

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Reading Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2020
DATE: November 13, 2018

Required Fiscal Year 2020 Appropriation: **\$6,282,942**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2020 which commences July 1, 2019.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2020 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by the KMS Actuaries as part of their January 1, 2017 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 due to be updated by Fiscal Year 2020.

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

JEC/jrl
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk

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Reading Retirement Board

Projected Appropriations

Fiscal Year 2020 - July 1, 2019 to June 30, 2020

Aggregate amount of appropriation: **\$6,282,942**

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 2020	\$10,477,799	\$6,282,942	\$0	\$6,282,942	\$6,282,942	\$0	\$4,194,857
FY 2021	\$11,203,058	\$6,618,532	\$0	\$6,618,532	\$6,618,532	\$0	\$4,584,526
FY 2022	\$11,978,729	\$6,972,047	\$0	\$6,972,047	\$6,972,047	\$0	\$5,006,682
FY 2023	\$12,808,317	\$7,344,445	\$0	\$7,344,445	\$7,344,445	\$0	\$5,463,872
FY 2024	\$13,695,570	\$7,736,734	\$0	\$7,736,734	\$7,736,734	\$0	\$5,958,836

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	90,600	208,519	6,360,386	2,572,458	202,104	659,867	76,895	14,712,242	24,883,071
FY2018 Appropriation									
5.1 Employer Normal Cost	6,775	17,361	397,475	143,150	(399)	8,458	1,743	817,275	1,391,838
5.2 Amortization Payment of UAL*	3,707	32,131	1,252,941	548,406	45,974	165,977	(1,743)	2,222,714	4,270,107
5.3 Total = 5.1 + 5.2	10,482	49,492	1,650,416	691,556	45,575	174,435	0	3,039,989	5,661,945
FY2019 Appropriation									
6.1 Employer Normal Cost	7,080	18,142	415,362	149,592	(417)	8,839	1,821	854,053	1,454,472
6.2 Amortization Payment of UAL**	(4,187)	26,669	1,271,050	450,258	43,319	202,095	14,567	2,506,123	4,509,894
6.3 Total = 6.1 + 6.2	2,893	44,811	1,686,412	599,850	42,902	210,934	16,388	3,360,176	5,964,366
6.4 Retirement Dept Appropriation***	8	123	4,646	1,653	118	581	(16,388)	9,259	0
6.5 Total = 6.3 + 6.4	2,901	44,934	1,691,058	601,503	43,020	211,515	0	3,369,435	5,964,366
Increase over prior year	-72.324%	-9.210%	2.463%	-13.022%	-5.606%	21.257%	0.000%	10.837%	5.341%
FY2020 Appropriation									
7.1 Employer Normal Cost	7,399	18,958	434,054	156,324	(436)	9,237	1,903	892,485	1,519,924
7.2 Amortization Payment of UAL	(4,422)	28,166	1,342,389	475,529	45,750	213,438	15,385	2,646,783	4,763,018
7.3 Total = 7.1 + 7.2	2,977	47,124	1,776,443	631,853	45,314	222,675	17,288	3,539,268	6,282,942
7.4 Retirement Dept Appropriation***	8	130	4,902	1,743	125	614	(17,288)	9,766	0
7.5 Total = 7.3 + 7.4	2,985	47,254	1,781,345	633,596	45,439	223,289	0	3,549,034	6,282,942
Increase over prior year	2.896%	5.163%	5.339%	5.335%	5.623%	5.567%	0.000%	5.330%	5.341%

Notes:

1. Actuarial Value of Plan Assets (3.1) is derived from allocation of assets as shown on separate attachment.
2. FY2019 and FY2020 Appropriation is based on Funding Schedule C-1.
3. 2018 Employer Normal Cost (5.1) is the Employer Normal Cost as of January 1, 2017, adjusted for payment timing (1.6). 2019 Employer Normal Cost (6.1) is based on 2018 Employer Normal Cost (5.1) increased by 4.5%.
- *4. Amortization Payment of UAL (5.2) equals fiscal year 2018 budgeted appropriation (5.3) developed in the January 1, 2015 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 2018 Amortization Payment of UAL (5.2) bears to the total UAL (4.1) less total 2018 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, 2017