

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOHN W. PARSONS, ESQ., *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. McCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Brockton Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2022
DATE: November 6, 2020

Required Fiscal Year 2022 Appropriation: **\$32,182,645**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2022 which commences July 1, 2021.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2022 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by KMS Actuaries as part of their January 1, 2020 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2023.

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

p:\actuarial\approp\approp22\fy22 for web\brockton approp 22.docx



Brockton Retirement Board

Projected Appropriations

Fiscal Year 2022 - July 1, 2021 to June 30, 2022

Aggregate amount of appropriation: **\$32,182,645**

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 2022	\$41,615,060	\$32,182,645	\$0	\$32,182,645	\$32,182,645	\$0	\$9,432,415
FY 2023	\$43,156,403	\$34,113,604	\$0	\$34,113,604	\$34,113,604	\$0	\$9,042,799
FY 2024	\$44,756,485	\$36,160,421	\$0	\$36,160,421	\$36,160,421	\$0	\$8,596,064
FY 2025	\$46,417,546	\$39,458,250	\$0	\$39,458,250	\$39,458,250	\$0	\$6,959,296
FY 2026	\$48,141,909	\$43,056,843	\$0	\$43,056,843	\$43,056,843	\$0	\$5,085,066

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, 2020					
5.1 Actuarial Value of Assets					435,232,670
5.2 Actuarial Value of Assets to City (Credit only) and BAT	215,754,779			1,919,999	217,674,778
5.3 Actuarial Value of Assets to All Others	208,918,223	327,019	8,312,650		217,557,892
5.4 Actuarial Value of Assets	424,673,002	327,019	8,312,650	1,919,999	435,232,670
Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2020					
6.1 UAL = 2.5 - 5.4	262,209,829	748,158	19,017,740	960,482	282,936,209
FY2021 Appropriation					
7.1 Employer Normal Cost, July 1	5,956,027	4,660	216,223	10,297	6,187,207
7.2 Amortization Payment of UAL*	21,675,088	64,856	1,512,043	71,792	23,323,779
7.3 Net 3(8)(c) Transfers	820,499	1,952	26,029	1,520	850,000
7.4 Total = 6.1 + 6.2 + 6.3 + 6.4	28,451,614	71,468	1,754,295	83,609	30,360,986
FY2022 Appropriation					
8.1 Employer Normal Cost, July 1	6,164,488	4,823	223,791	10,657	6,403,759
8.2 Amortization Payment of UAL**	22,772,700	64,692	1,657,357	84,137	24,578,886
8.3 Net 3(8)(c) Transfers	1,158,351	2,756	36,746	2,147	1,200,000
8.4 Total = 8.1 + 8.2 + 8.3 + 8.4 Increase over prior year	30,095,539 5.778%	72,271 1.124%	1,917,894 9.326%	96,941 15.946%	32,182,645 6.000%
FY2023 Appropriation					
9.1 Employer Normal Cost, July 1	6,380,244	4,992	231,624	11,030	6,627,890
9.2 Amortization Payment of ERI	0	0	0	0	0
9.3 Amortization Payment of UAL	24,354,102	69,184	1,772,449	89,980	26,285,715
9.4 Net 3(8)(c) Transfers	1,158,351	2,756	36,746	2,147	1,200,000
9.5 Total = 9.1 + 9.2 + 9.3 + 9.4 Increase over prior year	31,892,697 5.972%	76,932 6.449%	2,040,819 6.409%	103,157 6.412%	34,113,605 6.000%

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, 2019.
2. FY2022 and FY2023 Appropriation is based on Funding Schedule B-4.
3. 2021 Employer Normal Cost (7.1) is the Employer Normal Cost as of January 1, 2020 (1.4), adjusted for payment timing. 2022 Employer Normal Cost (8.1) is based on 2020 Employer Normal Cost (7.1) increased by 3.5%.
- *4. Amortization Payment of UAL (7.3) equals fiscal year 2021 budgeted appropriation (7.5) developed in the January 1, 2018 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).
- ***6. Adjusted from the amount reported in the 2018 valuation (\$1,614,328) to reflect actual cash flow from 2008, less proportionate share of administrative expenses.