

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

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

Required Fiscal Year 2021 Appropriation: **\$21,190,884**

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 developed by Stone Consulting 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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Haverhill Retirement Board

Projected Appropriations

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

Aggregate amount of appropriation: **\$21,190,884**

| 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 | \$22,050,199 | \$20,435,739 | \$755,145 | \$21,190,884 | \$21,190,884 | \$0 | \$859,315 |
| FY 2022 | \$22,489,125 | \$21,206,814 | \$785,351 | \$21,992,165 | \$21,992,165 | \$0 | \$496,960 |
| FY 2023 | \$22,936,829 | \$22,007,734 | \$816,765 | \$22,824,499 | \$22,824,499 | \$0 | \$112,330 |
| FY 2024 | \$23,393,488 | \$22,839,656 | \$849,435 | \$23,689,091 | \$23,393,488 | \$295,603 | \$0 |
| FY 2025 | \$23,859,280 | \$23,703,779 | \$883,413 | \$24,587,192 | \$23,859,280 | \$727,912 | \$0 |

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(8)(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