

**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, 2021**

# NORFOLK COUNTY RETIREMENT SYSTEM

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Dorothy F. Di Pesa, CPA  
John F. Oteri, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion 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, 2021, 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, 2021, and the related notes.

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 System as of and for the year ended December 31, 2021, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Schedules

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

In preparing the schedules, 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.

### Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted 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 schedules.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the 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 schedules.
- 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.

#### **Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the System as of and for the years ended December 31, 2021 and 2020, and our report thereon, dated October 19, 2022, 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 19, 2022

**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	\$ 1,560,397	1.8213%
Avon Housing Authority	14,625	0.0171%
Town of Bellingham	3,294,448	3.8453%
Bellingham Housing Authority	50,042	0.0584%
Town of Canton	6,460,105	7.5402%
Canton Housing Authority	110,816	0.1293%
Town of Cohasset	3,196,405	3.7308%
Cohasset Housing Authority	19,592	0.0229%
Norfolk County	4,250,660	4.9613%
Charles River Pollution Control	168,551	0.1967%
Town of Dover	1,476,817	1.7237%
Dover-Sherborn Regional High School	818,615	0.9555%
Town of Foxboro	5,473,537	6.3887%
Foxboro Housing Authority	113,243	0.1322%
Town of Franklin	6,693,600	7.8127%
Franklin Housing Authority	105,417	0.1230%
Town of Holbrook	2,399,401	2.8006%
Holbrook Housing Authority	57,884	0.0676%
King Philip Regional School District	877,257	1.0239%
Town of Medfield	3,104,509	3.6236%
Medfield Housing Authority	17,312	0.0202%
Town of Medway	3,270,645	3.8175%
Medway Housing Authority	79,669	0.0930%
Metacomet Emergency Communication	364,318	0.4252%
Town of Millis	2,202,128	2.5703%
Millis Housing Authority	57,703	0.0674%
Town of Norfolk	2,584,928	3.0171%
Norfolk Housing Authority	39,297	0.0459%
Norfolk Mosquito Control	241,892	0.2823%
Town of Plainville	2,393,709	2.7939%
Town of Randolph	7,038,967	8.2158%
Randolph Housing Authority	114,539	0.1337%
Town of Sharon	4,934,782	5.7598%
Sharon Housing Authority	41,045	0.0479%
Town of Stoughton	6,704,071	7.8250%
Stoughton Housing Authority	114,413	0.1335%
Town of Walpole	5,971,806	6.9703%
Walpole Housing Authority	67,471	0.0788%
Town of Westwood	6,127,415	7.1519%
Town of Wrentham	2,407,240	2.8097%
Wrentham Housing Authority	31,673	0.0370%
Dedham Westwood Water District	624,629	0.7291%
	<u>\$ 85,675,573</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, 2021

Employer	December 31, 2021 Net Pension Liability	Deferred Outflows of Resources				
		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	\$ 6,712,275	\$ 678,941	\$ 465,248	\$ -	\$ 196,666	\$ 1,340,855
Avon Housing Authority	63,021	6,375	4,368	-	51	10,794
Town of Bellingham	14,171,588	1,433,442	982,273	-	18,553	2,434,268
Bellingham Housing Authority	215,229	21,770	14,918	-	64,829	101,517
Town of Canton	27,788,518	2,810,782	1,926,102	-	96,994	4,833,878
Canton Housing Authority	476,526	48,200	33,029	-	27,361	108,590
Town of Cohasset	13,749,606	1,390,759	953,025	-	1,726,162	4,069,946
Cohasset Housing Authority	84,396	8,536	5,850	-	-	14,386
Norfolk County	18,284,529	1,849,463	1,267,353	-	65,137	3,181,953
Charles River Pollution Control	724,924	73,326	50,247	-	6,553	130,126
Town of Dover	6,352,577	642,556	440,315	-	13,622	1,096,493
Dover-Sherborn Regional High School	3,521,429	356,189	244,080	-	103,656	703,925
Town of Foxboro	23,545,113	2,381,565	1,631,979	-	328,215	4,341,759
Foxboro Housing Authority	487,214	49,281	33,770	-	135,221	218,272
Town of Franklin	28,793,166	2,912,401	1,995,737	-	803,036	5,711,174
Franklin Housing Authority	453,308	45,852	31,420	-	1,071	78,343
Town of Holbrook	10,321,418	1,044,002	715,407	-	10,109	1,769,518
Holbrook Housing Authority	249,135	25,200	17,268	-	44,098	86,566
King Philip Regional School District	3,773,513	381,687	261,553	-	81,312	724,552
Town of Medfield	13,354,528	1,350,797	925,641	-	158,340	2,434,778
Medfield Housing Authority	74,446	7,530	5,160	-	268	12,958
Town of Medway	14,069,133	1,423,080	975,172	-	1,205,850	3,604,102
Medway Housing Authority	342,745	34,669	23,757	-	645	59,071
Metacomet Emergency Communication	1,567,045	158,505	108,616	-	1,660,254	1,927,375
Town of Millis	9,472,663	958,150	656,577	-	553,904	2,168,631
Millis Housing Authority	248,398	25,125	17,217	-	35,241	77,583

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, 2021

Employer	December 31, 2021 Net Pension Liability	Deferred Outflows of Resources				Total Deferred Outflows of Resources
		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	
Town of Norfolk	11,119,314	1,124,707	770,712	-	5,803	1,901,222
Norfolk Housing Authority	169,161	17,110	11,725	-	1,410	30,245
Norfolk Mosquito Control	1,040,397	105,235	72,113	-	7,150	184,498
Town of Plainville	10,296,726	1,041,503	713,696	-	625,617	2,380,816
Town of Randolph	30,278,764	3,062,667	2,098,708	-	376,905	5,538,280
Randolph Housing Authority	492,742	49,840	34,153	-	64,255	148,248
Town of Sharon	21,227,345	2,147,125	1,471,328	-	105,190	3,723,643
Sharon Housing Authority	176,532	17,856	12,236	-	116,634	146,726
Town of Stoughton	28,838,497	2,916,986	1,998,879	-	256,648	5,172,513
Stoughton Housing Authority	492,005	49,766	34,102	-	95,784	179,652
Town of Walpole	25,688,559	2,598,373	1,780,548	-	679,982	5,058,903
Walpole Housing Authority	290,412	29,375	20,129	-	5,654	55,158
Town of Westwood	26,357,834	2,666,069	1,826,937	-	24,928	4,517,934
Town of Wrentham	10,354,955	1,047,394	717,732	-	151,998	1,917,124
Wrentham Housing Authority	136,361	13,792	9,452	-	2,522	25,766
Dedham Westwood Water District	2,687,048	271,791	186,247	-	3,897	461,935
	<u>\$ 368,543,094</u>	<u>\$ 37,277,772</u>	<u>\$ 25,544,779</u>	<u>\$ -</u>	<u>\$ 9,861,525</u>	<u>\$ 72,684,076</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, 2021

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	\$ -	\$ 2,948,803	\$ -	\$ 121,774	\$ 3,070,577	\$ 545,644	\$ (43,028)	\$ 502,616	\$ 69,540	\$ 6,475,864
Avon Housing Authority	-	27,686	-	25,109	52,795	5,123	(20,798)	(15,675)	653	61,019
Town of Bellingham	-	6,225,792	-	2,387,345	8,613,137	1,152,027	(870,730)	281,297	146,819	14,898,292
Bellingham Housing Authority	-	94,553	-	1,652	96,205	17,496	20,636	38,132	2,230	70,620
Town of Canton	-	12,207,914	-	-	12,207,914	2,258,966	9,099	2,268,065	287,892	26,098,796
Canton Housing Authority	-	209,346	-	33,635	242,981	38,737	(19,903)	18,834	4,937	409,170
Town of Cohasset	-	6,040,411	-	477,807	6,518,218	1,117,724	183,441	1,301,165	142,448	12,531,946
Cohasset Housing Authority	-	37,076	-	3,264	40,340	6,861	(1,519)	5,342	874	-
Norfolk County	-	8,032,669	-	914,666	8,947,335	1,486,374	238,370	1,724,744	189,430	9,095,467
Charles River Pollution Control	-	318,471	-	152,649	471,120	58,930	(49,689)	9,241	7,510	695,912
Town of Dover	-	2,790,783	-	689,922	3,480,705	516,410	(243,084)	273,326	65,813	6,161,941
Dover-Sherborn Regional High School	-	1,547,018	-	866,441	2,413,459	286,262	(224,005)	62,257	36,482	3,511,126
Town of Foxboro	-	10,343,724	-	337,371	10,681,095	1,914,014	111,412	2,025,426	243,930	21,440,333
Foxboro Housing Authority	-	214,040	-	5,632	219,672	39,606	63,604	103,210	5,048	475,264
Town of Franklin	-	12,649,274	-	-	12,649,274	2,340,635	424,121	2,764,756	298,301	26,747,476
Franklin Housing Authority	-	199,144	-	3,330	202,474	36,850	(3,358)	33,492	4,696	418,411
Town of Holbrook	-	4,534,353	-	399,385	4,933,738	839,042	(231,585)	607,457	106,931	10,452,499
Holbrook Housing Authority	-	109,450	-	25,999	135,449	20,253	(6,604)	13,649	2,581	171,169
King Philip Regional School District	-	1,657,760	-	149,472	1,807,232	306,754	(101,950)	204,804	39,094	3,997,883
Town of Medfield	-	5,866,845	-	338,161	6,205,006	1,085,607	(10,278)	1,075,329	138,354	11,923,674
Medfield Housing Authority	-	32,705	-	3,839	36,544	6,052	(2,910)	3,142	771	-
Town of Medway	-	6,180,783	-	-	6,180,783	1,143,699	409,672	1,553,371	145,758	13,870,161
Medway Housing Authority	-	150,574	-	123,735	274,309	27,862	(50,891)	(23,029)	3,551	399,432
Metacomet Emergency Communication	-	688,427	-	-	688,427	127,387	581,263	708,650	16,235	1,975,323
Town of Millis	-	4,161,484	-	66,717	4,228,201	770,045	127,276	897,321	98,138	10,311,138
Millis Housing Authority	-	109,125	-	80	109,205	20,193	15,767	35,960	2,573	212,687

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, 2021

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 Norfolk	-	4,884,882	-	37,575	4,922,457	903,904	(43,447)	860,457	115,197	10,957,362
Norfolk Housing Authority	-	74,315	-	2,755	77,070	13,751	178	13,929	1,753	110,269
Norfolk Mosquito Control	-	457,062	-	3,783	460,845	84,575	(2,330)	82,245	10,779	877,856
Town of Plainville	-	4,523,506	-	33,038	4,556,544	837,035	176,567	1,013,602	106,675	7,922,295
Town of Randolph	-	13,301,918	-	487,269	13,789,187	2,461,401	83,042	2,544,443	313,692	27,041,499
Randolph Housing Authority	-	216,470	-	475	216,945	40,056	51,954	92,010	5,105	342,385
Town of Sharon	-	9,325,492	-	666,094	9,991,586	1,725,599	(185,279)	1,540,320	219,918	19,258,509
Sharon Housing Authority	-	77,552	-	29,107	106,659	14,351	16,967	31,318	1,829	170,670
Town of Stoughton	-	12,669,188	-	187,843	12,857,031	2,344,320	93,670	2,437,990	298,770	27,870,562
Stoughton Housing Authority	-	216,145	-	-	216,145	39,996	37,804	77,800	5,097	483,256
Town of Walpole	-	11,285,372	-	503,919	11,789,291	2,088,257	(226,600)	1,861,657	266,137	24,111,566
Walpole Housing Authority	-	127,582	-	3,137	130,719	23,608	(950)	22,658	3,009	242,807
Town of Westwood	-	11,579,394	-	327,888	11,907,282	2,142,664	(165,337)	1,977,327	273,070	24,519,244
Town of Wrentham	-	4,549,088	-	235,828	4,784,916	841,768	26,019	867,787	107,279	10,685,576
Wrentham Housing Authority	-	59,906	-	6,268	66,174	11,085	(354)	10,731	1,413	111,626
Dedham Westwood Water District	-	1,180,462	-	208,561	1,389,023	218,434	(166,233)	52,201	27,838	2,460,132
	\$ -	\$ 161,906,544	\$ -	\$ 9,861,525	\$ 171,768,069	\$ 29,959,357	\$ -	\$ 29,959,357	\$ 3,818,150	\$ 339,571,217

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, 2021

Employer	FOR THE YEARS ENDING DECEMBER 31					
	2022	2023	2024	2025	Thereafter	Total
Town of Avon	\$ (169,244)	\$ (699,978)	\$ (407,196)	\$ (453,304)	\$ -	\$ (1,729,722)
Avon Housing Authority	(22,088)	(11,065)	(4,535)	(4,313)	-	(42,001)
Town of Bellingham	(1,064,272)	(2,334,290)	(1,751,863)	(1,028,444)	-	(6,178,869)
Bellingham Housing Authority	15,386	(3,066)	6,001	(13,009)	-	5,312
Town of Canton	(491,508)	(3,057,234)	(1,929,212)	(1,896,082)	-	(7,374,036)
Canton Housing Authority	(28,679)	(49,445)	(24,449)	(31,818)	-	(134,391)
Town of Cohasset	(109,537)	(1,040,995)	(403,640)	(894,100)	-	(2,448,272)
Cohasset Housing Authority	(3,084)	(10,356)	(6,690)	(5,824)	-	(25,954)
Norfolk County	(669,545)	(2,347,242)	(1,486,015)	(1,262,580)	-	(5,765,382)
Charles River Pollution Control	(58,639)	(128,745)	(100,160)	(53,450)	-	(340,994)
Town of Dover	(340,881)	(924,516)	(667,236)	(451,579)	-	(2,384,212)
Dover-Sherborn Regional High School	(265,570)	(654,109)	(526,960)	(262,895)	-	(1,709,534)
Town of Foxboro	(305,360)	(2,664,574)	(1,753,338)	(1,616,064)	-	(6,339,336)
Foxboro Housing Authority	51,886	(19,170)	(3,351)	(30,765)	-	(1,400)
Town of Franklin	(112,494)	(2,992,113)	(1,878,431)	(1,955,062)	-	(6,938,100)
Franklin Housing Authority	(11,348)	(50,458)	(31,399)	(30,926)	-	(124,131)
Town of Holbrook	(410,747)	(1,244,616)	(798,070)	(710,787)	-	(3,164,220)
Holbrook Housing Authority	(12,254)	(17,627)	(3,142)	(15,860)	-	(48,883)
King Philip Regional School District	(172,469)	(415,958)	(238,632)	(255,621)	-	(1,082,680)
Town of Medfield	(245,983)	(1,562,120)	(1,041,699)	(920,426)	-	(3,770,228)
Medfield Housing Authority	(4,369)	(8,817)	(5,306)	(5,094)	-	(23,586)
Town of Medway	120,640	(1,169,541)	(598,061)	(929,719)	-	(2,576,681)
Medway Housing Authority	(54,208)	(75,525)	(59,279)	(26,226)	-	(215,238)
Metacomet Emergency Communication	508,176	365,105	429,516	(63,849)	-	1,238,948
Town of Millis	(60,243)	(881,326)	(485,409)	(632,592)	-	(2,059,570)
Millis Housing Authority	10,371	(17,385)	(8,372)	(16,236)	-	(31,622)
Town of Norfolk	(240,905)	(1,239,821)	(781,099)	(759,410)	-	(3,021,235)
Norfolk Housing Authority	(3,141)	(19,370)	(12,693)	(11,621)	-	(46,825)
Norfolk Mosquito Control	(21,199)	(113,678)	(70,610)	(70,860)	-	(276,347)
Town of Plainville	(25,741)	(944,211)	(518,877)	(686,899)	-	(2,175,728)
Town of Randolph	(444,264)	(3,453,962)	(2,273,052)	(2,079,629)	-	(8,250,907)
Randolph Housing Authority	43,370	(44,372)	(34,088)	(33,607)	-	(68,697)
Town of Sharon	(555,986)	(2,548,056)	(1,697,519)	(1,466,382)	-	(6,267,943)
Sharon Housing Authority	10,108	13,542	25,444	(9,027)	-	40,067
Town of Stoughton	(423,311)	(3,213,414)	(2,074,262)	(1,973,531)	-	(7,684,518)
Stoughton Housing Authority	25,984	(24,933)	(6,212)	(31,332)	-	(36,493)
Town of Walpole	(704,742)	(2,709,002)	(1,580,111)	(1,736,533)	-	(6,730,388)
Walpole Housing Authority	(6,406)	(30,850)	(18,612)	(19,693)	-	(75,561)
Town of Westwood	(632,523)	(3,015,511)	(1,934,467)	(1,806,847)	-	(7,389,348)
Town of Wrentham	(157,598)	(1,198,029)	(799,160)	(713,005)	-	(2,867,792)
Wrentham Housing Authority	(2,706)	(16,690)	(11,540)	(9,472)	-	(40,408)
Dedham Westwood Water District	(214,205)	(333,847)	(195,006)	(184,030)	-	(927,088)
	<u>\$ (7,259,328)</u>	<u>\$ (40,907,370)</u>	<u>\$ (25,758,792)</u>	<u>\$ (25,158,503)</u>	<u>\$ -</u>	<u>\$ (99,083,993)</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, 2021

#### **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, 2021, 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, 2021

#### **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, 2021

#### 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, 2022. The following actuarial assumptions were applied to all periods included in the measurement that was rolled forward to December 31, 2021:

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 – 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.

## NORFOLK COUNTY RETIREMENT SYSTEM

### NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2021

#### NOTE 4 – NET PENSION LIABILITY

The components of the net pension liability of the System as of December 31, 2021, is as follows:

Total Pension Liability	\$1,793,000,074
Fiduciary Net Position	<u>1,424,456,980</u>
System's Net Pension Liability	\$ <u>368,543,094</u>

Fiduciary Net Position as a percentage of total pension liability	79.4%
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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, 2021 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%	7.0%
International Equities	15.5	7.7%
Fixed Income	20.5	4.3%
Real Estate	9.5	6.9%
Private Equity	10.0	9.4%
Hedge Funds	11.5	8.6%
Real Assets	<u>2.5</u>	8.9%
Total	<u>100.0%</u>	

## NORFOLK COUNTY RETIREMENT SYSTEM

### NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2021

#### NOTE 4 – NET PENSION LIABILITY (Continued)

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 18.52% for the year ended December 31, 2021. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### 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, 2021, 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	\$555,622,368	\$368,543,094	\$209,554,987

#### NOTE 5 – PENSION EXPENSE

System pension expense for the year ended December 31, 2021 is as follows:

Service Cost	\$ 38,807,940
Interest Cost	131,012,909
Expected Return on Assets	(93,115,854)
Member Contributions	(35,368,122)
Current Year Amortization of Difference Between Expected and Actual Experience	22,152,116
Current Year Amortization of Assumption Changes	2,289,450
Current Year Amortization of Difference Between Projected and Actual Investment Earnings	(37,241,208)
Administrative Expenses	<u>1,422,126</u>
Total	\$ <u>29,959,357</u>

The System pension expense is based on the January 1, 2022 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, 2022 (4.08 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, 2021**

**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, 2021:

<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	57,927,703	3,910,109	-	3,910,109	\$ -
2019	4.19	41,916,868	20,008,051	21,908,817	-	10,004,026	11,904,791
2021	4.08	33,610,962	-	-	33,610,962	8,237,981	25,372,981
Difference Between Projected and Actual Investment Earnings							
2018	5	127,723,896	76,634,337	51,089,559	-	25,544,780	25,544,779
Difference from Assumption Changes							
2017	4.27	36,207,214	33,917,764	2,289,450		2,289,450	-
<b><u>Deferred Inflows of Resources</u></b>							
2017	5	(58,699,395)	(46,959,522)	(11,739,873)	-	(11,739,873)	-
2019	5	(85,246,700)	(34,098,680)	(51,148,020)	-	(17,049,340)	(34,098,680)
2020	5	(40,896,153)	( 8,179,232)	(32,716,921)	-	(8,179,231)	(24,537,690)
2021	5	(129,087,718)	-	-	(129,087,718)	(25,817,544)	<u>(103,270,174)</u>
<b>Total Deferred Outflows/Inflows</b>							<b><u>\$(99,083,993)</u></b>

The following schedule reflects the amortization of the balance of deferred outflows of resources and deferred inflows of resources at December 31, 2021:

<u>Measurement Period Ending December 31:</u>	<u>Amount</u>
2022	\$( 7,259,328)
2023	(40,907,370)
2024	(25,758,792)
2025	(25,158,503)
Thereafter	-
Total	<u>\$(99,083,993)</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, 2021

#### **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, 2021. 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, 2021 and 2020. 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, 2021 and 2020. A copy may be obtained by submitting a request to the System's Executive Director at 480 Neponset Street, Building #15, Canton, MA 02021.