

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Haverhill Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2018
DATE: December 1, 2016

Required Fiscal Year 2018 Appropriation: **\$17,507,028**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2018 which commences July 1, 2017.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2018 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by Stone Consulting as part of their January 1, 2016 actuarial valuation.

The current schedule is/was due to be updated by Fiscal Year 2019.

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

JEC/jrl
Attachments

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

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Haverhill Retirement Board

Projected Appropriations

Fiscal Year 2018 - July 1, 2017 to June 30, 2018

Aggregate amount of appropriation: **\$17,507,028**

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 2018	\$21,243,382	\$16,826,969	\$680,059	\$17,507,028	\$17,507,028	0	\$3,736,354
FY 2019	\$21,662,179	\$17,461,026	\$707,261	\$18,168,287	\$18,168,287	\$0	\$3,493,892
FY 2020	\$22,089,353	\$18,119,636	\$735,552	\$18,855,188	\$18,855,188	\$0	\$3,234,165
FY 2021	\$22,525,070	\$18,803,752	\$764,974	\$19,568,726	\$19,568,726	\$0	\$2,956,344
FY 2022	\$22,969,502	\$19,514,365	\$795,573	\$20,309,938	\$20,309,938	\$0	\$2,659,564

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.

Actuarial Breakout by Unit

Breakouts		Housing Authority	Police & Fire	School	Waste Water	Water	Whittier	All Others	Total
(1)	Participants								
	Active	16	178	440	23	20	54	156	887
	Inactives (Nonvested)	0	0	79	0	0	9	25	113
	Inactives (Vested)	0	0	14	0	0	7	41	62
	Retirees	12	133	237	19	7	37	531	976
	Disabled	0	62	7	0	3	4	22	98
	Total	28	373	777	42	30	111	775	2136
(2)	Payroll of Active Participants	\$773,817	\$12,716,219	\$12,603,584	\$1,407,793	\$1,027,049	\$2,320,471	\$7,418,128	\$38,267,061
(3)	Gross Normal Cost								
(a)	Total Normal Cost	93,639	2,201,915	1,544,453	129,727	95,780	251,632	774,233	5,091,379
(b)	Expected Employee Contributions	65,923	1,221,784	1,081,531	117,315	85,763	206,938	632,862	3,412,117
(c)	Net Employer Normal Cost	27,716	980,131	462,922	12,412	10,017	44,694	141,371	1,679,262
(d)	Interest on Net Normal Cost	1,785	63,143	29,823	800	645	2,879	9,107	108,182
(e)	Net Employer Normal Cost w Interest	29,501	1,043,274	492,745	13,212	10,662	47,573	150,478	1,787,444
	Expenses ¹	11,579	272,286	190,985	16,042	11,844	31,117	95,741	629,594
(4)	Actuarial Accrued Liability	4,776,632	124,885,678	56,159,030	12,092,295	7,113,666	13,032,211	128,862,594	346,922,106
(5)	Assets	2,495,493	65,244,991	29,339,597	6,317,471	3,716,448	6,808,519	67,322,682	181,245,199
(6)	Unfunded Actuarial Accrued Liability (UAL)	2,281,139	59,640,687	26,819,434	5,774,824	3,397,218	6,223,692	61,539,912	165,676,907
(7)	2002 ERI payment	4,686	77,511	61,704	17,546	21,862	3,555	202,502	389,364
(8)	2003 ERI payment	0	96,324	57,929	47,498	17,497	1,823	69,624	290,695
(9)	Fresh Start Amortization ²	193,050	4,996,043	2,205,202	435,569	255,143	534,107	5,062,442	13,681,557
(10)	Net 3(8)(c) payments ²	5,748	150,292	67,584	14,552	8,561	15,683	155,078	417,499
(11)	Total Required Employer Contributions (3f)+(7)+(8)+(9)+(10)	244,564	6,635,730	3,076,149	544,419	325,569	633,858	5,735,865	17,196,153
(12)	Fiscal 2018 Cost: (11) adj for semiannual payment	248,986	6,755,692	3,131,760	554,261	331,455	645,317	5,839,559	17,507,028
(13)	Fiscal 2019 Cost	258,390	7,010,862	3,250,050	575,196	343,974	669,692	6,060,125	18,168,287
(14)	Fiscal 2020 Cost	268,159	7,275,926	3,372,927	596,943	356,979	695,011	6,289,243	18,855,188
(17)	Percentage of Total Cost	1.4%	38.6%	17.9%	3.2%	1.9%	3.7%	33.4%	100.0%

¹Allocated on the basis of Gross Normal Cost

²Allocated on the basis of Accrued Liability