081,530	12,805,637	31,976,621	(6,781,042)	34,697,216	31,492,945	55,807,605	(39,745,056)	34,335,177	33,054,178
Fiduciary net position - beginning of year.....	<u>180,578,743</u>	<u>182,660,273</u>	<u>195,465,910</u>	<u>227,442,531</u>	<u>220,661,489</u>	<u>255,358,705</u>	<u>286,851,650</u>	<u>342,659,255</u>	<u>302,914,199</u>	<u>337,249,376</u>
Fiduciary net position - end of year (b).....	<u>\$ 182,660,273</u>	<u>\$ 195,465,910</u>	<u>\$ 227,442,531</u>	<u>\$ 220,661,489</u>	<u>\$ 255,358,705</u>	<u>\$ 286,851,650</u>	<u>\$ 342,659,255</u>	<u>\$ 302,914,199</u>	<u>\$ 337,249,376</u>	<u>\$ 370,303,554</u>
Net pension liability - ending (a)-(b).....	<u>\$ 232,515,351</u>	<u>\$ 222,623,135</u>	<u>\$ 214,284,217</u>	<u>\$ 234,665,662</u>	<u>\$ 216,313,414</u>	<u>\$ 200,254,054</u>	<u>\$ 153,737,435</u>	<u>\$ 211,821,438</u>	<u>\$ 211,973,227</u>	<u>\$ 198,392,226</u>
Plan fiduciary net position as a percentage of the total pension liability.....	44.00%	46.75%	51.49%	48.46%	54.14%	58.89%	69.03%	58.85%	61.40%	65.11%
Covered-employee payroll.....	\$ 74,624,910	\$ 73,741,641	\$ 77,421,566	\$ 75,251,536	\$ 75,849,815	\$ 76,525,906	\$ 79,526,303	\$ 79,937,853	\$ 93,154,471	\$ 102,988,393
Net pension liability as a percentage of covered-employee payroll.....	311.58%	301.90%	276.78%	311.84%	285.19%	261.68%	193.32%	264.98%	227.55%	192.64%

See notes to required supplementary information.

Lawrence Contributory Retirement System

Schedule of Contributions

	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
Actuarially determined contribution.....	\$ 18,515,120	\$ 19,320,161	\$ 20,684,393	\$ 20,756,572	\$ 21,375,578	\$ 21,607,083	\$ 22,801,808	\$ 23,639,335	\$ 24,789,033	\$ 25,728,538
Contributions in relation to the actuarially determined contribution.....	(18,508,911)	(19,162,742)	(19,958,286)	(20,798,277)	(21,372,967)	(22,075,444)	(22,825,030)	(23,749,608)	24,823,367	25,657,801
Settlement of M.V.R.T.A past service cost...	-	(166,453)	(647,679)	-	-	-	-	-	-	-
Contribution deficiency (excess).....	\$ <u>6,209</u>	\$ <u>(9,034)</u>	\$ <u>78,428</u>	\$ <u>(41,705)</u>	\$ <u>2,611</u>	\$ <u>(468,361)</u>	\$ <u>(23,222)</u>	\$ <u>(110,273)</u>	\$ <u>(34,334)</u>	\$ <u>70,737</u>
Covered-employee payroll.....	\$ 74,624,910	\$ 73,741,641	\$ 77,421,566	\$ 75,251,536	\$ 75,849,815	\$ 76,525,906	\$ 79,526,303	\$ 79,937,853	\$ 93,154,471	\$ 102,988,393
Contributions as a percentage of covered-employee payroll.....	24.80%	25.99%	25.78%	27.64%	28.18%	28.85%	28.70%	29.71%	26.65%	24.91%

See notes to required supplementary information.

Lawrence Contributory Retirement System

Schedule of Investment Returns

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2024.....	8.97%
December 31, 2023.....	10.94%
December 31, 2022.....	-11.27%
December 31, 2021.....	19.69%
December 31, 2020.....	12.01%
December 31, 2019.....	16.03%
December 31, 2018.....	-2.29%
December 31, 2017.....	17.07%
December 31, 2016.....	7.53%
December 31, 2015.....	0.59%

See notes to required supplementary information.

Lawrence Contributory Retirement System

Notes to Required Supplementary Information

Year Ended December 31, 2024

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.

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.

NOTE C – MONEY WEIGHTED RATE OF RETURN

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

NOTE D – CHANGES IN ASSUMPTIONS AND PLAN PROVISIONS

Changes in Assumptions

None.

Changes in Plan Provisions

None.

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**Independent Auditors' Report On Internal Control Over Financial Reporting and
On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

To the Honorable Lawrence Retirement Board
Lawrence Contributory Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the Lawrence Contributory Retirement System (the "System"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated September 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Merrimack, NH
September 17, 2025

***Audit of Schedules of Employer Allocations
and Pension Amounts by Employer***

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**Independent Auditors' Report on the Audit of the Schedule of Employer Allocations
and Schedule of Pension Amounts by Employer**

To the Honorable Lawrence Retirement Board
Lawrence Contributory Retirement System

Opinions

We have audited the schedule of employer allocations of the Lawrence Contributory Retirement System (the "System") as of and for the year ended December 31, 2024, and the related notes. We have also audited the total for all entities of the rows titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified row totals) included in the accompanying schedule of pension amounts by employer of the System, as of and for the year ended December 31, 2024, and the related notes (collectively the "Schedules").

In our opinion, the accompanying 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, and total pension expense for the total of all participating entities of the System as of and for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules are as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with GAAS, the financial statements of the Lawrence Contributory Retirement System, as of and for the year ended December 31, 2024, and our report thereon, dated September 17, 2025, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Other Information

Management is responsible for the other information which the System has elected to present, and which accompanies the Schedules. The other information comprises additional information concerning the amounts of deferred inflows and outflows to be recognized as a component of future pension expense, discount rate sensitivity information, and covered payroll by employer, but it does not include the Schedules and our auditors' report thereon. Our opinions on the Schedules do not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the Schedules, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Schedules, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CBIZ CPAs P.C.

Merrimack, NH
September 17, 2025

Lawrence Contributory Retirement System

Schedule of Employer Allocations

For the Year Ended December 31, 2024

Employer	FY2025 Pension Fund Appropriation	Direct Appropriation E.R.I.	FY2025 Total Appropriation	Allocation Percentage
City of Lawrence.....	\$ 21,906,255	\$ 1,191,731	\$ 23,097,986	89.75%
Greater Lawrence Regional Vocational Tech....	1,471,023	53,778	1,524,801	5.94%
Lawrence Housing Authority.....	971,708	6,767	978,475	3.81%
Merrimack Valley Regional Transit Authority..	127,276	-	127,276	0.50%
Total.....	\$ 24,476,262	\$ 1,252,276	\$ 25,728,538	100.00%

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

Lawrence Contributory Retirement System

Schedule of Pension Amounts by Employer

For the Year Ended December 31, 2024

	City of Lawrence	Greater Lawrence Regional Vocational Tech	Lawrence Housing Authority	Merrimack Valley Regional Transit Authority	Totals
<u>Net Pension Liability</u>					
Beginning net pension liability.....	\$ 190,651,810	\$ 10,954,549	\$ 9,098,062	\$ 1,268,806	\$ 211,973,227
Ending net pension liability.....	\$ 178,052,171	\$ 11,790,125	\$ 7,565,802	\$ 984,128	\$ 198,392,226
<u>Deferred Outflows of Resources</u>					
Differences between expected and actual experience.....	\$ 7,166,982	\$ 474,578	\$ 304,540	\$ 39,613	\$ 7,985,713
Net difference between projected and actual investment earnings on pension plan investments.....	4,834,099	320,101	205,411	26,719	5,386,330
Changes of assumptions.....	6,214,911	411,534	264,084	34,351	6,924,880
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	659,408	1,575,331	240,259	172,968	2,647,966
Total Deferred Outflows of Resources.....	\$ 18,875,400	\$ 2,781,544	\$ 1,014,294	\$ 273,651	\$ 22,944,889
<u>Deferred Inflows of Resources</u>					
Differences between expected and actual experience.....	\$ 3,057,881	\$ 202,484	\$ 129,936	\$ 16,901	\$ 3,407,202
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	883,166	216,218	1,388,753	159,829	2,647,966
Total Deferred Inflows of Resources.....	\$ 3,941,047	\$ 418,702	\$ 1,518,689	\$ 176,730	\$ 6,055,168
<u>Pension Expense</u>					
Proportionate share of plan pension expense.....	\$ 18,807,196	\$ 1,245,361	\$ 799,158	\$ 103,950	\$ 20,955,665
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions.....	(314,282)	442,750	(178,618)	50,150	-
Total Employer Pension Expense.....	\$ 18,492,914	\$ 1,688,111	\$ 620,540	\$ 154,100	\$ 20,955,665
<u>Contributions</u>					
Actuarially determined contribution.....	\$ 23,097,986	\$ 1,524,801	\$ 978,475	\$ 127,276	\$ 25,728,538
Contribution in relation to statutory required contribution.....	(23,027,248)	(1,524,801)	(978,475)	(127,276)	(25,657,800)
Contribution deficiency/(excess).....	\$ 70,738	\$ -	\$ -	\$ -	\$ 70,738

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

Lawrence Contributory Retirement System

Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer

Year Ended December 31, 2024

NOTE I – Schedule of Employer Allocations

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

GASB Statement #68 requires the allocation of the collective pension amounts be consistent with the manner in which contributions to the plan are determined. As permissible under GASB Statement #68, The Schedule of Employer Allocations is used to demonstrate the allocation of Lawrence Contributory 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 who are employees of any government unit at the close of business on the September 30th immediately preceding the fiscal year. Accordingly, the proportionate aggregate rates of regular compensation as of the close of business on September 30, 2023, were applied to allocate the System's December 31, 2024, pension fund appropriation by 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.

NOTE II – Schedule of Pension Amounts by Employer

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

Lawrence Contributory Retirement System

Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer

Year Ended December 31, 2024

Changes of Assumptions

None.

Changes in Plan Provisions

None.

Other Information
(unaudited)

Lawrence Contributory Retirement System

Other Information - Schedule of Pension Amounts by Employer - Unaudited

For the Year Ended December 31, 2024

	City of Lawrence	Greater Lawrence Regional Vocational Tech	Lawrence Housing Authority	Merrimack Valley Regional Transit Authority	Totals
<u>Deferred Outflows/(Inflows) Recognized in</u>					
<u>Future Pension Expense</u>					
June 30, 2025.....	\$ 3,746,543	\$ 574,642	\$ (247,742)	\$ 59,151	\$ 4,132,594
June 30, 2026.....	10,391,186	1,057,084	281,023	61,554	11,790,847
June 30, 2027.....	(423,628)	232,103	(227,799)	35	(419,289)
June 30, 2028.....	1,272,185	291,461	(181,715)	3,638	1,385,569
June 30, 2029.....	(51,933)	207,552	(128,162)	(27,457)	-
Total Deferred Outflows/(Inflows) Recognized in					
Future Pension Expense.....	\$ 14,934,353	\$ 2,362,842	\$ (504,395)	\$ 96,921	\$ 16,889,721
<u>Discount Rate Sensitivity</u>					
1% decrease (6.00%).....	\$ 236,250,411	\$ 15,643,852	\$ 10,038,765	\$ 1,305,801	\$ 263,238,829
Current discount rate (7.00%).....	\$ 178,052,171	\$ 11,790,125	\$ 7,565,802	\$ 984,128	\$ 198,392,226
1% increase (8.00%).....	\$ 128,954,829	\$ 8,539,034	\$ 5,479,555	\$ 712,758	\$ 143,686,176
Covered Payroll.....	\$ 91,486,538	\$ 6,177,248	\$ 4,637,055	\$ 687,552	\$ 102,988,393
Contributions as a percentage of covered payroll.....	25.25%	24.68%	21.10%	18.51%	24.98%