

NORFOLK COUNTY RETIREMENT SYSTEM

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

YEAR ENDED DECEMBER 31, 2022

NORFOLK COUNTY RETIREMENT SYSTEM

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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, 2022, 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, 2022, 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, 2022, 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, 2022 and 2021, and our report thereon, dated September 27, 2023, 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
September 27, 2023

NORFOLK COUNTY RETIREMENT SYSTEM

SCHEDULE OF EMPLOYER ALLOCATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Employer</u>	<u>Employer Contributions</u>	<u>Employer Allocation Percentage</u>	
Town of Avon	\$ 1,674,267	1.8221%	0.018221
Avon Housing Authority	15,697	0.0171%	0.000171
Town of Bellingham	3,534,569	3.8467%	0.038467
Bellingham Housing Authority	53,711	0.0585%	0.000585
Town of Canton	6,929,184	7.5411%	0.075411
Canton Housing Authority	118,641	0.1291%	0.001291
Town of Cohasset	3,429,263	3.7321%	0.037321
Cohasset Housing Authority	20,967	0.0228%	0.000228
Norfolk County	4,529,169	4.9292%	0.049292
Charles River Pollution Control	180,785	0.1968%	0.001968
Town of Dover	1,585,077	1.7251%	0.017251
Dover-Sherborn Regional High School	878,624	0.9562%	0.009562
Town of Foxboro	5,871,763	6.3903%	0.063903
Foxboro Housing Authority	121,344	0.1321%	0.001321
Town of Franklin	7,183,210	7.8176%	0.078176
Franklin Housing Authority	112,992	0.1230%	0.001230
Town of Holbrook	2,573,892	2.8012%	0.028012
Holbrook Housing Authority	61,881	0.0673%	0.000673
King Philip Regional School District	941,565	1.0247%	0.010247
Town of Medfield	3,332,086	3.6264%	0.036264
Medfield Housing Authority	18,241	0.0199%	0.000199
Town of Medway	3,510,400	3.8204%	0.038204
Medway Housing Authority	85,510	0.0931%	0.000931
Metacomet Emergency Communication	391,025	0.4256%	0.004256
Town of Millis	2,363,555	2.5723%	0.025723
Millis Housing Authority	61,806	0.0673%	0.000673
Town of Norfolk	2,771,584	3.0164%	0.030164
Norfolk Housing Authority	42,177	0.0459%	0.000459
Norfolk Mosquito Control	259,457	0.2824%	0.002824
Town of Plainville	2,567,956	2.7947%	0.027947
Town of Randolph	7,547,386	8.2139%	0.082139
Randolph Housing Authority	122,600	0.1334%	0.001334
Town of Sharon	5,296,528	5.7643%	0.057643
Sharon Housing Authority	44,054	0.0479%	0.000479
Town of Stoughton	7,192,286	7.8275%	0.078275
Stoughton Housing Authority	122,699	0.1335%	0.001335
Town of Walpole	6,405,620	6.9713%	0.069713
Walpole Housing Authority	72,417	0.0788%	0.000788
Town of Westwood	6,572,941	7.1534%	0.071534
Town of Wrentham	2,583,703	2.8119%	0.028119
Wrentham Housing Authority	33,995	0.0370%	0.000370
Dedham Westwood Water District	670,418	<u>0.7296%</u>	0.007296
	<u>\$ 91,885,045</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, 2022

Employer	December 31, 2022 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 Avon	\$ 10,537,057	\$ 346,850	\$ 4,032,080	\$ -	\$ 133,796	\$ 4,512,726
Avon Housing Authority	98,888	3,256	37,840	-	11	41,107
Town of Bellingham	22,245,156	732,248	8,512,268	-	13,237	9,257,753
Bellingham Housing Authority	338,301	11,136	129,453	-	44,048	184,637
Town of Canton	43,608,995	1,435,487	16,687,293	-	43,944	18,166,724
Canton Housing Authority	746,575	24,575	285,682	-	18,478	328,735
Town of Cohasset	21,582,433	710,434	8,258,672	-	1,167,266	10,136,372
Cohasset Housing Authority	131,851	4,340	50,454	-	-	54,794
Norfolk County	28,506,322	938,351	10,908,146	-	10,401	11,856,898
Charles River Pollution Control	1,138,079	37,462	435,494	-	1,618	474,574
Town of Dover	9,976,114	328,385	3,817,431	-	9,551	4,155,367
Dover-Sherborn Regional High School	5,529,627	182,021	2,115,951	-	20,666	2,318,638
Town of Foxboro	36,954,589	1,216,443	14,140,938	-	65,090	15,422,471
Foxboro Housing Authority	763,924	25,146	292,321	-	71,114	388,581
Town of Franklin	45,208,550	1,488,140	17,299,375	-	363,092	19,150,607
Franklin Housing Authority	711,299	23,415	272,184	-	687	296,286
Town of Holbrook	16,199,114	533,230	6,198,707	-	6,776	6,738,713
Holbrook Housing Authority	389,190	12,811	148,927	-	29,781	191,519
King Philip Regional School District	5,925,757	195,060	2,267,533	-	56,262	2,518,855
Town of Medfield	20,971,179	690,312	8,024,771	-	39,861	8,754,944
Medfield Housing Authority	115,080	3,788	44,036	-	145	47,969
Town of Medway	22,093,065	727,243	8,454,069	-	816,808	9,998,120
Medway Housing Authority	538,390	17,723	206,019	-	574	224,316
Metacomet Emergency Communication	2,461,210	81,016	941,800	-	1,122,383	2,145,199
Town of Millis	14,875,403	489,657	5,692,179	-	377,496	6,559,332
Millis Housing Authority	389,190	12,811	148,927	-	19,907	181,645

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, 2022

Employer	December 31, 2022 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	17,443,598	574,194	6,674,917	-	3,154	7,252,265
Norfolk Housing Authority	265,436	8,737	101,571	-	327	110,635
Norfolk Mosquito Control	1,633,096	53,757	624,916	-	4,958	683,631
Town of Plainville	16,161,525	531,993	6,184,323	-	423,211	7,139,527
Town of Randolph	47,500,321	1,563,579	18,176,337	-	66,553	19,806,469
Randolph Housing Authority	771,441	25,393	295,198	-	10,858	331,449
Town of Sharon	33,334,482	1,097,279	12,755,678	-	40,295	13,893,252
Sharon Housing Authority	277,002	9,118	105,997	-	78,622	193,737
Town of Stoughton	45,265,801	1,490,024	17,321,282	-	58,420	18,869,726
Stoughton Housing Authority	772,020	25,413	295,419	-	60,132	380,964
Town of Walpole	40,314,465	1,327,040	15,426,618	-	458,295	17,211,953
Walpole Housing Authority	455,694	15,000	174,375	-	3,712	193,087
Town of Westwood	41,367,535	1,361,705	15,829,583	-	16,870	17,208,158
Town of Wrentham	16,260,991	535,266	6,222,384	-	35,658	6,793,308
Wrentham Housing Authority	213,968	7,043	81,876	-	507	89,426
Dedham Westwood Water District	4,219,218	138,884	1,614,514	-	3,325	1,756,723
	<u>\$ 578,291,931</u>	<u>\$ 19,035,765</u>	<u>\$ 221,287,538</u>	<u>\$ -</u>	<u>\$ 5,697,889</u>	<u>\$ 246,021,192</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, 2022

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 Earnings	Assumption Changes	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization from Changes in Proportions	Total Pension Expense			
Town of Avon	\$ -	\$ 2,019,987	\$ -	\$ 19,441	\$ 2,039,428	\$ 1,410,501	\$ (35,682)	\$ 1,374,819	\$ 78,782	\$ 6,702,519	
Avon Housing Authority	-	18,957	-	4,233	23,190	13,237	(20,853)	(7,616)	739	63,155	
Town of Bellingham	-	4,264,468	-	1,592,679	5,857,147	2,977,758	(782,776)	2,194,982	166,319	15,419,732	
Bellingham Housing Authority	-	64,853	-	227	65,080	45,285	19,781	65,066	2,529	73,092	
Town of Canton	-	8,359,986	-	-	8,359,986	5,837,542	57,394	5,894,936	326,050	27,012,254	
Canton Housing Authority	-	143,121	-	6,047	149,168	99,937	(19,624)	80,313	5,582	423,491	
Town of Cohasset	-	4,137,422	-	76,287	4,213,709	2,889,045	163,476	3,052,521	161,365	12,970,564	
Cohasset Housing Authority	-	25,276	-	2,129	27,405	17,650	(1,585)	16,065	986	-	
Norfolk County	-	5,464,755	-	646,464	6,111,219	3,815,880	(362,855)	3,453,025	213,132	9,413,809	
Charles River Pollution Control	-	218,174	-	103,087	321,261	152,344	(44,203)	108,141	8,509	720,269	
Town of Dover	-	1,912,453	-	465,922	2,378,375	1,335,412	(213,414)	1,121,998	74,588	6,377,609	
Dover-Sherborn Regional High School	-	1,060,047	-	585,129	1,645,176	740,201	(195,032)	545,169	41,343	3,634,015	
Town of Foxboro	-	7,084,314	-	227,835	7,312,149	4,946,777	161,102	5,107,879	276,297	22,190,745	
Foxboro Housing Authority	-	146,447	-	3,336	149,783	102,260	61,308	163,568	5,712	491,898	
Town of Franklin	-	8,666,625	-	-	8,666,625	6,051,660	462,861	6,514,521	338,009	27,683,638	
Franklin Housing Authority	-	136,359	-	546	136,905	95,215	(2,426)	92,789	5,318	433,055	
Town of Holbrook	-	3,105,423	-	186,802	3,292,225	2,168,429	(206,435)	1,961,994	121,115	10,818,336	
Holbrook Housing Authority	-	74,609	-	5,204	79,813	52,097	(7,839)	44,258	2,910	177,160	
King Philip Regional School District	-	1,135,987	-	23,865	1,159,852	793,228	(96,797)	696,431	44,305	4,137,809	
Town of Medfield	-	4,020,242	-	228,368	4,248,610	2,807,222	21,747	2,828,969	156,794	12,341,003	
Medfield Housing Authority	-	22,061	-	1,747	23,808	15,405	(3,416)	11,989	860	-	
Town of Medway	-	4,235,312	-	-	4,235,312	2,957,399	402,626	3,360,025	165,182	14,355,617	
Medway Housing Authority	-	103,211	-	75,933	179,144	72,069	(47,299)	24,770	4,025	413,412	
Metacomet Emergency Communication	-	471,821	-	-	471,821	329,460	539,703	869,163	18,402	2,044,459	
Town of Millis	-	2,851,663	-	10,652	2,862,315	1,991,236	129,689	2,120,925	111,218	10,672,028	
Millis Housing Authority	-	74,609	-	334	74,943	52,097	15,088	67,185	2,910	220,131	

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, 2022

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 Plan Pension Expense				Net Amortization from Changes in Proportions
Town of Norfolk	-	3,343,994	-	15,171	3,359,165	2,335,017	(23,064)	2,311,953	130,420	11,340,870
Norfolk Housing Authority	-	50,885	-	1,861	52,746	35,532	191	35,723	1,985	114,128
Norfolk Mosquito Control	-	313,070	-	605	313,675	218,608	(545)	218,063	12,210	908,581
Town of Plainville	-	3,098,217	-	5,274	3,103,491	2,163,397	178,428	2,341,825	120,834	8,199,575
Town of Randolph	-	9,105,965	-	334,737	9,440,702	6,358,438	148,976	6,507,414	355,144	27,987,951
Randolph Housing Authority	-	147,889	-	1,036	148,925	103,266	52,580	155,846	5,768	354,368
Town of Sharon	-	6,390,328	-	449,830	6,840,158	4,462,185	(130,326)	4,331,859	249,231	19,932,557
Sharon Housing Authority	-	53,102	-	4,649	57,751	37,080	13,595	50,675	2,071	176,643
Town of Stoughton	-	8,677,600	-	126,855	8,804,455	6,059,323	148,914	6,208,237	338,437	28,846,032
Stoughton Housing Authority	-	147,999	-	-	147,999	103,343	35,685	139,028	5,772	500,170
Town of Walpole	-	7,728,413	-	80,456	7,808,869	5,396,533	(197,061)	5,199,472	301,418	24,955,471
Walpole Housing Authority	-	87,357	-	501	87,858	61,000	(683)	60,317	3,407	251,305
Town of Westwood	-	7,930,290	-	201,958	8,132,248	5,537,498	(110,822)	5,426,676	309,291	25,377,418
Town of Wrentham	-	3,117,284	-	159,261	3,276,545	2,176,712	50,049	2,226,761	121,578	11,059,571
Wrentham Housing Authority	-	41,018	-	4,235	45,253	28,642	(21)	28,621	1,600	115,533
Dedham Westwood Water District	-	808,837	-	45,193	854,030	564,789	(160,435)	404,354	31,546	2,546,237
	\$ -	\$ 110,860,430	\$ -	\$ 5,697,889	\$ 116,558,319	\$ 77,410,709	\$ -	\$ 77,410,709	\$ 4,323,693	\$ 351,456,210

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, 2022

Employer	FOR THE YEARS ENDING DECEMBER 31					
	2023	2024	2025	2026	Thereafter	Total
Town of Avon	\$ 308,502	\$ 601,412	\$ 555,302	\$ 1,008,082	\$ -	\$ 2,473,298
Avon Housing Authority	(1,609)	4,922	5,143	9,461	-	17,917
Town of Bellingham	(205,425)	377,214	1,100,641	2,128,176	-	3,400,606
Bellingham Housing Authority	29,343	38,426	19,417	32,371	-	119,557
Town of Canton	1,115,131	2,243,289	2,276,424	4,171,894	-	9,806,738
Canton Housing Authority	21,866	46,831	39,463	71,407	-	179,567
Town of Cohasset	1,024,413	1,661,967	1,171,513	2,064,770	-	5,922,663
Cohasset Housing Authority	2,207	5,856	6,721	12,605	-	27,389
Norfolk County	361,705	1,218,086	1,441,344	2,724,544	-	5,745,679
Charles River Pollution Control	(19,824)	8,774	55,485	108,878	-	153,313
Town of Dover	30,626	288,117	503,784	954,465	-	1,776,992
Dover-Sherborn Regional High School	(124,720)	2,535	266,605	529,042	-	673,462
Town of Foxboro	871,574	1,783,051	1,920,335	3,535,362	-	8,110,322
Foxboro Housing Authority	53,844	69,648	42,235	73,071	-	238,798
Town of Franklin	1,335,504	2,449,927	2,373,324	4,325,227	-	10,483,982
Franklin Housing Authority	17,581	36,640	37,113	68,047	-	159,381
Town of Holbrook	305,402	752,037	839,326	1,549,723	-	3,446,488
Holbrook Housing Authority	19,446	33,884	21,166	37,210	-	111,706
King Philip Regional School District	151,381	328,829	311,845	566,948	-	1,359,003
Town of Medfield	445,648	966,493	1,087,784	2,006,409	-	4,506,334
Medfield Housing Authority	2,012	5,478	5,687	10,984	-	24,161
Town of Medway	945,622	1,517,541	1,185,901	2,113,744	-	5,762,808
Medway Housing Authority	(23,972)	(7,710)	25,342	51,512	-	45,172
Metacomet Emergency Communication	600,772	665,245	171,882	235,479	-	1,673,378
Town of Millis	542,850	939,070	791,897	1,423,200	-	3,697,017
Millis Housing Authority	19,783	28,781	20,917	37,221	-	106,702
Town of Norfolk	428,503	887,119	908,804	1,668,674	-	3,893,100
Norfolk Housing Authority	6,024	12,699	13,772	25,394	-	57,889
Norfolk Mosquito Control	42,601	85,685	85,434	156,236	-	369,956
Town of Plainville	602,333	1,027,788	859,770	1,546,145	-	4,036,036
Town of Randolph	1,089,057	2,269,680	2,463,091	4,543,939	-	10,365,767
Randolph Housing Authority	29,263	39,502	39,981	73,778	-	182,524
Town of Sharon	643,406	1,494,626	1,725,790	3,189,272	-	7,053,094
Sharon Housing Authority	40,051	51,954	17,480	26,501	-	135,986
Town of Stoughton	1,118,315	2,257,847	2,358,591	4,330,518	-	10,065,271
Stoughton Housing Authority	48,929	67,651	42,531	73,854	-	232,965
Town of Walpole	1,148,226	2,277,270	2,120,854	3,856,734	-	9,403,084
Walpole Housing Authority	12,747	24,986	23,903	43,593	-	105,229
Town of Westwood	942,742	2,024,014	2,151,643	3,957,511	-	9,075,910
Town of Wrentham	358,807	758,011	844,178	1,555,767	-	3,516,763
Wrentham Housing Authority	3,779	8,929	10,998	20,467	-	44,173
Dedham Westwood Water District	70,071	208,987	219,964	403,671	-	902,693
	<u>\$ 14,414,516</u>	<u>\$ 29,563,091</u>	<u>\$ 30,163,380</u>	<u>\$ 55,321,886</u>	<u>\$ -</u>	<u>\$ 129,462,873</u>

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

NORFOLK COUNTY RETIREMENT SYSTEM

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2022

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, 2022, which is available through the System's website at 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

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2022

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, administrative, technical and not otherwise classified 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

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2022

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, 2022:

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, 2022**

NOTE 4 – NET PENSION LIABILITY

The components of the net pension liability of the System as of December 31, 2022, is as follows:

Total Pension Liability	\$1,838,943,253
Fiduciary Net Position	<u>1,260,651,322</u>
System's Net Pension Liability	\$ <u>578,291,931</u>

Fiduciary Net Position as a percentage of total pension liability	68.6%
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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, 2022 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, 2022

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 -11.82% for the year ended December 31, 2022. 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, 2022, 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	\$768,213,463	\$578,291,931	\$416,834,744

NOTE 5 – PENSION EXPENSE

System pension expense for the year ended December 31, 2022 is as follows:

Service Cost	\$ 39,418,902
Interest Cost	137,049,010
Expected Return on Assets	(110,483,643)
Member Contributions	(38,149,245)
Current Year Amortization of Difference Between Expected and Actual Experience	18,242,007
Current Year Amortization of Difference Between Projected and Actual Investment Earnings	29,820,549
Administrative Expenses	<u>1,513,129</u>
Total	\$ <u>77,410,709</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, 2022**

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, 2022:

Year	<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>
<u>Deferred Outflows of Resources</u>							
Different Between Expected and Actual Experience							
2019	4.19	41,916,868	30,012,077	11,904,791	-	10,004,026	\$ 1,900,765
2021	4.08	33,610,962	8,237,981	25,372,981	-	8,237,981	17,135,000
Difference Between Projected and Actual Investment Earnings							
2018	5	127,723,896	102,179,117	25,544,779		25,544,779	-
2022	5	276,609,422	-	-	276,609,422	55,321,884	221,287,538
<u>Deferred Inflows of Resources</u>							
2019	5	(85,246,700)	(51,148,020)	(34,098,680)	-	(17,049,340)	(17,049,340)
2020	5	(40,896,153)	(16,358,463)	(24,537,690)	-	(8,179,230)	(16,358,460)
2021	5	(129,087,718)	(25,817,544)	(103,270,174)	-	(25,817,544)	<u>(77,452,630)</u>
Total Deferred Outflows/Inflows							<u>\$129,462,873</u>

The following schedule reflects the amortization of the balance of deferred outflows of resources and deferred inflows of resources at December 31, 2022:

<u>Measurement Period Ending December 31:</u>	<u>Amount</u>
2023	\$ 14,414,516
2024	29,563,091
2025	30,163,380
2026	55,321,886
Thereafter	-
Total	<u>\$129,462,873</u>

NORFOLK COUNTY RETIREMENT SYSTEM

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS, PENSION AMOUNTS BY EMPLOYER AND AMORTIZATION OF EMPLOYERS' DEFERRED OUTFLOWS/INFLOWS DECEMBER 31, 2022

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, 2022. 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, 2022 and 2021. 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, 2022 and 2021. A copy may be obtained by submitting a request to the System's Executive Director at 480 Neponset Street, Building #15, Canton, MA 02021.