

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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## MEMORANDUM

TO: Melrose Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule and Revised FY14 Appropriation

DATE: February 1, 2013

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 August 15 of each fiscal year (previously the average assumed date was October 15). The schedule is effective in FY13 (since the amount under the prior schedule was maintained in FY13) and is acceptable under Chapter 32.

The revised appropriation is \$5,464,483. The allocation by governmental unit was prepared by Stone Consulting and is attached.

On October 4, 2012, we approved a schedule based on your January 1, 2012 actuarial valuation. That schedule used an increasing amortization of 3.31% through FY30. The revised schedule uses a 1.51% increasing amortization through FY35. The revised amortization schedule produces a flatter schedule and is generally a more conservative approach. However, since the schedule has been extended 5 years, the FY14 appropriation is only slightly higher than the FY13 appropriation under the prior schedule. Part of the reason is that the assumed payment date is now 2 months earlier than the prior schedule. However, we would have recommended adopting a schedule with a FY14 appropriation that is closer to the schedule approved in October adjusted for the adjusted assumed payment date. This figure would be approximately \$5,535,000.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enclosures





## MELROSE CONTRIBUTORY RETIREMENT SYSTEM

### FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAL	Net 3(8)(c) Payments	Schedule Contribution	Adjusted for August 15 Payment
2014	1,001,083	51,170,070	4,355,085	55,998	5,412,166	5,464,483
2015	1,046,132	50,560,184	4,416,509	55,998	5,518,639	5,571,985
2016	1,093,208	49,835,169	4,478,880	55,998	5,628,086	5,682,490
2017	1,142,402	48,984,791	4,542,212	55,998	5,740,612	5,796,104
2018	1,193,810	47,997,986	4,606,518	55,998	5,856,326	5,912,937
2019	1,247,532	46,862,785	4,414,821	55,998	5,718,351	5,773,628
2020	1,303,670	45,843,801	4,371,664	55,998	5,731,333	5,786,735
2021	1,362,336	44,789,908	4,438,988	55,998	5,857,322	5,913,942
2022	1,423,641	43,578,993	4,507,348	55,998	5,986,987	6,044,861
2023	1,487,705	42,197,376	4,576,762	55,998	6,120,464	6,179,628
2024	1,554,651	40,630,264	4,647,244	55,998	6,257,893	6,318,385
2025	1,624,611	38,861,662	4,718,811	55,998	6,399,420	6,461,280
2026	1,697,718	36,874,279	4,791,481	55,998	6,545,197	6,608,467
2027	1,774,115	34,649,421	4,865,270	55,998	6,695,383	6,760,104
2028	1,853,951	32,166,884	4,940,195	55,998	6,850,144	6,916,361
2029	1,937,378	29,404,824	5,016,274	55,998	7,009,650	7,077,409
2030	2,024,560	26,339,634	5,093,525	55,998	7,174,083	7,243,432
2031	2,115,666	22,945,798	5,171,965	55,998	7,343,628	7,414,616
2032	2,210,871	19,195,740	5,251,613	55,998	7,518,482	7,591,159
2033	2,310,360	15,059,657	5,332,488	55,998	7,698,846	7,773,267
2034	2,414,326	10,505,343	5,414,608	55,998	7,884,932	7,961,152
2035	2,522,971	5,497,993	5,497,993	55,998	8,076,962	8,155,038
2036	2,636,504	(0)	-	55,998	2,692,502	2,718,529

#### Amortization of Unfunded Liability as of July 1, 2013

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2002	ERI	256,994	0.00%	17	256,994	5
2003	ERI	109,459	0.00%	17	109,459	6
2014	Fresh Start	3,988,631	1.54%	22	3,988,631	22

Notes on Amortization of Unfunded Liability

**Year** is the year the amortization base was established.

**Type** is the reason for the creation of the base. Examples are Gain/(Loss) or Fresh Start.

**Original Amortization Amount** is the annual amortization amount when the base was established.

**Percentage Increasing** is the percentage that the Original Amortization Amount increases per year.

**Original # of Years** is the number of years over which the base is being amortized.

**Current Amortization Amount** is the amortization payment amount for this year.

**Years Remaining** is the number of years left to amortize the base.

Assuming 7/1 payment

Melrose Retirement Board  
Appropriation by Government Unit

Fiscal Year 2014 - July 1, 2013 to June 30, 2014

Aggregate amount of appropriation: \$5,412,166

Unit	Percent of Aggregate Amount	Funding Schedule (excluding ERI)	ERI	Total Appropriation
City of Melrose	97.73%	\$4,931,175	\$331,280	\$5,262,455
Melrose Housing Authority	2.27%	\$114,538	\$35,173	\$149,711
Unit Total	100.00%	\$5,045,713	\$366,453	\$5,412,166

Assuming 8/15 payment

Melrose Retirement Board  
Appropriation by Government Unit

Fiscal Year 2014 - July 1, 2013 to June 30, 2014

Aggregate amount of appropriation: \$5,464,483

Unit	Percent of Aggregate Amount	Funding Schedule (excluding ERI)	ERI	Total Appropriation
City of Melrose	97.73%	\$4,978,843	\$334,482	\$5,313,325
Melrose Housing Authority	2.27%	\$115,645	\$35,513	\$151,158
Unit Total	100.00%	\$5,094,488	\$369,995	\$5,464,483