



## Arlington Finance Committee

Date: Wednesday, February 7, 2024.

Time: 7:30pm.

Location: O'Neill Community Room, Public Safety Building, 112 Mystic Street, Arlington, MA.

### Minutes

Attendance: Christine Deshler, Josh Lobel, Allan Tosti, Topher Heigham, Michael Ruderman, Jordan Remy, Charles Foskett, David McKenna, Sophie Migliazzo, Grant Gibian, Alan Jones, John Griffin, Darrel Harmer, Rebecca Younkin, Annie LaCourt, Jennifer Susse (remote) and Tara Bradley (Secretary).  
Visitors: Sean Keane (ACMi).

1. 2/5/2024 Minutes: motion to accept minutes passed with 13 in favor and one abstaining (Remy).
2. 1/29/2024 Minutes: motion to reconsider 1/29/24 minutes passed unanimously. Motion to amend minutes (add Remy to attendance listing) passed unanimously.
3. Comptroller: a new Chart of Accounts has been created. Budget is postponed pending further investigation of salaries.
4. Retirement/Pension: Unfunded Actuarial Accrued Liability projected for FY25 is \$118,362,202 as of 1/1/2023. Total Appropriation required for FY25 is \$17,175,692 (\$620,042 to come from Arlington Housing Authority). FY2034 is estimated final payment to unfunded liability. As of 6/30/23, Arlington Other Post-Employment Benefits (OPEB) Liability for 2023 was \$216,047,532 in Total Liability, \$21,797,249 in Total Assets, \$194,250,283 in Net Liability meaning 10.1% of the liability is funded.
  - a. VOTE: motion to accept \$14,994,696 Pension Taxation Total passed unanimously.
5. Reserve Fund.
  - a. VOTE: motion to accept \$2,019,326 Reserve Fund Total passed unanimously.
6. Information Technology: Informix Maintenance budget is being reduced by \$2,600 leading to a reduced IT budget.
  - a. VOTE: motion to accept \$1,247,829 Information Technology Taxation Total passed unanimously.

Budget	Total	Status	Date	Votes
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Comptroller	\$365,344	Postponed	2/7/2024	n/a
Retirement/ Pension	\$14,994,696	Approved	2/7/2024	14-0-0
Reserve Fund	\$2,019,326	Approved	2/7/2024	14-0-0
Information Technology	\$1,247,829	Approved	2/7/2024	14-0-0

Meeting adjourned at 9:23 pm.

By Tara Bradley.

- Reference 1: Comptroller Budget FY25
- Reference 2: Comptroller Adjusted Salary Sheet
- Reference 3: Comptroller Adjusted Totals Sheet
- Reference 4: Comptroller Updated Chart of Accounts
- Reference 5: Town Auditor Questions Email Cody 20240207
- Reference 6: Retirement Budget FY25
- Reference 7: Vanguard Trust Account Statement 20231231
- Reference 8: M&T Bank Statement 20231231
- Reference 9: PRIT Fund Performance Summary 20231231
- Reference 10: PERAC Memo to Arlington Retirement Board 20231204
- Reference 11: PERAC Memo to Arlington Retirement Board 20231207
- Reference 12: 38C Update
- Reference 13: Stone Consulting Report Summary 20230101
- Reference 14: Stone Consulting Actuarial Valuation Report 20230101
- Reference 15: IT Budget Presentation FY25
- Reference 16: IT Budget Adjustment Confirmation Email Magee 20240208

# Comptroller Budget

Corrected February 9, 2024

Carolyn White and Charlie Foskett

Financial Budgets working Group

Page 39 in the Town Manager's Budget Book

# Agenda

- Salary Issue
- Expenses
- Adjusted Budget
- Achievements and Chart of Accounts

# Original Salary Budget

Original Budget as Presented in TM Budget Book Before Update with Correction February 9, 2024

FY 2025 SALARY DETAIL			FY2025						FY2024	FY2025				
COMPTRROLLER	Job	FTE	BU	Grade	Step	Step	Min	Max	New Pay	New Pay	Base	Step		
CODY	IDA	1.00	MGMT	2			102,907	148,705	148,013	151,679	148,705	2,974	1,517	153,196
ADDORISIO	RITA	1.00	SEIU	9	8	8	71,235	97,542	92,173	92,173	90,508	1,665	3,687	95,860
ZHENG	IRIS	1.00	OFFA	7	6	7	51,216	69,566	55,051	62,493	60,271	2,222		62,493
NGUYEN	VANESSA	1.00	OFFA	4	6	6	43,170	58,772	49,860	51,691	49,860	1,831		51,691
<b>APPROPRIATION TOTAL:</b>									<b>345,097</b>	<b>358,036</b>	<b>349,344</b>	<b>8,692</b>	<b>5,204</b>	<b>363,240</b>
<b>Water/Sewer Offsets</b>									<b>(31,448)</b>	<b>(32,346)</b>	<b>(32,346)</b>			<b>(32,346)</b>
<b>TAXATION TOTAL: 4.00</b>									<b>313,649</b>	<b>325,690</b>	<b>316,998</b>	<b>8,692</b>	<b>5,204</b>	<b>330,894</b>

**Charlie Foskett:**  
This is above the Max of 148,705

**Charlie Foskett: Comptroller base before receiving step should be the FY 2024 New Pay of 148,013**

- Comptroller is above the M-Schedule max
- Zheng reclassified to Senior Accountant (not clearly indicated)
- Nguyen is Principal Accounting Clerk, Bookkeeper (Jr. Pos.)
- Essentially three new people

# Salary Issue

- Town Manager and Finance Director plan M-Schedule cola, to be announced after collective bargaining process is complete. Amount TBD.
- FD put in increase for Comptroller, we reduced to max level.
- New budget cleared with FD and HR.
- Comptroller differential to be adjusted through reclass warrant article and collective bargaining reserve to compete Comptroller increase.

**Management Classification and Salary Plan  
FY 2024**

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	RANGE	Mid-point	Maximum
1	92,875	96,360	99,972	103,722	107,613		111,647	134,210
2	102,907	106,766	110,767	114,923	119,234		123,705	148,705
3	113,197	117,443	121,844	126,413	131,158		136,075	163,573

- Management 3
  - Chief of Fire (Fire and Rescue)
  - Chief of Police
  - Chief Information Officer
  - Deputy Town Manager - Finance
  - Deputy Town Manager - Operations
  - Director of Planning and Community Development
  - Director of Public Works
  - Facilities Director
  - Town Counsel
- Management 2
  - Benefits Attorney/Workers' Compensation Agent
  - Comptroller**
  - Director of Health and Human Services
  - Director of Inspectional Services
  - Library Director
  - Treasurer and Collector of Taxes
  - Director of Human Resources

# Original Total Budget

- Past lower in-state travel expenses due to Covid and vacancies in 2022 and 2023
- Budgeted training and travel expenses will be used for training new team members and maintaining three certification levels in three different organizations (MMMA, MIA and Munis)

	2022 Actual	2023 Actual	2024 Budget	2025 Budget	\$ Change	% Change
<b>0113481 COMPTROLLER SALARIES</b>						
5100 SALARIES & WAGES	328,628	317,857	347,435	358,036	10,601	3.05%
5103 OVERTIME	2,509	1,612	6,000	6,000	0	0.00%
5156 LONGEVITY	1,754	4,920	4,871	5,204	333	6.84%
5160 STIPENDS	850	850	850	850	0	0.00%
<b>0113481 COMPTROLLER'S SALARIES</b>	<b>333,742</b>	<b>325,239</b>	<b>359,156</b>	<b>370,090</b>	<b>10,934</b>	<b>3.04%</b>
<b>0113482 COMPTROLLER EXPENSES</b>						
5209 IN-STATE TRAVEL	1,074	824	3,350	3,350	0	0.00%
5210 OUT-OF-STATE TRAVEL	3,095	4,296	4,000	4,000	0	0.00%
5215 TELEPHONE:EXPENSES	634	-	-	-	0	-
5217 DUES/SUBSCRIPTIONS	776	1,270	1,000	1,000	0	0.00%
5218 TRAINING	3,053	6,880	15,000	15,000	0	0.00%
5223 OFFICE SUPPLIES	3,179	4,513	4,250	4,250	0	0.00%
5224 OTHER SUPPLIES	-	-	-	-	0	-
5236 OTHER PURCHASED SERVICES	-	-	-	-	0	-
5299 OTHERWISE UNCLASSIFIED	10	3,023	-	-	0	-
<b>0113482 COMPTROLLER'S EXPENSES</b>	<b>11,822</b>	<b>20,806</b>	<b>27,600</b>	<b>27,600</b>	<b>0</b>	<b>0.00%</b>
<b>COMPTROLLER APPROPRIATION TOTAL</b>	<b>345,563</b>	<b>346,045</b>	<b>386,756</b>	<b>397,690</b>	<b>10,934</b>	<b>2.83%</b>
OFFSETS	(31,529)	(31,516)	(31,448)	(32,346)	(898)	2.86%
<b>COMPTROLLER TAXATION TOTAL</b>	<b>314,034</b>	<b>314,529</b>	<b>355,308</b>	<b>365,344</b>	<b>10,036</b>	<b>2.82%</b>

# Adjusted Salary Budget (Corrected February 9)

Update with Correction February 9, 2024

**Charlie Foscett:**  
This the sum of current pay of 148,013 and a step of \$692 which brings the Comptroler to the M-Schedule max.

FY 2025 SALARY DETAIL			FY2025						FY2024	FY2025					
COMPTRROLLER	Job	FTE	BU	Grade	Step	Step	Min	Max	New Pay	New Pay	Base	Step	Longevity	Total	
CODY	IDA	1.00	MGMT	2			102,907	148,705	148,013	148,705	148,013	692	1,517	150,222	
ADDORISIO	RITA	1.00	SEIU	9	8	8	71,235	97,542	92,173	92,173	90,508	1,665	3,687	95,860	
ZHENG	IRIS	1.00	OFFA	7	6	7	51,216	69,566	55,051	62,493	60,271	2,222		62,493	
NGUYEN	VANESSA	1.00	OFFA	4	6	6	43,170	58,772	49,860	51,691	49,860	1,831		51,691	
<b>APPROPRIATION TOTAL:</b>									<b>345,097</b>	<b>355,062</b>	<b>348,652</b>	<b>6,410</b>	<b>5,204</b>	<b>360,266</b>	
<b>Water/Sewer Offsets</b>									<b>(31,448)</b>	<b>(32,346)</b>	<b>(32,346)</b>			<b>(32,346)</b>	
<b>TAXATION TOTAL:</b>			<b>4.00</b>							<b>313,649</b>	<b>322,716</b>	<b>316,306</b>	<b>6,410</b>	<b>5,204</b>	<b>327,920</b>

Cross Check I Cody	FY2024	FY2025				
	New Pay	New Pay	Base	Step	Longevity	Total
Original	148,013	151,679	148,705	2,974	1,517	153,196
Adjusted and corrected 2/9/2024	148,013	148,705	148,013	692	1,517	150,222
Difference		(2,974)	(692)	(2,282)		(2,974)



# Chart of Accounts

01/04/2024

# A New COA

- This has been a change needed for the last decade.
- Ida organized it and implemented it entirely in-house, in her department, a huge accomplishment.
- By avoiding consultants, she saved the Town more than \$100,000.
- For the next Town Meeting 2025, she will upgrade the history to the new charts to maintain FinCom sanity.
- A full explanation is in the Comptroller Budget section on the FinCom SharePoint.

## Why a new COA ?

- Current COA over 20 years old
- Ran out of space for new funds/accounts
- Improved reporting , robust filters
- Align with Uniform Massachusetts Accounting System (UMAS)
- Organized funds in a more logical manner by funding source
  - State and Federal grants funds 2XXX
  - Other Special Revenue funds 3XXX – revolving, donations, etc.
  - Capital Cash 4XXX – FY24 is 4024
  - Capital Debt 5XXX – FY24 is 5024

# Adjusted Comptroller Total (Corrected February 9)

- Overtime is used for year-end closings
- Salary adjustment flows through total budget correctly
- Recommended Taxation Vote: **362,370**

Update with Correction February 9, 2024

	2023	2024	2025	\$	%
	Actual	Budget	Budget	Change	Change
<b>0113481 COMPTROLLER SALARIES</b>					
5100 SALARIES & WAGES	317,857	347,435	355,062	7,627	2.20%
5103 OVERTIME	1,612	6,000	6,000		
5156 LONGEVITY	4,920	4,871	5,204	333	6.84%
5160 STIPENDS	850	850	850		
<b>0113481 COMPTROLLER'S SALARIES</b>	<b>325,239</b>	<b>359,156</b>	<b>367,116</b>	<b>7,960</b>	<b>2.22%</b>

<b>0113482 COMPTROLLER EXPENSES</b>					
5209 IN-STATE TRAVEL	824	3,350	3,350		
5210 OUT-OF-STATE TRAVEL	4,296	4,000	4,000		
5215 TELEPHONE:EXPENSES	-	-	-		
5217 DUES/SUBSCRIPTIONS	1,270	1,000	1,000		
5218 TRAINING	6,880	15,000	15,000		
5223 OFFICE SUPPLIES	4,513	4,250	4,250		
5224 OTHER SUPPLIES	-	-	-		
5236 OTHER PURCHASED SERVICES	-	-	-		
5299 OTHERWISE UNCLASSIFIED	3,023	-	-		
<b>0113482 COMPTROLLER'S EXPENSES</b>	<b>20,806</b>	<b>27,600</b>	<b>27,600</b>		

<b>COMPTROLLER APPROPRIATION TOTAL</b>	<b>346,045</b>	<b>386,756</b>	<b>394,716</b>	<b>7,960</b>	<b>2.06%</b>
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OFFSETS	(31,516)	(31,448)	(32,346)	(898)	2.86%
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<b>COMPTROLLER TAXATION TOTAL</b>	<b>314,529</b>	<b>355,308</b>	<b>362,370</b>	<b>7,062</b>	<b>1.99%</b>
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<b>Cross Check</b>					
Comptroller Original Taxation Total	<b>314,529</b>	<b>355,308</b>	<b>365,344</b>	<b>10,036</b>	<b>2.82%</b>
Comptroller Taxation Total Adjusted	<b>314,529</b>	<b>355,308</b>	<b>362,370</b>	<b>7,062</b>	<b>1.99%</b>
Difference	-	-	(2,974)	(2,974)	-0.84%

FY 2025 SALARY DETAIL			FY2025						FY2024	FY2025					
COMPROLLER	Job		FTE	BU	Grade	Step	Step	Min	Max	New Pay	New Pay	Base	Step	Longevity	Total
CODY	IDA	COMPROLLER	1.00	MGMT	2			102,907	148,705	148,013	149,397	148,705	692	1,517	150,914
ADDORISIO	RITA	ASSISTANT COMPROLLER	1.00	SEIU	9	8	8	71,235	97,542	92,173	92,173	90,508	1,665	3,687	95,860
ZHENG	IRIS	SENIOR ACCOUNTANT	1.00	OFFA	7	6	7	51,216	69,566	55,051	62,493	60,271	2,222		62,493
NGUYEN	VANESSA	PRIN ACCT CLERK/BOOKEEP	1.00	OFFA	4	6	6	43,170	58,772	49,860	51,691	49,860	1,831		51,691
<b>APPROPRIATION TOTAL:</b>										<b>345,097</b>	<b>355,754</b>	<b>349,344</b>	<b>6,410</b>	<b>5,204</b>	<b>360,958</b>
<b>Water/Sewer Offsets</b>										<b>(31,448)</b>	<b>(32,346)</b>	<b>(32,346)</b>			<b>(32,346)</b>
<b>TAXATION TOTAL:</b>			<b>4.00</b>							<b>313,649</b>	<b>323,408</b>	<b>316,998</b>	<b>6,410</b>	<b>5,204</b>	<b>328,612</b>

Cross Check I Cody						
Original	148,013	151,679	148,705	2,974	1,517	153,196
Adjusted	148,013	149,397	148,705	692	1,517	150,914
Difference		(2,282)		(2,282)		(2,282)

	2023	2024	2025	\$	%
	Actual	Budget	Budget	Change	Change

**0113481 COMPTROLLER SALARIES**

5100 SALARIES & WAGES	317,857	347,435	355,754	8,319	2.39%
5103 OVERTIME	1,612	6,000	6,000		
5156 LONGEVITY	4,920	4,871	5,204	333	6.84%
5160 STIPENDS	850	850	850		

<b>0113481 COMPTROLLER'S SALARIES</b>	<b>325,239</b>	<b>359,156</b>	<b>367,808</b>	<b>8,652</b>	<b>2.41%</b>
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**0113482 COMPTROLLER EXPENSES**

5209 IN-STATE TRAVEL	824	3,350	3,350		
5210 OUT-OF-STATE TRAVEL	4,296	4,000	4,000		
5215 TELEPHONE:EXPENSES	-	-	-		
5217 DUES/SUBSCRIPTIONS	1,270	1,000	1,000		
5218 TRAINING	6,880	15,000	15,000		
5223 OFFICE SUPPLIES	4,513	4,250	4,250		
5224 OTHER SUPPLIES	-	-	-		
5236 OTHER PURCHASED SERVICES	-	-	-		
5299 OTHERWISE UNCLASSIFIED	3,023	-	-		

<b>0113482 COMPTROLLER'S EXPENSES</b>	<b>20,806</b>	<b>27,600</b>	<b>27,600</b>		
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<b>COMPTROLLER APPROPRIATION TOTAL</b>	<b>346,045</b>	<b>386,756</b>	<b>395,408</b>	<b>8,652</b>	<b>2.24%</b>
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OFFSETS	(31,516)	(31,448)	(32,346)	(898)	2.86%
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<b>COMPTROLLER TAXATION TOTAL</b>	<b>314,529</b>	<b>355,308</b>	<b>363,062</b>	<b>7,754</b>	<b>2.18%</b>
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**Cross Check**

Comptroller Original Taxation Total	<b>314,529</b>	<b>355,308</b>	<b>365,344</b>	<b>10,036</b>	<b>2.82%</b>
Comptroller Taxation Total Adjusted	<b>314,529</b>	<b>355,308</b>	<b>363,062</b>	<b>7,754</b>	<b>2.18%</b>
Difference	-	-	(2,282)	(2,282)	-0.64%

# **Chart of Accounts**

**01/04/2024**

# Why a new COA ?

- Current COA over 20 years old
- Ran out of space for new funds/accounts
- Improved reporting , robust filters
- Align with Uniform Massachusetts Accounting System (UMAS)
- Organized funds in a more logical manner by funding source
  - State and Federal grants funds 2XXX
  - Other Special Revenue funds 3XXX – revolving, donations, etc.
  - Capital Cash 4XXX – FY24 is 4024
  - Capital Debt 5XXX – FY24 is 5024

# What has changed ?

- Some department numbers : Treasurer, Assessor, Planning , IT , Facilities , ISD
- Org structure
  - General Fund – minor change
  - Special Revenue – all numbers changed
- Objects – new objects have 6 digits (current only 4)
- Invoice Payment workflow – DH approve the invoice in Munis before submitting to Comptroller
- Stronger internal controls
  - Users do not need to memorize the accounts
  - Munis will only display their department accounts



# General Fund

## OLD

- Salaries
  - 01123**8**1-5100
- Expenses
  - 01123**8**2-5217
- Articles
  - 01123**88**-5871

## NEW

- Salaries
  - 01123**5**1-5100**00**
- Expenses
  - 01123**5**2-5730**00**
- Articles
  - 01123**53**-578013

# Capital Projects

Capital Projects accounts will have a somehow similar structure to the general fund account

- First digit is the type of funding (4 for cash and 5 for debt)
- Next 3 digits are department number
- Next 2 digits Fiscal Year
- Last 2 digits project number

## Old

- Police Vehicles - Cash
  - 57732103-587001
- Police Boiler- Bond
  - 6282101-585025

## New

- Police Vehicles - Cash
  - 4**210**2302-585005
- Police Boiler - Bond
  - 5**210**2301-585050

# Revenue Accounts

- Similar to expense orgs
- Each department that collects revenue will have its own revenue account by type
- Charge codes have not changed YET

## OLD

### Permits

- 0100077

## NEW

### Permits

- Inspection 01**240**445
- Select Board 01**122**445
- Town Clerk 01**161**445

# Tips to memorize the accounts

## 1. Remember funding source

- General Fund 01
- Capital cash 4XXX
- Capital borrowing 5XXX

## 2. Remember your department number

## 3. Remember type of account

- Revenue starts with 4
- Expense starts with 5
  - 51 Salaries
  - 52 Expenses
  - 53 Articles

# Account structure – EXPENSE

Account Master [TOWN OF ARLINGTON | IMPL | 09/29]

## Account

Org code *	0114552	TREASURER/COLLECTOR EXPENSES
Object code *	530001	ADVERTISING
Project code *		
Fund	0001	GENERAL FUND
Function	1	GENERAL GOVERNMENT
Department	145	TREASURER/COLLECTOR
Sub Dept	145	TREASURER/COLLECTOR
Year	0000	UNASSIGNED
Program/DESE	000000	UNASSIGNED
Revenue/DESE	0000	UNASSIGNED
Budget Ctrl	52	EXPENSES
Object	530001	ADVERTISING
Project		

# Account structure – CAPITAL

Account Master [TOWN OF ARLINGTON | IMPL | 09/29]

## Account

Org code *	52102301	BOILER REPLACEMENT
Object code *	585050	BOILER
Project code *		
Fund	5023	FY23 BOND
Function	2	PUBLIC SAFETY
Department	210	POLICE
Sub Dept	210	POLICE
Year	2023	YEAR 2023
Program/DESE	230040	BOILER REPLACEMENT
Revenue/DESE	0000	UNASSIGNED
Budget Ctrl	58	CAPITAL
Object	585050	BOILER
Project		

# Account structure – REVENUE

Account Master [TOWN OF ARLINGTON | IMPL | 09/29]

## Account

Org code *	01512432	FEES HEALTH & HUMAN SERVICES
Object code *	432015	COPY FEE
Project code *		
Fund	0001	GENERAL FUND
Function	5	HEALTH AND HUMAN SERVICES
Department	512	HEALTH & HUMAN SERVICES
Sub Dept	512	HEALTH & HUMAN SERVICES
Year	0000	UNASSIGNED
Program/DESE	000000	UNASSIGNED
Revenue/DESE	4320	FEES
Budget Ctrl	40	REVENUES
Object	432015	COPY FEE
Project		

# Town of Arlington

## Chart of Accounts - Department Numbers

<u>Dept #</u>	<u>Description</u>	<u>Dept #</u>	<u>Description</u>
122	SELECT BOARD	300	SCHOOL
123	TOWN MANAGER	400	PUBLIC WORKS
131	FINANCE COMMITTEE	450	WATER/SEWER ENTERPRISE
132	RESERVE FUND	512	HEALTH & HUMAN SERVICES
134	COMPTROLLER	519	DIVERSITY, EQUITY, INCLUSION
141	ASSESSOR	541	COUNCIL ON AGING
142	REVALUATION FUNDS	542	YOUTH SERVICES
145	TREASURER/COLLECTOR	543	VETERANS SERVICES
146	PARKING TICKETS	549	HUMAN RIGHTS COMMISSION
149	POSTAGE	610	LIBRARY
151	LEGAL	630	RECREATION
152	PERSONNEL	631	RINK
155	INFORMATION TECHNOLOGY	691	HISTORICAL COMMISSION
161	TOWN CLERK	700	DEBT SERVICES
162	ELECTIONS	820	STATE & COUNTY ASSESSMENTS
163	REGISTRARS	911	PENSIONS
170	CONSERVATION COMMISSION	912	WORKER'S COMP
171	CPA	913	UNEMPLOYMENT COMPENSATION
175	PLANNING	914	GROUP HEALTH INSURANCE
176	ZONING BOARD OF APPEALS	915	GROUP LIFE INSURANCE
181	CDBG	916	FEDERAL MEDICARE
182	REDEVELOPMENT BOARD	945	LIABILITY INSURANCE
189	RECODIFICATION	960	TRUST FUNDS
192	FACILITIES	970	OFS - TRANSFERS IN
193	PROPERTY INSURANCE	990	OFU - TRANSFERS OUT
199	MINUTEMAN REGIONAL SCHOOL		
210	POLICE		
220	FIRE		
240	INSPECTION SERVICES		
244	WEIGHTS & MEASURES		



## Town of Arlington

### Chart of Accounts - Fund Type

Fund Number Range	Fund Type	Total Fund #
0000 0000	Treasurer's Cash	1
0001 0001	General Fund - Town	1
0003 0003	General Funds - School	1
0023 0023	Student Activity	1
0033 0033	Sped Reserve	1
1000 1099	School Federal Grants	100
1100 1199	School State Grants	100
1200 1299	School Revolving	100
1300 1399	School Private Grants	100
1400 1499	School Gifts/Donations	100
1500 1999	Reserve for School Funds	500
2000 2099	Reserve for Town Funds	100
2100 2299	Town State Grants	200
2300 2499	Town Federal Grants	200
2500 2500	CDBG	1
2600 2799	Reserve for Town Funds	200
2800 2800	Highway Improvement - Ch 90	1
3000 3099	Receipts Reserved	100
3100 3199	Revolving 53E1/2	100
3200 3299	Revolving	100
3300 3399	Donations/Other Grants	100
3400 3499	Town Private Grants	100
3500 3500	CPA Operating	1
3510 3510	CPA Housing	1
3520 3520	CPA Open Space	1
3530 3530	CPA Historic	1
3540 3540	CPA Budgeted Reserve	1
3900 3999	Capital Projects - OFS	100
4000 4999	Capital Projects - Cash	1000
5000 5999	Capital Projects - Borrowing	1000
6100 6100	COA Transportation Enterprise	1
6200 6200	Arlington Youth Counsel Center Enterprise	1
6300 6300	Recreation Enterprise	1
6400 6400	Ed Burns Arena Enterprise	1
6500 6500	Water/Sewer Enterprise Fund	1
6501 6501	MWRA Capital	1
7000 7500	Expendable Trust Funds	500
8000 8500	Non-Expandable Trust Funds	500
8600 8699	Town Trust Funds (Health and other)	100
8700 8799	Stabilization Funds	100
8900 8900	Agency Fund	1
9910 9910	GLTAG - Governmental Funds	1
9911 9911	GLTAG - Enterprise	1
9998 9998	School Inactive Funds	1
9999 9999	Town Inactive Funds	1

# Town of Arlington

## Chart of Accounts

### Character Code

Character	Description
00	UNASSIGNED
01	MOTOR VEHICLE EXCISE
02	OTHER EXCISE
03	PENALTIES AND INTERE
04	PILOT
05	CHARGES - WATER
06	CHARGES - SEWER
07	CHARGES - HOSPITAL
08	CHARGES - TRASH
09	OTHER CHGS FOR SERVI
10	FEES
11	RENTALS
12	DEPT REV - SCHOOLS
13	DEPT REV - LIBRARIES
14	DEPT REV - CEMETERIE
15	DEPT REV - RECREATIO
16	OTHER DEPT REVENUE
17	LICENSES AND PERMITS
18	SPECIAL ASSESSMENTS
19	FINES AND FORFEITS
20	INVESTMENT INCOME
21	MEDICAID
22	MISC RECURRING
23	MISC NON-RECURRING
31	SCHOOL PROF SAL
32	SCHOOL CLERIC SAL
33	SCHOOL OTHER SALARIE
34	SCHOOL CONTRACTED SE
35	SCHOOL SUPPLIES & MA
36	SCHOOL OTHER EXPENSE
41	PROPERTY TAXES
45	FEDERAL REVENUES
46	STATE REVENUE
49	TRANSFER IN / OFS
51	SALARIES
52	EXPENSES
53	ARTICLES
54	INDIRECT COSTS
57	DEBT SERVICE
58	CAPITAL OUTLAY
59	TRANSFER OUT / OFU

## Charlie Foskett

---

**From:** Ida Cody <icody@town.arlington.ma.us>  
**Sent:** Wednesday, February 7, 2024 10:47 AM  
**To:** Charlie Foskett  
**Cc:** Carolyn White  
**Subject:** Re: Selection of Town Auditor

Hello Charlie:

The Town has been audited by Powers and Sullivan since 1996. This year they were acquired by Marcum (2/1/2024) . Marcum is the 13<sup>th</sup> largest accounting firm in the US with 4000+ employees. The team assigned to Arlington will have the same principals/partners and the audit associates will rotate each year (which is the current practice ).

We have an engagement letter with Powers and Sullivan and the cost is locked in through FY2026. Marcum will honor the existing contracts. The Town Manager has informed the Select Board of the merger/acquisition . The plan is to re-evaluate whether we will retain them going forward or interview other companies based on the level of services provided.

Below are my answers to your specific questions:

1. What has been the rate of increase in the audit expense each year?
  - o They increased the fees \$2K every 2-3 years.
2. How many alternative auditing service firms might be available to do the work?
  - o There used to be 4 main governmental audit firms that I know of and most municipalities use them . Melanson Heath was aquired by Marcum in 2023
    - Powers & Sullivan
    - CliftonLarsenAlen (CLA)
    - Roselli and Clark
    - Melanson Heath (**acquired by Marcum**)
  - o Larger governmental entities are audited by the largest accounting firms (big 4)
    - Boston and Cambridge - KPMG
    - Massport - Ernst & Young
3. Have you ever done a competitive bid or have contemplated it?
  - o CPA's are exempt from MGL 30B so we do not necessarily need a competitive bid. We have been satisfied with the level of services provided by P&S and have not discussed a change since I have joined the Town. However, give then the recent change we will re-evaluate the services and make a determination based on the new facts
4. Can you provide reasons why you may want to stick with (or leave) Powers and Sullivan?
  - o The partners at P&S are very knowledgeable and thorough . At this point we will assess the situation and if we see major changes in the the process/product we will probably consider switching auditors.

Please do not hesitate to call if you have additional questions.

Thank you

Ida

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**Ida Cody, CPA**

Comptroller  
Town of Arlington  
27 Maple St.  
Arlington, MA 02476  
781-316-3333  
lcody@town.arlington.ma.us

---

**From:** Charlie Foscett <charlie.foscett@foskettco.com>  
**Sent:** Tuesday, February 6, 2024 6:36 PM  
**To:** Ida Cody <lcody@town.arlington.ma.us>  
**Cc:** Carolyn White <cawhitema@gmail.com>  
**Subject:** Selection of Town Auditor

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Ida:

The question was raised the other night during the Select Board's budget that the SB never reviews the Audit costs, they just do what the Comptroller recommends. We will be presenting the Comptroller budget to the FinCom Wednesday night, 2/7/2024.

Can you please provide some input for this issue? A brief answer by email would be helpful.

6. What has been the rate of increase in the audit expense each year?
7. How many alternative auditing service firms might be available to do the work?
8. Have you ever done a competitive bid or have contemplated it?
9. Can you provide reasons why you may want to stick with (or leave) Powers and Sullivan?

Thanks in advance for your help.  
Charlie

Charlie Foscett  
101 Brantwood Road  
Arlington, MA 02476-8005  
1.781.492.0800 (Mobile)  
1.781.646.5882 (Home)  
1.781.641.4769 (Fax)  
Email: [charlie.foscett@foskettco.com](mailto:charlie.foscett@foskettco.com)  
Skype: cfoscett

# Retirement Budget

February 7, 2024

Michael Ruderman and Charlie Foskett

Financial Budgets Working Group

Page 153 in the Town Manager's Budget Book

# Agenda

# Definitions

- **Arlington Contributory Retirement Board (and Fund):** Local Board of elected and appointed officials managing local contributions and distributions of pension benefits.
- **Arlington Non-Contributory Retirement System:** Retirement system for employees (and their dependents/survivors) who worked for the Town up to and including 1939. All members and survivors are now deceased.
- **PERAC:** Massachusetts – Public Employee Retirement Administration Commission. PERAC's mission is to provide regulatory oversight and guidance for the effective, equitable, and ethical operation of the Commonwealth of Massachusetts' public pension systems
- **PRIT:** Public Retirement Investment Trust- Where the funds are.
- **PRIM:** The Pension Reserves Investment Management Board (PRIM) serves as a professional investment service for public employees.
- **Custodial Bank:** In our case, M&T, holds current cash both collected and expended by the Retirement Board.
- **Stone Consulting, Inc.:** The Town's long-term actuarial consultant that manages the valuation of funds and coordinates Town financial retirement obligations with PERAC.
- **OPEB:** Other Post-Employment Benefits are health insurance coverage for retirees which are funded by the Town.
- **Retirement Financial Year:** January to December one year in arrears. Current fund information is based on fund conditions of December 2022, as the fund and actuarial results for the calendar year 2022 will not be available until the summer of 2024 at the earliest.

# Demographics –at-a-Glance

## Plan Demographics

Actives	
a. Number	802
b. Annual Compensation	\$46,272,993
c. Average Annual Compensation	\$57,697
d. Average Attained Age	46.3
e. Average Past Service	9.3
Retired, Disabled and Beneficiaries	
a. Number	619
b. Total Benefits (excluding State COLA)	\$20,946,581
c. Average Benefits	\$33,839
d. Average Age	75.2
Inactives	
a. Number	545

## Demographic History

Valuation Year	Actives	Average Age	Average Past Service	Average Ann'l Pay
2023	802	46.3	9.3	\$57,697
2022	808	46.4	9.3	\$55,969
2021	771	46.8	10.1	\$56,063
2020	812	45.8	9.6	\$51,504
2019	773	46.5	10.0	\$51,865
2018	735	47.0	10.5	\$51,978
2017	720	46.8	10.6	\$51,089
2016	696	47.0	11.0	\$49,893
2015	705	47.4	11.1	\$47,566
2014	693	47.0	10.7	\$45,893
2013	676	47.6	11.0	\$44,394
2012	677	47.7	11.0	\$42,261
2011	661	48.3	11.6	\$43,323
2010	677	48.1	11.3	\$42,694
2008	707	48.6	11.3	\$39,257
2006	681	48.3	11.7	\$38,676
2005	664	48.4	11.6	\$38,115
2004	683	48.1	11.5	\$35,116
2003	683	48.2	11.3	\$34,490
2002	733	48.5	11.5	\$33,119

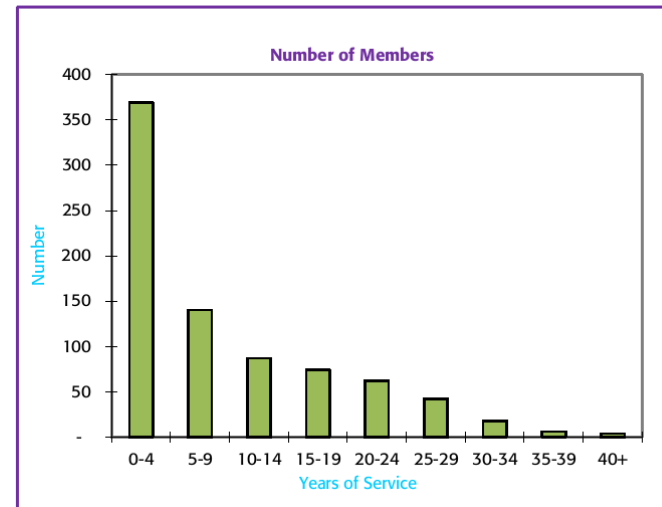
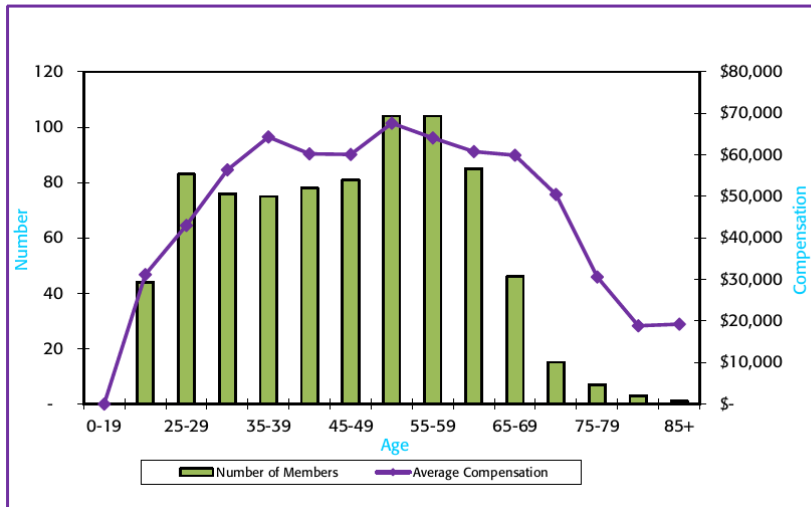
- Average annual compensation has grown by 74.2% (2.7% annually) over the past twenty-one years.



# Active Member Statistics

ACTIVE MEMBERS

AGE	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 + Years	Total	Total Compensation	Average Compensation
0-19	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -
20-24	44	-	-	-	-	-	-	-	-	44	\$ 1,370,949	\$ 31,158
25-29	76	7	-	-	-	-	-	-	-	83	\$ 3,567,843	\$ 42,986
30-34	44	28	4	-	-	-	-	-	-	76	\$ 4,283,110	\$ 56,357
35-39	33	20	19	3	-	-	-	-	-	75	\$ 4,821,706	\$ 64,289
40-44	37	14	10	15	2	-	-	-	-	78	\$ 4,698,896	\$ 60,242
45-49	42	10	8	8	13	-	-	-	-	81	\$ 4,868,377	\$ 60,103
50-54	40	18	13	7	12	11	3	-	-	104	\$ 7,031,444	\$ 67,610
55-59	23	18	15	15	10	15	8	-	-	104	\$ 6,662,502	\$ 64,063
60-64	18	16	12	12	12	9	3	3	-	85	\$ 5,166,990	\$ 60,788
65-69	9	6	4	11	7	4	2	1	2	46	\$ 2,754,849	\$ 59,888
70-74	1	1	2	3	4	1	1	1	1	15	\$ 756,800	\$ 50,453
75-79	2	1	-	-	2	2	-	-	-	7	\$ 213,873	\$ 30,553
80-84	-	1	-	-	-	-	1	-	1	3	\$ 56,413	\$ 18,804
85+	-	-	-	-	-	-	-	1	-	1	\$ 19,238	\$ 19,238
<b>TOTAL</b>	<b>369</b>	<b>140</b>	<b>87</b>	<b>74</b>	<b>62</b>	<b>42</b>	<b>18</b>	<b>6</b>	<b>4</b>	<b>802</b>	<b>\$ 46,272,993</b>	<b>\$ 57,697</b>



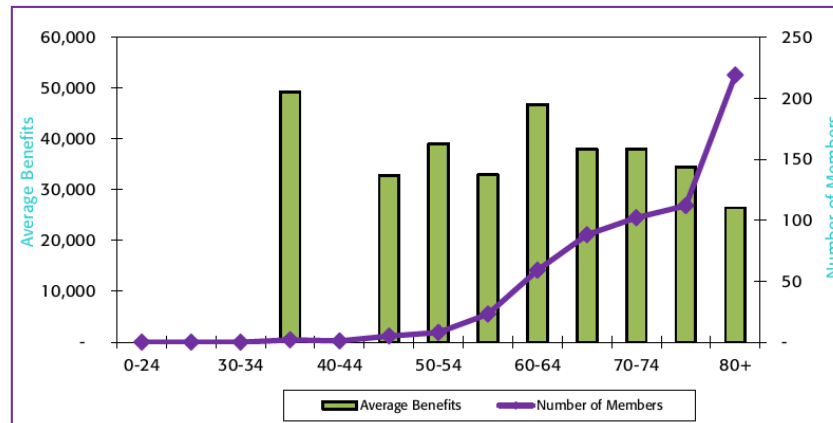
# Retired Member Statistics

## RETIRED MEMBERS

Retired Members and Beneficiaries			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	1	41,507	41,507
40-44	1	151	151
45-49	1	2,434	2,434
50-54	2	1,848	3,697
55-59	16	25,721	411,541
60-64	45	44,243	1,990,941
65-69	76	36,725	2,791,095
70-74	91	37,720	3,432,481
75-79	97	32,738	3,175,624
80+	203	25,328	5,141,549
<b>TOTAL</b>	<b>533</b>	<b>\$ 31,878</b>	<b>\$ 16,991,020</b>

Disabled Members			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	1	56,863	56,863
40-44	-	-	-
45-49	4	40,386	161,544
50-54	6	51,459	308,754
55-59	7	49,383	345,680
60-64	14	54,781	766,936
65-69	12	46,274	555,288
70-74	11	40,047	440,513
75-79	15	45,405	681,076
80+	16	39,932	638,907
<b>TOTAL</b>	<b>86</b>	<b>\$ 45,995</b>	<b>\$ 3,955,560</b>

Total			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	2	49,185	98,371
40-44	1	151	151
45-49	5	32,795	163,977
50-54	8	39,056	312,450
55-59	23	32,923	757,220
60-64	59	46,744	2,757,878
65-69	88	38,027	3,346,384
70-74	102	37,971	3,872,994
75-79	112	34,435	3,856,700
80+	219	26,395	5,780,456
<b>TOTAL</b>	<b>619</b>	<b>\$ 33,839</b>	<b>\$ 20,946,581</b>



# PRIT Fund Performance as of December 31, 2023

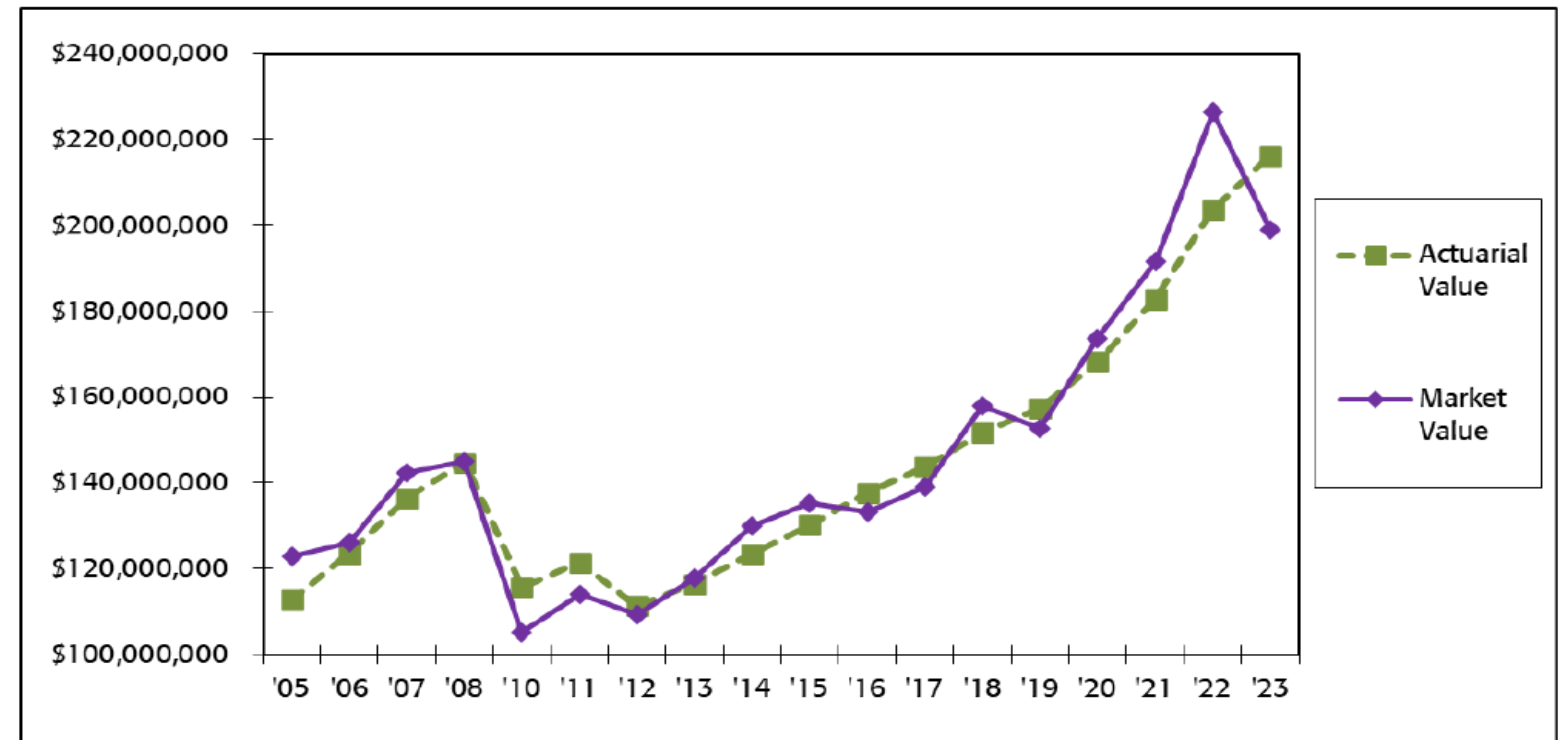
Performance by Asset Class (Gross of Fees)

	NAV \$ (000)	Target Allocation Range	Actual Allocation %	Month	QTD	FY '24	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	39,724,068	32 - 42%	39.5%	5.43	10.93	7.14	22.04	6.10	11.97	8.17	6.81
CORE FIXED INCOME	13,668,025	12 - 18%	13.6%	5.12	8.25	1.85	4.85	-4.95	1.39	2.80	6.39
VALUE ADDED FIXED INCOME	7,308,942	5 - 11%	7.3%	2.07	4.84	6.40	12.21	5.76	6.26	5.01	7.54
PRIVATE EQUITY	17,195,912	13 - 19%	17.1%	0.12	1.28	3.80	6.82	19.15	19.18	19.48	15.65
REAL ESTATE	10,406,927	7 - 13%	10.3%	-3.19	-2.45	-3.92	-5.77	9.14	7.88	8.79	6.77
TIMBERLAND	3,219,674	1 - 7%	3.2%	7.60	8.00	9.02	11.43	10.39	7.02	6.31	8.32
PORTFOLIO COMPLETION STRATEGIES	8,529,652	7 - 13%	8.5%	1.60	3.81	5.39	8.74	5.02	4.67	3.72	4.32
OVERLAY	477,961	0.0%	0.5%	8.60	14.90	8.79	21.52	3.26	11.11	8.44	11.31
<b>TOTAL CORE</b>	<b>100,565,646</b>	<b>100%</b>	<b>100%</b>	<b>3.01</b>	<b>6.18</b>	<b>4.45</b>	<b>11.44</b>	<b>6.22</b>	<b>9.49</b>	<b>7.94</b>	<b>9.24</b>
<i>IMPLEMENTATION BENCHMARK (using short term private equity benchmark)<sup>1</sup></i>				2.99	5.86	3.83	9.82	5.38	8.84	7.35	9.52
<i>TOTAL CORE BENCHMARK (using private equity)<sup>2</sup></i>				3.20	6.60	4.83	11.80	5.20	8.43	6.83	9.33
PARTICIPANTS CASH	299,780			0.46	1.40	2.74	5.24	2.32	1.97	1.39	3.49
TEACHERS' AND EMPLOYEES' CASH	26,049			0.47	1.39	2.75	5.22	2.30	1.95	1.37	2.42
<b>TOTAL FUND</b>	<b>100,891,475</b>			<b>3.00</b>	<b>6.17</b>	<b>4.44</b>	<b>11.42</b>	<b>6.21</b>	<b>9.46</b>	<b>7.92</b>	<b>9.28</b>

# Fund Value

- Stone Consulting uses a four-year smoothing algorithm to calculate fund value.
- This chart compares actuarialM smoothing to market value.

The benefit of using an asset smoothing method is that it results in a more stable measure of the financial condition of the Plan. This is illustrated by the chart below, which displays a history of the Actuarial Value and Market Value of Assets over the past eighteen valuations.



# UAAL and Funding Schedule

Comparative Results

Net Employer Normal Cost for Fiscal 2025 (including admin. expenses)	\$ 3,418,595
Net 3(8)(c) Payments	(50,477)
Amortization	13,807,574
Timing Adjustment*	<u>0</u>
<b>Total Appropriation required for Fiscal 2025</b>	<b>\$ 17,175,692</b>

## FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution*	% Change
2025	3,418,595	118,362,202	13,807,574	(50,477)	17,175,692	5.50%
2026	3,572,432	111,873,452	14,598,400	(50,477)	18,120,355	5.50%
2027	3,733,191	104,084,306	15,434,260	(50,477)	19,116,975	5.50%
2028	3,901,185	94,855,548	16,317,700	(50,477)	20,168,408	5.50%
2029	4,076,738	84,035,498	17,251,409	(50,477)	21,277,671	5.50%
2030	4,260,191	71,458,974	18,238,228	(50,477)	22,447,943	5.50%
2031	4,451,900	56,946,199	19,281,156	(50,477)	23,682,580	5.50%
2032	4,652,235	40,301,595	20,383,363	(50,477)	24,985,121	5.50%
2033	4,861,586	21,312,509	21,312,509	(50,477)	26,123,618	4.56%
2034	5,080,357	-	-	(50,477)	5,029,881	-80.75%

Amortization of Unfunded Liability as of July 1, 2024

	January 1, 2023	January 1, 2022	Percentage Change
<b>Funding</b>			
Contribution for Fiscal 2025	\$17,175,692	\$17,175,692	0.0%
<b>Members</b>			
▪ Actives			
a. Number	802	808	-0.7%
b. Annual Compensation	\$46,272,993	\$45,222,925	2.3%
c. Average Annual Compensation	\$57,697	\$55,969	3.1%
d. Average Attained Age	46.3	46.4	-0.2%
e. Average Past Service	9.3	9.3	-0.1%
▪ Retired, Disabled and Beneficiaries			
a. Number	619	619	0.0%
b. Total Benefits*	\$20,946,581	\$20,342,537	3.0%
c. Average Benefits*	\$33,839	\$32,864	3.0%
d. Average Age	75.2	75.2	0.0%
▪ Inactives			
a. Number	545	487	11.9%
<b>Normal Cost</b>			
a. Total Normal Cost as of January 1, 2023	\$7,090,869	\$6,804,801	4.2%
b. Less Expected Members' Contributions	<u>4,353,584</u>	<u>4,238,308</u>	2.7%
c. Normal Cost to be funded by the Municipality	\$2,737,284	\$2,566,493	6.7%
d. Adjustment to July 1, 2024	186,830	175,173	6.7%
e. Administrative Expense Assumption	<u>494,481</u>	<u>480,240</u>	3.0%
f. Normal Cost Adjusted to July 1, 2024	\$3,418,595	\$3,221,906	6.1%
<b>Actuarial Accrued Liability</b>			
a. Active Members	\$121,895,831	\$116,367,058	4.8%
b. Inactive Members	4,729,475	4,342,961	8.9%
c. Retired Members and Beneficiaries	<u>207,710,262</u>	<u>202,372,433</u>	2.6%
d. Total	\$334,335,568	\$323,082,451	3.5%
<b>Unfunded Actuarial Accrued Liability</b>			
a. Actuarial Accrued Liability	\$334,335,568	\$323,082,451	3.5%
b. Less Actuarial Value of Assets	<u>216,195,548</u>	<u>203,653,080</u>	6.2%
c. Unfunded Actuarial Accrued Liability	\$118,140,020	\$119,429,371	-1.1%
d. Adjustment to FY2025	<u>222,182</u>	<u>971,757</u>	
e. Unfunded Actuarial Accrued Liability as of FY2025	\$118,362,202	\$120,401,128	

\* Excluding State reimbursed COLA

# Approved Appropriation

## PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION  
 PHILIP Y. BROWN, ESQ., Chair | JOHN W. PARSONS, ESQ., Executive Director  
 Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

MEMORANDUM

TO: Arlington Retirement Board  
 FROM: John W. Parsons, Esq., Executive Director  
 RE: Approval of Funding Schedule  
 DATE: December 4, 2023



This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY24 (since the amount under the prior schedule was maintained in FY24) and is acceptable under Chapter 32.

The revised schedule maintains the 7.0% investment return assumption used in the 2022 actuarial valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb  
 P:\actuarial\APPROPRI\Appropr24\arlington approval.docx

**Arlington Retirement Board**  
 Appropriation by Governmental Unit

Fiscal Year 2025 - July 1, 2024 to June 30, 2025

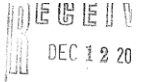
Aggregate amount of appropriation: **\$17,175,692**

UNIT	Percent of Aggregate Amount	Funding Schedule (excluding ERI)	ERI	Total Appropriation
Town and School	96.39%	\$16,555,650	\$0	\$16,555,650
Arlington Housing Authority	3.61%	\$620,042	\$0	\$620,042
<b>UNIT TOTAL</b>	<b>100%</b>	<b>\$17,175,692</b>	<b>\$ 0</b>	<b>\$17,175,692</b>

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

## PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION  
 PHILIP Y. BROWN, ESQ., Chair | JOHN W. PARSONS, ESQ., Executive Director  
 Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.



MEMORANDUM

TO: Arlington Retirement Board  
 FROM: John W. Parsons, Esq., Executive Director  
 RE: Appropriation for Fiscal Year 2025  
 DATE: December 7, 2023

Required Fiscal Year 2025 Appropriation: **\$17,175**

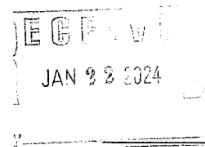
This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2025 which commences July 1, 2024.

Attached please find the portion of the Fiscal Year 2025 appropriation to be paid by each of the governmental units within your system.

urrent schedule is due to be updated by Fiscal Year 2026.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446 extension 935.

# OPEB Performance



Vanguard®

Retirement trust account  
ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

## Account overview

**\$23,043,628.78**

Total account value as of December 31, 2023

### Year-to-date income

Taxable income	\$678,946.63
Nontaxable income	0.00
<b>Total</b>	<b>\$678,946.63</b>

### Balances and holdings for Vanguard funds

Beginning on January 1, 2012, new tax rules on taxable (nonretirement) mutual fund accounts (excluding money market funds) require Vanguard to track cost basis information for shares acquired and subsequently sold, on or after that date. Unless you select another method, sales of Vanguard mutual funds, but not ETFs, will default to the average cost method. For more information, visit [vanguard.com/costbasis](http://vanguard.com/costbasis).

Symbol	Name	Fund and account	Average price per share	Total cost	Balance on 12/31/2022	Balance on 12/31/2023
VTMGX	Devel Markets Idx Admiral	0127-88045469741	-	-	\$4,765,711.50	\$5,608,040.11
VEMAX	Emerging Mkts Stk Idx Adm	5533-88045469741	-	-	2,831,234.02	3,091,040.10
VWEAX	High-Yield Corp Fund Adm	0529-88045469741	-	-	1,845,380.19	2,061,950.81
VAIPX	Inflation-Protect Sec Adm	5119-88045469741	-	-	2,180,337.38	2,263,881.22
VBIRX	Short-Term Bond Index Adm	5132-88045469741	-	-	800,697.12	839,650.57
VBTLX	Total Bond Mkt Index Adm	0584-88045469741	-	-	2,458,952.56	2,599,176.82
VTSAX	Total Stock Mkt Idx Adm	0585-88045469741	-	-	5,221,793.45	6,579,889.15
					<b>\$20,104,106.22</b>	<b>\$23,043,628.78</b>

December 31, 2023, year-to-date statement

Page 3 of 10

# OPEB Contribution

## History:

- “Non-contributory Retirement Fund”- \$500,000
- Historic SB agreement with retirees \$155,000, for 10% to 15% health Insurance premium increase (2007)
- Recent O/R Commitment \$150,000

Total: \$805,000

We will vote in warrant article, when we get it.

### Healthcare/Other Post-Employment Benefits (OPEB)

Healthcare spending is assumed to increase by 8% in the FY2025 budget. The actual cost of premiums will not be known until the Group Insurance Commission (GIC) releases FY2025 rates on March 1<sup>st</sup>. At that time, adjustments can be made to the healthcare budget accordingly.

In FY2024, Town Meeting voted to transfer the remnants of the Health Claims Trust Fund into the Town's OPEB Trust, which is utilized to fund the healthcare costs associated with the Town's retirees. The Select Board committed to increased funding for OPEB costs as part of their commitments when endorsing the Proposition 2½ override in November 2023. As such, an additional \$150,000 contribution beyond the \$655,000 amount otherwise earmarked for appropriation into the OPEB Trust Fund is being programmed, bringing the total proposed appropriation for FY2025 to \$805,000. The table below provides information regarding the Town's OPEB Trust Fund and OPEB liability.

Town of Arlington OPEB Liability - As of June 30				
Year	Total Liability	Total Assets	Net Liability	Percent Funded
2020	\$252,494,363	\$15,865,946	\$236,628,417	6.3%
2021	\$264,518,341	\$21,268,077	\$243,250,264	8.0%
2022	\$210,380,832	\$19,078,429	\$191,302,403	9.1%
2023	\$216,047,532	\$21,797,249	\$194,250,283	10.1%



# Recommended Retirement Vote

	2022 Actual	2023 Actual	2024 Budget	2025 Budget	\$ Change	% Change
<b>0191281 PENSIONS</b>						
5707 RETIREMENT COSTS	14,041,972	14,846,687	15,676,279	16,555,650	879,371	5.61%
5708 NON-CONTRIB PENSIONS	11,530	-	-	-	0	-
<b>0191281 PENSIONS APPROPRIATION TOTAL</b>	<b>14,053,502</b>	<b>14,846,687</b>	<b>15,676,279</b>	<b>16,555,650</b>	<b>879,371</b>	<b>5.61%</b>
OFFSETS	(1,425,766)	(1,478,854)	(1,542,544)	(1,560,954)	(18,410)	1.19%
<b>0191281 PENSIONS TAXATION TOTAL</b>	<b>12,627,736</b>	<b>13,367,833</b>	<b>14,133,735</b>	<b>14,994,696</b>	<b>860,961</b>	<b>6.09%</b>

- Note that the Town appropriation does not include the Housing Authority component of \$620,042 in the approved \$17,175,692.
- We are requesting approval of \$16,555,650 to be contributed to the fund, with a taxation reduced impact of \$14,944,696.


**Vanguard®**

 Retirement trust account  
 ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

## Account overview

**\$23,043,628.78**

Total account value as of December 31, 2023

### Year-to-date income

Taxable income	\$678,946.63
Nontaxable income	0.00
<b>Total</b>	<b>\$678,946.63</b>

### Balances and holdings for Vanguard funds

Beginning on January 1, 2012, new tax rules on taxable (nonretirement) mutual fund accounts (excluding money market funds) require Vanguard to track cost basis information for shares acquired and subsequently sold, on or after that date. Unless you select another method, sales of Vanguard mutual funds, but not ETFs, will default to the average cost method. For more information, visit [vanguard.com/costbasis](http://vanguard.com/costbasis).

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VEMAX	Emerging Mkts Stk Idx Adm	5533-88045469741	-	-	2,831,234.02	3,091,040.10
VWEAX	High-Yield Corp Fund Adm	0529-88045469741	-	-	1,845,380.19	2,061,950.81
VAIPX	Inflation-Protect Sec Adm	5119-88045469741	-	-	2,180,337.38	2,263,881.22
VBIRX	Short-Term Bond Index Adm	5132-88045469741	-	-	800,697.12	839,650.57
VBTIX	Total Bond Mkt Index Adm	0584-88045469741	-	-	2,458,952.56	2,599,176.82
VTSAX	Total Stock Mkt Idx Adm	0585-88045469741	-	-	5,221,793.45	6,579,889.15
					<b>\$20,104,106.22</b>	<b>\$23,043,628.78</b>



Retirement trust account  
ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

### Account activity for Vanguard funds

Devel Markets Idx Admiral 0127-88045469741

Purchases	Withdrawals	Dividends
\$0.00	\$0.00	\$172,246.91

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
	Beginning balance on 12/31/2022		\$13.52		352,493.454	\$4,765,711.50
03/17	Income dividend .0506	\$17,836.17	13.70	1,301.910	353,795.364	
06/16	Income dividend .1381	48,859.14	15.03	3,250.774	357,046.138	
09/15	Income dividend .0989	35,311.86	14.59	2,420.278	359,466.416	
12/15	Income dividend .1954	70,239.74	14.97	4,692.033	364,158.449	
	<b>Ending balance on 12/31/2023</b>		<b>\$15.40</b>		<b>364,158.449</b>	<b>\$5,608,040.11</b>

Emerging Mkts Stk Idx Adm 5533-88045469741

Purchases	Withdrawals	Dividends
\$0.00	\$0.00	\$104,400.25

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
	Beginning balance on 12/31/2022		\$32.41		87,356.804	\$2,831,234.02
03/17	Income dividend .0183	\$1,598.63	32.17	49.693	87,406.497	
06/16	Income dividend .1836	16,047.83	34.65	463.141	87,869.638	
09/15	Income dividend .2673	23,487.55	33.49	701.330	88,570.968	
12/15	Income dividend .7143	63,266.24	33.48	1,889.673	90,460.641	
	<b>Ending balance on 12/31/2023</b>		<b>\$34.17</b>		<b>90,460.641</b>	<b>\$3,091,040.10</b>


**Vanguard®**

 Retirement trust account  
 ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

**Account activity for Vanguard funds** continued

High-Yield Corp Fund Adm 0529-88045469741

Purchases	Withdrawals	Dividends
\$0.00	\$0.00	\$115,571.18
30-day SEC yield as of 12/29/2023*		6.53%

 \*Based on holdings' yield to maturity for last 30 days; distribution may differ. For updated information, visit [vanguard.com](http://vanguard.com).

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
	Beginning balance on 12/31/2022		\$5.15		358,326.250	\$1,845,380.19
01/31	Income dividend	\$8,840.01	5.30	1,667.926	359,994.176	
02/28	Income dividend	8,825.31	5.19	1,700.445	361,694.621	
03/31	Income dividend	9,044.66	5.24	1,726.080	363,420.701	
04/28	Income dividend	9,235.59	5.25	1,759.160	365,179.861	
05/31	Income dividend	9,631.93	5.18	1,859.446	367,039.307	
06/30	Income dividend	9,693.59	5.22	1,857.010	368,896.317	
07/31	Income dividend	9,814.79	5.25	1,869.484	370,765.801	
08/31	Income dividend	9,923.01	5.23	1,897.325	372,663.126	
09/29	Income dividend	9,958.33	5.13	1,941.195	374,604.321	
10/31	Income dividend	10,201.32	5.07	2,012.095	376,616.416	
11/30	Income dividend	10,090.04	5.27	1,914.619	378,531.035	
12/29	Income dividend	10,312.60	5.42	1,902.694	380,433.729	
	<b>Ending balance on 12/31/2023</b>		<b>\$5.42</b>		<b>380,433.729</b>	<b>\$2,061,950.81</b>



Retirement trust account  
ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

**Account activity for Vanguard funds** continued

**Inflation-Protect Sec Adm 5119-88045469741**

Purchases	Withdrawals	Dividends
\$0.00	\$0.00	\$94,786.22
30-day SEC yield as of 12/31/2023*		2.18%

\*Based on holdings' yield to maturity for last 30 days; distribution may differ. For updated information, visit [vanguard.com](http://vanguard.com).

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
	Beginning balance on 12/31/2022		\$23.15		94,183.040	\$2,180,337.38
03/31	Income dividend .0758	\$7,139.07	23.89	298.831	94,481.871	
06/30	Income dividend .2315	21,872.55	23.28	939.543	95,421.414	
09/29	Income dividend .2348	22,404.95	22.44	998.438	96,419.852	
12/21	Income dividend .4498	43,369.65	23.05	1,881.547	98,301.399	
	<b>Ending balance on 12/31/2023</b>		<b>\$23.03</b>		<b>98,301.399</b>	<b>\$2,263,881.22</b>

**Short-Term Bond Index Adm 5132-88045469741**

Purchases	Withdrawals	Dividends
\$0.00	\$0.00	\$19,969.70
30-day SEC yield as of 12/31/2023*		4.55%

\*Based on holdings' yield to maturity for last 30 days; distribution may differ. For updated information, visit [vanguard.com](http://vanguard.com).

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
	Beginning balance on 12/31/2022		\$9.87		81,124.328	\$800,697.12
01/31	Income dividend	\$1,323.72	9.98	132.637	81,256.965	

December 31, 2023, year-to-date statement


**Vanguard**<sup>®</sup>

 Retirement trust account  
 ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

**Account activity for Vanguard funds** continued

## Short-Term Bond Index Adm 5132-88045469741 continued

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
02/28	Income dividend	1,245.13	9.84	126.538	81,383.503	
03/31	Income dividend	1,462.85	10.01	146.139	81,529.642	
04/28	Income dividend	1,457.66	10.04	145.185	81,674.827	
05/31	Income dividend	1,551.80	9.97	155.647	81,830.474	
06/30	Income dividend	1,562.26	9.89	157.964	81,988.438	
07/31	Income dividend	1,700.66	9.90	171.784	82,160.222	
08/31	Income dividend	1,813.51	9.90	183.183	82,343.405	
09/29	Income dividend	1,831.10	9.84	186.087	82,529.492	
10/31	Income dividend	1,965.35	9.82	200.137	82,729.629	
11/30	Income dividend	1,967.92	9.97	197.384	82,927.013	
12/29	Income dividend	2,087.74	10.10	206.707	83,133.720	
<b>Ending balance on 12/31/2023</b>			<b>\$10.10</b>		<b>83,133.720</b>	<b>\$839,650.57</b>

## Total Bond Mkt Index Adm 0584-88045469741

Purchases	Withdrawals	Dividends
\$0.00	\$0.00	\$78,800.37
30-day SEC yield as of 12/31/2023*		4.32%

\*Based on holdings' yield to maturity for last 30 days; distribution may differ. For updated information, visit vanguard.com.

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
Beginning balance on 12/31/2022			\$9.48		259,383.181	\$2,458,952.56

December 31, 2023, year-to-date statement



Retirement trust account  
ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

**Account activity for Vanguard funds** continued

## Total Bond Mkt Index Adm 0584-88045469741 continued

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
01/31	Income dividend	\$5,999.83	9.76	614.737	259,997.918	
02/28	Income dividend	5,663.40	9.49	596.776	260,594.694	
03/31	Income dividend	6,281.35	9.71	646.895	261,241.589	
04/28	Income dividend	6,194.80	9.74	636.016	261,877.605	
05/31	Income dividend	6,452.30	9.61	671.415	262,549.020	
06/30	Income dividend	6,432.94	9.55	673.606	263,222.626	
07/31	Income dividend	6,680.80	9.52	701.765	263,924.391	
08/31	Income dividend	6,793.31	9.44	719.630	264,644.021	
09/29	Income dividend	6,761.14	9.18	736.508	265,380.529	
10/31	Income dividend	7,089.89	9.01	786.891	266,167.420	
11/30	Income dividend	7,059.04	9.39	751.761	266,919.181	
12/29	Income dividend	7,391.57	9.71	761.233	267,680.414	
<b>Ending balance on 12/31/2023</b>			<b>\$9.71</b>		<b>267,680.414</b>	<b>\$2,599,176.82</b>

## Total Stock Mkt Idx Adm 0585-88045469741

Purchases	Withdrawals	Dividends
\$0.00	\$0.00	\$93,172.00

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
	Beginning balance on 12/31/2022		\$93.10		56,088.007	\$5,221,793.45
03/22	Income dividend .3803	\$21,330.27	95.10	224.293	56,312.300	


**Vanguard®**

 Retirement trust account  
 ARLINGTON OPEB TRUST FUND

Intermediary Services: 800-669-0498

**Account activity for Vanguard funds** continued

Total Stock Mkt Idx Adm 0585-88045469741 continued

Date	Transaction	Amount	Share price	Shares transacted	Total shares owned	Value
06/22	Income dividend .3998	22,513.66	105.50	213.400	56,525.700	
09/20	Income dividend .386	21,818.92	105.97	205.897	56,731.597	
12/20	Income dividend .4849	27,509.15	113.64	242.073	56,973.670	
<b>Ending balance on 12/31/2023</b>			<b>\$115.49</b>		<b>56,973.670</b>	<b>\$6,579,889.15</b>

 For more cost basis information go to [investor.vanguard.com/taxes/cost-basis](https://investor.vanguard.com/taxes/cost-basis).





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 ARLINGTON CONTRIBUTORY

INVESTMENT SUMMARY

31 DECEMBER 2023

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<u>INVESTMENT DISTRIBUTION</u>	<u>COST</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN/LOSS</u>
CASH EQUIVALENTS	2,967,859.02	2,967,859.02	0.00
EQUITY	214,909,753.78	214,909,753.78	0.00
PRIVATE EQUITY	292,224.37	292,224.37	0.00
TOTAL INVESTMENTS	218,169,837.17	218,169,837.17	0.00

# PRIT Fund Performance Summary

## December 31, 2023



### Performance by Asset Class (Gross of Fees)

	NAV \$ (000)	Target Allocation Range	Actual Allocation %	Month	QTD	FY '24	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	39,724,068	32 - 42%	39.5%	5.43	10.93	7.14	22.04	6.10	11.97	8.17	6.81
CORE FIXED INCOME	13,668,025	12 - 18%	13.6%	5.12	8.25	1.85	4.85	-4.95	1.39	2.80	6.39
VALUE ADDED FIXED INCOME	7,308,942	5 - 11%	7.3%	2.07	4.84	6.40	12.21	5.76	6.26	5.01	7.54
PRIVATE EQUITY	17,195,912	13 - 19%	17.1%	0.12	1.28	3.80	6.82	19.15	19.18	19.48	15.65
REAL ESTATE	10,406,927	7 - 13%	10.3%	-3.19	-2.45	-3.92	-5.77	9.14	7.88	8.79	6.77
TIMBERLAND	3,219,674	1 - 7%	3.2%	7.60	8.00	9.02	11.43	10.39	7.02	6.31	8.32
PORTFOLIO COMPLETION STRATEGIES	8,529,652	7 - 13%	8.5%	1.60	3.81	5.39	8.74	5.02	4.67	3.72	4.32
OVERLAY	477,961	0.0%	0.5%	8.60	14.90	8.79	21.52	3.26	11.11	8.44	11.31
<b>TOTAL CORE</b>	<b>100,565,646</b>	<b>100%</b>	<b>100%</b>	<b>3.01</b>	<b>6.18</b>	<b>4.45</b>	<b>11.44</b>	<b>6.22</b>	<b>9.49</b>	<b>7.94</b>	<b>9.24</b>
<i>IMPLEMENTATION BENCHMARK (using short term private equity benchmark)<sup>1</sup></i>				2.99	5.86	3.83	9.82	5.38	8.84	7.35	9.52
<i>TOTAL CORE BENCHMARK (using private equity)<sup>2</sup></i>				3.20	6.60	4.83	11.80	5.20	8.43	6.83	9.33
PARTICIPANTS CASH	299,780			0.46	1.40	2.74	5.24	2.32	1.97	1.39	3.49
TEACHERS' AND EMPLOYEES' CASH	26,049			0.47	1.39	2.75	5.22	2.30	1.95	1.37	2.42
<b>TOTAL FUND</b>	<b>100,891,475</b>			<b>3.00</b>	<b>6.17</b>	<b>4.44</b>	<b>11.42</b>	<b>6.21</b>	<b>9.46</b>	<b>7.92</b>	<b>9.28</b>

## Pension Reserves Investment Management Board

53 State Street, Suite 600  
Boston, Massachusetts 02109

Deborah B. Goldberg, Treasurer and Receiver General, Chair  
Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

**Arlington Retirement System**  
**General Allocation Account**  
**December 01, 2023 to December 31, 2023**

	Month To Date	Fiscal Year To Date	Calendar Year To Date
<b>Your beginning net asset value for the period was:</b>	209,774,286.51	201,566,484.34	196,138,282.26
Your change in investment value for the period was:	6,335,467.27	8,543,269.44	21,171,471.52
Your exchanges from (to) the Cash Fund for the period were:	(1,200,000.00)	4,800,000.00	(2,400,000.00)
<b>Your ending net asset value for the period was:</b>	<b>214,909,753.78</b>	<b>214,909,753.78</b>	<b>214,909,753.78</b>
 <b>Net Change in Investment Value represents the net change through investment activities as follows:</b>			
Gross Investment Income:	463,946.83	2,640,035.74	5,427,982.62
Less Management Fees:	(119,556.42)	(536,287.43)	(1,039,735.20)
Net Investment Income:	344,390.41	2,103,748.31	4,388,247.42
Net Fund Unrealized Gains/Losses:	5,302,067.00	4,951,315.25	14,169,180.09
Net Fund Realized Gains/Losses:	689,009.86	1,488,205.88	2,614,044.01
<b>Net Change in Investment Value as Above:</b>	<b>6,335,467.27</b>	<b>8,543,269.44</b>	<b>21,171,471.52</b>

**As of December 31, 2023 the net asset value of your investment in the PRIT Fund was: \$214,909,753.78**

## Pension Reserves Investment Management Board

53 State Street, Suite 600  
Boston, Massachusetts 02109

Deborah B. Goldberg, Treasurer and Receiver General, Chair  
Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

### Arlington Retirement System

#### Cash Investment

December 01, 2023 to December 31, 2023

	Month To Date	Fiscal Year To Date	Calendar Year To Date
<b>Your beginning net asset value for the period was:</b>	0.00	0.00	0.00
Your investment income for the period was:	0.00	0.00	0.00
Your total contributions for the period were:	0.00	12,000,000.00	12,000,000.00
Your total redemptions for the period were:	(1,200,000.00)	(7,200,000.00)	(14,400,000.00)
Your total exchanges for the period were:	1,200,000.00	(4,800,000.00)	2,400,000.00
Your state appropriations for the period were:	0.00	0.00	0.00
<b>Your ending net asset value for the period was:</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**As of December 31, 2023 the net asset value of your investment in the Cash Fund was: \$0.00**

If you have any questions regarding your statement, please contact the Client Services team at [clientservice@mapension.com](mailto:clientservice@mapension.com).  
A detailed statement of your account is attached to this summary sheet.

**Pension Reserves Investment Management Board**

53 State Street, Suite 600  
 Boston, Massachusetts 02109

Deborah B. Goldberg, Treasurer and Receiver General, Chair  
 Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

PRMF99260002  
 Commonwealth Of Massachusetts

**Arlington Retirement System**

**Investment Detail**

**12/31/2023**

	<b>Investments Units Of Participation</b>	<b>Cost</b>	<b>Price</b>	<b>Market Value</b>	<b>Unrealized Gain/Loss</b>
390,652.342	PRIM GENERAL ALLOCATION ACCT	189,772,026.04	550.1305	214,909,753.78	25,137,727.74
	<b>Total Investment:</b>	<b>189,772,026.04</b>		<b>214,909,753.78</b>	<b>25,137,727.74</b>

## Pension Reserves Investment Management Board

 53 State Street, Suite 600  
 Boston, Massachusetts 02109

 Deborah B. Goldberg, Treasurer and Receiver General, Chair  
 Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

 PRMF99260002  
 Commonwealth Of Massachusetts

### Arlington Retirement System Statement of Change In Net Assets 12/31/2023

	Current Period		Fiscal Year		Year To Date	
	<u>12/1/2023</u>	<u>12/31/2023</u>	<u>7/1/2023</u>	<u>12/31/2023</u>	<u>1/1/2023</u>	<u>12/31/2023</u>
NET ASSETS - BEGINNING OF PERIOD		209,774,286.51		201,566,484.34		196,138,282.26
DISBURSEMENTS:						
CASH FUND EXCHANGES		-1,200,000.00		4,800,000.00		-2,400,000.00
REDEMPTIONS:						
PARTIAL LOCAL SYSTEM REDEMPTIONS		1,200,000.00		7,200,000.00		14,400,000.00
RECEIPTS:						
CONTRIBUTIONS:						
PARTICIPANTS		0.00		12,000,000.00		12,000,000.00
INVESTMENT INCOME:						
INTEREST		0.00		0.00		0.00
REALIZED GAIN/LOSS		0.00		0.00		0.00
UNREALIZED GAIN/LOSS-INVESTMENT		5,302,067.00		4,951,315.25		14,169,180.09
MASTER TRUST ALLOCATED EXPENSES		-45,474.62		-88,630.59		-155,332.54
MASTER TRUST CHANGE IN REALIZED G/L		689,009.86		1,488,205.88		2,614,044.01
MASTER TRUST GENERAL INCOME		463,946.83		2,640,035.74		5,427,982.62
MT ALL INVESTMENT MANAGER FEES		-71,722.06		-443,324.26		-877,738.29
REAL ESTATE ADMINISTRATION FEES		-2,359.74		-4,332.58		-6,664.37
UNIT EXCHANGES		-1,200,000.00		4,800,000.00		-2,400,000.00
<b>Total Receipts</b>		<b>5,135,467.27</b>		<b>25,343,269.44</b>		<b>30,771,471.52</b>
<b>Total Disbursements:</b>		<b>0.00</b>		<b>12,000,000.00</b>		<b>12,000,000.00</b>
<b>Net Assets - End of Period:</b>		<b>214,909,753.78</b>		<b>214,909,753.78</b>		<b>214,909,753.78</b>

## STATEMENT EXPLANATION

You will find below, a description of each item posted to your statement.

### **CAPITAL ACCOUNTS: GENERAL ALLOCATION ACCOUNT AND SEGMENTED ACCOUNTS**

(Segmented Accounts include any investment in Domestic Equity, International Equity, Emerging Markets, Fixed Income, Core Real Estate, or Private Equity Vintage Year.)

<b>Summary of Account Activity:</b>	A summary statement produced for your Retirement System's investment in PRIT. Includes both month-to-date and year-to-date information. This statement is also furnished to PERAC.
<b>Your beginning net asset value for the period:</b>	The total balance of your investment as of the opening date of the statement period.
<b>Your change in investment value for the period:</b>	The total increase or decrease in your investment related to PRIM's investment activities includes net investment income, realized gains or losses, and unrealized gains or losses.
<b>Your total exchanges from (to) cash fund:</b>	Movement of funds occurring on the first business day of each month between your Cash Fund and Capital Account (i.e. General Allocation Account, or a segmented account such as Fixed Income).
<b>Your ending net asset value for the period:</b>	The total balance of your investment as of the closing date of the statement period.
<b>Gross investment income:</b>	Represents your System's allocable share of the PRIT Fund's income associated with securities and other investments (i.e. real estate), except for realized and unrealized gains or losses. It is principally interest, dividends, real estate income, alternative investment income, and securities lending income.
<b>Management fees:</b>	Represents your System's allocable share of the PRIT Fund's expenses related to PRIM's investment advisors, consultants, custodian and operations expenses.
<b>Net investment income:</b>	Represents your System's allocable share of the PRIT Fund's Gross investment income, less Management Fees.
<b>Net fund unrealized gains/losses:</b>	Represents your System's allocable share of the PRIT Fund's Increase or decrease in value, attributed to a change in value of securities or other investments held in the PRIT Fund, relative to original cost. These gains or losses are "unrealized" because the investments have not yet been sold.
<b>Net fund realized gains/losses:</b>	Represents your System's allocable share of the PRIT Fund's increase or decrease in value attributed to the sale of securities or other investments (i.e. real estate property). Whether you "realize" a gain or loss depends upon the price at which the investment was sold in relation to its original purchase price.
 <b>CASH FUND</b>	
<b>Your beginning net asset value for the period:</b>	The total balance of your investment as of the opening date of the statement period.
<b>Your investment income for the period:</b>	Interest earned for the period.
<b>Your total contributions for the period:</b>	Sum of all funds (i.e. wires and/or checks) sent into your PRIT Fund account during the statement period. Cash contributed any day during the month except the first business day will remain in your Cash Fund until the first business day of the following month, when it will then be exchanged into the General Allocation Account or a segmented account (i.e. Fixed Income).
<b>Your total redemptions for the period:</b>	Sum of all funds sent by wire from PRIM Board custodian bank to your retirement system's during the statement period. A redemption made be made at any time throughout the month as long as your Cash Fund balance equals or exceeds the amount you wish to redeem.
<b>Your state appropriations for the period:</b>	Money appropriated by the Commonwealth of Massachusetts pursuant to Massachusetts General Laws, Chapter 32, Section 22B that assists local Participating Systems in reducing unfunded pension liabilities.
<b>Your ending net asset value for the period:</b>	The total balance of your investment as of the closing date of the statement period.

If you have any questions regarding your statement, please contact the Client Services team at [clientservice@mapension.com](mailto:clientservice@mapension.com)



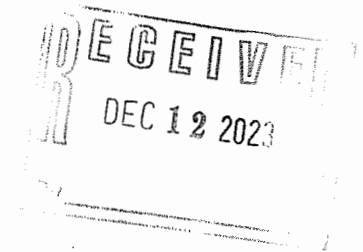
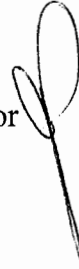
## MEMORANDUM

TO: Arlington Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: December 4, 2023



This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY24 (since the amount under the prior schedule was maintained in FY24) and is acceptable under Chapter 32.

The revised schedule maintains the 7.0% investment return assumption used in the 2022 actuarial valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Enc.



**ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**  
**FUNDING SCHEDULE**

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution*	% Change
2025	3,418,595	118,362,202	13,807,574	(50,477)	17,175,692	5.50%
2026	3,572,432	111,873,452	14,598,400	(50,477)	18,120,355	5.50%
2027	3,733,191	104,084,306	15,434,260	(50,477)	19,116,975	5.50%
2028	3,901,185	94,855,548	16,317,700	(50,477)	20,168,408	5.50%
2029	4,076,738	84,035,498	17,251,409	(50,477)	21,277,671	5.50%
2030	4,260,191	71,458,974	18,238,228	(50,477)	22,447,943	5.50%
2031	4,451,900	56,946,199	19,281,156	(50,477)	23,682,580	5.50%
2032	4,652,235	40,301,595	20,383,363	(50,477)	24,985,121	5.50%
2033	4,861,586	21,312,509	21,312,509	(50,477)	26,123,618	4.56%
2034	5,080,357	-	-	(50,477)	5,029,881	-80.75%

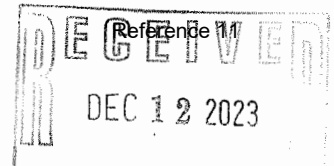
**Amortization of Unfunded Liability as of July 1, 2024**

\* Contributions are set to be the amount resulting from a 5.5% increase on the prior year's contribution. The contribution in FY2033 increases by 4.56%.

**Bases in the funding schedule:**

- Amortization of the unfunded actuarial accrued liability: 9 years.

# PERAC



COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

JOHN W. PARSONS, ESQ., *Executive Director*

Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

## MEMORANDUM

TO: Arlington Retirement Board  
FROM: John W. Parsons, Esq., Executive Director  
RE: Appropriation for Fiscal Year 2025  
DATE: December 7, 2023

Required Fiscal Year 2025 Appropriation: **\$17,175,692**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2025 which commences July 1, 2024.

Attached please find the portion of the Fiscal Year 2025 appropriation to be paid by each of the governmental units within your system.

The current schedule is due to be updated by Fiscal Year 2026.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446 Extension 935.

JWP/jfb  
Attachment

cc: Town Manager  
Town Meeting  
c/o Town Clerk

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**Arlington Retirement Board**  
 Appropriation by Governmental Unit

Fiscal Year 2025 - July 1, 2024 to June 30, 2025

Aggregate amount of appropriation: **\$17,175,692**

UNIT	Percent of Aggregate Amount	Funding Schedule (excluding ERI)	ERI	Total Appropriation
Town and School	96.39%	\$16,555,650	\$0	\$16,555,650
Arlington Housing Authority	3.61%	\$620,042	\$0	\$620,042
<b>UNIT TOTAL</b>	<b>100%</b>	<b>\$17,175,692</b>	<b>\$ 0</b>	<b>\$17,175,692</b>

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

		<b><u>38C Update</u></b>		
<b><u>Year</u></b>	<b><u>For</u></b>	<b><u>Before Protest</u></b>	<b><u>After Protest</u></b>	<b><u>Savings</u></b>
2011	2010	92,196	17,989	74,207
2012	2011	90,130	17,856	72,275
2013	2012	145,502	39,770	105,732
2014	2013	155,965	41,877	114,088
2015	2014	156,462	43,775	112,687
2016	2015	196,894	68,066	128,828
2017	2016	239,017	86,015	153,003
2018	2017	252,875	88,299	164,576
2019	2018	257,347	89,873	167,475
2020	2019	295,788	103,469	192,320
2021	2020	406,586	178,813	227,772
2022	2021	452,738	205,502	247,237
2023	2022	530,238	250,338	279,900
Minuteman not included		3,271,740	1,231,641	2,040,099
246,000		With	Minuteman	<b>2,286,099</b>
Updated				
12/31/2023				

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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## Report Summary

This report presents the results of the actuarial valuation of the Arlington Retirement System as of January 1, 2023. The valuation was performed at the request of the Retirement Board for the purpose of determining the contribution requirements for Fiscal Year 2025 and beyond.

Summary of Results and Experience	
■	<p><b>Experience and Funding Schedule</b></p> <p>The contribution is <u>equal to</u> the projected FY2025 contribution from the prior valuation. The schedule is based on annual contribution increases of 5.50%, except for the final year, when it increases by 4.56%. The length of the funding schedule 9 years, finishing in FY2033, consistent with the planned funding schedule from the 2022 valuation.</p> <p>The funding ratio based on Actuarial Value of Assets increased from 63% to 65%.</p>
■	<p><b>Assumptions/methodology:</b></p> <p>This valuation reflects the decision to grant a one-time 5% COLA increase for Fiscal Year 2023, which increased the Actuarial Accrued Liability by \$1.2 million. Assumptions and valuation methodology are discussed in Appendix A, beginning on page 19.</p>

Contribution requirements are based on the financial condition of the system as of December 31, 2022, as well as actuarial liability results, which are based on:

- The benefit provisions of M.G.L. Chapter 32 and related statutes;
- The demographics of members in the system (i.e., active and inactive participants, retirees and beneficiaries as of January 1, 2023);
- Economic assumptions regarding salary increases and investment earnings; and
- Other actuarial assumptions (e.g., withdrawals, retirement, death, etc.)

## Format of the Report

- The funding schedule is shown on page 3, followed by an explanation of the actuarial results, funding schedule components, and a history of the funding schedules used by the Retirement System.
- Full actuarial valuation results are shown on page 18, with prior results included for comparison. The Arlington Retirement Board conducted their previous actuarial valuation effective January 1, 2022.

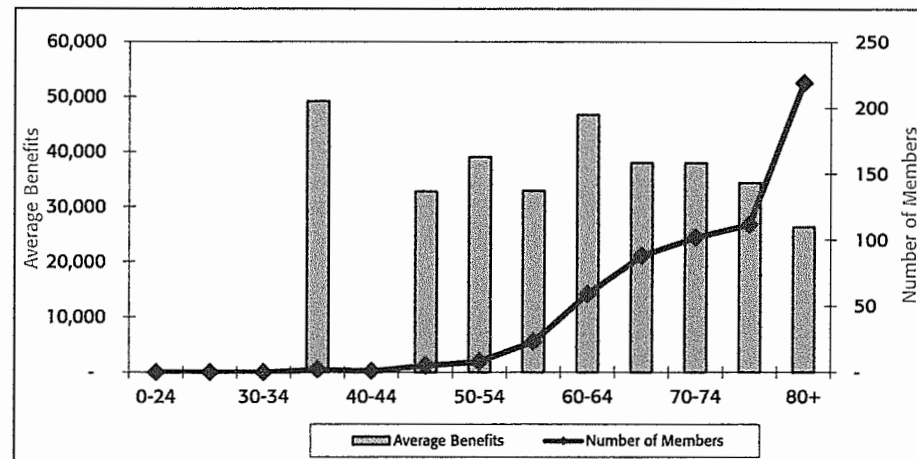
Distribution of Plan Members as of January 1, 2023

RETIRED MEMBERS

Retired Members and Beneficiaries			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	1	41,507	41,507
40-44	1	151	151
45-49	1	2,434	2,434
50-54	2	1,848	3,697
55-59	16	25,721	411,541
60-64	45	44,243	1,990,941
65-69	76	36,725	2,791,095
70-74	91	37,720	3,432,481
75-79	97	32,738	3,175,624
80+	203	25,328	5,141,549
<b>TOTAL</b>	<b>533</b>	<b>\$ 31,878</b>	<b>\$ 16,991,020</b>

Disabled Members			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	1	56,863	56,863
40-44	-	-	-
45-49	4	40,386	161,544
50-54	6	51,459	308,754
55-59	7	49,383	345,680
60-64	14	54,781	766,936
65-69	12	46,274	555,288
70-74	11	40,047	440,513
75-79	15	45,405	681,076
80+	16	39,932	638,907
<b>TOTAL</b>	<b>86</b>	<b>\$ 45,995</b>	<b>\$ 3,955,560</b>

Total			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	2	49,185	98,371
40-44	1	151	151
45-49	5	32,795	163,977
50-54	8	39,056	312,450
55-59	23	32,923	757,220
60-64	59	46,744	2,757,878
65-69	88	38,027	3,346,384
70-74	102	37,971	3,872,994
75-79	112	34,435	3,856,700
80+	219	26,395	5,780,456
<b>TOTAL</b>	<b>619</b>	<b>\$ 33,839</b>	<b>\$ 20,946,581</b>

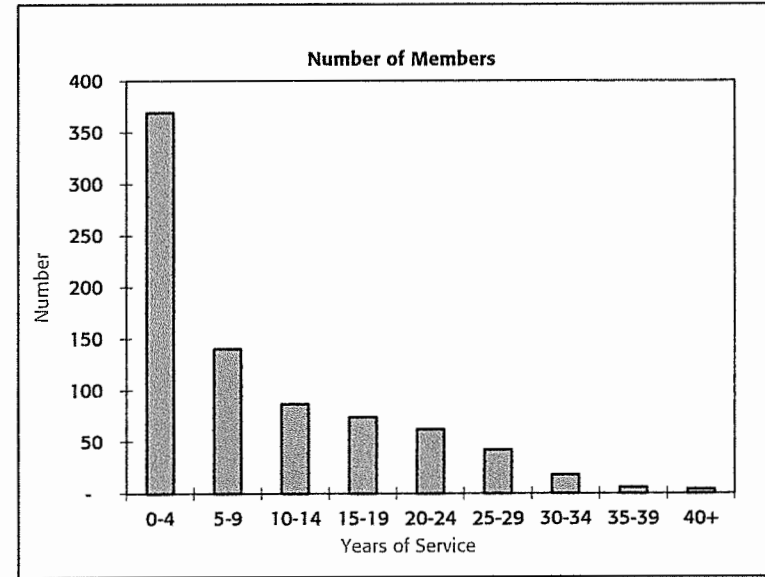
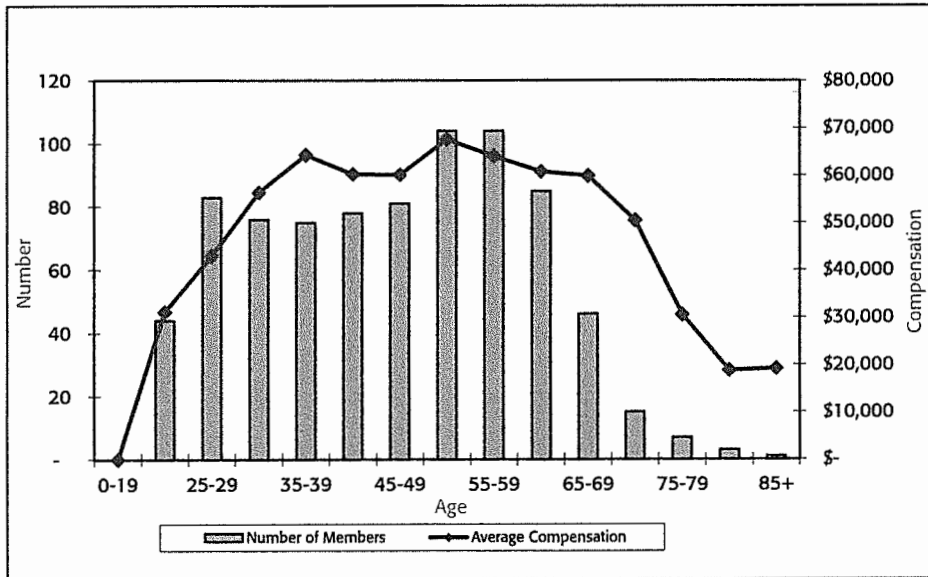


Benefits shown are net of State reimbursed COLA.

Distribution of Plan Members as of January 1, 2023

ACTIVE MEMBERS

AGE	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 + Years	Total	Total Compensation	Average Compensation
0-19	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -
20-24	44	-	-	-	-	-	-	-	-	44	\$ 1,370,949	\$ 31,158
25-29	76	7	-	-	-	-	-	-	-	83	\$ 3,567,843	\$ 42,986
30-34	44	28	4	-	-	-	-	-	-	76	\$ 4,283,110	\$ 56,357
35-39	33	20	19	3	-	-	-	-	-	75	\$ 4,821,706	\$ 64,289
40-44	37	14	10	15	2	-	-	-	-	78	\$ 4,698,896	\$ 60,242
45-49	42	10	8	8	13	-	-	-	-	81	\$ 4,868,377	\$ 60,103
50-54	40	18	13	7	12	11	3	-	-	104	\$ 7,031,444	\$ 67,610
55-59	23	18	15	15	10	15	8	-	-	104	\$ 6,662,502	\$ 64,063
60-64	18	16	12	12	12	9	3	3	-	85	\$ 5,166,990	\$ 60,788
65-69	9	6	4	11	7	4	2	1	2	46	\$ 2,754,849	\$ 59,888
70-74	1	1	2	3	4	1	1	1	1	15	\$ 756,800	\$ 50,453
75-79	2	1	-	-	2	2	-	-	-	7	\$ 213,873	\$ 30,553
80-84	-	1	-	-	-	-	1	-	1	3	\$ 56,413	\$ 18,804
85+	-	-	-	-	-	-	-	1	-	1	\$ 19,238	\$ 19,238
<b>TOTAL</b>	<b>369</b>	<b>140</b>	<b>87</b>	<b>74</b>	<b>62</b>	<b>42</b>	<b>18</b>	<b>6</b>	<b>4</b>	<b>802</b>	<b>\$ 46,272,993</b>	<b>\$ 57,697</b>





January 1, 2023

Actuarial Valuation Report

Arlington Retirement System



**stoneconsulting,inc**

5 West Mill Street, Suite 4  
Medfield, Massachusetts 02052  
T: 508.359.9600 • F: 508.359.0190  
Jmoreau@stoneconsult.com  
Cedgar@stoneconsult.com



August 7, 2023

Arlington Contributory Retirement Board  
27 Maple Street  
Suite G-11  
Arlington, MA 02476

To the Arlington Retirement Board:

Stone Consulting, Inc. has performed a January 1, 2023 actuarial valuation of the Arlington Retirement System. This valuation and report were prepared using generally accepted actuarial principles and practices. To the best of our knowledge, this report is complete and accurate, and the assumptions used represent a reasonable estimate of anticipated experience of the system unless noted in the text.

Stone Consulting, Inc. is completely independent of the Town of Arlington and the Arlington Retirement System. This includes any of its officers and key personnel. Neither we or anyone else closely associated with us has any relationship with the Town of Arlington or the Arlington Retirement System that would impair our independence, other than this or related assignments such as Other Post-Employment Benefits consulting.

We are pleased to present the results of this valuation. If the Retirement Board has any questions on the content of this report, we would be glad to respond. Please note that this report is meant to be used in its entirety. Use of excerpts of this report may result in inaccurate or misleading understanding of the results. The use of these results may not be appropriate for all circumstances.

Colin Edgar is a consultant for Stone Consulting, Inc.; he is a member of the American Academy of Actuaries, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,  
STONE CONSULTING, INC.  
Actuaries for the Plan

A handwritten signature in black ink, appearing to be "CE", written over a horizontal line.

Colin Edgar  
Member, American Academy of Actuaries

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## Report Summary

This report presents the results of the actuarial valuation of the Arlington Retirement System as of January 1, 2023. The valuation was performed at the request of the Retirement Board for the purpose of determining the contribution requirements for Fiscal Year 2025 and beyond.

### Summary of Results and Experience

- Experience and Funding Schedule

The contribution is equal to the projected FY2025 contribution from the prior valuation. The schedule is based on annual contribution increases of 5.50%, except for the final year, when it increases by 4.56%. The length of the funding schedule 9 years, finishing in FY2033, consistent with the planned funding schedule from the 2022 valuation.

The funding ratio based on Actuarial Value of Assets increased from 63% to 65%.

- Assumptions/methodology:

This valuation reflects the decision to grant a one-time 5% COLA increase for Fiscal Year 2023, which increased the Actuarial Accrued Liability by \$1.2 million. Assumptions and valuation methodology are discussed in Appendix A, beginning on page 19.

Contribution requirements are based on the financial condition of the system as of December 31, 2022, as well as actuarial liability results, which are based on:

- The benefit provisions of M.G.L. Chapter 32 and related statutes;
- The demographics of members in the system (i.e., active and inactive participants, retirees and beneficiaries as of January 1, 2023);
- Economic assumptions regarding salary increases and investment earnings; and
- Other actuarial assumptions (e.g., withdrawals, retirement, death, etc.)

## Format of the Report

- The funding schedule is shown on page 3, followed by an explanation of the actuarial results, funding schedule components, and a history of the funding schedules used by the Retirement System.
- Full actuarial valuation results are shown on page 18, with prior results included for comparison. The Arlington Retirement Board conducted their previous actuarial valuation effective January 1, 2022.

### Development of Funding Schedule

The funding contribution consists of three parts:

- Net Normal Cost: this is the amount of liability generated by active employees earning another year of service, and includes administrative expense.
- Amortization: this is the amount of the Unfunded Liability that will be paid off by this contribution.
- Net 3(8)(c) Payments: these are benefit payments made to other systems for service earned as a member of the Arlington Retirement System, or paid to Arlington by other systems for service earned with another retirement system.

The appropriation for Fiscal 2025 is as follows:

Net Employer Normal Cost for Fiscal 2025 (including admin. expenses)	\$ 3,418,595
Net 3(8)(c) Payments	(50,477)
Amortization	13,807,574
Timing Adjustment*	<u>0</u>
Total Appropriation required for Fiscal 2025	\$ 17,175,692

\* Contributions are assumed to be made at the beginning of the fiscal year.

NOTE: for all tables in this report, totals may not sum due to rounding.

- The schedule's length is nine (9) years, finishing in Fiscal Year 2033. This is consistent with the end of the funding schedule from the prior valuation. The maximum funding schedule length allowed by Section 22F of Chapter 32 of the Massachusetts General Laws is sixteen years to Fiscal 2040.
- Arlington's funding schedule was developed by setting the contribution to increase by 5.50% annually, except for the final year, when it increases by 4.56%.

The schedule is shown on the following page.

# ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM

## FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution*	% Change
2025	3,418,595	118,362,202	13,807,574	(50,477)	17,175,692	5.50%
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2027	3,733,191	104,084,306	15,434,260	(50,477)	19,116,975	5.50%
2028	3,901,185	94,855,548	16,317,700	(50,477)	20,168,408	5.50%
2029	4,076,738	84,035,498	17,251,409	(50,477)	21,277,671	5.50%
2030	4,260,191	71,458,974	18,238,228	(50,477)	22,447,943	5.50%
2031	4,451,900	56,946,199	19,281,156	(50,477)	23,682,580	5.50%
2032	4,652,235	40,301,595	20,383,363	(50,477)	24,985,121	5.50%
2033	4,861,586	21,312,509	21,312,509	(50,477)	26,123,618	4.56%
2034	5,080,357	-	-	(50,477)	5,029,881	-80.75%

### Amortization of Unfunded Liability as of July 1, 2024

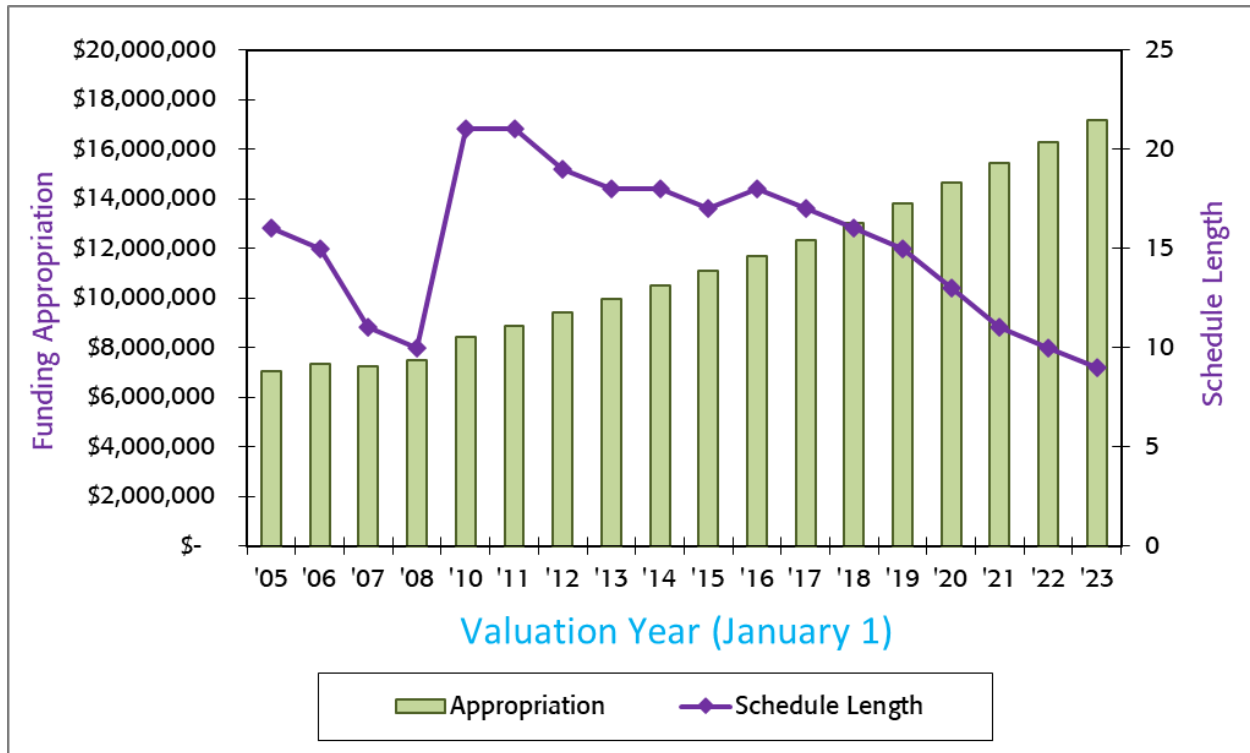
\* Contributions are set to be the amount resulting from a 5.5% increase on the prior year's contribution. The contribution in FY2033 increases by 4.56%.

**Bases in the funding schedule:**

- Amortization of the unfunded actuarial accrued liability: 9 years.

### History of Funding Effort

Below is a history of the length of funding schedule used by the Arlington Retirement System, and the amount of the initial contribution for each funding schedule.

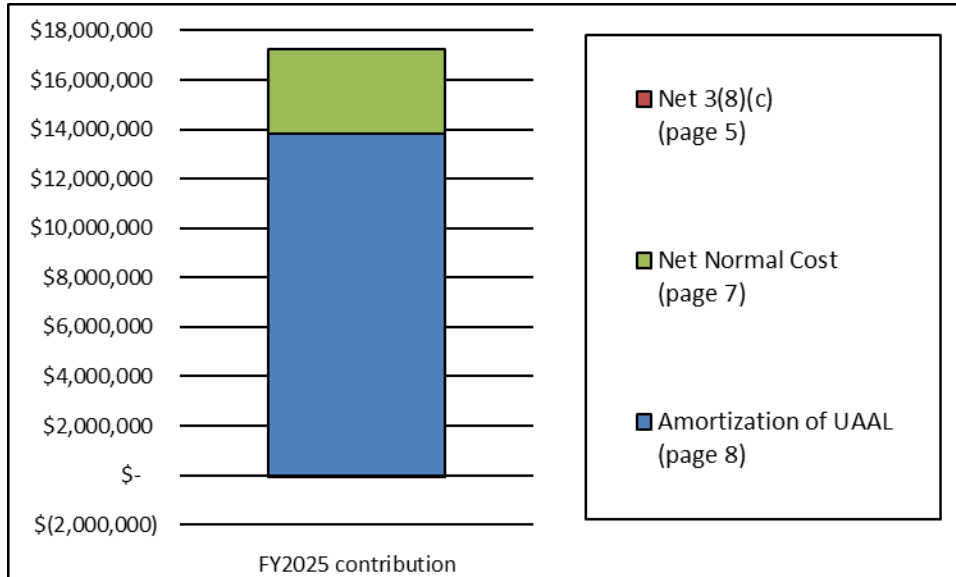


The funding objective of the plan is to fully fund the system while attempting to maintain a stable contribution amount for the upcoming fiscal year that is consistent with prior funding schedules or if employer finances allow it, to increase the contribution amount. This funding objective is being met.

The following pages discuss the components that make up the contribution, and how they are calculated from the actuarial results.

### Components of Funding Appropriation

Components of the funding contribution are compared below, and discussed on the following pages.



### Net 3(8)(c) Payments

- 3(8)(c) payments are benefits which the Arlington Retirement System pays to or receives from other retirement boards for service that a retiree had with a different retirement system.
- The net amount is equal to what Arlington pays out, less what Arlington receives from other systems, based on the most recent PERAC annual statement:

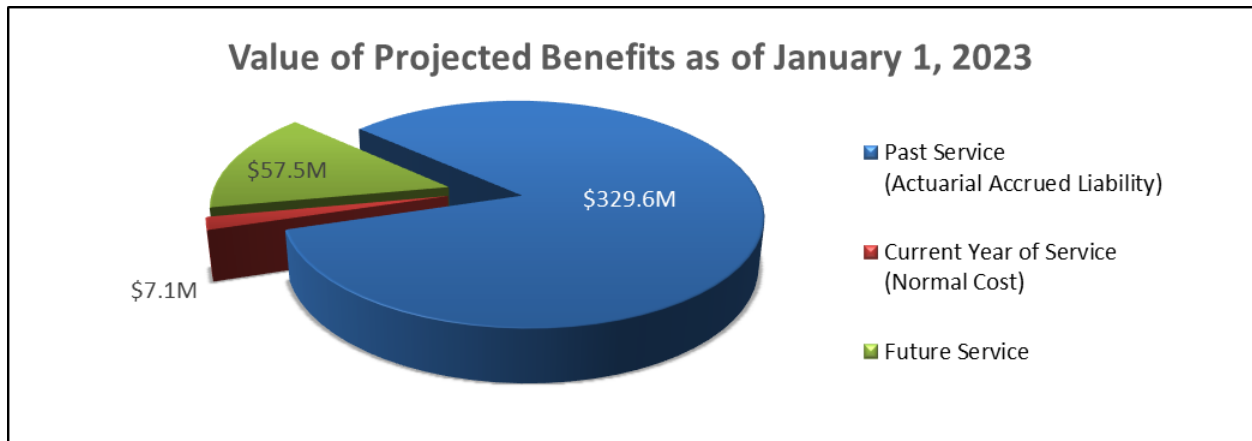
3(8)(c) payments made to other systems	\$ 565,748
3(8)(c) payments received from other systems	(616,224)
<b>Net payments in funding schedule</b>	<b>\$ (50,477)</b>

- For the funding schedule, the amount of net payments is assumed to remain level in future years.



## Development of Actuarial Results

Actuarial liabilities are calculated based on benefits that members are projected to receive in the future. The value of projected benefits is divided between past service, future service, and the current year of service.



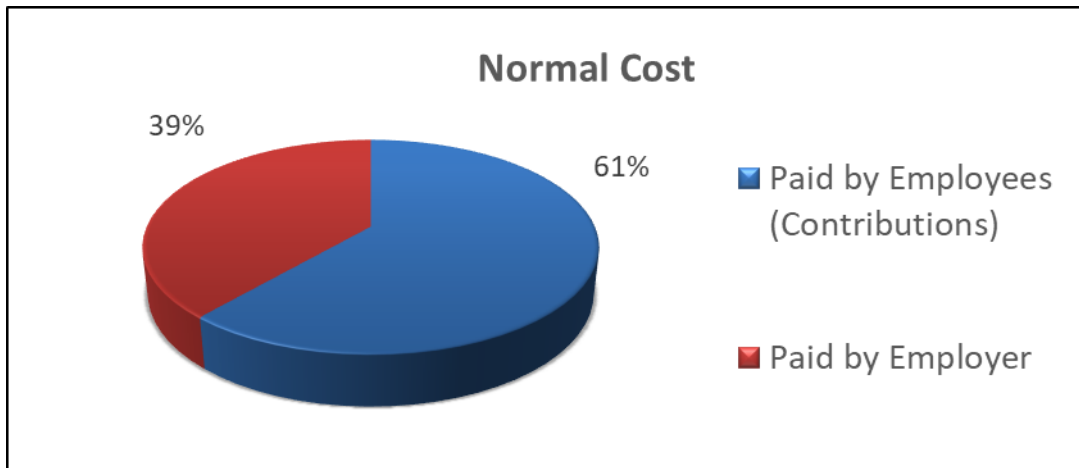
The actuarial funding method (in this case, entry age normal), assigns values to each of these periods of service.

- **Past service:** The Actuarial Accrued Liability (AAL), is the portion of the benefit value that is associated with past service; this can be thought of as the “price” of benefits already earned by members of the system.
- **Current year:** The “price” of benefits being earned during the current year is referred to as the Normal Cost (NC). This includes only the actives, as neither inactives nor retirees are earning any additional service.
- **Future service:** The amount for future service is not included in the liability, as those years of service have not yet been earned.

For retirees, the “past service” amount accounts for the entire value of their benefits; they have completed their careers, and will earn no more service during the current year or any future years.

Net Normal Cost

The entire Normal Cost is not borne by the System; a significant portion is paid by employee contributions. The portion of the Normal Cost not covered by employee contributions is the amount that must be paid through funding appropriations; this is the Net Normal Cost.



The Net Normal Cost as seen in the funding schedule is calculated by adjusting for timing, and adding in the administrative expense. The calculation is shown below, and compared to the covered payroll:

	January 1, 2023	% of Payroll*
Gross Normal Cost (GNC)	\$ 7,090,869	15.3%
Employees Contribution	<u>4,353,584</u>	9.4%
Net Normal Cost (NNC)	\$ 2,737,284	5.9%
Adjustment to beginning of Fiscal Year 2025**	186,830	
Administrative Expense	<u>494,481</u>	1.1%
Adjusted Net Normal Cost With Admin. Expense	\$ 3,418,595	

\* Payroll paid in 2022 for employees as of January 1, 2023 is \$46,272,993. Payroll for new hires in 2022 was annualized.

\*\* The NNC is adjusted from January 1, 2023 to Fiscal 2025 by rolling it forward with a salary increase factor of 4.50%.

### Unfunded Liability

The Unfunded Actuarial Accrued Liability (UAAL) is the portion of the AAL that is not covered by the value of the plan assets.

This is adjusted from the date of the valuation to the date of the contribution (July 1, 2024) to produce the Unfunded Liability seen in Fiscal Year 2025 in the funding schedule.

The liability results were as follows:

	January 1, 2023
<b>Actuarial Accrued Liability</b>	
a. Active Members	\$ 121,895,831
b. Inactive Members	4,729,475
c. Retired Members and Beneficiaries	<u>207,710,262</u>
d. Total	\$ 334,335,568
<b>Unfunded Actuarial Accrued Liability</b>	
a. Actuarial Accrued Liability	\$ 334,335,568
b. Less Actuarial Value of Assets	<u>216,195,548</u>
c. Unfunded Actuarial Accrued Liability	\$ 118,140,020
d. Adjustment to FY2025	<u>22,182</u>
e. Unfunded Actuarial Accrued Liability as of FY2025	\$ 118,362,202

The UAAL and funding ratio are measures of the plan's funded status, which reflect the plan's position as of January 1, 2023. We believe these measures, by themselves, are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations. However, we believe these measures, in conjunction with the plan's funding schedule and unrecognized gains/losses, are appropriate for assessing the amount of future contributions.

### Active Liability by Decrement

An active member can incur liabilities for the Retirement System in one of four ways:

- They can retire (if eligible),
- They can become disabled and collect a disability benefit,
- They can die, or
- They can terminate service and withdraw their ASF balance or receive a deferred retirement benefit

Active members have a portion of their liability associated with each of these four outcomes. The Accrued Liability for active members is divided as follows:

Active Actuarial Accrued Liability	
Superannuation Retirement	\$ 112,412,887
Death	2,330,352
Disability	5,613,033
Withdrawal	<u>1,539,559</u>
TOTAL	\$ 121,895,831

### Demographic Results

<b>Actives</b>	
a. Number	802
b. Annual Compensation	\$46,272,993
c. Average Annual Compensation	\$57,697
d. Average Attained Age	46.3
e. Average Past Service	9.3
<b>Retired, Disabled and Beneficiaries</b>	
a. Number	619
b. Total Benefits (excluding State COLA)	\$20,946,581
c. Average Benefits	\$33,839
d. Average Age	75.2
<b>Inactives</b>	
a. Number	545

- Total compensation changed by 2.3% over the prior valuation
  - Average annual compensation changed by 3.1%
  - Salary gain of \$1.2 million compared to projected experience

### History of Demographic Statistics

Valuation Year	Actives	Average Age	Average Past Service	Average Ann'l Pay
2023	802	46.3	9.3	\$57,697
2022	808	46.4	9.3	\$55,969
2021	771	46.8	10.1	\$56,063
2020	812	45.8	9.6	\$51,504
2019	773	46.5	10.0	\$51,865
2018	735	47.0	10.5	\$51,978
2017	720	46.8	10.6	\$51,089
2016	696	47.0	11.0	\$49,893
2015	705	47.4	11.1	\$47,566
2014	693	47.0	10.7	\$45,893
2013	676	47.6	11.0	\$44,394
2012	677	47.7	11.0	\$42,261
2011	661	48.3	11.6	\$43,323
2010	677	48.1	11.3	\$42,694
2008	707	48.6	11.3	\$39,257
2006	681	48.3	11.7	\$38,676
2005	664	48.4	11.6	\$38,115
2004	683	48.1	11.5	\$35,116
2003	683	48.2	11.3	\$34,490
2002	733	48.5	11.5	\$33,119

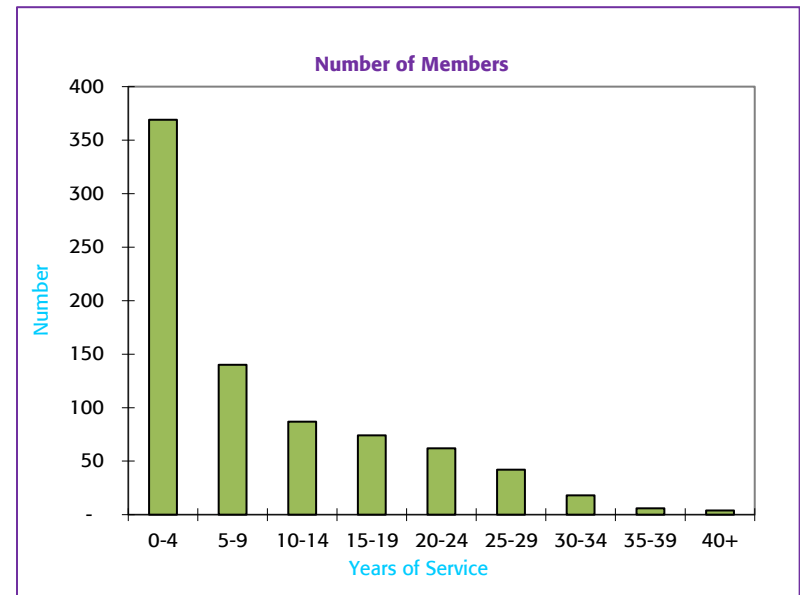
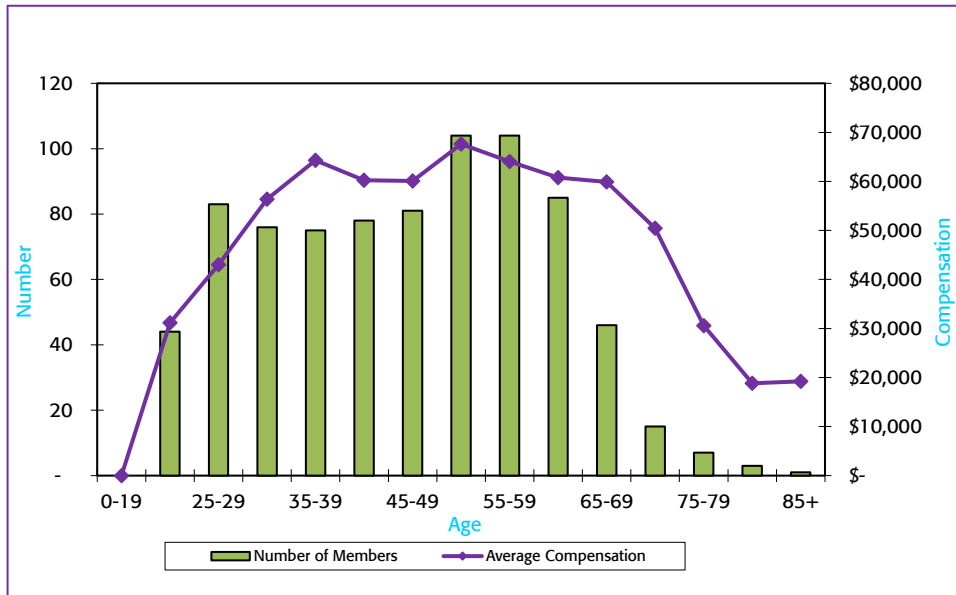
- Average annual compensation has grown by 74.2% (2.7% annually) over the past twenty-one years.

## Distribution of Plan Members as of January 1, 2023

Reference 14

### ACTIVE MEMBERS

AGE	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 + Years	Total	Total Compensation	Average Compensation
0-19	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -
20-24	44	-	-	-	-	-	-	-	-	44	\$ 1,370,949	\$ 31,158
25-29	76	7	-	-	-	-	-	-	-	83	\$ 3,567,843	\$ 42,986
30-34	44	28	4	-	-	-	-	-	-	76	\$ 4,283,110	\$ 56,357
35-39	33	20	19	3	-	-	-	-	-	75	\$ 4,821,706	\$ 64,289
40-44	37	14	10	15	2	-	-	-	-	78	\$ 4,698,896	\$ 60,242
45-49	42	10	8	8	13	-	-	-	-	81	\$ 4,868,377	\$ 60,103
50-54	40	18	13	7	12	11	3	-	-	104	\$ 7,031,444	\$ 67,610
55-59	23	18	15	15	10	15	8	-	-	104	\$ 6,662,502	\$ 64,063
60-64	18	16	12	12	12	9	3	3	-	85	\$ 5,166,990	\$ 60,788
65-69	9	6	4	11	7	4	2	1	2	46	\$ 2,754,849	\$ 59,888
70-74	1	1	2	3	4	1	1	1	1	15	\$ 756,800	\$ 50,453
75-79	2	1	-	-	2	2	-	-	-	7	\$ 213,873	\$ 30,553
80-84	-	1	-	-	-	-	1	-	1	3	\$ 56,413	\$ 18,804
85+	-	-	-	-	-	-	-	1	-	1	\$ 19,238	\$ 19,238
<b>TOTAL</b>	<b>369</b>	<b>140</b>	<b>87</b>	<b>74</b>	<b>62</b>	<b>42</b>	<b>18</b>	<b>6</b>	<b>4</b>	<b>802</b>	<b>\$ 46,272,993</b>	<b>\$ 57,697</b>



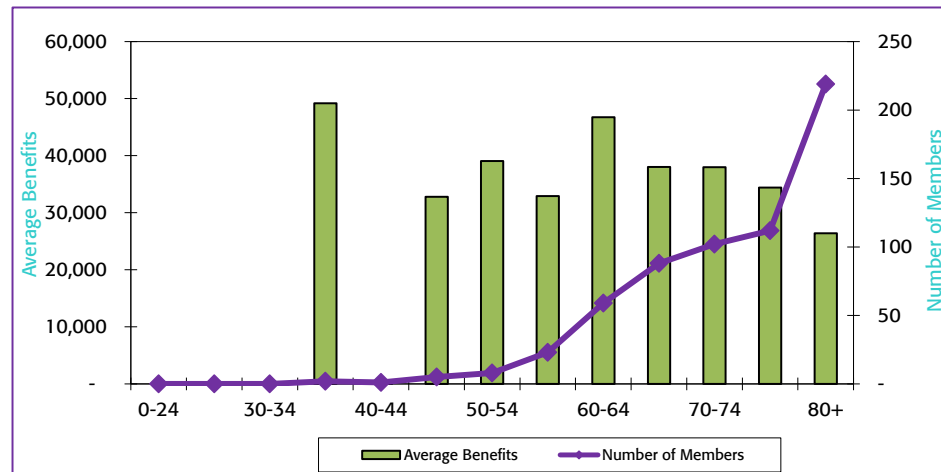
Distribution of Plan Members as of January 1, 2023

RETIRED MEMBERS

Retired Members and Beneficiaries			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	1	41,507	41,507
40-44	1	151	151
45-49	1	2,434	2,434
50-54	2	1,848	3,697
55-59	16	25,721	411,541
60-64	45	44,243	1,990,941
65-69	76	36,725	2,791,095
70-74	91	37,720	3,432,481
75-79	97	32,738	3,175,624
80+	203	25,328	5,141,549
<b>TOTAL</b>	<b>533</b>	<b>\$ 31,878</b>	<b>\$ 16,991,020</b>

Disabled Members			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	1	56,863	56,863
40-44	-	-	-
45-49	4	40,386	161,544
50-54	6	51,459	308,754
55-59	7	49,383	345,680
60-64	14	54,781	766,936
65-69	12	46,274	555,288
70-74	11	40,047	440,513
75-79	15	45,405	681,076
80+	16	39,932	638,907
<b>TOTAL</b>	<b>86</b>	<b>\$ 45,995</b>	<b>\$ 3,955,560</b>

Total			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	2	49,185	98,371
40-44	1	151	151
45-49	5	32,795	163,977
50-54	8	39,056	312,450
55-59	23	32,923	757,220
60-64	59	46,744	2,757,878
65-69	88	38,027	3,346,384
70-74	102	37,971	3,872,994
75-79	112	34,435	3,856,700
80+	219	26,395	5,780,456
<b>TOTAL</b>	<b>619</b>	<b>\$ 33,839</b>	<b>\$ 20,946,581</b>



Benefits shown are net of State reimbursed COLA.

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

### Assets

	Cash	\$	2,394,158.94
	Pooled Alternative Investments		442,679.40
	PRIT FUND		<u>196,138,282.26</u>
A	Sub-Total:	\$	198,975,120.60
	Interest Due and Accrued	\$	8,872.47
	Accounts Receivable		15,307.67
	Accounts Payable		<u>(18,099.64)</u>
B	Sub-Total:	\$	6,080.50
	Market Value of Assets [(A) + (B)]	\$	198,981,201.10

- The asset allocation is approximately 20% fixed income, cash, receivables and payables and 80% equities, alternative investments, hedge funds and similar types of investments.
- Annual return in calendar 2022: -11.2% vs. a 7.00% assumption.
  - \$41,082,145 net actuarial asset loss in Calendar Year 2022

### Actuarial Value of Assets

For its Actuarial Value of Assets (AVA), Arlington uses a four-year asset smoothing method which recognizes gains and losses over a four-year period. For example, for a gain in 2018, 25% would be recognized in 2019, another 25% in 2020, another 25% in 2021, and the final 25% in 2022.

The AVA is \$216.2 million, \$17.3 million higher than the MVA. The calculation of the smoothed asset value is shown on the following page.



■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

### Four-Year Asset Smoothing

1. Market value of assets including receivable/payable as of 01/01/2023 \$ 198,910,691

2. Phase-in of asset gains and losses

	Plan Year (1)	Original Amount (2)	Percent Unrecognized (3)	Amount Unrecognized (2) x (3)
a.	2022	(\$41,082,145)	75%	(\$30,811,609)
b.	2021	\$23,263,436	50%	\$11,631,718
c.	2020	\$7,580,139	25%	\$1,895,035
d.	2019	\$12,957,103	0%	\$0
e.	Total	\$2,718,531		(\$17,284,857)

3. Valuation assets without corridor as of 01/01/2023 \$ 216,195,548  
(1. - 2.e.)

4. Corridor Check

a. 90% of Market Value \$ 179,019,622  
b. 110% of Market Value \$ 218,801,761

5. Valuation assets with corridor as of 01/01/2023 \$ 216,195,548  
(3. within Corridor)

6. Calculation of return on valuation assets

a. Valuation assets as of 01/01/2022 \$ 203,653,080

b. ER contribs + EE contribs - Ben Pymts - Expenses \$ (2,056,084)

c. Actual return on valuation assets \$ 14,598,552  
5. - (6.a. + 6.b.)

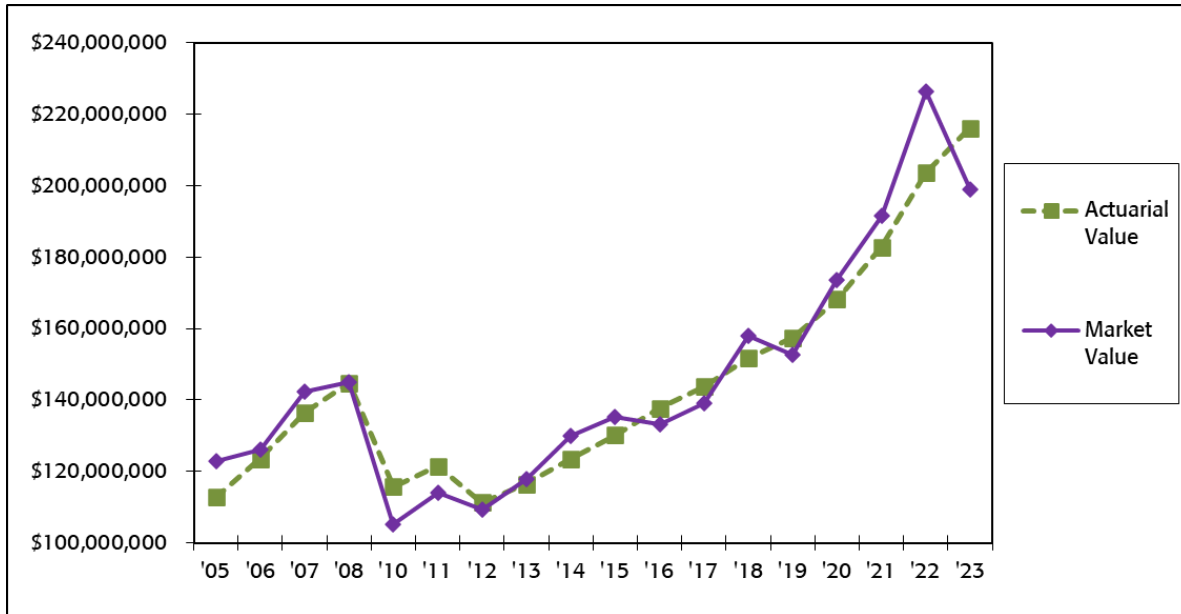
d. Weighted value of valuation assets \$ 202,625,038

e. Return on valuation assets 7.20%  
(6.c. / 6.d.)

f. Annualized return on assets 7.20%

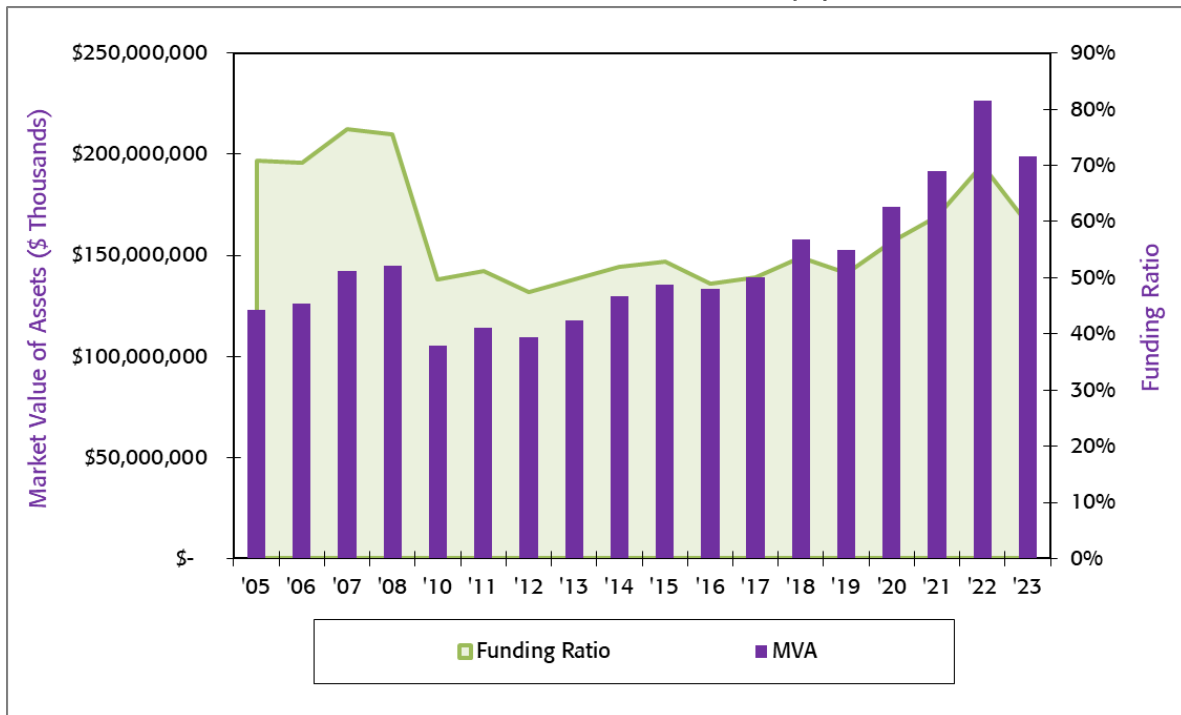
**Arlington Retirement Board**  
**Actuarial Valuation as of January 1, 2023**

The benefit of using an asset smoothing method is that it results in a more stable measure of the financial condition of the Plan. This is illustrated by the chart below, which displays a history of the Actuarial Value and Market Value of Assets over the past eighteen valuations.



**Funding Ratio**

The following displays the history of the funding ratio for the past eighteen valuations, based on Market Value of Assets. The Market Value for each year is shown to accompany the funding ratio. We show the market value of assets as that is the amount of assets available to pay for benefits.



■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

## Risk

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

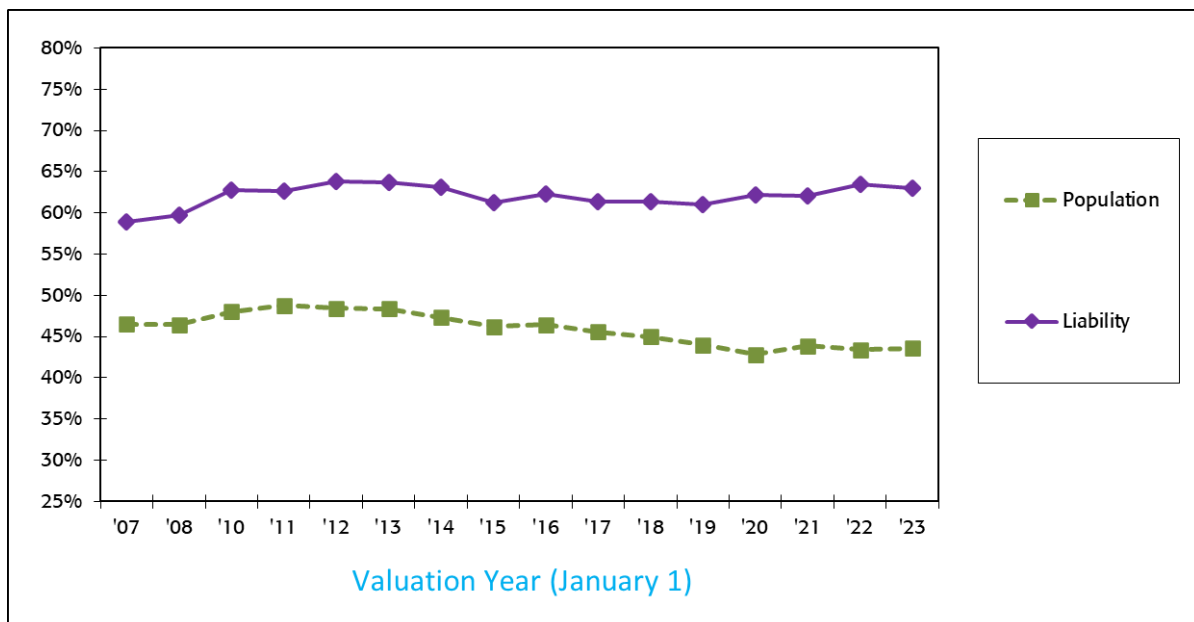
- Plan experience differing from that anticipated by the economic or demographic assumptions,
- Changes in economic or demographic assumptions,
- Increases or decreases expected as part of natural operation of the methodology used for these measurements such as additional contribution requirements based on the plan's funded status,
- Changes in plan provisions or applicable law.

As part of the valuation, we have not performed an analysis of the potential range of future measurements. GASB Statement 67 and 68 reports for the Arlington Retirement System contain alternate results to measure the impact of increases or decreases in the discount rate.

## Maturity

One important concern is the maturity of the system. Systems with a greater portion of their liability stemming from current retirees whose benefits already being paid are likely to experience greater impact from short-term asset experience, as high payouts in the near future leave less of the current assets available to benefit from investment returns further in the future.

Below is a history of the retiree's percentage of the covered population and liability. While the retiree share of the population has decreased since 2011, the liability has hovered around 60% over the past sixteen valuations.

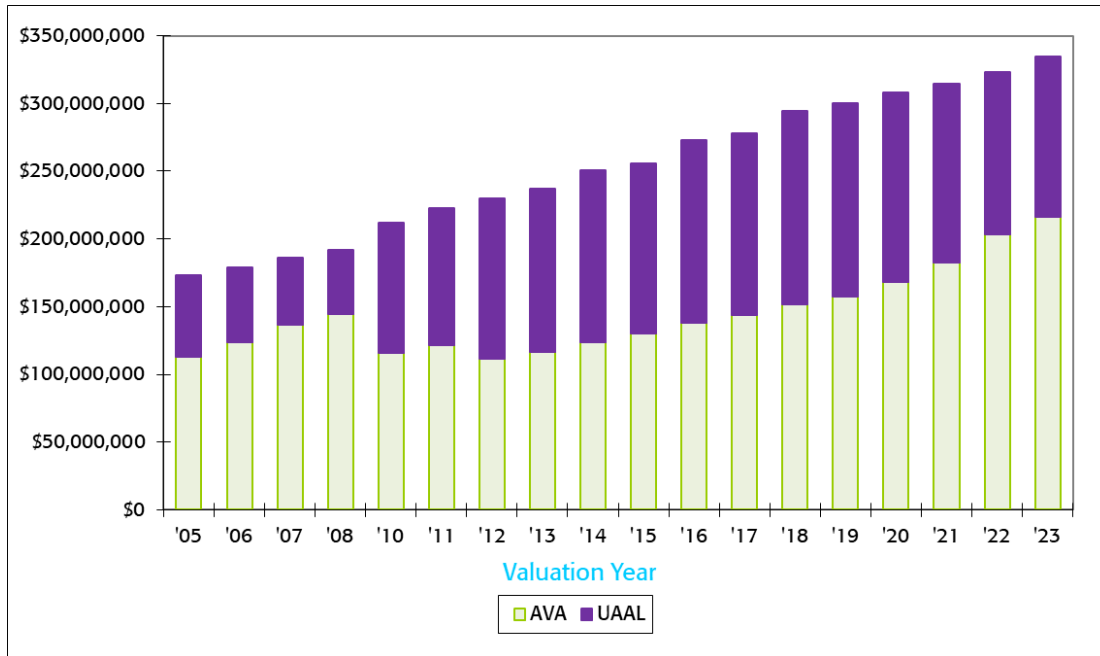


**Arlington Retirement Board**  
 Actuarial Valuation as of January 1, 2023

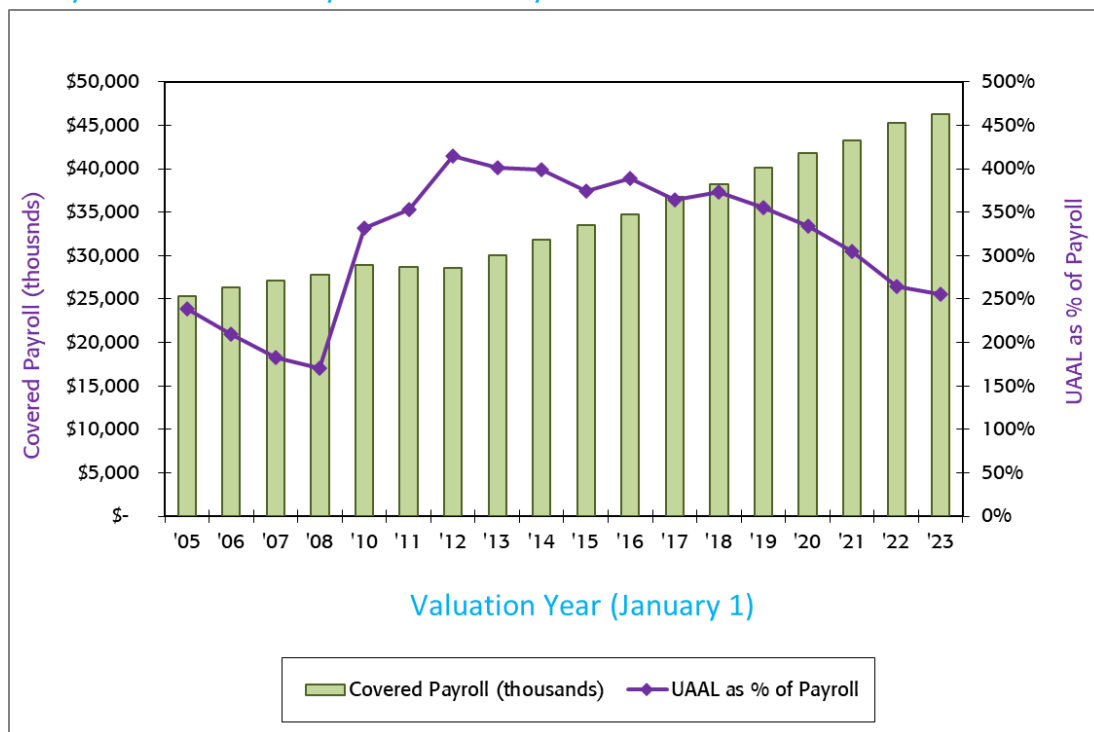
Historical Experience

The following charts display Arlington’s history of Actuarial Assets and Unfunded Liability; the second chart compares the unfunded liability to covered payroll.

History of Assets and Unfunded Liability



History of Unfunded Liability and Covered Payroll



■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

### Comparative Results

	January 1, 2023	January 1, 2022	Percentage Change
<b>Funding</b>			
Contribution for Fiscal 2025	\$17,175,692	\$17,175,692	0.0%
<b>Members</b>			
▪ Actives			
a. Number	802	808	-0.7%
b. Annual Compensation	\$46,272,993	\$45,222,925	2.3%
c. Average Annual Compensation	\$57,697	\$55,969	3.1%
d. Average Attained Age	46.3	46.4	-0.2%
e. Average Past Service	9.3	9.3	-0.1%
▪ Retired, Disabled and Beneficiaries			
a. Number	619	619	0.0%
b. Total Benefits*	\$20,946,581	\$20,342,537	3.0%
c. Average Benefits*	\$33,839	\$32,864	3.0%
d. Average Age	75.2	75.2	0.0%
▪ Inactives			
a. Number	545	487	11.9%
<b>Normal Cost</b>			
a. Total Normal Cost as of January 1, 2023	\$7,090,869	\$6,804,801	4.2%
b. Less Expected Members' Contributions	<u>4,353,584</u>	<u>4,238,308</u>	2.7%
c. Normal Cost to be funded by the Municipality	\$2,737,284	\$2,566,493	6.7%
d. Adjustment to July 1, 2024	186,830	175,173	6.7%
e. Administrative Expense Assumption	<u>494,481</u>	<u>480,240</u>	3.0%
f. Normal Cost Adjusted to July 1, 2024	\$3,418,595	\$3,221,906	6.1%
<b>Actuarial Accrued Liability</b>			
a. Active Members	\$121,895,831	\$116,367,058	4.8%
b. Inactive Members	4,729,475	4,342,961	8.9%
c. Retired Members and Beneficiaries	<u>207,710,262</u>	<u>202,372,433</u>	2.6%
d. Total	\$334,335,568	\$323,082,451	3.5%
<b>Unfunded Actuarial Accrued Liability</b>			
a. Actuarial Accrued Liability	\$334,335,568	\$323,082,451	3.5%
b. Less Actuarial Value of Assets	<u>216,195,548</u>	<u>203,653,080</u>	6.2%
c. Unfunded Actuarial Accrued Liability	\$118,140,020	\$119,429,371	-1.1%
d. Adjustment to FY2025	<u>222,182</u>	<u>971,757</u>	
e. Unfunded Actuarial Accrued Liability as of FY2025	\$118,362,202	\$120,401,128	

\* Excluding State reimbursed COLA

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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## APPENDICES

### Appendix A – Actuarial Methods and Assumptions

All assumptions and methodologies were either set by statute or selected by the Arlington Retirement Board in conjunction with guidance provided by Stone Consulting, Inc.

Stone Consulting, Inc. was furnished member and financial data by the Arlington Retirement System's administrative staff. Although examined under broad parameters for reasonableness, the data was not audited by the actuary. With the assistance of the staff of the Arlington Retirement Board, we were able to develop a database sufficient for valuation purposes.

### ASSUMPTION AND METHODOLOGY CHANGES SINCE PRIOR VALUATION

- 5% COLA increase on a Base of \$15,000 for Fiscal Year 2023
  - This increased the liability by \$1.2 million
- All other assumptions and methods were maintained from the prior valuation

### ACTUARIAL METHODS

#### Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method has been used in this valuation. Under this method, the normal cost is the amount calculated as the level percentage of compensation necessary to fully fund the prospective benefits from each member's entry age to retirement age.

The actuarial accrued liability represents the theoretical accumulation of all prior years' normal costs for the plan members as if the program had always been in effect. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over plan assets. The use of the Entry Age Normal actuarial funding method is consistent with the requirements of Chapter 32 of the Massachusetts General Laws.

#### Asset Valuation Method

Market Value of Assets, adjusted for payables and receivables, adjusted to phase in investment gains compared to the expected market value and losses evenly over four years (shown on page 14). The asset valuation method adjusts the results to no less than 90% and no more than 110% of the market value of assets adjusted for payables and receivables.

#### Fiscal Year Adjustment

The actuarial results are adjusted by the valuation interest rate and salary scale to the beginning of Fiscal Year 2025. The unfunded actuarial accrued liability is rolled forward with normal cost and further adjusted by anticipated contributions and interest.

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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## Actuarial Methods and Assumptions (Continued)

### ACTUARIAL ASSUMPTIONS

#### Valuation Date

January 1, 2023.

#### Investment Return

7.00% per year net of investment expenses. The investment return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns, and professional judgement.

#### Cost-of-Living Increases

A 5% COLA on the first \$15,000 of a member's retirement allowance was granted for Fiscal Year 2023; for all future years a 3% COLA is assumed.

#### Salary Increases

Select and Ultimate: salary increases based on group and year of service.

- Group 1 and 2: 7.75% increases for the first 6 years of service; 4% thereafter
- Police: 4% increases for all years except:
  - 9% in years 2 and 3
  - 5% in years 7 and 10
- Fire: 4% increases for all years except:
  - 7.5% in year 1
  - 12.5% in year 2
  - 5% in years 4 through 6

Step increases are assumed to be part of the salary increase assumption. The total payroll is assumed to increase at 4.50% per year.

The salary increase assumption reflects prior experience including PERAC's 2002 local experience study, current expectations, and professional judgement.

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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## Actuarial Methods and Assumptions (Continued)

### Family Composition

Members assumed married with 2 dependent children – one male and one female both age 15; age difference between member and spouse assumed to be 3 years (the male being the older).

### Administrative Expenses

Estimated budgeted amount of \$494,481 for the Fiscal Year 2025 is added to the Normal Cost. The administrative expense does not include investment manager and custodial fees. These fees are considered part of the discount rate assumption that is net of fees.

### Regular Interest Rate Credited to Annuity Savings Account

2% per year.

### Net 3(8)(c)

Net 3(8)(c) payments are assumed to be the same level as the past calendar year for all future years.

### Contribution Timing

Contributions are assumed to be made at the beginning of the fiscal year.

### Salary Adjustment

Active members who were employed prior to the dates listed below will be provided a lump-sum payment of a certain percentage of the final 3-year average regular compensation upon termination. This was to recognize that annual increases were not consistently provided during their term of employment. The Retirement Board deems the lump-sum payment regular compensation. For valuation purposes the following percentage increases were used:

Employed	Group 4
Prior to July 1, 1984	7.1%
July 1, 1984 – December 31, 1992	2.0%

### Section 90 A, C, D Increases

Additional liability of \$7,203,529 and additional normal cost of \$155,024 were calculated by assuming that Section 90 increases in future years will remain a constant ratio of annual benefits paid. This ratio was applied to the projected benefits for each year, and then multiplied by a longevity factor of 7.45. This was calculated as the average present value of a dollar of annual benefit for those receiving Section 90 increases, weighted according to the amount of each member's Section 90 increase.



■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

### Credited Service

All service is assumed to be due to employment with the municipality.

### In-Service Disability and Death

Both Disability and In-Service Death are assumed to be 55% ordinary and 45% accidental for Group 1 and 2, and 10% ordinary and 90% accidental for Group 4.

### Withdrawal Prior to Retirement

The rates shown at the following sample ages illustrate the withdrawal assumption. Withdrawal rates are set to zero if the retirement rate at that age is nonzero.

#### Rate of Withdrawal

Service	Group 1 and 2	Group 4
0	15%	1.5%
1	12%	1.5%
2	10%	1.5%
3	9%	1.5%
4	8%	1.5%
5	7.6%	1.5%
10	5.4%	1.5%
15	3.3%	0.0%
20	2.0%	0.0%
25	1.0%	0.0%
30+	0.0%	0.0%

### Disability Prior to Retirement

The rates shown at the following sample ages illustrate the assumption regarding the incidence of disability:

#### Rate of Disability

Age	Group 1 and 2	Group 4
20	0.01%	0.10%
25	0.02%	0.20%
30	0.03%	0.30%
35	0.06%	0.30%
40	0.10%	0.30%
45	0.15%	1.00%
50	0.19%	1.25%
55	0.24%	1.20%
60	0.28%	0.85%

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Actuarial Valuation as of January 1, 2023

## Actuarial Methods and Assumptions (Continued)

### Rates of Retirement

The rates shown at the following ages illustrate the assumption regarding the incidence of retirement, once the member has achieved 10 years of service:

Age	Hired after 4/1/2012					
	Group 1 & 2 Male	Group 1 & 2 Female	Group 4	Group 1 & 2 Male	Group 1 & 2 Female	Group 4
50	1%	1.5%	2%	0%	0%	0%
51	1%	1.5%	2%	0%	0%	0%
52	1%	2.0%	2%	0%	0%	0%
53	1%	2.5%	2%	0%	0%	0%
54	2%	2.5%	7.5%	0%	0%	0%
55	2%	5.5%	15%	0%	0%	10%
56	2.5%	6.5%	10%	0%	0%	7%
57	2.5%	6.5%	10%	0%	0%	20%
58	5%	6.5%	10%	0%	0%	10%
59	6.5%	6.5%	15%	0%	0%	15%
60	12%	5%	20%	25%	30%	20%
61	20%	13%	20%	20%	13%	20%
62	30%	15%	25%	30%	15%	25%
63	25%	12.5%	25%	25%	12.5%	25%
64	22%	18%	30%	22%	18%	30%
65	40%	15%	100%	40%	15%	100%
66	25%	20%	N/A	25%	20%	N/A
67	25%	20%	N/A	25%	20%	N/A
68	30%	25%	N/A	30%	25%	N/A
69	30%	20%	N/A	30%	20%	N/A
70	100%	100%	N/A	100%	100%	N/A

### Mortality

RP-2014 table adjusted to 2006 and projected generationally with MP-2021 (sex-distinct). During employment the healthy employee mortality table is used. Post-employment the healthy annuitant table is used.

Mortality for disabled retirees follows the same table as non-disabled retirees, set forward 2 years. Death is assumed to be due to the same cause as the disability 40% of the time.

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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## Appendix B – Summary of Principal Provisions

### 1. PARTICIPANT

Participation is mandatory for all full-time employees whose employment commences before age 65. There are three classes of members in the retirement system:

- Group 1: general employees
- Group 2: employees in specified hazardous occupations (e.g., electricians)
- Group 4: police and firefighters

### 2. MEMBER CONTRIBUTIONS

Member contributions vary depending upon date hired as follows:

Date of Hire	Member Contribution Rate
Prior to 1975	5% of Pay
1975 – 1983	7% of Pay
1984 – June 30, 1996	8% of Pay
After June 30, 1996	9% of Pay

Members hired after 1978 contribute an additional 2% of pay over \$30,000.

### 3. PAY

#### a. Pay

Gross regular compensation excluding bonuses, overtime, severance pay, unused sick pay, and other similar compensation.

#### b. Average Pay

The average of pay during the three consecutive years that produce the highest average or, if greater, during the last three years (whether or not consecutive) preceding retirement. For members hired after April 1, 2012, five-year averages will be used.

### 4. CREDITED SERVICE

Period during which an employee contributes to the retirement system plus certain periods of military service and “purchased” service.

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

Summary of Principal Provisions (Continued)

5. SERVICE RETIREMENT

a. Eligibility

Hired prior to April 2, 2012:

- Attainment of age 55 and completion of ten years of credited service,
- or at any age with completion of 20 years of service.
- If hired prior to 1978 or a member of Group 4, the completion of ten years of service is not required.

Hired after April 1, 2012:

- Group 1 – Age 60 and Completion of 10 years of credited service;
- Group 2 – Age 55 and completion of 10 years of service;
- Group 4 – Age 55.

b. Retirement Allowance

Determined as the product of the member's benefit percentage, average pay and credited service, where the benefit percentage is shown below (maximum allowance of 80% of average pay):

Benefit Percentage	Group 1	Group 2	Group 4
2.5%	65+	60+	55+
2.4	64	59	54
2.3	63	58	53
2.2	62	57	52
2.1	61	56	51
2.0	60	55	50
1.9	59	N/A	49
1.8	58	N/A	48
1.7	57	N/A	47
1.6	56	N/A	46
1.5	55	N/A	45
<b>Hired after April 1, 2012*</b>			
2.5%	67+	62+	57+
2.35	66	61	56
2.20	65	60	55
2.05	64	59	54
1.90	63	58	53
1.75	62	57	52
1.60	61	56	51
1.45	60	55	50

\*Reduction is .125% for each year early instead of .15% per year for employees with over 30 years of service.

In addition, veterans receive an additional \$15 per year for each year of credited service up to 20 years

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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## Summary of Principal Provisions (Continued)

### 6. DEFERRED VESTED RETIREMENT

#### a. Eligibility

Completion of 10 years of credited service (for elected and appointed members, 6 years in the event of involuntary termination).

#### b. Retirement Allowance

Determined in the same manner as "Service Retirement" section above with the member eligible to start collecting a benefit at age 55, (or age 57 for post-April 1, 2012 hires) or defer until later at his or her discretion. If a member chooses, his or her contributions with interest may be withdrawn. The amount of interest he or she will receive depends on length of service and whether or not the termination of employment was voluntary.

### 7. ORDINARY DISABILITY RETIREMENT

#### a. Eligibility

Non-job related disability after completion of 10 years of credited service.

#### b. Retirement Allowance

Determined in the same manner as "Service Retirement" section and calculated as if the member had attained age 55 (or age 60 for group 1 hired after April 1, 2012), if younger. Veterans receive 50% of pay (during final year) plus an annuity based on accumulated member contributions with interest.

### 8. ACCIDENTAL DISABILITY RETIREMENT

#### a. Eligibility

Disabled as a result of an accident in the performance of duties. No age or service requirement.

#### b. Retirement Allowance

72% of pay plus an annuity based on accumulated member contributions with interest. Also, a dependent's allowance per year for each child. Total allowance not to exceed 100% of pay (75% for members hired after 1987).

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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## Summary of Principal Provisions (Continued)

### 9. NON-OCCUPATIONAL DEATH

#### a. Eligibility

Dies while in active service, but not due to occupational injury. 2 years of service.

#### b. Retirement Allowance

Benefit as if Option C had been elected (see below) and member had attained age 55 (or age 57 for those hired after April 1, 2012) if younger.

Minimum monthly benefits provided as follows:

- spouse - \$500,
- first child - \$120,
- each additional child - \$90

### 10. OCCUPATIONAL DEATH

#### a. Eligibility

Dies as a result of an occupational injury.

#### b. Benefit Amount

72% of pay plus refund of annuity savings fund balance. In the case of an accidental disability retiree who dies of the same cause, the beneficiary receives 72% of the last 12 months salary or the current pension amount, whichever is greater.

### 11. COST-OF-LIVING INCREASES

An increase of up to 3% applied to the first \$15,000 of annual benefit; for Fiscal Year 2023 a 5% increase was granted. Funded by the Employer from Fiscal Year 1999. Percentage increase is voted on each year by the Retirement Board. Cost-of-living increases granted during Fiscal Year 1982 through Fiscal 1998 are reimbursed by the Commonwealth.

### 12. OPTIONAL FORMS OF PAYMENT

- Option A: Allowance payable monthly for the life of the member.
- Option B: Allowance payable monthly for the life of the member with a guarantee of remaining member contributions with interest.
- Option C: Allowance payable monthly for the life of the member with 66-2/3% continuing to the member's beneficiary upon the member's death. If the beneficiary predeceases the member, the allowance amount "pops up" to the non-reduced amount.

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

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### Appendix C – Glossary of Terms

- **Actuarial Accrued Liability**  
The portion of the Present Value of Benefits that is attributable to past service.
- **Actuarial Value of Assets**  
The value of assets based on the asset valuation method shown in the Actuarial Methods and Assumptions section of this report.
- **Actuarial Assumptions**  
Estimates are made as to the occurrence of certain events that determine the level of benefits to be paid and how long they will be provided. The more important actuarial assumptions include the investment return on assets, salary increases and the rates of turnover, disability, retirement and mortality.
- **Actuarial Cost Method**  
The procedure that is used to allocate the present value of benefits between the liability that is attributable to past service (Actuarial Accrued Liability) and that attributable to future service.
- **Funding Ratio**  
The percentage of the accrued liability that is covered by the Actuarial Value of Assets.
- **GASB**  
Government Accounting Standards Board (issues guidance for disclosure of retirement system liabilities).
- **Normal Cost**  
The portion of the Present Value of Benefits that is attributable to benefits to be earned in the coming year.
- **PERAC**  
Public Employee Retirement Administration Commission, a division of the State government which has regulatory authority over the administration of the retirement system.
- **Present Value of Benefits**  
Represents the dollar value today of all benefits expected to be earned by current members if all actuarial assumptions are exactly realized.
- **PRIT**  
Pension Reserves Investment Trust Fund is the state controlled and administered fund for the investment of assets for members of the retirement system.
- **Unfunded Actuarial Accrued Liability**  
That portion of the Actuarial Accrued Liability not covered by System Assets.

■ Arlington Retirement Board  
Actuarial Valuation as of January 1, 2023

PERAC Information Disclosure

The most recent actuarial valuation of the System was prepared by Stone Consulting, Inc. as of January 1, 2023

The normal cost for employees on that date was:	\$4,353,584	9.4% of payroll
The normal cost for the employer was:	\$2,737,284	5.9% of payroll

The actuarial liability for active members was:	\$121,895,831
The actuarial liability for retired members was (includes inactives):	\$212,439,737
Total actuarial accrued liability:	\$334,335,568
System assets as of that date (\$198,981,201.10 Market Value):	\$216,195,548
Unfunded actuarial accrued liability:	\$118,140,020

The ratio of system's assets to total actuarial liability was:	65%
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As of that date the total covered employee payroll was:	\$46,272,993
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The principal actuarial assumptions used in the valuation are as follows:

Investment Return:	7.00% per annum
Rate of Salary Increase:	Select and ultimate rate (4.00% ultimate rate)

SCHEDULE OF FUNDING PROGRESS (Dollars in \$000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2023	\$216,196	\$334,336	\$118,140	65%	\$46,273	255%
1/1/2022	\$203,653	\$323,082	\$119,429	63%	\$45,223	264%
1/1/2021	\$182,823	\$314,568	\$131,745	58%	\$43,224	305%
1/1/2020	\$168,137	\$307,978	\$139,841	55%	\$41,821	334%
1/1/2019	\$157,412	\$299,973	\$142,561	52%	\$40,092	356%



# Information Technology

Arlington Financial Committee  
February 7, 2024

# Meeting with IT

- 2/5/2024
- Attending
  - Topher Heigham
  - Patricia Sheppard, CIO

# IT Budget

	2022 Actual	2023 Actual	2024 Budget	2025 Budget	\$ Change	% Change
<b>0115481 INFORMATION TECHNOLOGY SALARIES</b>						
5100 SALARIES & WAGES	684,796	561,115	724,431	721,491	(2,940)	-0.41%
5103 OVERTIME	-	-	1,000	1,000	0	0.00%
5156 LONGEVITY	6,516	7,624	7,015	6,864	(151)	-2.15%
5160 STIPENDS	425	425	425	425	0	0.00%
<b>0115481 INFORMATION TECHNOLOGY SALARIES</b>	<b>691,736</b>	<b>569,164</b>	<b>732,871</b>	<b>729,780</b>	<b>(3,091)</b>	<b>-0.42%</b>
<b>0115482 INFORMATION TECHNOLOGY EXPENSES</b>						
5204 IT STRATEGIC PLAN IMPLEMENTATION	20,942	-	-	-	0	-
5206 COMPUTER MAINTENANCE	14,782	2,704	6,520	6,520	0	0.00%
5209 IN-STATE TRAVEL	1,035	1,503	5,003	5,003	0	0.00%
5213 AUTO GAS & OIL	173	77	-	-	0	-
5215 TELEPHONE:EXPENSES	61,296	35,094	48,000	41,000	(7,000)	-14.58%
5217 DUES/SUBSCRIPTIONS	-	-	100	100	0	0.00%
5218 TRAINING	14,736	21,413	20,000	20,000	0	0.00%
5219 CONSULTING	19,478	7,215	32,000	32,000	0	0.00%
5223 OFFICE SUPPLIES	1,532	1,364	1,500	1,500	0	0.00%
5224 OTHER SUPPLIES	793	642	800	800	0	0.00%
5236 OTHER PURCHASED SERVICES	6,511	11,369	25,350	25,350	0	0.00%
5292 NETWORK MAINTENANCE	11,723	131,431	63,690	73,690	10,000	15.70%
5294 INFORMIX MAINTENANCE	4,100	4,218	7,000	7,000	0	0.00%
5297 UNIX HARDWARE/SUPPORT & MAINT	-	-	-	-	0	-
5301 COMPUTER PAPER	818	-	-	-	0	-
5302 COMPUTER SUPPLIES	6,158	7,766	11,400	11,400	0	0.00%
5304 PRINTER SUPPLIES/REPAIRS	1,099	-	-	-	0	-
5305 SOFTWARE MAINTENANCE	108,825	131,025	174,450	268,950	94,500	54.17%
5350 COURIER SERVICE	-	-	-	-	0	-
5353 MUNIS SOFTWARE SUPPORT	263,936	273,292	283,000	283,000	0	0.00%
<b>0115482 INFORMATION TECHNOLOGY EXPENSES</b>	<b>537,939</b>	<b>629,111</b>	<b>678,813</b>	<b>776,313</b>	<b>97,500</b>	<b>14.36%</b>
<b>INFORMATION TECHNOLOGY APPROPRIATION TOTAL</b>	<b>1,229,675</b>	<b>1,198,276</b>	<b>1,411,684</b>	<b>1,506,093</b>	<b>94,409</b>	<b>6.69%</b>
OFFSETS	(229,328)	(239,628)	(244,855)	(255,664)	(10,809)	4.41%
<b>INFORMATION TECHNOLOGY TAXATION TOTAL</b>	<b>1,000,347</b>	<b>958,648</b>	<b>1,166,829</b>	<b>1,250,429</b>	<b>83,600</b>	<b>7.16%</b>

# FY23 to FY24 Budget Changes

**FY23 Actuals = \$629,111**

**FY24 Projections = \$678,813**

- Anything left over went to the DPW building project
- FY24 budget is tight

# Positions

- Manager of Enterprise Applications - now filled! Started on 1/31/24
- Department at capacity in terms of projects it can do
- Salaries here are just Town share - also 12 in APS
- Manager of GIS moved from IT to DPW in FY23

# GIS Project

- Highest priority
- Current system is homegrown - based on MSFT Access
- Cannot connect to new applications/permitting system

# Cybersecurity

- Received a training grant from state
  - uses KnowBe4 training platform
  - Access to content - no money
- 5K is for penetration testing
- Rolled out a password policy for APS (TOA policy is in development)
- Moving servers to the cloud - see O365

# O365 Microsoft License Breakdown

G1: Exchange applications  
online only

0 - 100 moved to G3

G3: Applications online and  
desktop

350 licenses \$69,000

F3: Front Line Worker  
Technology (web and mobile apps)

150 licenses \$8,500

100 moved to G3

**Total:**

**\$77,500**

Fincom spearheaded the move to this, so **THANK YOU**



# MUNIS

- Have a MUNIS Steering Committee of super-users (town employees)
- Cashiering for the Comptroller's office to automate manual scanning
- New parking system up and running
- Priorities are implementing General Billing, possibly Capital planning or Employee Self Service improvements
- Twice yearly upgrades
- Rewrite of Financial module happening after next major upgrade this Summer  
- encouraging finance people to go to MUNIS conference this year.

# Digitizing Documents

- Inspectional Services - ~10 processes and forms
  - Inspectional Services happy with it
  - Some problems with user interface
- Retired a system based on Linux/PERL
- Vital Records next? Will need Town Clerk involved.
- Also minutes and agendas?
- ~5-6 years total time

# Upgrade to wifi6

- Started this Spring
- 18 months
- 22 sites - start with Recreation's move to Parmenter
- Have to map out the access points
- Will do during the day - should be able to minimize disruptions

# Body camera data line

- IT ran wire only
  - This year's budget covers installation cost
  - There will be a recurring 10K cost for service and support
- Management of data done via external vendor hired by APD
- Looking at how it might be used for disaster recovery as a redundant network

# Other projects

- DPW - new Grove St campus
- APS - tech infrastructure for new High School

# Computer Maintenance

- Annual server warranties
- Will decrease as servers moved to cloud

# Telephone expenses

- 7K decrease due to retiring Centrix lines
- LAN lines from RCN
- Verizon mobile lines for work mobile phones

Verizon = \$13,000

10K land lines

3K elevators

# Telephone Charges

RCN = \$28,000

18K land lines

5K APD

1K AFD

4K APS



# Training

- 10K - MUNIS conference
- 10K - Professional development for IT staff - have to master new tools - use SkillSoft training platform. Staff goals involve training.
- Patricia got a certificate in Management/Leadership from Suffolk - graduated June 2023.

# Consulting

- All cabling/wiring for new DPW building

# Other Purchased Services

- Job postings
- Furniture for their new offices in the DPW building - was value engineered out of the project

# Network Maintenance

- Annual software cost
- Includes
  - Comcast
  - Web licenses
  - Backup solution
  - Barracuda - email filter
  - VPN and firewall
  - DPW renovation

# Informix

- New MUNIS Utility Billing has 4 years of data
- Not all water meters converted to new system - was supposed to be done Dec 2023
- DPW needs view access to legacy system for longer, which requires Informix
- Informix budget was reduced to \$4,400 - not the \$7K in the budget book

**Thank You**

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**Fwd: RE: IT budget amount**

1 message

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**Christopher Heigham** <cheigham@comcast.net>  
To: Tara Bradley <tarawbradley@gmail.com>  
Cc: Christine Deshler <christinedeshler@hotmail.com>, Alan Jones <jones@carr-jones.com>

Thu, Feb 8, 2024 at 10:59 AM

Tara - please distribute Alex's response; we did vote the right amount. Thanks Alan for catching that.

Topher

----- Original Message -----

From: Alex Magee <amagee@town.arlington.ma.us>  
To: "cheigham@comcast.net" <cheigham@comcast.net>, Patricia Sheppard <psheppard@town.arlington.ma.us>  
Date: 02/08/2024 9:16 AM EST  
Subject: RE: IT budget amount

Hi Topher,

That figure ties out and looks correct.

Thanks,

Alex

---

**From:** Christopher Heigham <cheigham@comcast.net>  
**Sent:** Thursday, February 8, 2024 8:40 AM  
**To:** Patricia Sheppard <psheppard@town.arlington.ma.us>; Alex Magee <amagee@town.arlington.ma.us>  
**Subject:** IT budget amount

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Patricia, Alex - last night the Fincom approved the IT budget, but since we knew of the \$2600 reduction in Informix Maintenance (5294), we voted a taxation total of \$1,247,829. Please confirm that this is the correct amount.

Thanks,

Topher