

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 2023
DATE: October 26, 2021

Required Fiscal Year 2023 Appropriation: **\$23,643,755**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2023 which commences July 1, 2022.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2023 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, 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

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Haverhill Retirement Board

Projected Appropriations

Fiscal Year 2023 - July 1, 2022 to June 30, 2023

Aggregate amount of appropriation: **\$23,643,755**

| 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 2023 | \$24,657,703 | \$22,805,441 | \$838,314 | \$23,643,755 | \$23,643,755 | \$0 | \$1,013,948 |
| FY 2024 | \$25,182,072 | \$24,204,719 | \$871,845 | \$25,076,564 | \$25,076,564 | \$0 | \$105,508 |
| FY 2025 | \$25,718,139 | \$25,689,485 | \$906,719 | \$26,596,204 | \$25,718,139 | \$878,065 | \$0 |
| FY 2026 | \$26,266,164 | \$27,264,947 | \$942,988 | \$28,207,935 | \$26,266,164 | \$1,941,771 | \$0 |
| FY 2027 | \$26,826,414 | \$28,936,628 | \$980,707 | \$29,917,335 | \$26,826,414 | \$3,090,921 | \$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.

SECTION 9 - VALUATION RESULTS BY GROUP

| Group | City of Haverhill | Housing Authority | Police & Fire | School | Waste Water | Water | Whittier Tech | Hale Hospital | Total |
|---|-------------------|-------------------|---------------|-----------|-------------|---------|---------------|---------------|------------|
| FY2021 Appropriation | | | | | | | | | |
| 5.1 Employer Normal Cost, July 1 | 488,605 | 54,183 | 2,021,587 | 1,297,950 | 64,035 | 68,058 | 158,628 | 0 | 4,153,046 |
| 5.2 Amortization Payment of ERI 2002 | 230,792 | 5,340 | 88,340 | 70,324 | 19,997 | 24,916 | 4,052 | 0 | 443,761 |
| 5.3 Amortization Payment of ERI 2003 | 79,350 | 0 | 109,781 | 66,022 | 54,134 | 19,942 | 2,078 | 0 | 331,307 |
| 5.4 Amortization Payment of UAL* | 2,841,007 | 245,740 | 6,256,933 | 2,302,417 | 548,086 | 513,877 | 642,766 | 2,431,479 | 15,782,305 |
| 5.5 Net 3(8)(c) Transfers | 83,601 | 7,103 | 175,789 | 66,851 | 16,799 | 10,691 | 14,573 | 105,058 | 480,465 |
| 5.6 Total = 5.1 + 5.2 + 5.3 + 5.4 + 5.5 | 3,723,355 | 312,366 | 8,652,430 | 3,803,564 | 703,051 | 637,484 | 822,097 | 2,536,537 | 21,190,884 |
| FY2022 Appropriation | | | | | | | | | |
| 6.1 Employer Normal Cost, July 1 | 497,495 | 55,169 | 2,058,367 | 1,321,565 | 65,200 | 69,296 | 161,514 | 0 | 4,228,606 |
| 6.2 Amortization Payment of ERI 2002 | 240,022 | 5,554 | 91,873 | 73,137 | 20,797 | 25,913 | 4,214 | 0 | 461,510 |
| 6.3 Amortization Payment of ERI 2003 | 82,524 | 0 | 114,172 | 68,663 | 56,299 | 20,740 | 2,161 | 0 | 344,559 |
| 6.4 Amortization Payment of UAL** | 2,610,581 | 249,371 | 6,574,099 | 2,947,997 | 565,944 | 587,494 | 699,975 | 2,502,673 | 16,738,134 |
| 6.5 Net 3(8)(c) Transfers | 90,480 | 7,688 | 190,253 | 72,352 | 18,181 | 11,571 | 15,772 | 113,703 | 520,000 |
| 6.6 Total = 6.1 + 6.2 + 6.3 + 6.4 + 6.5 | 3,521,102 | 317,782 | 9,028,764 | 4,483,714 | 726,421 | 715,014 | 883,636 | 2,616,376 | 22,292,809 |
| Increase over prior year | -5.43% | 1.73% | 4.35% | 17.88% | 3.32% | 12.16% | 7.49% | 3.15% | 5.20% |
| FY2023 Appropriation | | | | | | | | | |
| 7.1 Employer Normal Cost, July 1 | 514,907 | 57,100 | 2,130,410 | 1,367,820 | 67,482 | 71,721 | 167,167 | 0 | 4,376,607 |
| 7.2 Amortization Payment of ERI 2002 | 249,624 | 5,776 | 95,548 | 76,062 | 21,629 | 26,950 | 4,383 | 0 | 479,972 |
| 7.3 Amortization Payment of ERI 2003 | 85,825 | 0 | 118,739 | 71,410 | 58,551 | 21,570 | 2,247 | 0 | 358,342 |
| 7.4 Amortization Payment of UAL | 2,793,170 | 266,813 | 7,033,905 | 3,154,186 | 605,527 | 628,585 | 748,933 | 2,677,715 | 17,908,834 |
| 7.5 Net 3(8)(c) Transfers | 90,480 | 7,688 | 190,253 | 72,352 | 18,181 | 11,571 | 15,772 | 113,703 | 520,000 |
| 7.6 Total = 7.1 + 7.2 + 7.3 + 7.4 + 7.5 | 3,734,006 | 337,377 | 9,568,855 | 4,741,830 | 771,370 | 760,397 | 938,502 | 2,791,418 | 23,643,755 |
| Increase over prior year | 6.05% | 6.17% | 5.98% | 5.76% | 6.19% | 6.35% | 6.21% | 6.69% | 6.06% |

Notes:

1. FY2022 and FY2023 Appropriation is based on Funding Schedule C-5.

2. 2021 Employer Normal Cost (5.1) is the Employer Normal Cost as of January 1, 2020 (1.4), adjusted for payment timing. 2022 Employer Normal Cost (6.1) is based on 2020 Employer Normal Cost (5.1) increased by 3.5%.

*3. Amortization Payment of UAL (5.4) equals fiscal year 2021 budgeted appropriation (5.6) developed in the January 1, 2018 actuarial valuation less Employer Normal Cost (5.1), amortization payment to ERI (5.2 and 5.3) and Net 3(8)(c) transfers (5.5).

**4. Amortization Payment of UAL (6.4) is the total Amortization Payment of UAL (6.4) allocated to each department in the proportion that the UAL (4.1) less 2021 Amortization Payment of UAL (5.4) bears to the total UAL (4.1) less total Amortization Payment of UAL (6.4).