

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Marlborough Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2023
DATE: December 2, 2021

Required Fiscal Year 2023 Appropriation: **\$10,275,549**

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 Sherman Actuarial Services as part of their January 1, 2021 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2024.

The amounts shown in this letter reflect an assumed payment date of July 1. The Housing Authority typically makes its payments in October, November, and December (on average assumed November 15). The adjusted payment for the Housing Authority is \$97,447.

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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Marlborough Retirement Board

Projected Appropriations

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

Aggregate amount of appropriation: **\$10,275,549**

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	\$13,339,488	\$10,275,549	\$0	\$10,275,549	\$10,275,549	\$0	\$3,063,939
FY 2024	\$14,034,245	\$10,650,851	\$0	\$10,650,851	\$10,650,851	\$0	\$3,383,394
FY 2025	\$14,764,888	\$11,039,737	\$0	\$11,039,737	\$11,039,737	\$0	\$3,725,151
FY 2026	\$15,533,269	\$11,442,692	\$0	\$11,442,692	\$11,442,692	\$0	\$4,090,577
FY 2027	\$16,341,339	\$11,860,220	\$0	\$11,860,220	\$11,860,220	\$0	\$4,481,119

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.

Breakouts

	<u>Total</u>	<u>City</u>	<u>Fire</u>	<u>Police</u>	<u>School</u>	<u>Water and Sewer</u>	<u>Housing</u>
(1) Payroll of Active Participants	\$38,068,187	\$9,390,064	\$7,559,418	\$7,527,500	\$10,870,832	\$2,225,925	\$494,448
Percentage of Total Payroll	100.00%	24.67%	19.86%	19.77%	28.56%	5.85%	1.30%
(2) Normal Cost							
(a) Employee	3,423,826	856,455	696,165	691,710	931,172	203,609	44,715
(b) Employer	874,219	133,975	201,568	178,918	314,032	34,613	11,114
(c) Expenses	297,000	68,440	62,034	60,161	86,045	16,461	3,858
(d) Total Employer Normal Cost	1,171,219	202,415	263,602	239,079	400,077	51,074	14,972
(3) Unfunded Accrued Liability							
(a) Accrued Liability	251,772,060	64,621,258	64,834,540	61,117,360	47,204,517	11,796,408	2,197,977
(b) Assets	<u>198,863,212</u>	<u>51,041,370</u>	<u>51,209,832</u>	<u>48,273,802</u>	<u>37,284,685</u>	<u>9,317,442</u>	<u>1,736,081</u>
(c) Unfunded Accrued Liability	52,908,848	13,579,888	13,624,708	12,843,558	9,919,832	2,478,966	461,896
(4) Total Employer Contribution							
(a) Amortizations	8,329,222	2,137,826	2,144,882	2,021,908	1,561,638	390,253	72,714
(b) Employer Normal Cost	874,219	133,975	201,568	178,918	314,032	34,613	11,114
(c) Administrative Expenses*	<u>297,000</u>	<u>68,440</u>	<u>62,034</u>	<u>60,161</u>	<u>86,045</u>	<u>16,461</u>	<u>3,858</u>
(d) Total Appropriation	\$9,500,441	\$2,340,241	\$2,408,484	\$2,260,987	\$1,961,715	\$441,327	\$87,686
(e) As a percentage of Payroll	24.96%	24.92%	31.86%	30.04%	18.05%	19.83%	17.73%
(5) Fiscal 2023 Appropriation	\$10,275,549	\$2,531,173	\$2,604,984	\$2,445,453	\$2,121,765	\$477,334	\$94,840
Percent of Total Appropriation	100.00%	24.63%	25.35%	23.80%	20.65%	4.65%	0.92%
(6) Fiscal 2024 Appropriation	\$10,650,851	\$2,623,621	\$2,700,128	\$2,534,771	\$2,199,259	\$494,768	\$98,304
Percent of Total Appropriation	100.00%	24.63%	25.35%	23.80%	20.65%	4.65%	0.92%
(7) Fiscal 2022 Based on Payroll	\$9,187,513	\$6,462,497	N/A	N/A	\$2,604,660	N/A	\$120,356