

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Reading Retirement Board  
FROM: Joseph E. Connarton, Executive Director  
RE: Appropriation for Fiscal Year 2017  
DATE: November 30, 2015

Required Fiscal Year 2017 Appropriation: **\$5,418,129**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2017 which commences July 1, 2016.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2017 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by KMS Actuaries as part of their January 1, 2015 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/was due to be updated by Fiscal Year 2018.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

### Attachments

cc: Town Manager  
Town Meeting  
c/o Town Clerk



## Reading Retirement Board

### Projected Appropriations

Fiscal Year 2017 - July 1, 2016 to June 30, 2017

Aggregate amount of appropriation: **\$5,418,129**

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
<b>FY 2017</b>	\$7,826,274	\$5,418,129	\$0	\$5,418,129	\$5,418,129	\$0	\$2,408,145
<b>FY 2018</b>	\$8,213,146	\$5,661,945	\$0	\$5,661,945	\$5,661,945	\$0	\$2,551,201
<b>FY 2019</b>	\$8,618,867	\$5,916,733	\$0	\$5,916,733	\$5,916,733	\$0	\$2,702,134
<b>FY 2020</b>	\$9,044,358	\$6,182,986	\$0	\$6,182,986	\$6,182,986	\$0	\$2,861,372
<b>FY 2021</b>	\$9,490,581	\$6,461,220	\$0	\$6,461,220	\$6,461,220	\$0	\$3,029,361

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 - RESULTS BY DEPARTMENT

Department	Storm Water Enterprise	Housing	Municipal Light	School	Sewer	Water	Retirement	Town	Total
Projected Payroll	142,597	259,326	6,147,851	2,433,145	186,171	659,655	70,371	12,894,435	22,793,551
<b>FY2016 Appropriation</b>									
5.1 Employer Normal Cost	6,940	20,758	399,985	152,835	(145)	9,763	1,623	749,805	1,341,564
5.2 Amortization Payment of UAL*	6,708	16,819	1,064,726	538,935	35,465	108,707	(1,623)	2,073,512	3,843,249
5.3 Total = 5.1 + 5.2	13,648	37,577	1,464,711	691,770	35,320	118,470	0	2,823,317	5,184,813
<b>FY2017 Appropriation</b>									
6.1 Employer Normal Cost	7,252	21,692	417,984	159,713	(152)	10,202	1,696	783,547	1,401,934
6.2 Amortization Payment of UAL**	2,754	25,553	1,157,506	500,448	43,658	156,314	11,529	2,118,433	4,016,195
6.3 Total = 6.1 + 6.2	10,006	47,245	1,575,490	660,161	43,506	166,516	13,225	2,901,980	5,418,129
6.4 Retirement Dept Appropriation***	24	116	3,855	1,615	106	407	(13,225)	7,102	0
6.5 Total = 6.3 + 6.4	10,030	47,361	1,579,345	661,776	43,612	166,923	0	2,909,082	5,418,129
<b>FY2018 Appropriation</b>									
7.1 Employer Normal Cost	7,578	22,668	436,794	166,900	(159)	10,661	1,772	818,808	1,465,022
7.2 Amortization Payment of UAL	2,878	26,703	1,209,594	522,968	45,623	163,348	12,048	2,213,761	4,196,923
7.3 Total = 7.1 + 7.2	10,456	49,371	1,646,388	689,868	45,464	174,009	13,820	3,032,569	5,661,945
7.4 Retirement Dept Appropriation***	26	121	4,028	1,688	111	426	(13,820)	7,420	0
7.5 Total = 7.3 + 7.4	10,482	49,492	1,650,416	691,556	45,575	174,435	0	3,039,989	5,661,945

**Notes:**

1. Actuarial Value of Plan Assets (3.1) is derived from allocation of assets as shown on separate attachment.
2. FY2017 and FY2018 Appropriation is based on Funding Schedule B-5.
3. 2016 Employer Normal Cost (5.1) is the Employer Normal Cost as of January 1, 2015, adjusted for payment timing (1.6). 2017 Employer Normal Cost (6.1) is based on 2016 Employer Normal Cost (5.1) increased by 4.5%.
- \*4. Amortization Payment of UAL (5.2) equals fiscal year 2016 budgeted appropriation (5.3) developed in the July 1, 2013 actuarial valuation less Employer Normal Cost (5.1).
- \*\*5. Amortization Payment of UAL (6.2) is the total Amortization Payment of UAL (6.2) allocated to each department in the proportion that the UAL (4.1) less 2016 Amortization Payment of UAL (5.2) bears to the total UAL (4.1) less total 2016 Amortization Payment of UAL (5.2).
- \*\*\*6. The appropriation developed for the Retirement department is allocated to each remaining department in the proportion that the department's fiscal year appropriation bears to the total fiscal year appropriation.

Reading Contributory Retirement System  
Actuarial Valuation as of January 1, 2015