

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 2020
DATE: December 4, 2018

Required Fiscal Year 2020 Appropriation: **\$20,419,494**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2020 which commences July 1, 2019.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2020 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Stone Consulting as part of their January 1, 2018 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2021.

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 2020 - July 1, 2019 to June 30, 2020

Aggregate amount of appropriation: **\$20,419,494**

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 2020	\$22,081,916	\$19,693,393	\$726,101	\$20,419,494	\$20,419,494	\$0	\$1,662,422
FY 2021	\$22,522,606	\$20,435,739	\$755,145	\$21,190,884	\$21,190,884	\$0	\$1,331,722
FY 2022	\$22,972,143	\$21,206,814	\$785,351	\$21,992,165	\$21,992,165	\$0	\$979,978
FY 2023	\$23,430,705	\$22,007,734	\$816,765	\$22,824,499	\$22,824,499	\$0	\$606,206
FY 2024	\$23,898,473	\$22,839,656	\$849,435	\$23,689,091	\$23,689,091	\$0	\$209,382

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	203	478	25	29	55	133	939
Inactives (Nonvested)	1	7	118	1	1	13	25	166
Inactives (Vested)	0	4	22	1	0	6	28	61
Retirees	14	164	247	21	13	37	495	991
Disabled	0	59	8	0	5	4	19	95
Total	31	437	873	48	48	115	700	2,252
(2) Payroll of Active Participants	\$893,208	\$14,978,421	\$14,055,100	\$1,604,804	\$1,633,453	\$2,469,129	\$6,556,569	\$42,190,684
(3) Gross Normal Cost								
(a) Total Normal Cost	108,108	2,699,803	1,746,372	146,440	153,012	256,989	704,222	5,814,946
(b) Expected Employee Contributions	83,953	1,453,800	1,222,443	133,150	140,864	217,467	554,714	3,806,391
(c) Net Employer Normal Cost	24,155	1,246,003	523,929	13,290	12,148	39,522	149,508	2,008,555
(d) Interest on Net Normal Cost	1,556	80,271	33,753	856	783	2,546	9,632	129,396
(e) Net Employer Normal Cost w Interest	25,711	1,326,274	557,682	14,146	12,931	42,068	159,140	2,137,951
Expenses ¹	10,882	271,757	175,787	14,740	15,402	25,868	70,886	585,322
(4) Actuarial Accrued Liability	5,609,070	142,984,622	62,208,713	13,771,968	12,437,391	15,362,223	123,125,597	375,499,583
(5) Assets	2,911,974	74,231,123	32,295,939	7,149,780	6,456,929	7,975,368	63,921,219	194,942,332
(6) Unfunded Actuarial Accrued Liability (UAL)	2,697,096	68,753,499	29,912,774	6,622,187	5,980,462	7,386,854	59,204,378	180,557,251
(7) 2002 ERI payment	5,003	82,759	65,881	18,734	23,342	3,796	216,212	415,725
(8) 2003 ERI payment	0	102,846	61,851	50,714	18,682	1,947	74,338	310,376
(9) Fresh Start Amortization ²	252,222	6,370,876	2,724,309	561,503	528,007	698,836	5,353,900	16,489,654
(10) Net 3(b)(c) payments ²	7,177	182,954	79,598	17,622	15,914	19,657	157,544	480,465
(11) Total Required Employer Contributions (3f)+(7)+(8)+(9)+(10)	300,995	8,337,465	3,665,107	677,459	614,278	792,172	6,032,019	20,419,494
(12) Fiscal 2020 Cost	300,995	8,337,465	3,665,107	677,459	614,278	792,171	6,032,018	20,419,494
(13) Fiscal 2021 Cost	312,366	8,652,430	3,803,564	703,051	637,484	822,097	6,259,891	21,190,884
(14) Fiscal 2022 Cost	324,177	8,979,602	3,947,387	729,635	661,589	853,183	6,496,593	21,992,165
(17) Percentage of Total Cost	1.5%	40.8%	17.9%	3.3%	3.0%	3.9%	29.5%	100.0%

¹Allocated on the basis of Gross Normal Cost

²Allocated on the basis of Accrued Liability