

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PHILIP Y. BROWN, ESQ. | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

MEMORANDUM

TO: Watertown Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2016
DATE: December 1, 2014

Required Fiscal Year 2016 Appropriation: **\$13,773,496**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2016 which commences July 1, 2015.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2016 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Sherman Actuarial Services as part of their January 1, 2013 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 2016.

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

Attachments

cc: Town Council
c/o Town Clerk
Town Manager



Watertown Retirement Board

Projected Appropriations

Fiscal Year 2016 - July 1, 2015 to June 30, 2016

Aggregate amount of appropriation: **\$13,773,496**

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 2016	\$10,025,428	\$13,773,496	\$0	\$13,773,496	\$10,025,428	\$3,748,068	\$0
FY 2017	\$10,278,466	\$15,348,496	\$0	\$15,348,496	\$10,278,466	\$5,070,030	\$0
FY 2018	\$10,537,710	\$16,923,496	\$0	\$16,923,496	\$10,537,710	\$6,385,786	\$0
FY 2019	\$10,803,312	\$17,695,151	\$0	\$17,695,151	\$10,803,312	\$6,891,839	\$0
FY 2020	\$11,075,428	\$2,026,892	\$0	\$2,026,892	\$2,026,892	\$0	\$9,048,536

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.

Breakouts

	<u>Total</u>	<u>All Others</u>	<u>Housing</u>
(1) Participants			
(a) Actives	533	519	14
(b) Retirees	346	339	7
(c) Inactives	110	110	0
(d) Disabled Retirees	<u>59</u>	<u>59</u>	<u>0</u>
(e) Total	1048	1027	21
(2) Payroll of Active Participants	\$27,273,870	\$26,499,941	\$773,929
(3) Normal Cost			
(a) Total Normal Cost	3,812,393	3,729,325	83,068
(b) Expected Employee Contributions	1,343,919	1,286,942	56,977
(c) Administrative Expenses	<u>250,000</u>	<u>244,553</u>	<u>5,447</u>
(d) Net Employer Normal Cost (a) - (b)	2,468,474	2,442,383	26,091
(4) Actuarial Accrued Liability	165,337,832	160,606,794	4,731,038
(5) Assets*	<u>104,733,204</u>	<u>101,736,329</u>	<u>2,996,875</u>
(6) Unfunded Actuarial Accrued Liability (4) - (5)	60,604,628	58,870,465	1,734,163
(7) Amortizations*	10,856,242	10,637,210	219,032
(8) Total Required Employer Contributions (3d) + (7)	13,324,716	13,079,593	245,123
(9) Fiscal 2014 Cost	\$10,623,496	\$10,428,065	\$195,431
(10) Fiscal 2015 Cost	\$12,198,496	\$11,974,091	\$224,405
(11) Fiscal 2016 Cost	\$13,773,496	\$13,515,821	\$257,675
Percentage of Total Cost	100.0%	98.2%	1.8%

* Allocation is based on the ratio of the Unfunded Actuarial Accrued Liability
The Housing Authority's Unfunded Liability is amortized to 2022