

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Reading Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2025
DATE: November 21, 2023

Required Fiscal Year 2025 Appropriation: **\$9,804,400**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2025 which commences July 1, 2024.

Attached please find the portion of the Fiscal Year 2025 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, 2023 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2026.

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

JWP/jfb
Attachment

cc: Town Manager
Town Meeting
c/o Town Clerk

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SECTION 9 - RESULTS BY DEPARTMENT

Department	Storm Water Enterprise	Housing	Municipal Light	School	Sewer	Water	Retirement	Town	Total
Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2023									
4.1 UAL = 2.5 - 3.1	(115,544)	556,884	11,069,884	6,290,487	778,921	1,561,907	407,504	32,516,922	53,066,965
Projected Payroll	108,780	299,925	7,614,753	2,829,144	240,289	761,998	170,618	19,701,169	31,726,675
FY2024 Appropriation									
5.1 Employer Normal Cost	1,716	20,862	819,267	147,900	6,761	19,638	12,667	1,879,592	2,908,403
5.2 Amortization Payment of UAL*	(1,716)	138,601	1,667,269	775,201	73,305	173,782	(12,667)	3,333,331	6,147,106
5.3 Total = 5.1 + 5.2	0	159,463	2,486,536	923,101	80,066	193,420	0	5,212,923	9,055,509
FY2025 Appropriation									
6.1 Employer Normal Cost	1,745	21,211	832,963	150,373	6,874	19,966	12,879	1,911,014	2,957,025
6.2 Amortization Payment of UAL**	(16,612)	61,043	1,372,196	804,888	102,976	202,580	61,319	4,258,985	6,847,375
6.3 Total = 6.1 + 6.2	(14,867)	82,254	2,205,159	955,261	109,850	222,546	74,198	6,169,999	9,804,400
6.4 Adjusted Appropriation***	14,867	501	13,426	5,816	669	1,355	(74,198)	37,564	0
6.5 Total = 6.3 + 6.4	0	82,755	2,218,585	961,077	110,519	223,901	0	6,207,563	9,804,400
Increase over prior year	0.000%	-48.104%	-10.776%	4.114%	38.035%	15.759%	0.000%	19.080%	8.270%
FY2026 Appropriation									
7.1 Employer Normal Cost	1,790	21,759	854,480	154,257	7,052	20,482	13,212	1,960,378	3,033,410
7.2 Amortization Payment of UAL	(18,394)	67,590	1,519,375	891,219	114,021	224,308	67,896	4,715,798	7,581,813
7.3 Total = 7.1 + 7.2	(16,604)	89,349	2,373,855	1,045,476	121,073	244,790	81,108	6,676,176	10,615,223
7.4 Adjusted Appropriation***	16,604	546	14,513	6,392	740	1,497	(81,108)	40,816	0
7.5 Total = 7.3 + 7.4	0	89,895	2,388,368	1,051,868	121,813	246,287	0	6,716,992	10,615,223
Increase over prior year	0.000%	8.628%	7.653%	9.447%	10.219%	9.998%	0.000%	8.207%	8.270%

Notes:

1. Actuarial Value of Plan Assets (3.1) is derived from allocation of assets as shown on separate attachment.
2. FY2025 and FY2026 Appropriation is based on Funding Schedule B-5 adopted by the Retirement Board June 26, 2023.
3. 2024 Employer Normal Cost (5.1) is the Employer Normal Cost as of January 1, 2023, adjusted for payment timing (1.6). 2025 Employer Normal Cost (6.1) is based on 2024 Employer Normal Cost (5.1) increased by 3.25%.
- *4. Amortization Payment of UAL (5.2) equals fiscal year 2024 budgeted appropriation (5.3) developed in the January 1, 2021 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 2024 Amortization Payment of UAL (5.2) bears to the total UAL (4.1) less total 2024 Amortization Payment of UAL (5.2).
- ***6. The appropriation developed for the Retirement department and any appropriation less than zero is allocated to each remaining department in the proportion that the department's fiscal year appropriation bears to the total fiscal year appropriation.