

**NORFOLK COUNTY RETIREMENT SYSTEM**

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**SCHEDULES OF EMPLOYER ALLOCATIONS,  
PENSION AMOUNTS BY EMPLOYER AND  
AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS**

**YEAR ENDED DECEMBER 31, 2020**

# NORFOLK COUNTY RETIREMENT SYSTEM

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## INDEPENDENT AUDITOR'S REPORT

To the Board of the Norfolk County  
Retirement System  
Canton, Massachusetts 02021

### Report on Schedules

We have audited the accompanying schedule of employer allocations of the Norfolk County Retirement System (the System) as of and for the year ended December 31, 2020, and the related notes. We have also audited the totals for all entities of the columns titled ending net pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense, total pension revenue, and total covered payroll (specified column totals) included in the accompanying schedule of pension amounts by employer of the System and the column totals included in the accompanying schedule of amortization of employers' deferred outflows/inflows as of and for the year ended December 31, 2020, and the related notes.

### Management's Responsibility for the Schedules

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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

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## Opinion

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and ending net pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense, total pension revenue, total covered payroll and total amortization of deferred outflows/inflows for the total of all participating entities for the Norfolk County Retirement System as of and for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Norfolk County Retirement System as of and for the years ended December 31, 2020 and 2019, and our report thereon, dated October 27, 2021, expressed an unmodified opinion on those financial statements.

## Restriction on Use

Our report is intended solely for the information and use of the System's management, Board, employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

DI PESA & COMPANY

### *Di Pesa & Company*

Certified Public Accountants  
Quincy, Massachusetts  
October 27, 2021

**NORFOLK COUNTY RETIREMENT SYSTEM**

**SCHEDULE OF EMPLOYER ALLOCATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Employer</u>	<u>Employer Contributions</u>	<u>Employer Allocation Percentage</u>
Town of Avon	\$ 1,419,905	1.7729%
Avon Housing Authority	13,811	0.0172%
Town of Bellingham	3,561,600	4.4470%
Bellingham Housing Authority	33,493	0.0418%
Town of Canton	6,031,916	7.5314%
Canton Housing Authority	97,919	0.1223%
Town of Cohasset	2,636,498	3.2919%
Cohasset Housing Authority	18,855	0.0235%
Norfolk County	4,087,217	5.1032%
Charles River Pollution Control	188,839	0.2358%
Town of Dover	1,522,061	1.9004%
Dover-Sherborn Regional High School	942,974	1.1774%
Town of Foxboro	5,185,943	6.4751%
Foxboro Housing Authority	86,172	0.1076%
Town of Franklin	6,174,365	7.7092%
Franklin Housing Authority	98,327	0.1228%
Town of Holbrook	2,291,969	2.8617%
Holbrook Housing Authority	45,116	0.0563%
King Philip Regional School District	804,463	1.0044%
Town of Medfield	2,971,533	3.7102%
Medfield Housing Authority	16,240	0.0203%
Town of Medway	2,814,941	3.5147%
Medway Housing Authority	96,823	0.1209%
Town of Millis	1,947,583	2.4317%
Millis Housing Authority	48,259	0.0603%
Town of Norfolk	2,419,197	3.0206%
Norfolk Housing Authority	37,313	0.0466%
Norfolk Mosquito Control	224,786	0.2807%
Town of Plainville	2,111,287	2.6361%
Town of Randolph	6,680,046	8.3406%
Randolph Housing Authority	106,828	0.1334%
Town of Sharon	4,749,665	5.9304%
Sharon Housing Authority	14,523	0.0181%
Town of Stoughton	6,305,587	7.8731%
Stoughton Housing Authority	89,119	0.1113%
Town of Walpole	5,447,572	6.8018%
Walpole Housing Authority	62,051	0.0775%
Town of Westwood	5,787,533	7.2262%
Town of Wrentham	2,298,647	2.8701%
Wrentham Housing Authority	30,919	0.0386%
Dedham Westwood Water District	588,665	0.7350%
	<u>\$ 80,090,560</u>	<u>100.0000%</u>

The Accompanying Notes are an Integral Part of the Schedule of Employer Allocations.

NORFOLK COUNTY RETIREMENT SYSTEM

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Employer	Deferred Outflows of Resources					
	December 31, 2020 Net Pension Liability	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Investment Earnings	Assumption Changes	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Town of Avon	\$ 9,055,168	\$ 457,733	\$ 905,763	\$ 40,591	\$ 13,752	\$ 1,417,839
Avon Housing Authority	87,850	4,441	8,788	394	180	13,803
Town of Bellingham	22,713,256	1,148,168	2,271,952	101,812	33,390	3,555,322
Bellingham Housing Authority	213,495	10,793	21,356	957	11	33,117
Town of Canton	38,466,459	1,944,501	3,847,708	172,425	112,027	6,076,661
Canton Housing Authority	624,653	31,577	62,482	2,800	-	96,859
Town of Cohasset	16,813,530	849,934	1,681,818	75,366	22,476	2,629,594
Cohasset Housing Authority	120,027	6,068	12,006	538	-	18,612
Norfolk County	26,064,827	1,317,592	2,607,202	116,835	779,115	4,820,744
Charles River Pollution Control	1,204,359	60,881	120,470	5,399	11,929	198,679
Town of Dover	9,706,380	490,663	970,906	43,509	25,340	1,530,418
Dover-Sherborn Regional High School	6,013,624	303,992	601,528	26,956	190,752	1,123,228
Town of Foxboro	33,071,869	1,671,802	3,308,100	148,244	601,559	5,729,705
Foxboro Housing Authority	549,572	27,781	54,972	2,463	72,109	157,325
Town of Franklin	39,375,092	1,990,433	3,938,596	176,498	733,624	6,839,151
Franklin Housing Authority	627,207	31,706	62,738	2,811	384	97,639
Town of Holbrook	14,616,264	738,860	1,462,030	65,517	17,857	2,284,264
Holbrook Housing Authority	287,555	14,536	28,764	1,289	-	44,589
King Philip Regional School District	5,130,019	259,325	513,144	22,995	9,806	805,270
Town of Medfield	18,950,016	957,934	1,895,524	84,943	291,714	3,230,115
Medfield Housing Authority	103,683	5,242	10,372	465	394	16,473
Town of Medway	17,951,491	907,458	1,795,644	80,467	43,792	2,827,361
Medway Housing Authority	617,502	31,215	61,768	2,768	1,252	97,003
Town of Millis	12,420,019	627,839	1,242,344	55,673	23,857	1,949,713
Millis Housing Authority	307,985	15,568	30,808	1,381	13,894	61,651

The Accompanying Notes are an Integral Part of the Schedule of Pension Amounts by Employer.

NORFOLK COUNTY RETIREMENT SYSTEM

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Employer	Deferred Outflows of Resources					
	December 31, 2020 Net Pension Liability	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Investment Earnings	Assumption Changes	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Town of Norfolk	15,427,853	779,887	1,543,212	69,155	8,452	2,400,706
Norfolk Housing Authority	238,012	12,032	23,808	1,067	2,582	39,489
Norfolk Mosquito Control	1,433,688	72,473	143,408	6,426	1,489	223,796
Town of Plainville	13,464,001	680,613	1,346,772	60,352	16,597	2,104,334
Town of Randolph	42,599,996	2,153,454	4,261,176	190,954	687,257	7,292,841
Randolph Housing Authority	681,347	34,442	68,154	3,054	116,110	221,760
Town of Sharon	30,289,789	1,531,167	3,029,816	135,774	194,110	4,890,867
Sharon Housing Authority	92,447	4,673	9,248	414	1,224	15,559
Town of Stoughton	40,212,218	2,032,751	4,022,332	180,251	470,009	6,705,343
Stoughton Housing Authority	568,470	28,736	56,862	2,548	16,598	104,744
Town of Walpole	34,740,505	1,756,152	3,475,010	155,724	38,331	5,425,217
Walpole Housing Authority	395,835	20,009	39,594	1,774	1,091	62,468
Town of Westwood	36,908,147	1,865,728	3,691,834	165,440	43,508	5,766,510
Town of Wrentham	14,659,167	741,030	1,466,322	65,710	279,967	2,553,029
Wrentham Housing Authority	197,151	9,967	19,720	884	4,625	35,196
Dedham Westwood Water District	3,754,046	189,770	375,508	16,827	7,549	589,654
	<u>\$ 510,754,574</u>	<u>\$ 25,818,926</u>	<u>\$ 51,089,559</u>	<u>\$ 2,289,450</u>	<u>\$ 4,888,713</u>	<u>\$ 84,086,648</u>

The Accompanying Notes are an Integral Part of the Schedule of Pension Amounts by Employer.

NORFOLK COUNTY RETIREMENT SYSTEM

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Employer	Deferred Inflows of Resources				Pension Expense				(Proportionate Share of Contributions from Nonemployer Entities)	Total Covered Payroll
	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Investment Earnings	Assumption Changes	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization from Changes in Proportions	Total Pension Expense		
Town of Avon	\$ -	\$ 1,694,969	\$ -	\$ 237,021	\$ 1,931,990	\$ 1,220,161	\$ (207,433)	\$ 1,012,728	\$ 73,519	\$ 6,044,338
Avon Housing Authority	-	16,443	-	45,485	61,928	11,838	(22,875)	(11,037)	713	56,268
Town of Bellingham	-	4,251,547	-	100,946	4,352,493	3,060,562	(1,813)	3,058,749	184,408	12,651,935
Bellingham Housing Authority	-	39,964	-	3,715	43,679	28,768	(20,533)	8,235	1,733	196,129
Town of Canton	-	7,200,286	-	52,403	7,252,689	5,183,272	(75,661)	5,107,611	312,308	24,698,673
Canton Housing Authority	-	116,924	-	63,119	180,043	84,171	(57,415)	26,756	5,072	393,072
Town of Cohasset	-	3,147,214	-	904,415	4,051,629	2,265,587	(185,406)	2,080,181	136,509	12,395,238
Cohasset Housing Authority	-	22,467	-	1,591	24,058	16,173	(2,925)	13,248	974	68,248
Norfolk County	-	4,878,905	-	642,268	5,521,173	3,512,179	2,054,489	5,566,668	211,619	9,920,060
Charles River Pollution Control	-	225,436	-	1,623	227,059	162,285	(5,656)	156,629	9,778	643,758
Town of Dover	-	1,816,874	-	13,257	1,830,131	1,307,914	(72,487)	1,235,427	78,806	5,788,057
Dover-Sherborn Regional High School	-	1,125,651	-	7,756	1,133,407	810,323	93,520	903,843	48,824	3,208,379
Town of Foxboro	-	6,190,508	-	43,817	6,234,325	4,456,362	81,991	4,538,353	268,509	21,035,253
Foxboro Housing Authority	-	102,870	-	8,578	111,448	74,054	14,675	88,729	4,462	415,955
Town of Franklin	-	7,370,367	-	52,103	7,422,470	5,305,708	(12,264)	5,293,444	319,685	26,086,561
Franklin Housing Authority	-	117,403	-	7,089	124,492	84,515	(964)	83,551	5,092	391,975
Town of Holbrook	-	2,735,923	-	316,591	3,052,514	1,969,510	(324,965)	1,644,545	118,669	9,210,462
Holbrook Housing Authority	-	53,826	-	48,042	101,868	38,747	(8,228)	30,519	2,335	189,170
King Philip Regional School District	-	960,256	-	282,735	1,242,991	691,259	(124,366)	566,893	41,650	3,438,213
Town of Medfield	-	3,547,131	-	25,256	3,572,387	2,553,473	132,695	2,686,168	153,855	12,167,429
Medfield Housing Authority	-	19,408	-	6,354	25,762	13,971	(15,200)	(1,229)	842	66,606
Town of Medway	-	3,360,223	-	24,493	3,384,716	2,418,924	173,643	2,592,567	145,748	12,818,563
Medway Housing Authority	-	115,587	-	28,147	143,734	83,207	(19,442)	63,765	5,013	312,246
Town of Millis	-	2,324,822	-	140,050	2,464,872	1,673,571	(253,510)	1,420,061	100,838	8,630,748
Millis Housing Authority	-	57,650	-	352	58,002	41,500	25,023	66,523	2,501	204,696

The Accompanying Notes are an Integral Part of the Schedule of Pension Amounts by Employer.



NORFOLK COUNTY RETIREMENT SYSTEM

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Employer	Deferred Inflows of Resources				Pension Expense			(Proportionate Share of Contributions from Nonemployer Entities)	Total Pension Revenue	Total Covered Payroll
	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Investment Earnings	Assumption Changes	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization from Changes in Proportions			
Town of Norfolk	-	2,887,838	-	65,232	2,953,070	2,078,870	(84,555)	1,994,315	125,258	9,738,820
Norfolk Housing Authority	-	44,552	-	32	44,584	32,072	12,237	44,309	1,932	151,193
Norfolk Mosquito Control	-	268,361	-	8,916	277,277	193,186	4,683	197,869	11,640	924,967
Town of Plainville	-	2,520,240	-	79,329	2,599,569	1,814,245	114,325	1,928,570	109,314	9,212,000
Town of Randolph	-	7,974,016	-	56,715	8,030,731	5,740,257	157,654	5,897,911	345,868	26,538,921
Randolph Housing Authority	-	127,537	-	1,949	129,486	91,810	8,143	99,953	5,532	402,638
Town of Sharon	-	5,669,748	-	40,998	5,710,746	4,081,483	(428,482)	3,653,001	245,922	19,340,777
Sharon Housing Authority	-	17,305	-	53,830	71,135	12,457	(26,184)	(13,727)	751	157,919
Town of Stoughton	-	7,527,064	-	53,927	7,580,991	5,418,509	(137,344)	5,281,165	326,482	25,828,083
Stoughton Housing Authority	-	106,408	-	74	106,482	76,600	(39,375)	37,225	4,615	426,526
Town of Walpole	-	6,502,849	-	977,097	7,479,946	4,681,207	(870,114)	3,811,093	282,057	22,858,254
Walpole Housing Authority	-	74,094	-	6,335	80,429	53,338	(22,640)	30,698	3,214	264,436
Town of Westwood	-	6,908,595	-	120,107	7,028,702	4,973,293	266,212	5,239,505	299,656	23,510,235
Town of Wrentham	-	2,743,953	-	19,388	2,763,341	1,975,291	57,574	2,032,865	119,017	9,434,639
Wrentham Housing Authority	-	36,904	-	265	37,169	26,566	(3,237)	23,329	1,601	121,862
Dedham Westwood Water District	-	702,696	-	347,313	1,050,009	505,850	(173,790)	332,060	30,479	2,448,101
	<u>\$ -</u>	<u>\$ 95,604,814</u>	<u>\$ -</u>	<u>\$ 4,888,713</u>	<u>\$ 100,493,527</u>	<u>\$ 68,823,068</u>	<u>\$ -</u>	<u>\$ 68,823,068</u>	<u>\$ 4,146,800</u>	<u>\$ 322,391,403</u>

The Accompanying Notes are an Integral Part of the Schedule of Pension Amounts by Employer.

NORFOLK COUNTY RETIREMENT SYSTEM

SCHEDULE OF AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Employer	FOR THE YEARS ENDING DECEMBER 31					
	2021	2022	2023	2024	Thereafter	Total
Town of Avon	\$ (24,454)	\$ 84,586	\$ (429,870)	\$ (144,413)	\$ -	\$ (514,151)
Avon Housing Authority	(19,834)	(18,938)	(7,949)	(1,404)	-	(48,125)
Town of Bellingham	164,377	436,612	(1,035,869)	(362,291)	-	(797,171)
Bellingham Housing Authority	(61)	2,893	(9,974)	(3,420)	-	(10,562)
Town of Canton	357,043	821,923	(1,740,841)	(614,153)	-	(1,176,028)
Canton Housing Authority	(23,638)	(15,553)	(33,964)	(10,029)	-	(83,184)
Town of Cohasset	(259,200)	(55,383)	(839,161)	(268,291)	-	(1,422,035)
Cohasset Housing Authority	433	1,770	(5,703)	(1,946)	-	(5,446)
Norfolk County	676,271	397,153	(1,328,288)	(445,565)	-	(700,429)
Charles River Pollution Control	15,025	29,536	(53,724)	(19,217)	-	(28,380)
Town of Dover	89,299	204,375	(438,717)	(154,670)	-	(299,713)
Dover-Sherborn Regional High School	135,619	206,615	(256,589)	(95,824)	-	(10,179)
Town of Foxboro	539,032	936,199	(1,452,087)	(527,764)	-	(504,620)
Foxboro Housing Authority	35,123	41,406	(21,372)	(9,280)	-	45,877
Town of Franklin	651,123	1,119,046	(1,725,745)	(627,743)	-	(583,319)
Franklin Housing Authority	2,232	9,990	(29,052)	(10,023)	-	(26,853)
Town of Holbrook	(11,264)	165,356	(689,072)	(233,270)	-	(768,250)
Holbrook Housing Authority	(19,351)	(15,853)	(17,424)	(4,651)	-	(57,279)
King Philip Regional School District	(80,601)	(19,212)	(256,140)	(81,768)	-	(437,721)
Town of Medfield	285,462	509,758	(835,516)	(301,976)	-	(342,272)
Medfield Housing Authority	(1,804)	(682)	(5,164)	(1,639)	-	(9,289)
Town of Medway	163,744	376,627	(811,667)	(286,059)	-	(557,355)
Medway Housing Authority	(6,971)	392	(30,312)	(9,840)	-	(46,731)
Town of Millis	54,038	201,591	(572,854)	(197,934)	-	(515,159)
Millis Housing Authority	8,955	12,496	(12,870)	(4,932)	-	3,649
Town of Norfolk	105,717	294,285	(705,809)	(246,557)	-	(552,364)
Norfolk Housing Authority	3,367	5,894	(10,568)	(3,788)	-	(5,095)
Norfolk Mosquito Control	8,893	26,227	(65,714)	(22,887)	-	(53,481)
Town of Plainville	86,852	249,076	(616,296)	(214,867)	-	(495,235)
Town of Randolph	652,311	1,171,122	(1,880,569)	(680,754)	-	(737,890)
Randolph Housing Authority	57,921	66,466	(21,176)	(10,937)	-	92,274
Town of Sharon	331,392	690,433	(1,359,043)	(482,661)	-	(819,879)
Sharon Housing Authority	(22,906)	(22,326)	(8,865)	(1,479)	-	(55,576)
Town of Stoughton	535,763	1,018,242	(1,788,046)	(641,607)	-	(875,648)
Stoughton Housing Authority	12,770	19,010	(24,437)	(9,081)	-	(1,738)
Town of Walpole	(131,812)	289,614	(1,657,949)	(554,582)	-	(2,054,729)
Walpole Housing Authority	987	5,675	(18,332)	(6,291)	-	(17,961)
Town of Westwood	281,643	726,614	(1,681,374)	(589,075)	-	(1,262,192)
Town of Wrentham	245,771	419,136	(641,619)	(233,600)	-	(210,312)
Wrentham Housing Authority	3,683	5,999	(8,523)	(3,132)	-	(1,973)
Dedham Westwood Water District	(123,030)	(77,935)	(199,562)	(59,828)	-	(460,355)
	<u>\$ 4,779,920</u>	<u>\$ 10,320,235</u>	<u>\$ (23,327,806)</u>	<u>\$ (8,179,228)</u>	<u>\$ -</u>	<u>\$ (16,406,879)</u>

The Accompanying Notes are an Integral Part of the Schedule of Amortization of Employers' Deferred Outflows/Inflows.

## NORFOLK COUNTY RETIREMENT SYSTEM

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### NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2020

#### **NOTE 1 – DESCRIPTION OF THE ENTITY**

The Norfolk County Retirement System (the System) was established to provide retirement benefits to eligible employees of its member 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 legislative 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 issued a publicly available audited financial statement for the year ended December 31, 2020, which is available through the System's website at [www.norfolkcountyretirement.org](http://www.norfolkcountyretirement.org), or a copy may be obtained by submitting a request to the System's Executive Director at 480 Neponset Street, Building #15, Canton, MA 02021.

#### **Plan Description**

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

#### **Membership**

Membership in the Plan is mandatory immediately upon the commencement of employment for all non-teaching permanent employees 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.

#### **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, 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.

## NORFOLK COUNTY RETIREMENT SYSTEM

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### NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2020

#### **NOTE 1 – DESCRIPTION OF THE ENTITY** (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 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.

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 the Public Employee Retirement Administration Commission's (PERAC) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by

## NORFOLK COUNTY RETIREMENT SYSTEM

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### NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2020

#### NOTE 1 – DESCRIPTION OF THE ENTITY (Continued)

##### Contributions (Continued)

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.

#### NOTE 2 – ACTUARIAL ASSUMPTIONS AND METHODS

The total pension liability was determined by an actuarial valuation as of January 1, 2020. The following actuarial assumptions were applied to all periods included in the measurement that was rolled forward to December 31, 2020:

Actuarial cost method:	Entry Age Normal Cost Method
Asset valuation method	Market value
Investment rate of return	7.75%
Projected salary increases	3.5% - 5.5%
Inflation	3.0%
Cost of living increases	3.0% of first \$18,000 of retirement income
Mortality:	The RP-2014 Blue Collar Mortality Table adjusted with Scale with MP-2014

#### NOTE 3 – NET PENSION LIABILITY

The components of the net pension liability of the System as of December 31, 2020, is as follows:

Total Pension Liability	\$1,711,518,701
Fiduciary Net Position	<u>1,200,764,127</u>
System's Net Pension Liability	\$ <u>510,754,574</u>
Fiduciary Net Position as a percentage of total pension liability	70.2%

## NORFOLK COUNTY RETIREMENT SYSTEM

### NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2020

#### NOTE 3 – NET PENSION LIABILITY (Continued)

The total pension liability is calculated by the System's actuary and plan fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 67 in the System's notes to financial statements and required supplementary information.

#### Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2020 was 7.75%. 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.

#### Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	30.5%	7.3%
International Equities	15.5	8.1%
Fixed Income	20.5	4.3%
Real Estate	9.5	8.2%
Private Equity	10.0	9.9%
Hedge Funds	11.5	9.9%
Real Assets	<u>2.5</u>	9.0%
Total	<u>100.0%</u>	

The System's policy in regard to the allocation of invested Plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan.

The annual money-weighted rate of return on investments, net of investment expense was 11.93% for the year ended December 31, 2020. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NORFOLK COUNTY RETIREMENT SYSTEM**

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**NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS,  
PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF  
EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS  
DECEMBER 31, 2020**

**NOTE 3 – NET PENSION LIABILITY** (Continued)

**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, 2020, calculated using the discount rate of 7.75%, 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 (6.75%) or one-percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
System's Net Pension Liability	\$687,611,099	\$510,765,574	\$357,870,076

**NOTE 4 – BASIS OF PRESENTATION**

The Schedule of Employer Allocations, Schedule of Pension Amounts by Employer, and Schedule of Amortization of Employers' Deferred Outflows/Inflows present amounts that are elements of the financial statements of the System or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of either the System or its participating employers. The amounts presented in the schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the System to make a number of estimates and assumptions relating to the reported amounts. Due to inherent nature of these estimates, actual results may differ from those estimates.

**NOTE 5 – PENSION EXPENSE**

System pension expense for the year ended December 31, 2020 is as follows:

Service Cost	\$ 37,495,594
Interest Cost	127,157,996
Expected Return on Assets	(83,196,889)
Member Contributions	(33,847,164)
Current Year Amortization of Difference Between Expected and Actual Experience	24,485,950
Current Year Amortization of Assumption Changes	8,479,441
Current Year Amortization of Difference Between Projected and Actual Investment Earnings	(12,917,034)
Administrative Expenses	<u>1,165,174</u>
Total	<u>\$ 68,823,068</u>

The System pension expense is based on the January 1, 2020 valuation. The employers' allocation of the pension expense is shown in the Schedule of Pension Amounts by Employer. The difference between expected and actual experience and the effect of assumption changes are amortized over the average expected remaining service lives of active and inactive members as of January 1, 2020 (4.19 years). The difference between projected and actual investment earnings is amortized over 5 years.

**NORFOLK COUNTY RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS,  
PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF  
EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS  
DECEMBER 31, 2020**

**NOTE 6 – DEFERRED INFLOWS OF RESOURCES AND DEFERRED OUTFLOWS OF RESOURCES**

Annual changes to the net pension liability resulting from differences between expected and actual experience and from changes in assumptions are deferred and amortized over a closed period equal to the average of the expected service lives of all members determined for the period during which the changes occurred. Differences between projected and actual earnings are amortized over a closed 5 year period. The following presents a summary of the changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended December 31, 2020:

<u>Year</u>	<u>Amortization Period</u>	<u>Original Amount</u>	<u>Accumulated Amortization</u>	<u>Beginning of year Balance</u>	<u>Current Year Deferrals</u>	<u>Current Year Amortizations</u>	<u>End of Year Balance</u>
<b><u>Deferred Outflows of Resources</u></b>							
Different Between Expected and Actual Experience							
2017	4.27	61,837,812	43,445,778	18,392,034	-	14,481,925	3,910,109
2019	4.19	41,916,868	10,004,026	31,912,842	-	10,004,025	21,908,817
Difference Between Projected and Actual Investment Earnings							
2018	5	127,723,896	51,089,558	76,634,338	-	25,544,779	51,089,559
Difference from Assumption Changes							
2017	4.27	36,207,214	25,438,323	10,768,891	-	8,479,441	2,289,450
<b><u>Deferred Inflows of Resources</u></b>							
Difference Between Projected and Actual Investment Earnings							
2016	5	(7,466,805)	(5,973,444)	(1,493,361)	-	(1,493,361)	-
2017	5	(58,699,395)	(35,219,642)	(23,479,753)	-	(11,739,880)	(11,739,873)
2019	5	(85,246,700)	(17,049,340)	(68,197,360)	-	(17,049,340)	(51,148,020)
2020	5	(40,896,153)	-	-	(40,896,153)	(8,179,232)	(32,716,921)
<b>Total Deferred Outflows/Inflows</b>							<b><u>\$(16,406,879)</u></b>

The following schedule reflects the amortization of the balance of deferred outflows of resources and deferred inflows of resources at December 31, 2020:

<u>Measurement Period Ending December 31:</u>	<u>Amount</u>
2021	\$ 4,779,920
2022	10,320,235
2023	(23,327,806)
2024	( 8,179,228)
Thereafter	-
Total	<u>\$(16,406,879)</u>



## NORFOLK COUNTY RETIREMENT SYSTEM

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### NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2020

#### **NOTE 7 – PROPORTIONATE SHARE ALLOCATION METHODOLOGY AND EMPLOYER ALLOCATIONS**

GASB Statement No. 68 requires employers in the Plan to recognize their proportionate share of the collective net pension liability. Employers' proportionate shares were calculated on the basis of actual employer contributions for the year ended December 31, 2020. The Schedule of Employer Allocations display the proportionate allocation used to allocate the Difference Between Expected and Actual Experience; Difference Between Projected and Actual Investment Earnings; Proportionate Share of Plan Pension Expense; and Proportionate Share of Contributions from Nonemployer Entities.

#### **NOTE 8 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION**

Information contained in these Notes to Schedules of Employer Allocations and Pension Amounts by Employer (the Schedules) was extracted from the audited financial statements of the System for the years ended December 31, 2020 and 2019. Additional financial information supporting the preparation of the Schedules (including the unqualified audit opinion on the financial statements and required supplementary information) is located in the audited financial statements of the System for the years ended December 31, 2020 and 2019. A copy may be obtained by submitting a request to the System's Executive Director at 480 Neponset Street, Building #15, Canton, MA 02021.