

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Reading Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2021
DATE: December 18, 2019

Required Fiscal Year 2021 Appropriation: **\$7,886,618**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2021 which commences July 1, 2020.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2021 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, 2019 valuation.

The current schedule is due to be updated by Fiscal Year 2022.

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

JWP/jfb
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk

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Reading Retirement Board

Projected Appropriations

Fiscal Year 2021 - July 1, 2020 to June 30, 2021

Aggregate amount of appropriation: **\$7,886,618**

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 2021	\$9,712,505	\$7,886,618	\$0	\$7,886,618	\$7,886,618	\$0	\$1,825,887
FY 2022	\$10,179,472	\$8,280,949	\$0	\$8,280,949	\$8,280,949	\$0	\$1,898,523
FY 2023	\$10,668,676	\$8,694,996	\$0	\$8,694,996	\$8,694,996	\$0	\$1,973,680
FY 2024	\$11,181,174	\$9,129,746	\$0	\$9,129,746	\$9,129,746	\$0	\$2,051,428
FY 2025	\$11,718,078	\$9,586,233	\$0	\$9,586,233	\$9,586,233	\$0	\$2,131,845

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
Summary of Member Data as of January 1, 2019									
Projected Payroll	73,912	194,602	6,827,037	2,924,240	173,125	730,368	90,205	16,367,996	27,381,485
FY2020 Appropriation									
5.1 Employer Normal Cost	7,480	14,056	560,064	152,767	583	11,364	2,122	1,156,394	1,904,830
5.2 Amortization Payment of UAL*	(4,495)	33,198	1,221,281	480,829	44,856	211,925	(2,122)	2,392,640	4,378,112
5.3 Total = 5.1 + 5.2	2,985	47,254	1,781,345	633,596	45,439	223,289	0	3,549,034	6,282,942
FY2021 Appropriation									
6.1 Employer Normal Cost	7,779	14,618	582,467	158,878	606	11,819	2,207	1,202,649	1,981,023
6.2 Amortization Payment of UAL**	(9,839)	62,649	1,451,821	442,696	51,405	193,102	19,860	3,693,901	5,905,595
6.3 Total = 6.1 + 6.2	(2,060)	77,267	2,034,288	601,574	52,011	204,921	22,067	4,896,550	7,886,618
6.4 Adjusted Appropriation***	2,060	197	5,174	1,530	132	521	(22,067)	12,453	0
6.5 Total = 6.3 + 6.4	0	77,464	2,039,462	603,104	52,143	205,442	0	4,909,003	7,886,618
Increase over prior year	-100.000%	63.931%	14.490%	-4.813%	14.754%	-7.993%	0.000%	38.319%	25.524%
FY2022 Appropriation									
7.1 Employer Normal Cost	8,090	15,203	605,766	165,233	630	12,292	2,295	1,250,755	2,060,264
7.2 Amortization Payment of UAL	(10,364)	65,992	1,529,282	466,316	54,148	203,405	20,920	3,890,986	6,220,685
7.3 Total = 7.1 + 7.2	(2,274)	81,195	2,135,048	631,549	54,778	215,697	23,215	5,141,741	8,280,949
7.4 Adjusted Appropriation***	2,274	206	5,413	1,601	139	547	(23,215)	13,035	0
7.5 Total = 7.3 + 7.4	0	81,401	2,140,461	633,150	54,917	216,244	0	5,154,776	8,280,949
Increase over prior year	0.000%	5.082%	4.952%	4.982%	5.320%	5.258%	0.000%	5.007%	5.000%

Notes:

1. Actuarial Value of Plan Assets (3.1) is derived from allocation of assets as shown on separate attachment.
2. FY2021 and FY2022 Appropriation is based on Funding Schedule N.
3. 2020 Employer Normal Cost (5.1) is the Employer Normal Cost as of January 1, 2019, adjusted for payment timing (1.6). 2021 Employer Normal Cost (6.1) is based on 2020 Employer Normal Cost (5.1) increased by 4%.
- *4. Amortization Payment of UAL (5.2) equals fiscal year 2020 budgeted appropriation (5.3) developed in the January 1, 2017 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 2020 Amortization Payment of UAL (5.2) bears to the total UAL (4.1) less total 2020 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.

Reading Contributory Retirement System
Actuarial Valuation as of January 1, 2019