

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Natick Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2023
DATE: December 6, 2021

Required Fiscal Year 2023 Appropriation: **\$13,045,693**

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 Segal as part of their January 1, 2021 actuarial valuation.

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

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446 Extension 935.

JWP/jfb
Attachments

cc: Board of Selectmen
Town Meeting
c/o Town Clerk

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Natick Retirement Board

Projected Appropriations

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

Aggregate amount of appropriation: **\$13,045,693**

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	\$12,084,505	\$13,045,693	\$0	\$13,045,693	\$12,084,505	\$961,188	\$0
FY 2024	\$12,597,754	\$13,828,435	\$0	\$13,828,435	\$12,597,754	\$1,230,681	\$0
FY 2025	\$13,132,663	\$14,381,572	\$0	\$14,381,572	\$13,132,663	\$1,248,909	\$0
FY 2026	\$13,690,144	\$14,956,835	\$0	\$14,956,835	\$13,690,144	\$1,266,691	\$0
FY 2027	\$14,271,151	\$15,555,109	\$0	\$15,555,109	\$14,271,151	\$1,283,958	\$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 3: Supplemental Information

Exhibit D: Department Results as of January 1, 2021

Category	Housing	Public Safety	Water & Sewer Enterprise Fund	Sassamon Trace Enterprise Fund	All Others	Total
1 Demographics:						
Actives	11	155	28	4	437	635
Inactives	0	10	3	3	188	204
Retired	<u>4</u>	<u>140</u>	<u>15</u>	<u>1</u>	<u>254</u>	<u>414</u>
Total	15	305	46	8	879	1,253
2 Total normal cost	\$79,750	\$2,696,373	\$195,735	\$22,425	\$2,952,021	\$5,946,304
3 Administrative expenses	4,024	136,036	9,875	1,131	148,934	300,000
4 Expected employee contributions	<u>-70,006</u>	<u>-1,367,555</u>	<u>-196,054</u>	<u>-18,960</u>	<u>-2,265,730</u>	<u>-3,918,305</u>
5 Employer normal cost: (2) + (3) + (4)	\$13,768	\$1,464,854	\$9,556	\$4,596	\$835,225	\$2,327,999
6 Employer normal cost as a percent of payroll	1.91%	10.74%	0.49%	2.42%	3.60%	5.86%
7 Actuarial accrued liability	\$4,744,952	\$119,878,313	\$11,005,954	\$360,407	\$118,746,452	\$254,736,078
8 Actuarial value of assets	<u>3,337,515</u>	<u>84,320,272</u>	<u>7,741,392</u>	<u>457,177</u>	<u>83,524,142</u>	<u>179,380,498</u>
9 Unfunded actuarial accrued liability: (7) – (8)	\$1,407,437	\$35,558,041	\$3,264,562	-\$96,770	\$35,222,310	\$75,355,580
10 Projected payroll as of January 1, 2021	720,732	13,642,313	1,962,555	190,045	23,191,956	39,707,601
11 Fiscal Year 2022 Actuarially Determined Contributions	188,696	6,263,028	414,292	12,974	5,428,268	12,307,258
12 Fiscal Year 2023 Actuarially Determined Contributions	209,663	6,513,708	461,938	5,006	5,781,447	12,971,762
13 Fiscal Year 2024 Actuarially Determined Contributions	216,637	6,730,342	477,301	5,173	5,973,732	13,403,185

Notes:

Actuarial value of assets allocated in proportion to liabilities, except for Sassamon Trace Enterprise Fund where actuarial value of assets is estimated from prior valuation plus employer and employee contributions, less benefit payments.

Because Sassamon Trace Enterprise Fund is overfunded as of January 1, 2021, its Actuarially Determined Contribution for Fiscal Year 2023 consists of only normal cost and administrative expenses. The unfunded liability amortization payments for the other departments are allocated in proportion to their liabilities.

Actuarially Determined Contributions are assumed to be paid on July 1 and December 31.

Fiscal year 2022 appropriation based on the January 1, 2019 valuation report dated October 23, 2019.