

**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM**  
**PENSION PLAN SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2022**



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**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM**

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## INDEPENDENT AUDITORS' REPORT

Honorable Retirement Board  
Stoneham Contributory Retirement System  
Stoneham, Massachusetts

### Report on the Audit of the Schedules

#### *Opinions*

We have audited the accompanying schedule of employer allocations of the Stoneham Contributory Retirement System as of and for the year ended December 31, 2022, and the related notes. We have also audited the total of the columns titled net pension liability at December 31, 2022, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of the Stoneham Contributory Retirement System, as of and for the year ended December 31, 2022, and the related notes.

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations, net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the Stoneham Contributory Retirement System as of and for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Stoneham Contributory Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Management's Responsibility for the Schedules*

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

***Auditors' Responsibilities for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stoneham Contributory Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stoneham Contributory Retirement System's ability to continue as a going concern for a reasonable period of time.

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

***Other Matter***

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Town of Stoneham, Massachusetts as of and for the year ended June 30, 2023, and our reports thereon, dated April 24, 2024, expressed unmodified opinions on those financial statements. The Stoneham Contributory Retirement System is reported as a pension trust fund as of and for the year ended December 31, 2022, in the financial statements of the Town of Stoneham, Massachusetts as of and for the year ended June 30, 2023.

Honorable Retirement Board  
Stoneham Contributory Retirement System

**Restriction on Use**

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
April 24, 2024

**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM  
 SCHEDULE OF EMPLOYER ALLOCATIONS  
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

Employer	Pension Fund Appropriation	Employer Allocation Percentage
Town of Stoneham	\$ 7,058,350	97.32%
Stoneham Housing Authority	194,373	2.68%
Total	\$ 7,252,723	100%

**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM  
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense			
	Net Pension Liability at December 31, 2022	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan	Changes of Assumptions	Changes in Proportion	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Change in Proportion	Total Pension Expense
Town of Stoneham	\$ 18,874,848	\$ 1,766,333	\$ 7,833,959	\$ 2,139,576	\$ 75,621	\$ 11,815,489	\$ 4,603,400	\$ 594,432	\$ 52,280	\$ 5,250,112	\$ 5,744,651	\$ (3,362)	\$ 5,741,289
Stoneham Housing Authority	519,776	48,640	215,732	58,920	52,280	375,572	126,767	16,370	75,621	218,758	158,196	3,362	161,558
Total	\$ 19,394,624	\$ 1,814,973	\$ 8,049,691	\$ 2,198,496	\$ 127,901	\$ 12,191,061	\$ 4,730,167	\$ 610,802	\$ 127,901	\$ 5,468,870	\$ 5,902,847	\$ -	\$ 5,902,847

**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
DECEMBER 31, 2022**

**NOTE 1 REPORTING ENTITY**

The Stoneham Contributory Retirement System (System) was established under Massachusetts General Laws (MGL), Chapter 32, and is regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). The System provides retirement benefits to the Town of Stoneham and the Stoneham Housing Authority employees and their beneficiaries. The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, one member appointed by the Town's Board of Selectmen and one member elected by the System's Board members.

The System is reported as a Pension Trust Fund in the Town of Stoneham, Massachusetts' annual audited financial statement. That report is publicly available and can be obtained by submitting a request to the Town Accountant at 35 Central Street, Stoneham, Massachusetts 02180.

Information that is available in the Town's audited financial statements and needed by employers to implement GASB 68 is not repeated in this document. Please refer to the Town's audited financial statements for those items.

**NOTE 2 BASIS OF PRESENTATION**

The schedule of employer allocations and schedule of pension amounts by employers (Schedules) are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the U.S. The Schedules present amounts that are elements of the System's financial statements or its participating employers. Accordingly, they do not purport to be a complete presentation of the System's financial statements.

The preparation of the Schedules requires management to make estimates and assumptions related to the reported amounts. Actual results could vary from the estimates used.

**NOTE 3 EMPLOYER ALLOCATIONS**

Employers are required to pay an actuarially determined contribution annually, based on the results of biennial actuarial valuations of the System's assets by a certified actuary.

The employer contributions used in the schedule of employer allocations as of and for the year ended December 31, 2022 are equal to the total employer contributions presented in the System's financial statements for the corresponding period.

**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
DECEMBER 31, 2022**

**NOTE 4 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The recognition period for amortizing the deferred outflows and inflows of resources is set forth by Governmental Accounting Standards Board Statement No. 68, paragraph 71. Depending on the type of deferral, the amortization periods are defined as either a fixed 5-year period or the Average Expected Remaining Service Life (AERSL) of all plan members, measured at the beginning of the measurement period. The amortization periods for each type of deferral are as follows:

Deferred Resource Type	Year	Recognition Period	Total Deferred Outflow (Inflow)	Amount Recognized in Expense Through December 31, 2022	Balance at December 31, 2022	
					Deferred Outflows	Deferred Inflows
Changes in Assumptions	2020	4.7	\$ (1,688,687)	\$ (1,077,885)	\$ -	\$ 610,802
	2022	4.7	2,792,684	594,188	2,198,496	-
Difference Between Actual and Expected Experience	2020	4.7	5,017,867	3,202,893	1,814,973	-
	2022	4.7	(6,008,591)	(1,278,424)	-	4,730,167
Net Difference Between Projected and Actual Investment Earnings	2019	5.0	(8,893,145)	(7,114,516)	(1,778,629)	-
	2020	5.0	148,106	88,863	59,243	-
	2021	5.0	(9,933,206)	(3,973,282)	(5,959,924)	-
	2022	5.0	19,661,251	3,932,250	15,729,001	-
Changes in Proportion - By Employer						
Town of Stoneham	2019	4.3	(73,718)	(68,618)	-	5,100
Town of Stoneham	2020	4.7	(11,296)	(7,252)	-	4,044
Town of Stoneham	2021	4.7	(131,637)	(56,096)	-	75,541
Town of Stoneham	2022	4.7	54,687	11,471	43,216	-
Stoneham Housing Authority	2019	4.3	73,718	68,618	5,100	-
Stoneham Housing Authority	2020	4.7	11,296	7,252	4,044	-
Stoneham Housing Authority	2021	4.7	131,637	56,096	75,541	-
Stoneham Housing Authority	2022	4.7	(54,687)	(11,471)	-	43,216
					<u>\$ 12,191,061</u>	<u>\$ 5,468,870</u>

**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
DECEMBER 31, 2022**

**NOTE 4 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (CONTINUED)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the collective pension expense as follows:

<u>Measure Period Ending December 31,</u>	<u>Amount</u>
2023	\$ 220,702
2024	1,786,830
2025	1,261,374
2026	<u>3,453,285</u>
Total	<u>\$ 6,722,191</u>

**NOTE 5 COLLECTIVE NET PENSION LIABILITY**

The components of the collective net pension liability of the System's participating employers at December 31, 2022, were as follows:

Collective Total Pension Liability	\$ 135,855,669
Plan Fiduciary Net Position	<u>(116,461,045)</u>
Collective Net Pension Liability	<u>\$ 19,394,624</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.72 %

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

The following presents the collective net pension liability of the participating employers calculated using the discount rate of 7.00 percent, as well as what the participating employers net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Collective Net Pension Liability	\$ 33,890,044	\$ 19,394,624	\$ 7,101,654

**STONEHAM CONTRIBUTORY RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
DECEMBER 31, 2022**

**NOTE 6 COLLECTIVE PENSION EXPENSE**

The following table identifies the components of pension expense as of December 31, 2022 (measurement date):

Service Cost	\$ 2,721,057
Interest Cost on Total Pension Liability	9,613,327
Plan Member Contributions	(1,767,974)
Projected Earnings on Plan Investments	(9,207,686)
Recognized Portion of Difference in Projected and Actual Earnings on Investments	2,559,613
Recognized Portion of Assumption Change	591,250
Changes to Benefit Provisions	1,306,085
Recognized Portion of Difference Between Actual and Expected Experience	(218,520)
Administrative Expenses	<u>305,695</u>
Pension Expense	<u><u>\$ 5,902,847</u></u>

Each employer's proportionate share of the collective pension expense is equal to the collective pension expense multiplied by the 2022 employer proportionate share percentage identified in the schedule of employer allocations.



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