

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**



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**NORFOLK COUNTY RETIREMENT SYSTEM  
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YEARS ENDED DECEMBER 31, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

Honorable Retirement Board  
Norfolk County Retirement System  
Norwood, Massachusetts

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Norfolk County 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 financial statements referred to above present fairly, in all material respects, the fiduciary net 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 Opinion***

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. 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 opinion.

#### ***Other Matter***

##### ***Prior Period Financial Statements***

The basic financial statements of the System as of December 31, 2023, were audited by other auditors whose report dated December 3, 2024, expressed an unmodified opinion on the fiduciary net position and the changes in fiduciary net position.

#### ***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.

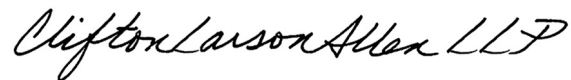
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in employer net pension liability and related ratios, schedule of employer contributions and schedule of investment returns 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 October 30, 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.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
October 30, 2025

**NORFOLK COUNTY RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2024 AND 2023**

The following discussion provides an overview and analysis of the fiduciary net position and changes in fiduciary net position of the Norfolk County Retirement System (the System or Plan) by management for the years ended December 31, 2024 and 2023. Please refer to the audited financial statements when reading this discussion.

***Overview of the Financial Statements***

The System's financial statements comprise the statements of fiduciary net position, statements of changes in fiduciary net position, notes to the financial statements and required supplementary information.

The Statements of Fiduciary Net Position present information on the System's assets and liabilities and the resulting net position restricted for pension benefits. These statements reflect the System's investments at fair value, as well as cash, receivables, and other assets and liabilities.

The Statements of Changes in Fiduciary Net Position presents information showing how the System's net position restricted for pension benefits changed during the years ended December 31, 2024 and 2023. They reflect in total the contributions by members and participating employers, along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income is also presented.

The Notes to the Financial Statements are considered an integral part of the financial statements and provide additional information that is essential for the reader to gain a full understanding of the data provided in the financial statements.

The Required Supplementary Information includes management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of investment returns, schedule of employer contributions, and related notes.

***Financial Highlights and Analysis***

- The net position restricted for pension benefits is available for payment of monthly retirement benefits and other qualified distributions to the System's participants. Net position restricted for pension benefits was \$1.5 billion at December 31, 2024 compared to \$1.4 billion at December 31, 2023. The increase in net position of \$124 million resulted primarily from an increase in the fair value of investments.

**NORFOLK COUNTY RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2024 AND 2023 (CONTINUED)**

The following tables present the current and prior year condensed data on the System's financial statements:

|   | <u>2024</u>                    | <u>2023</u>                    |
|---|--------------------------------|--------------------------------|
| <b>FIDUCIARY NET POSITION</b>                                       |                                |                                |
| <b>ASSETS</b>   |                                |                                |
| Cash and Cash Equivalents   | \$ 48,813,726                  | \$ 22,130,436                  |
| Investments   | 1,456,717,176                  | 1,359,240,762                  |
| Receivables   | <u>7,051,311</u>               | <u>7,977,658</u>               |
| Total Assets  | <u>1,512,582,213</u>           | <u>1,389,348,856</u>           |
| <b>LIABILITIES</b>  |                                |                                |
| Accounts Payable  | <u>2,511,025</u>               | <u>3,459,371</u>               |
| <b>NET POSITION</b>   |                                |                                |
| Net Position Restricted for Pensions                                | <u><u>1,510,071,188</u></u>    | <u><u>1,385,889,485</u></u>    |
| <b>CHANGES IN FIDUCIARY NET POSITION</b>                            |                                |                                |
| <b>ADDITIONS</b>  |                                |                                |
| Contributions   | \$ 145,825,661                 | \$ 138,986,084                 |
| Net Investment Income   | 123,508,092                    | 123,055,801                    |
| Other   | <u>3,787,317</u>               | <u>3,790,053</u>               |
| Total Additions (Deductions)  | 273,121,070                    | 265,831,938                    |
| <b>DEDUCTIONS</b>   |                                |                                |
| Benefits Paid   | 130,451,459                    | 124,331,568                    |
| Other   | <u>18,487,908</u>              | <u>16,262,207</u>              |
| Total Deductions  | <u>148,939,367</u>             | <u>140,593,775</u>             |
| <b>CHANGE IN NET POSITION</b>                                       | 124,181,703                    | 125,238,163                    |
| Net Position Restricted for Pension Benefits - Beginning of Year    | <u>1,385,889,485</u>           | <u>1,260,651,322</u>           |
| <b>NET POSITION RESTRICTED FOR PENSION BENEFITS<br/>END OF YEAR</b> | <u><u>\$ 1,510,071,188</u></u> | <u><u>\$ 1,385,889,485</u></u> |

**NORFOLK COUNTY RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2024 AND 2023 (CONTINUED)**

***Norfolk County Retirement System 2024 Performance Summary***

- The Norfolk County Retirement System (Norfolk) investment portfolio for 2024 had a net return of 8.8%. This performance underperformed the Primary Investment Policy Benchmark, which returned 9%.
- Domestic Equity managers represented 32.3% of the portfolio as of December 31, 2024. Approximately 46% of the domestic equity assets were allocated to large capitalization equity mandates and the remaining assets were allocated to mid and small capitalization managers. Domestic equities had a net return of 16.11% for 2024 and underperformed the Russell 3000 index which returned 23.8%.
- International Equity managers represented 14.3% of the portfolio as of December 31, 2024. Approximately 68% of the international equity assets were allocated to developed markets and the remaining to emerging markets. The international equity portfolio returned 5.5%, which outperformed the MSCI AC World ex U.S. (NET) benchmark return, which returned 3.9 %.
- Domestic Fixed Income Managers represented 21.4% of the portfolio as of December 31, 2024. The overall net return for these managers was 4.6% for the year, which exceeded the return of the Barclays Aggregate Bond Index, which returned 1.3%.
- Real Estate investment managers experienced net loss of 11.7% in 2024 and represented 5% of the total portfolio as of year-end 2024. The System's real estate exposure is comprised of core, value-add and opportunistic investment strategies. The real estate portfolio underperformed the NCREIF Property Index which increased 0.5% in 2024.
- Private Equity had a net return of 8.2% in 2024 and represented 9.8% of the total portfolio as of year-end 2024. Norfolk's private equity portfolio outperformed the Cambridge Associates U.S. Private Equity index, which increased 6%.
- Hedge Funds had a net return of 13.1% in 2024, which outperformed the HFRI Hedge Fund-of-Funds Composite Index, which increased 9.2%. Hedge funds represented 11.8% of the System's assets as of December 31, 2024.
- Real Assets represented 2.6% of the portfolio as of December 31, 2024. Norfolk's real asset investment managers had a net return of 7.6% in 2023, which underperformed the Real Assets Index benchmark of 8.3%.



**NORFOLK COUNTY RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2024 AND 2023 (CONTINUED)**

***Norfolk County Retirement System 2023 Performance Summary***

- The Norfolk County Retirement System (Norfolk) investment portfolio for 2023 had a net return of 9.9%. This performance underperformed the Primary Investment Policy Benchmark, which returned 11.1%.
- Domestic Equity managers represented 33.2% of the portfolio as of December 31, 2023. Approximately 46% of the domestic equity assets were allocated to large capitalization equity mandates and the remaining assets were allocated to mid and small capitalization managers. Domestic equities had a net return of 20.7% for 2023 and underperformed the Russell 3000 index which returned 26%.
- International Equity managers represented 14.9% of the portfolio as of December 31, 2023. Approximately 69% of the international equity assets were allocated to developed markets and the remaining to emerging markets. The international equity portfolio returned 12.7%, which underperformed the MSCI AC World ex U.S. (NET) benchmark return, which returned 14.3%.
- Domestic Fixed Income Managers represented 20.5% of the portfolio as of December 31, 2023. The overall net return for these managers was 8.7% for the year, which exceeded the return of the Barclays Aggregate Bond Index, which returned 5.5%.
- Real Estate investment managers had net return fell 21% in 2023 and represented 6% of the total portfolio as of year-end 2023. Norfolk's real estate exposure is comprised of core, value-add and opportunistic investment strategies. The real estate portfolio underperformed the NCREIF Property Index that fell 7.9% in 2023.
- Private Equity had a net return of 4.5% in 2023 and represented 10.3% of the total portfolio as of year-end 2023. Norfolk's private equity portfolio underperformed the Cambridge Associates U.S. Private Equity index, which increased 6.1%.
- Hedge Funds had a net return of 9.7% in 2023, which outperformed the HFRI Hedge Fund-of-Funds Composite Index, which increased 6.1%. Hedge funds represented 11.4% of the plan assets as of year-end 2023.
- Real Assets represented 2.6% of the portfolio as of December 31, 2023. Norfolk's real asset investment managers had a net return of 10.8% in 2023, which outperformed the Real Assets Index benchmark of 8.2%.

**Other Information**

This financial report is designed to provide a general overview of the System's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Norfolk County Retirement Board, 720 University Ave Suite 120, Norwood, MA 02062.

**NORFOLK COUNTY RETIREMENT SYSTEM  
STATEMENTS OF FIDUCIARY NET POSITION  
DECEMBER 31, 2024 AND 2023**

|   | 2024                    | 2023                    |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>                                       |                         |                         |
| Cash and Cash Equivalents                           | \$ 48,813,726           | \$ 22,130,436           |
| Total Cash and Cash Equivalents                     | <u>48,813,726</u>       | <u>22,130,436</u>       |
| Investments:  |                         |                         |
| Equities  | 272,364,588             | 219,718,366             |
| Fixed Income  | 143,115,461             | 114,543,034             |
| Pooled Funds:                                       |                         |                         |
| Equity  | 423,738,937             | 438,650,866             |
| Fixed Income  | 176,553,942             | 167,081,581             |
| Private Equity                                      | 187,166,684             | 178,087,633             |
| Real Estate   | 76,133,714              | 83,524,896              |
| Hedge   | 177,643,850             | 157,634,386             |
| Total Investments at Fair Value                     | <u>1,456,717,176</u>    | <u>1,359,240,762</u>    |
| Receivables:  |                         |                         |
| Member Contributions                                | 1,768,664               | 2,005,994               |
| Intergovernmental                                   | 2,214,964               | 2,848,889               |
| Interest and Dividend Income Due                    | 2,300,221               | 1,760,868               |
| Receivable for Investments Sold                     | 762,661                 | 1,358,907               |
| Miscellaneous                                       | 4,801                   | 3,000                   |
| Total Receivables                                   | <u>7,051,311</u>        | <u>7,977,658</u>        |
| Total Assets  | 1,512,582,213           | 1,389,348,856           |
| <b>LIABILITIES</b>                                  |                         |                         |
| Accounts Payable                                    | 1,046,728               | 788,973                 |
| Payable for Investments Purchased                   | <u>1,464,297</u>        | <u>2,670,398</u>        |
| Total Liabilities                                   | <u>\$ 2,511,025</u>     | <u>\$ 3,459,371</u>     |
| <b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b> | <u>\$ 1,510,071,188</u> | <u>\$ 1,385,889,485</u> |

See accompanying Notes to Financial Statements.

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**DECEMBER 31, 2024 AND 2023**

|  | <u>2024</u>                    | <u>2023</u>                    |
|--|--------------------------------|--------------------------------|
| <b>ADDITIONS</b>   |                                |                                |
| Contributions:   |                                |                                |
| Employer   | \$ 101,143,371                 | \$ 97,107,703                  |
| Member   | 44,682,290                     | 41,878,381                     |
| Total Contributions  | <u>145,825,661</u>             | <u>138,986,084</u>             |
| Investment Income  |                                |                                |
| Net Change in Fair Value of Investments                          | 118,380,303                    | 119,207,738                    |
| Interest and Dividends   | <u>14,962,487</u>              | <u>12,826,044</u>              |
| Total Investment Expenses  | 133,342,790                    | 132,033,782                    |
| Less: Investment Expenses  | <u>(9,834,698)</u>             | <u>(8,977,981)</u>             |
| Net Investment Income  | <u>123,508,092</u>             | <u>123,055,801</u>             |
| Other  | <u>3,787,317</u>               | <u>3,790,053</u>               |
| Total Additions  | 273,121,070                    | 265,831,938                    |
| <b>DEDUCTIONS</b>  |                                |                                |
| Benefits Paid  | \$ 130,451,459                 | \$ 124,331,568                 |
| Refunds of Contributions   | 3,785,906                      | 2,717,001                      |
| Transfers and Reimbursements to Other Systems                    | 12,473,576                     | 11,944,317                     |
| Administrative Expenses  | <u>2,228,426</u>               | <u>1,600,889</u>               |
| Total Deductions   | <u>148,939,367</u>             | <u>140,593,775</u>             |
| <b>CHANGE IN NET POSITION</b>                                    | 124,181,703                    | 125,238,163                    |
| Net Position Restricted for Pension Benefits - Beginning of Year | <u>1,385,889,485</u>           | <u>1,260,651,322</u>           |
| <b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>              |                                |                                |
| <b>END OF YEAR</b>   | <u><u>\$ 1,510,071,188</u></u> | <u><u>\$ 1,385,889,485</u></u> |

See accompanying Notes to Financial Statements.

**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 1 PLAN DESCRIPTION**

The Norfolk County Retirement System (the System or Plan) was established in 1937 to provide retirement benefits to eligible employees of its member employers. The System is governed by a five-member retirement board who establishes the policies under which the System operates. Board members also approve all financial transactions of the System, including the approval of retirement benefits to members. The day-to-day operations of the System are managed by an Executive Director. The legislative oversight body for the System is an Advisory Council consisting of full-time treasurers or other qualified officials of the member units. The Advisory Council meets at least twice annually and is responsible for supervising and certifying the procedures involved in the election of members to the retirement board.

The System is a cost-sharing multiple-employer contributory defined benefit governmental pension plan established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts (MGL) covering all employees of governmental member units deemed eligible by the Board. The System is a member of the Massachusetts Association of Contributory Retirement Systems and is governed by Chapter 32 of MGL. The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for the regulation of the Commonwealth's public retirement systems.

**Membership**

Membership in the Plan is mandatory immediately upon the commencement of employment for all permanent employees (excluding teachers) regularly scheduled to work 20 hours or more per week. The pensions of school department employees who serve in a teaching capacity are administered by the Commonwealth of Massachusetts Teachers' Retirement System.

As of December 31, 2024 and 2023, the System's membership was comprised as follows:

|  | <u>2024</u>          | <u>2023</u>          |
|--|----------------------|----------------------|
| Retirees and beneficiaries   | 3,958                | 3,953                |
| Active members   | 6,206                | 7,119                |
| Inactive members with vested benefits or entitlement to refund of their contributions. | <u>3,164</u>         | <u>3,799</u>         |
| Total  | <u><u>13,328</u></u> | <u><u>14,871</u></u> |
| Member employers   | 42                   | 42                   |

**Benefits**

Massachusetts contributory retirement system benefits are, with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, the retirement allowance benefits are based on 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.

**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 1 PLAN DESCRIPTION (CONTINUED)**

**Benefits (Continued)**

There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical, administrative, technical and not otherwise classified positions. Group 2 consists of positions that have been specified as hazardous. Group 4 consists of police officers, firefighters, and other hazardous positions.

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

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

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

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, with at least ten years of creditable service, such employees are entitled to receive one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

**Contributions**

Active members contribute between 5 and 9% of their gross regular compensation. Members joining the System after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by PERAC's actuary. When a member's retirement becomes effective, their 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 MGL during those years are borne by the Commonwealth and are deposited into the Pension Fund.

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 PLAN DESCRIPTION (CONTINUED)**

Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System. The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment.

**Administrative Expenses**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Financial Statement Presentation**

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**Cash and Cash Equivalents**

Cash and cash equivalents are considered to cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

**Investments**

Investments are reported at fair value. Fair values of securities held directly are based on quotations from national securities exchanges, except for pooled funds, alternative investments, real estate, and hedge funds, for which fair values are estimated as detailed below.

*Pooled Equity and Fixed Income Funds* – The fair value of shares in managed investment pools is based on unit values reported by the managers of those respective funds.

**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

*Pooled Private Equity Funds* – Pooled private equity funds include holdings through equity interests in various limited partnerships. These investments are carried at the limited partnership interest or redemption value, the equivalent of net asset value, which approximates fair value. Values assigned to such investments are based on available information and do not necessarily represent amounts that may ultimately be realized in liquidation. Liquidation values depend largely on future circumstances, including marketability, and frequently cannot reasonably be estimated until at, or near, the liquidation date.

*Pooled Real Estate Funds* – Real estate investments consist of interests in commercial properties held by various partnerships and other limited liability entities, some of which utilize debt financing. Fair values of such holdings are reported based on net asset values of the entities, which are estimated using third- party appraisals and other information provided by the property managers.

*Pooled Hedge Funds* – The fair value of shares in managed hedge funds is based on unit values reported by the managers of those respective funds.

**Investments Sold and Investments Purchased**

Receivables for investments sold represent amounts due from brokers for unsettled security sales transactions at year-end. Liabilities for investments purchased represent amounts due to brokers for unsettled purchases at year-end.

**Revenue Recognition**

Contributions are recognized as additions in the period when they become due pursuant to formal statutory obligations. Investment income is recognized when earned.

**Benefit Payments and Refunds of Contributions**

Benefits and refunds to Plan members and beneficiaries are recognized as expenses when due and payable in accordance with the terms of the Plan.

**Intergovernmental, Reimbursements and Transfers to/from Other Systems**

When members transfer to or from other Massachusetts public retirement systems, their cumulative contributions are transferred from the prior employer to the respective Massachusetts public retirement system, and are recognized as receipts or expenses when paid.

**Net Position**

Net position is typically comprised of three components: net investment in capital assets, restricted, and unrestricted. *Restricted net position* is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments. The System's net position is reported as *restricted for pension benefits* in accordance with MGL Ch. 32.

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP), requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from estimates. Fair values of real estate, alternative investment and hedge fund holdings are generally estimated absent readily available market values, and such estimates may be materially different from values that would have been used if a ready market existed.

**NOTE 3 CUSTODIAL CREDIT RISK – DEPOSITS**

Custodial credit risk is the risk that in the event of bank failure, the System's deposits may not be returned. The System carries deposits that are insured by FDIC insurance up to \$250,000 per financial institution. The System evaluates each financial institution and assesses the level of risk of each institution and only uses those institutions with an acceptable level of risk. As of December 31, 2024, the System's bank balance of deposits of \$7,816,220 was not exposed to custodial credit risk. At December 31, 2024, the System's carrying value of deposits was \$6,440,035.

**NOTE 4 INVESTMENTS**

**Investment Policy**

The provisions of M.G.L. Chapter 32 § 23 (2) and the System's investment policy govern its investment practice. The retirement board retains an investment consultant to assure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies. The System invests in stocks (domestic and foreign), fixed income securities (domestic and foreign), private equity, real estate and hedge funds.

**Custodial Credit Risk - Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System would not be able to recover the value of investment or securities.

All of the System's securities are held by the System's custodial bank in the System's name, except for investments in pooled funds, which by their nature, do not have securities that are used as evidence of the investment.



**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

The following is a listing of the System's fixed income investments (in thousands) and related maturity schedule (in years) as of December 31, 2024 and 2023:

| INVESTMENT TYPE | 2024                |                     |                  |                  |                  |
|-----------------|---------------------|---------------------|------------------|------------------|------------------|
|                 | Fair Value          | Less than 1         | 1 - 5            | 6 - 10           | More than 10     |
| U.S. Agencies   | \$ 70,274           | \$ -                | \$ 3,431         | \$ 3,583         | \$ 63,260        |
| Corporate Bonds | 72,841              | -                   | 23,198           | 14,517           | 35,126           |
| Equities        | 272,365             | 272,365             | -                | -                | -                |
| Pooled Funds    | 1,041,237           | 1,041,237           | -                | -                | -                |
| Total           | <u>\$ 1,456,717</u> | <u>\$ 1,313,602</u> | <u>\$ 26,629</u> | <u>\$ 18,100</u> | <u>\$ 98,386</u> |

| INVESTMENT TYPE | 2023                |                     |                  |                  |                  |
|-----------------|---------------------|---------------------|------------------|------------------|------------------|
|                 | Fair Value          | Less than 1         | 1 - 5            | 6 - 10           | More than 10     |
| U.S. Agencies   | \$ 57,634           | \$ -                | \$ 7,365         | \$ 4,586         | \$ 45,683        |
| Corporate Bonds | 56,909              | 1,266               | 15,804           | 12,000           | 27,839           |
| Equities        | 219,718             | 219,718             | -                | -                | -                |
| Pooled Funds    | 1,024,980           | 1,024,980           | -                | -                | -                |
| Total           | <u>\$ 1,359,241</u> | <u>\$ 1,245,964</u> | <u>\$ 23,169</u> | <u>\$ 16,586</u> | <u>\$ 73,522</u> |

The System's guidelines do not specifically address limits on maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The managers of each fixed income portfolio are responsible for determining the maturity and commensurate returns of their portfolio.

**Credit Risk**

The System allows investment managers to apply discretion under the Prudent Person rule. Investments are made, as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments.

The System's fixed income investments as of December 31, 2024 and 2023 and their the ratings are presented below (in thousands) using the Standard & Poor's, a nationally recognized statistical rating organization, rating scale:

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

| Investments in Debt Securities - 2024 |                  |                  |                   |
|---------------------------------------|------------------|------------------|-------------------|
| Credit Rating                         | U.S. Agencies    | Corporate Bonds  | Pooled Funds      |
| AAA                                   | \$ 70,274        | \$ 6,043         | \$ -              |
| AA                                    | -                | 51               | -                 |
| A                                     | -                | 6,194            | -                 |
| BBB                                   | -                | 30,862           | -                 |
| BB                                    | -                | 5,543            | -                 |
| B                                     | -                | 231              | -                 |
| CC to D                               | -                | -                | -                 |
| Not Rated                             | -                | 23,917           | 176,554           |
| Fair Value                            | <u>\$ 70,274</u> | <u>\$ 72,841</u> | <u>\$ 176,554</u> |

| Investments in Debt Securities - 2023 |                  |                  |                   |
|---------------------------------------|------------------|------------------|-------------------|
| Credit Rating                         | U.S. Agencies    | Corporate Bonds  | Pooled Funds      |
| AAA                                   | \$ 57,634        | \$ 3,189         | \$ -              |
| AA                                    | -                | 492              | -                 |
| A                                     | -                | 8,139            | -                 |
| BBB                                   | -                | 26,318           | -                 |
| BB                                    | -                | 4,435            | -                 |
| B                                     | -                | 289              | -                 |
| CC to D                               | -                | 272              | -                 |
| Not Rated                             | -                | 13,775           | 167,082           |
| Fair Value                            | <u>\$ 57,634</u> | <u>\$ 56,909</u> | <u>\$ 167,082</u> |

**Concentration Risk**

The System adheres to the provisions of MGL Chapter 32 § 23, the rules and regulations of PERAC, and its investment policy when managing concentration risk. The System was not subject to concentration of credit risk as of December 31, 2024 nor 2023 as no applicable investment within a single issuer exceeded 5% of the System's total investments.

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS (CONTINUED)**

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Similar to the investments in domestic equities, the System employs or encourages its investment advisor to employ diversification, asset allocation, and quality strategies. Risk of loss arises from changes in currency exchange rates. The System's exposure to foreign currency risk as of December 31, 2024 and 2023 is presented on the following tables (in thousands):

|  |    | 2024                            |           |                 |                 |           |
|--|----|---------------------------------|-----------|-----------------|-----------------|-----------|
|  |    | Cash and<br>Cash<br>Equivalents | Equity    | Fixed<br>Income | Pooled<br>Funds | Total     |
| <b>CURRENCY</b>                                      |    |                                 |           |                 |                 |           |
| British Pound Sterling                               | \$ | -                               | \$ 14,009 | \$ -            | \$ -            | \$ 14,009 |
| Canadian Dollar                                      | -  | -                               | 2,329     | -               | -               | 2,329     |
| Danish Kroner  | -  | -                               | 2,792     | -               | -               | 2,792     |
| Euro Currency  | -  | -                               | 41,066    | -               | -               | 41,066    |
| Hong Kong Dollar                                     | -  | -                               | 1,542     | -               | -               | 1,542     |
| Japanese Yen   | -  | -                               | 18,319    | -               | -               | 18,319    |
| Singapore Dollar                                     | -  | -                               | 1,844     | -               | -               | 1,844     |
| Swiss Franc  | -  | -                               | 15,051    | -               | -               | 15,051    |
| Total Securities Subject to<br>Foreign Currency Risk | \$ | -                               | \$ 96,952 | \$ -            | \$ -            | \$ 96,952 |

|  |    | 2023                            |           |                 |                 |            |
|--|----|---------------------------------|-----------|-----------------|-----------------|------------|
|  |    | Cash and<br>Cash<br>Equivalents | Equity    | Fixed<br>Income | Pooled<br>Funds | Total      |
| <b>CURRENCY</b>                                      |    |                                 |           |                 |                 |            |
| Australian Dollar                                    | \$ | -                               | \$ -      | \$ -            | \$ 16           | \$ 16      |
| Brazilian Real                                       | -  | -                               | -         | -               | 130             | 130        |
| British Pound Sterling                               | -  | -                               | 16,277    | -               | 1,721           | 17,998     |
| Canadian Dollar                                      | -  | -                               | 5,153     | -               | 115             | 5,268      |
| Danish Kroner  | -  | -                               | 507       | -               | -               | 507        |
| Euro Currency  | -  | -                               | 34,581    | -               | 26,987          | 61,568     |
| Hong Kong Dollar                                     | -  | -                               | 1,619     | -               | -               | 1,619      |
| Japanese Yen   | -  | -                               | 19,465    | -               | 39              | 19,504     |
| Singapore Dollar                                     | -  | -                               | 1,157     | -               | -               | 1,157      |
| South Korean Won                                     | -  | -                               | -         | -               | 22              | 22         |
| Swedish Krona  | -  | -                               | -         | -               | 9               | 9          |
| Swiss Franc  | -  | -                               | 13,498    | -               | -               | 13,498     |
| Total Securities Subject to<br>Foreign Currency Risk | \$ | -                               | \$ 92,257 | \$ -            | \$ 29,039       | \$ 121,296 |

**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS**

**Fair Value Disclosures**

The System's investments are measured and reported at fair value. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

*Level 1* – Inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets that can be accessed at the measurement date.

*Level 2* – Inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

*Level 3* – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest to Level 3 inputs.

In certain instances, where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present a summary of the fair value hierarchy of investments and short-term holdings that are measured at fair value on a recurring basis at December 31, 2024 and 2023 (in thousands):

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS (CONTINUED)**

| 2024  |               |   |   |  |
|---|---------------|---|---|--|
|   | Total         | Quoted<br>Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments by Fair Value Level:                  |               |   |   |  |
| Equities:   |               |   |   |  |
| Equity Securities                                 | \$ 272,365    | \$ 272,365  | \$ -  | \$ -   |
| Fixed Income:                                     |               |   |   |  |
| Corporate bonds                                   | 72,841        | -   | 72,841  | -  |
| Government Issues                                 | 70,274        | 25,997  | 44,277  | -  |
| Total Fixed Income                                | 143,115       | 25,997  | 117,118   | -  |
| Total Investments by Fair Value<br>Level          | 415,480       | \$ 298,362  | \$ 117,118  | \$ -   |
| Investments Measured at Net<br>Asset Value (NAV): |               |   |   |  |
| Pooled Equity Funds                               | \$ 423,739    |   |   |  |
| Pooled Fixed Income Funds                         | 176,554       |   |   |  |
| Pooled Private Equity Funds                       | 187,167       |   |   |  |
| Pooled Real Estate Funds                          | 76,134        |   |   |  |
| Pooled Hedge Funds                                | 177,644       |   |   |  |
| Total Investments Measured at NAV                 | 1,041,238     |   |   |  |
| Short-Term Investment Funds                       | 42,325        |   |   |  |
| Total Investments Measured<br>at Fair Value       | \$ 1,499,043  |   |   |  |
|   | Fair<br>Value | Unfunded<br>Commitments   | Redemption<br>Frequency                                   | Redemption<br>Notice<br>Period (Days)              |
| Pooled Equity Funds                               | \$ 423,739    | \$ -  | Daily   | 1  |
| Pooled Fixed Income Funds                         | 176,554       | -   | Daily   | 1  |
| Pooled Private Equity Funds                       | 187,167       | 78,788  | (1)   | (1)  |
| Pooled Real Estate Funds                          | 76,134        | 11,129  | (2)   | (2)  |
| Pooled Hedge Funds                                | 177,644       | 488   | (3)   | (3)  |
| Total Investments<br>Measured at NAV              | \$ 1,041,238  |   |   |  |

**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS (CONTINUED)**

- (1) *Private Equity* – This investment type includes investments in twenty-two (22) private equity funds that invest primarily in private domestic and international companies of diversified industries. The fair value measurements of this type have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. Approximately 21% of the investments consist of one fund that can be redeemed as soon as practicable after the net asset value of the units as of the withdrawal date has been determined. The remainder of the investments cannot be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the fund will be liquidated over the next 1 to 12 years.
- (2) *Real Estate* – This investment type consists of twelve (12) funds that invest in real estate. The fair value measurements of this type have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. Approximately 22% of the investments consist of one fund that can be redeemed monthly with three business days' notice before the end of the month. The remainder of the investments cannot be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 10 years.
- (3) *Hedge Funds* – This investment type includes investments in four funds that invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts. Approximately 94% of the investments consist of two funds that can be redeemed on a quarterly basis; subject to gated redemption structures unique to each investment. The remainder of the investments cannot be redeemed. Distributions from the funds will be received as the underlying investments of the funds are liquidated. It is expected the funds will be liquidated over the next 5 years.

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS (CONTINUED)**

|   | 2023         |   |   |  |
|---|--------------|---|---|--|
|   | Total        | Quoted<br>Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments by Fair Value Level:                  |              |   |   |  |
| Equities:   |              |   |   |  |
| Equity Securities                                 | \$ 219,718   | \$ 219,718  | \$ -  | \$ -   |
| Fixed Income:                                     |              |   |   |  |
| Corporate bonds                                   | 56,909       | -   | 56,909  | -  |
| Government Issues                                 | 57,634       | 12,340  | 45,294  | -  |
| Total Fixed Income                                | 114,543      | 12,340  | 102,203   | -  |
| Total Investments by Fair Value<br>Level          | 334,261      | \$ 232,058  | \$ 102,203  | \$ -   |
| Investments Measured at Net<br>Asset Value (NAV): |              |   |   |  |
| Pooled Equity Funds                               | \$ 438,651   |   |   |  |
| Pooled Fixed Income Funds                         | 167,082      |   |   |  |
| Pooled Private Equity Funds                       | 178,088      |   |   |  |
| Pooled Real Estate Funds                          | 83,525       |   |   |  |
| Pooled Hedge Funds                                | 157,634      |   |   |  |
| Total Investments Measured at NAV                 | 1,024,980    |   |   |  |
| Short-Term Investment Funds                       | 16,792       |   |   |  |
| Total Investments Measured<br>at Fair Value       | \$ 1,376,033 |   |   |  |

Reconciliation of Total Investments Measured at Fair Value (listed above) to the Statement of Fiduciary Net Position (in thousands):

|  | 2024         | 2023         |
|--|--------------|--------------|
| Total Investments Measured at Fair Value per FVM   | \$ 1,499,043 | \$ 1,376,033 |
| Short-Term Investment Funds Classified as Cash<br>and Cash Equivalents on Statement of Fiduciary<br>Net Position | (42,325)     | (16,792)     |
| Total Investments on Statement of Fiduciary<br>Net Position  | \$ 1,456,718 | \$ 1,359,241 |

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 FUNDING POLICY**

Participating employers are required to pay into the System their share of the remaining actuarially determined contribution and plan administration costs, which are apportioned among the participating employers based on an actuarial computation.

The participating employers' budgeted contributions to the System for the employer fiscal years ended June 30, 2025 and 2024 were as follows (in thousands):

|                                      | <u>2025</u> | <u>2024</u> |
|--------------------------------------|-------------|-------------|
| Town of Avon                         | \$ 1,998    | \$ 1,881    |
| Avon Housing Authority               | 12          | 14          |
| Town of Bellingham                   | 4,411       | 4,240       |
| Bellingham Housing Authority         | 31          | 25          |
| Town of Canton                       | 7,707       | 7,456       |
| Canton Housing Authority             | 137         | 129         |
| Town of Cohasset                     | 3,647       | 3,542       |
| Cohasset Housing Authority           | 4           | 3           |
| Norfolk County                       | 5,515       | 4,829       |
| Charles River Pollution Control      | 172         | 183         |
| Town of Dover                        | 1,799       | 1,730       |
| Dover-Sherborn Regional High School  | 962         | 956         |
| Town of Foxboro                      | 6,565       | 6,227       |
| Foxboro Housing Authority            | 109         | 123         |
| Town of Franklin                     | 8,037       | 7,642       |
| Franklin Housing Authority           | 129         | 124         |
| Town of Holbrook                     | 3,230       | 3,047       |
| Holbrook Housing Authority           | 49          | 52          |
| King Philip Regional School District | 1,044       | 1,063       |



**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 FUNDING POLICY (CONTINUED)**

|                                   | <u>2025</u>       | <u>2024</u>      |
|-----------------------------------|-------------------|------------------|
| Town of Medfield                  | \$ 3,499          | \$ 3,358         |
| Medfield Housing Authority        | 5                 | 2                |
| Town of Medway                    | 3,804             | 3,778            |
| Medway Housing Authority          | 121               | 114              |
| Metacomet Emergency Communication | 394               | 468              |
| Town of Millis                    | 2,734             | 2,763            |
| Millis Housing Authority          | 69                | 66               |
| Town of Norfolk                   | 3,209             | 3,137            |
| Norfolk Housing Authority         | 42                | 36               |
| Norfolk Mosquito Control          | 229               | 236              |
| Town of Plainville                | 2,413             | 2,297            |
| Town of Randolph                  | 8,396             | 7,980            |
| Randolph Housing Authority        | 110               | 107              |
| Town of Sharon                    | 6,013             | 5,596            |
| Sharon Housing Authority          | 40                | 43               |
| Town of Stoughton                 | 8,592             | 8,106            |
| Stoughton Housing Authority       | 127               | 131              |
| Town of Walpole                   | 7,040             | 6,847            |
| Walpole Housing Authority         | 80                | 73               |
| Town of Westwood                  | 6,846             | 6,806            |
| Town of Wrentham                  | 2,999             | 2,943            |
| Wrentham Housing Authority        | 35                | 32               |
| Dedham Westwood Water District    | 589               | 629              |
| Total                             | <u>\$ 104,969</u> | <u>\$ 98,814</u> |

**NOTE 6 NET PENSION LIABILITY**

The components of the net pension liability of the System as of December 31, 2024 and 2023, are as follows:

|   | <u>2024</u>            | <u>2023</u>            |
|---|------------------------|------------------------|
| Total Pension Liability   | \$ 2,152,078,731       | \$ 2,081,210,309       |
| Fiduciary Net Position  | <u>(1,510,071,188)</u> | <u>(1,385,889,485)</u> |
| System's Net Pension Liability                                    | <u>\$ 642,007,543</u>  | <u>\$ 695,320,824</u>  |
| Fiduciary Net Position as a Percentage of Total Pension Liability | 70.17%                 | 66.59%                 |

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 NET PENSION LIABILITY (CONTINUED)**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2024. The following actuarial assumptions were applied to all periods included in the measurement:

|                            |   |
|----------------------------|---|
| Actuarial Cost Method      | Entry Age Normal Cost Method  |
| Amortization Method        | Open-Level Percent of Payroll   |
| Asset Valuation Method     | Market Value  |
| Investment Rate of Return  | 7.625 %   |
| Projected Salary Increases | 3.5% - 8.0%   |
| Inflation                  | 2.750 %   |
| Cost of Living Increases   | 3.00% of first \$20,000 of Retirement Income.   |
| Mortality Table            | Pub-2010 Public Retirement Plans Mortality Tables Report from the Society of Actuaries dated January 2019; amount-weighted and projected generationally with Scale MP-2021. |

The long term expected rate of return on System's investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

| ASSET CLASS            | Target Allocation |         | Long-Term Expected Real Rate of Return |       |
|------------------------|-------------------|---------|--|-------|
|                        | 2024              | 2023    | 2024                                   | 2023  |
| Domestic Equity        | 30.5 %            | 30.5 %  | 7.3 %                                  | 7.3 % |
| International Equities | 15.5              | 15.5    | 8.0                                    | 7.9   |
| Fixed Income           | 20.5              | 20.5    | 4.9                                    | 4.9   |
| Real Estate            | 9.5               | 9.5     | 7.0                                    | 7.0   |
| Private Equity         | 10.0              | 10.0    | 10.2                                   | 10.2  |
| Hedge Funds            | 11.5              | 11.5    | 8.6                                    | 8.6   |
| Real Assets            | 2.5               | 2.5     | 8.9                                    | 8.9   |
| Total                  | 100.0 %           | 100.0 % |  |       |

The annual money-weighted rate of return on investments, net of investment expense was 8.91% and 9.90% for the years ended December 31, 2024 and 2023, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 6 NET PENSION LIABILITY (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability as of December 31, 2024 and 2023 was 7.625%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the Plan reaches full funding status by 2040.

Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the System as of December 31, 2024 and 2023. For 2024 and 2023, the net pension liability was calculated using the discount rate of 7.625%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

|                                | 2024                    |                                   |                         |
|--------------------------------|-------------------------|-----------------------------------|-------------------------|
|                                | 1% Decrease<br>(6.625%) | Current Discount<br>Rate (7.625%) | 1% Increase<br>(8.625%) |
| System's Net Pension Liability | \$ 869,874,461          | \$ 642,007,543                    | \$ 448,398,263          |
|                                | 2023                    |                                   |                         |
|                                | 1% Decrease<br>(6.625%) | Current Discount<br>Rate (7.625%) | 1% Increase<br>(8.625%) |
| System's Net Pension Liability | \$ 916,433,023          | \$ 695,320,824                    | \$ 507,450,952          |

**NOTE 7 RISK MANAGEMENT**

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System carries commercial insurance for all such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN YEARS**

|  | 2024                  | 2023                  | 2022                  | 2021                  | 2020                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>TOTAL PENSION LIABILITY</b>   |                       |                       |                       |                       |                       |
| Service Cost   | \$ 44,796,091         | \$ 41,192,753         | \$ 39,418,902         | \$ 38,807,940         | \$ 37,495,594         |
| Interest on Liability and Service Cost                                   | 156,617,380           | 140,425,062           | 137,049,010           | 131,012,909           | 127,157,996           |
| Difference Between Actual and Expected Experience                        | -                     | 51,808,503            | -                     | 33,610,962            | -                     |
| Assumption Changes   | -                     | 147,833,624           | -                     | -                     | -                     |
| Change in Plan Provisions  | 16,165,892            | -                     | -                     | -                     | -                     |
| Benefit Payments, Including Refunds of Contributions                     | (146,710,941)         | (138,992,886)         | (130,524,733)         | (121,950,438)         | (110,709,576)         |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>                             | 70,868,422            | 242,267,056           | 45,943,179            | 81,481,373            | 53,944,014            |
| Total Pension Liability - Beginning of Year                              | 2,081,210,309         | 1,838,943,253         | 1,793,000,074         | 1,711,518,701         | 1,657,574,687         |
| <b>TOTAL PENSION LIABILITY - END OF YEAR (a)</b>                         | 2,152,078,731         | 2,081,210,309         | 1,838,943,253         | 1,793,000,074         | 1,711,518,701         |
| <b>CHANGE IN FIDUCIARY NET POSITION</b>                                  |                       |                       |                       |                       |                       |
| Contributions - Employer   | 101,143,371           | 97,107,703            | 91,885,045            | 85,675,573            | 80,090,560            |
| Contributions - Member   | 44,682,290            | 41,878,381            | 38,149,245            | 35,368,122            | 33,847,164            |
| Net Investment Income  | 123,508,092           | 123,055,801           | (166,125,779)         | 222,203,572           | 124,093,043           |
| Benefit Payments, Including Refunds of Contributions                     | (146,710,941)         | (138,992,886)         | (130,524,733)         | (121,950,438)         | (110,709,576)         |
| Administrative Expenses  | (2,228,426)           | (1,600,889)           | (1,513,129)           | (1,422,126)           | (1,165,174)           |
| Other  | 3,787,317             | 3,790,053             | 4,323,693             | 3,818,150             | 4,146,800             |
| <b>NET CHANGE IN FIDUCIARY NET POSITION</b>                              | 124,181,703           | 125,238,163           | (163,805,658)         | 223,692,853           | 130,302,817           |
| Fiduciary Net Position - Beginning of Year                               | 1,385,889,485         | 1,260,651,322         | 1,424,456,980         | 1,200,764,127         | 1,070,461,310         |
| <b>FIDUCIARY NET POSITION - END OF YEAR (b)</b>                          | 1,510,071,188         | 1,385,889,485         | 1,260,651,322         | 1,424,456,980         | 1,200,764,127         |
| <b>NET PENSION LIABILITY - END OF YEAR (a) (b)</b>                       | <u>\$ 642,007,543</u> | <u>\$ 695,320,824</u> | <u>\$ 578,291,931</u> | <u>\$ 368,543,094</u> | <u>\$ 510,754,574</u> |
| <b>FIDUCIARY NET POSITION as a PERCENTAGE of TOTAL PENSION LIABILITY</b> | 70.2 %                | 66.6 %                | 68.6 %                | 79.4 %                | 70.2 %                |
| <b>COVERED EMPLOYEE PAYROLL</b>  | <u>\$ 365,245,433</u> | <u>\$ 356,820,710</u> | <u>\$ 351,456,210</u> | <u>\$ 339,571,217</u> | <u>\$ 322,391,403</u> |
| <b>NET PENSION LIABILITY as a PERCENTAGE of COVERED EMPLOYEE PAYROLL</b> | 175.8 %               | 194.9 %               | 164.5 %               | 108.5 %               | 158.4 %               |

**NORFOLK COUNTY RETIREMENT SYSTEM**  
**SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN YEARS (CONTINUED)**

|  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>TOTAL PENSION LIABILITY</b>   |                       |                       |                       |                       |                       |
| Service Cost   | \$ 36,227,627         | \$ 33,120,792         | \$ 34,738,004         | \$ 33,401,927         | \$ 31,963,567         |
| Interest on Liability and Service Cost                                   | 119,795,961           | 116,162,593           | 107,709,293           | 103,990,120           | 106,603,992           |
| Difference Between Actual and Expected Experience                        | 41,916,868            | -                     | 61,837,812            | -                     | 13,828,826            |
| Assumption Changes   | -                     | -                     | 36,207,214            | -                     | (57,518,820)          |
| Change in Plan Provisions  | 5,395,128             | -                     | 12,205,895            | -                     | -                     |
| Benefit Payments, Including Refunds of Contributions                     | (108,549,848)         | (102,577,621)         | (94,665,189)          | (89,903,327)          | (84,888,359)          |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>                             | 94,785,736            | 46,705,764            | 158,033,029           | 47,488,720            | 9,989,206             |
| Total Pension Liability - Beginning of Year                              | 1,562,788,951         | 1,516,083,187         | 1,358,050,158         | 1,310,561,438         | 1,300,572,232         |
| <b>TOTAL PENSION LIABILITY - END OF YEAR (a)</b>                         | 1,657,574,687         | 1,562,788,951         | 1,516,083,187         | 1,358,050,158         | 1,310,561,438         |
| <b>CHANGE IN FIDUCIARY NET POSITION</b>                                  |                       |                       |                       |                       |                       |
| Contributions - Employer   | 74,899,528            | 69,957,756            | 64,009,904            | 58,539,478            | 53,201,068            |
| Contributions - Member   | 33,722,562            | 32,290,608            | 29,351,605            | 29,448,483            | 26,920,012            |
| Net Investment Income  | 156,013,794           | (53,017,332)          | 125,637,080           | 68,848,066            | (11,383,452)          |
| Benefit Payments, Including Refunds of Contributions                     | (108,549,848)         | (102,577,621)         | (94,665,189)          | (89,903,327)          | (84,888,359)          |
| Administrative Expenses  | (1,233,819)           | (1,215,116)           | (1,215,601)           | (1,193,583)           | (1,158,971)           |
| Other  | 3,760,532             | 3,331,428             | 3,933,503             | 2,939,696             | 2,711,397             |
| <b>NET CHANGE IN FIDUCIARY NET POSITION</b>                              | 158,612,749           | (51,230,277)          | 127,051,302           | 68,678,813            | (14,598,305)          |
| Fiduciary Net Position - Beginning of Year                               | 911,848,561           | 963,078,838           | 836,027,536           | 767,348,723           | 781,947,028           |
| <b>FIDUCIARY NET POSITION - END OF YEAR (b)</b>                          | 1,070,461,310         | 911,848,561           | 963,078,838           | 836,027,536           | 767,348,723           |
| <b>NET PENSION LIABILITY - END OF YEAR (a) (b)</b>                       | <u>\$ 587,113,377</u> | <u>\$ 650,940,390</u> | <u>\$ 553,004,349</u> | <u>\$ 522,022,622</u> | <u>\$ 543,212,715</u> |
| <b>FIDUCIARY NET POSITION as a PERCENTAGE of TOTAL PENSION LIABILITY</b> | 64.6 %                | 58.3 %                | 63.5 %                | 61.6 %                | 58.6 %                |
| <b>COVERED EMPLOYEE PAYROLL</b>  | <u>\$ 311,489,280</u> | <u>\$ 299,245,268</u> | <u>\$ 289,125,863</u> | <u>\$ 279,486,744</u> | <u>\$ 267,454,300</u> |
| <b>NET PENSION LIABILITY as a PERCENTAGE of COVERED EMPLOYEE PAYROLL</b> | 188.5 %               | 217.5 %               | 191.3 %               | 186.8 %               | 203.1 %               |

**NORFOLK COUNTY RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT RETURNS  
LAST TEN YEARS**

| <u>Year Ending December 31,</u> | <u>Annual<br/>Money-Weighted<br/>Rate of Return</u> |
|---------------------------------|---|
| 2024                            | 8.91 %  |
| 2023                            | 9.90  |
| 2022                            | (11.82)   |
| 2021                            | 18.52   |
| 2020                            | 11.93   |
| 2019                            | 16.28   |
| 2018                            | (4.54)  |
| 2017                            | 14.81   |
| 2016                            | 8.59  |
| 2015                            | (0.75)  |

**NORFOLK COUNTY RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN YEARS**

|  | 2024           | 2023           | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           | 2015           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially Determined Contribution  | \$ 101,143,371 | \$ 98,814,000  | \$ 93,536,000  | \$ 87,239,000  | \$ 81,552,000  | \$ 76,217,000  | \$ 71,227,000  | \$ 65,170,000  | \$ 59,628,000  | \$ 54,208,000  |
| Actual Contributions in Relation to<br>Actuarially Determined Contribution | (101,143,371)  | (98,814,000)   | (93,536,000)   | (87,239,000)   | (81,552,000)   | (76,217,000)   | (71,227,000)   | (65,170,000)   | (59,628,000)   | (54,208,000)   |
| Contribution Deficiency (Excess)   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |
| Covered-Employee Payroll   | \$ 365,245,433 | \$ 356,820,710 | \$ 351,456,210 | \$ 339,581,217 | \$ 322,391,403 | \$ 311,489,280 | \$ 299,245,268 | \$ 289,125,863 | \$ 279,489,744 | \$ 267,454,300 |
| Contributions as a Percentage of<br>Covered-Employee Payroll               | 27.7%          | 27.7 %         | 26.6 %         | 25.7 %         | 25.3 %         | 24.5 %         | 23.8 %         | 22.5 %         | 21.3 %         | 20.3 %         |

**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024 AND 2023**

**NOTE 1 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

The total pension liability presented in the schedule were provided by the System's actuarial consultant, Gallagher. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System. The related ratios show Plan net position as a percentage of the total pension liability and the net pension liability as a percentage of covered employee payroll.

**NOTE 2 SCHEDULE OF INVESTMENT RETURN**

The annual money-weighted rate of return is calculated as the internal rate of return on Plan investments, net of Plan investment expense. A money-weighted rate of return expresses investment performance, net of Plan investment expense, adjusted for changing amounts actually invested.

**NOTE 3 SCHEDULE OF CONTRIBUTIONS**

The actuarially determined contribution amount in the schedule of contributions was calculated as of January 1, 2022 (for 2024 and 2023); January 1, 2020 (for 2022 and 2021); January 1, 2018 (for 2020 and 2019); January 1, 2016 (for 2018 and 2017) and as of January 1, 2015 for 2015 and 2016. The following actuarial methods and assumptions were used to determine the contribution amount reported in that schedule:

|                        |   |
|------------------------|---|
| Actuarial Cost Method  | Individual entry age normal actuarial cost method   |
| Amortization Method    | Open - Level percent of payroll<br>Payroll assumed to grow:<br>3.5% - 5.5% per year (January 1, 2022, 2020, 2018, 2016);<br>and 4% per year (January 1, 2015) |
| Asset Valuation Method | Market value as reported to PERAC   |
| Inflation              | 3.0% (January 1, 2022 and 2020)<br>4.0% (January 1, 2018, 2016)<br>4.5% (January 1, 2015)   |



**NORFOLK COUNTY RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024 AND 2023**

|                            |   |
|----------------------------|---|
| Investment Rate of Return  | 7.75% (January 1, 2022, 2020 and 2018)<br>8.0% (January 1, 2016)<br>8.25% (January 1, 2015)   |
| Cost of Living Adjustments | 3% of first \$18,000 (January 1, 2022 and 2020) and<br>3% of first \$17,000 (January 1, 2018) and<br>3% of first \$15,000 (January 1, 2016 and 2015) of<br>retirement income. |
| Mortality Table            | RP-2014 Blue Collar Mortality Table with Scale<br>with MP-2014 (January 1, 2022, 2020, 2018 and 2016) RP-2000<br>Mortality Table adjusted with Scale AA (January 1, 2015)     |

