PERAC
COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

M E M O R A N D U M

TO: Barnstable County Retirement Board

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

RE: Approval of Funding Schedule

DATE: December 8, 2022

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made July 1 and January 1 of each fiscal year. The schedule is effective in FY23 (since the amount under the prior schedule was maintained in FY23) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.15% to 6.9% and an adjustment to the fully generational mortality assumption.

This schedule completes the amortization of the unfunded actuarial liability (UAL) in FY37. Although this is allowable, our recommendation for the past several years has been for systems to establish funding schedules that complete the amortization of the UAL by FY35 at the latest. This allows systems some flexibility in the event of another market downturn. There are 17 systems that have amortization schedules that extend beyond FY35 and most of these complete the amortization by FY36. We believe the Board should consider adopting a funding schedule that completes the amortization of the UAL by FY35 at the time of its next actuarial valuation.

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

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Enc.

FIVE MIDDLESEX AVENUE, SUITE 304 | SOMERVILLE, MA 02145
PH 617 666 4446 | FAX 617 628 4002 | TTY 617 591 8917 | WWW.MASS.GOV/PERAC

Funding schedule - revised

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI	(4) Amortization of 2003 ERI	(5) Amortization of 2019 ERI	(6) Amortization of Remaining Unfunded Liability	(7) Plan Cost Without Retired Sheriff Liability (2)+(3)+(4)+(5)+(6)	(8) Amortization of Retired Sheriff Liability	(9) Actuarially Determined Contribution (ADC): (7)+(8)	(10) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(11) Percent Increase in Actuarially Determined Contribution
2023	$22,167,096	$485,011	$228,192	$320,095	$53,720,572	$76,920,966	$1,878,012	$78,798,978	$780,819,667	- -
2024	22,970,379	504,411	237,320	320,095	57,379,868	81,412,073	1,957,246	83,369,319	775,158,220	5.80%
2025	23,802,589	524,587	246,813	320,095	61,270,832	86,164,916	2,039,824	88,204,740	765,145,764	5.80%
2026	24,664,761	545,571	256,685	320,095	65,407,618	91,194,730	2,125,885	93,320,615	750,233,809	5.80%
2027	25,557,972	567,394	266,953	320,095	69,805,219	96,517,633	2,215,578	98,733,211	729,820,943	5.80%
2028	26,483,331	590,090	277,631	320,095	74,479,536	102,150,683	2,309,054	104,459,737	703,248,288	5.80%
2029	27,441,990	613,693	288,736	320,095	79,447,413	108,111,927	2,406,475	110,518,402	669,794,576	5.80%
2030	28,435,140	638,241	300,285	320,095	84,726,703	114,420,464	2,508,005	116,928,469	628,670,840	5.80%
2031	29,464,017	663,770	312,297	320,095	90,336,322	121,096,501	2,613,819	123,710,320	579,014,674	5.80%
2032	30,529,897	690,321	324,789	320,095	96,296,319	128,161,421	2,724,098	130,885,519	519,884,039	5.80%
2033	31,634,107	717,934	337,780	320,095	102,627,934	135,637,850	2,839,029	138,476,879	450,250,565	5.80%
2034	32,778,016	746,652	351,291	320,095	109,353,674	143,549,728	2,958,810	146,508,538	368,992,337	5.80%
2035	33,963,045	776,518	365,343	320,095	116,497,388	151,922,389	3,083,644	155,006,033	274,886,089	5.80%
2036	35,190,665	807,578	379,957	320,095	124,084,344	160,782,639	3,213,744	163,996,383	166,598,798	5.80%
2037	36,462,400	839,881	395,155	0	38,812,120	76,509,556	3,349,334	79,858,890	42,678,601	-51.30%
2038	37,779,825	0	0	0	0	0	0	37,779,825	0	-52.69%
2039	39,144,573	0	0	0	0	0	0	39,144,573	0	3.61%
2040	40,558,336	0	0	0	0	0	0	40,558,336	0	3.61%
2041	42,022,868	0	0	0	0	0	0	42,022,868	0	3.61%

Notes:
Actuarially Determined Contributions are assumed to be paid on July 1 and December 31.
Actuarial Determined Contribution for fiscal year 2023 is set to the budgeted amount determined with the prior valuation.
Item (2) reflects 3.25% growth in payroll as well as 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.
Projected normal cost does not reflect the impact of pension reform for new hires.
The 2002 and 2003 ERI amortization payments are calculated to increase 4.0% per year.
The payments on the Retired Sheriff Liability (item (7)) increase 4.22% per year.
Projected unfunded actuarial accrued liability does not reflect deferred investment gains and losses.