

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Reading Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2014
DATE: November 26, 2012

Required Fiscal Year 2014 Appropriation: **\$4,747,889**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2014 which commences July 1, 2013.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2014 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Segal as part of their January 1, 2011 actuarial valuation.

If your System has a valuation currently in progress, you may submit a revised funding schedule to PERAC upon its completion. The current schedule is/was due to be updated by Fiscal Year 2015.

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

Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk



Reading Retirement Board

Projected Appropriations

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

Aggregate amount of appropriation: **\$4,747,889**

| Fiscal Year | Estimated Cost of Benefits | Funding Schedule (Excluding ERI) | ERI | Total Appropriation | Pension Fund Allocation | Pension Reserve Fund Allocation | Transfer From PRF to PF |
|----------------|----------------------------|-------------------------------------|-----|---------------------|-------------------------|---------------------------------|-------------------------|
| FY 2014 | \$6,791,254 | \$4,747,889 | \$0 | \$4,747,889 | \$4,747,889 | \$0 | \$2,043,365 |
| FY 2015 | \$7,058,537 | \$4,961,544 | \$0 | \$4,961,544 | \$4,961,544 | \$0 | \$2,096,993 |
| FY 2016 | \$7,336,136 | \$5,184,813 | \$0 | \$5,184,813 | \$5,184,813 | \$0 | \$2,151,323 |
| FY 2017 | \$7,624,449 | \$5,418,129 | \$0 | \$5,418,129 | \$5,418,129 | \$0 | \$2,206,320 |
| FY 2018 | \$7,923,889 | \$5,661,945 | \$0 | \$5,661,945 | \$5,661,945 | \$0 | \$2,261,944 |

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.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

SECTION 3: Supplemental Information for the Town of Reading Retirement System

EXHIBIT G

Department Results

| | Storm Water Management | Housing | Municipal Light | School | Sewer | Water | All Other | Total |
|--|---------------------------|-----------------|--------------------|------------------|----------------|----------------|--------------------|--------------------|
| 1) Total normal cost | \$8,121 10.60% | \$33,540 14.59% | \$917,641 16.15% | \$357,504 14.37% | \$18,454 9.34% | \$50,453 8.94% | \$1,768,948 15.12% | \$3,154,661 15.07% |
| 2) Administrative expense allowance | 224 0.29% | 925 0.40% | 25,307 0.45% | 9,859 0.40% | 509 0.26% | 1,391 0.25% | 48,784 0.42% | 87,000 0.42% |
| 3) Expected employee contributions | -7,230 -9.43% | -22,176 -9.65% | -515,399 -9.07% | -228,236 -9.17% | -18,333 -9.28% | -42,087 -7.46% | -1,081,351 -9.24% | -1,914,812 -9.15% |
| 4) Employer normal cost: (1) + (2) + (3), adjusted for timing | \$1,136 1.48% | \$12,520 5.45% | \$435,602 7.67% | \$141,748 5.70% | \$642 0.32% | \$9,941 1.76% | \$750,252 6.41% | \$1,351,842 6.46% |
| 5) Total actuarial accrued liability | 38,212 | 994,486 | 41,692,837 | 14,350,360 | 1,056,068 | 4,035,778 | 72,272,309 | \$134,440,050 |
| 6) Assets at actuarial value | 25,369 | 806,426 | 30,149,299 | 9,145,757 | 693,875 | 3,215,180 | 47,323,245 | 91,359,151 |
| 7) Unfunded actuarial accrued liability: (5) - (6) | 12,843 | 188,060 | 11,543,538 | 5,204,603 | 362,193 | 820,598 | 24,949,064 | 43,080,899 |
| 8) Payment on unfunded actuarial accrued liability* | -251 -0.33% | 11,402 4.96% | 900,634 15.85% | 368,059 14.79% | 22,633 11.46% | 17,986 3.19% | 1,747,927 14.94% | 3,068,389 14.66% |
| 9) Total employer cost with interest for fiscal 2012 | 885 1.15% | 23,922 10.40% | 1,336,236 23.52% | 509,807 20.49% | 23,275 11.79% | 27,927 4.95% | 2,498,179 21.36% | 4,420,231 21.11% |
| 10) Projected payroll | 76,640 | 229,919 | 5,680,636 | 2,488,140 | 197,495 | 564,293 | 11,697,255 | 20,934,378 |
| 11) Total employer cost for fiscal 2013 | 2,210 2.76% | 26,903 11.20% | 1,288,076 21.70% | 526,556 20.25% | 27,234 13.20% | 73,126 12.40% | 2,599,329 21.26% | 4,543,434 20.77% |
| 12) Total employer cost for fiscal 2014 | 2,309 2.76% | 28,114 11.20% | 1,346,039 21.70% | 550,251 20.25% | 28,460 13.20% | 76,417 12.40% | 2,716,299 21.26% | 4,747,889 20.77% |

* Amortization payment equals fiscal 2012 budgeted appropriation less employer normal cost.