

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Brockton Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2021
DATE: November 12, 2019

Required Fiscal Year 2021 Appropriation: **\$30,360,986**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2021 which commences July 1, 2020.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2021 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by KMS Actuaries as part of their January 1, 2018 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 due to be updated by Fiscal Year 2021.

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

JWP/jfb
Attachments

cc: Office of the Mayor
City Council
c/o City Clerk

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Brockton Retirement Board

Projected Appropriations

Fiscal Year 2021 - July 1, 2020 to June 30, 2021

Aggregate amount of appropriation: **\$30,360,986**

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 2021	\$36,163,017	\$30,360,986	\$0	\$30,360,986	\$30,360,986	\$0	\$5,802,031
FY 2022	\$36,888,599	\$32,789,865	\$0	\$32,789,865	\$32,789,865	\$0	\$4,098,734
FY 2023	\$37,629,051	\$35,413,054	\$0	\$35,413,054	\$35,413,054	\$0	\$2,215,997
FY 2024	\$38,384,675	\$37,271,486	\$0	\$37,271,486	\$37,271,486	\$0	\$1,113,189
FY 2025	\$39,155,785	\$38,728,345	\$0	\$38,728,345	\$38,728,345	\$0	\$427,440

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 9 - VALUATION RESULTS BY GROUP

Group	All Others & City of Brockton	Brockton Redevelopment Authority	Brockton Housing Authority	Brockton Area Transit	Total
Actuarial Value of Plan Assets as of January 1, 2018					
5.1 Actuarial Value of Assets					411,711,574
5.2 Actuarial Value of Assets to City (Credit only) and BAT	191,164,945			1,589,743	192,754,688
5.3 Actuarial Value of Assets to All Others	210,484,916	327,378	8,144,592		218,956,886
5.4 Actuarial Value of Assets	401,649,861	327,378	8,144,592	1,589,743	411,711,574
Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2018					
6.1 UAL = 2.5 - 5.4	229,824,056	654,787	16,289,926	805,030	247,573,799
FY2019 Appropriation					
7.1 Employer Normal Cost, July 1	5,734,396	10,121	193,226	6,402	5,944,145
7.2 Amortization Payment of ERI	0	0	72,438	0	72,438
7.3 Amortization Payment of UAL*	17,758,105	76,315	1,266,396	62,253	19,163,069
7.4 Net 3(8)(c) Transfers	819,194	2,065	27,116	1,625	850,000
7.5 Total = 6.1 + 6.2 + 6.3 + 6.4	24,311,695	88,501	1,559,176	70,280	26,029,652
FY2020 Appropriation					
8.1 Employer Normal Cost, July 1	5,963,773	10,526	200,955	6,658	6,181,912
8.2 Amortization Payment of ERI	0	0	0	0	0
8.3 Amortization Payment of UAL**	19,571,646	53,387	1,386,527	68,551	21,080,111
8.4 Net 3(8)(c) Transfers	819,194	2,065	27,116	1,625	850,000
8.5 Total = 8.1 + 8.2 + 8.3 + 8.4	26,354,613	65,978	1,614,598	76,834	28,112,023
Increase over prior year	8.403%	-25.449%	3.555%	9.326%	8.000%
FY2021 Appropriation					
9.1 Employer Normal Cost, July 1	6,202,324	10,947	208,993	6,924	6,429,188
9.2 Amortization Payment of ERI	0	0	0	0	0
9.3 Amortization Payment of UAL	21,430,095	58,456	1,518,186	75,060	23,081,797
9.4 Net 3(8)(c) Transfers	819,194	2,065	27,116	1,625	850,000
9.5 Total = 9.1 + 9.2 + 9.3 + 9.4	28,451,613	71,468	1,754,295	83,609	30,360,985
Increase over prior year	7.957%	8.321%	8.652%	8.818%	8.000%

- Notes:**
1. Actuarial Value of Plan Assets (5.4) is derived from allocation of assets, adjusted for City Pension Obligation Bond adjusted for investment returns through December 31, 2017 and Brockton Area Transit 2008 asset transfer adjusted for cash flow and investment returns through December 31, 2017.
 2. FY2020 and FY2021 Appropriation is based on Funding Schedule E.
 3. 2019 Employer Normal Cost (7.1) is the Employer Normal Cost as of January 1, 2018 (1.4), adjusted for payment timing. 2020 Employer Normal Cost (8.1) is based on 2019 Employer Normal Cost (7.1) increased by 4%.
 - *4. Amortization Payment of UAL (7.3) equals fiscal year 2019 budgeted appropriation (7.5) developed in the January 1, 2016 actuarial valuation less Employer Normal Cost (7.1), amortization payment to ERI (7.2) and Net 3(8)(c) transfers (7.3).
 - **5. Amortization Payment of UAL (8.3) is the total Amortization Payment of UAL (8.3) allocated to each department in the proportion that the UAL (6.1) less 2019 Amortization Payment of UAL (7.3) bears to the total UAL (6.1) less total Amortization Payment of UAL (8.3).