

# 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 2023  
DATE: November 30, 2021

Required Fiscal Year 2023 Appropriation: **\$8,542,933**

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 KMS Actuaries as part of their January 1, 2021 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 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: Town Manager  
Town Meeting  
c/o Town Clerk

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## Reading Retirement Board

### Projected Appropriations

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

Aggregate amount of appropriation: **\$8,542,933**

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	\$10,758,801	\$8,542,933	\$0	\$8,542,933	\$8,542,933	\$0	\$2,215,868
FY 2024	\$11,033,665	\$9,055,509	\$0	\$9,055,509	\$9,055,509	\$0	\$1,978,156
FY 2025	\$11,315,509	\$9,598,840	\$0	\$9,598,840	\$9,598,840	\$0	\$1,716,669
FY 2026	\$11,604,510	\$10,174,770	\$0	\$10,174,770	\$10,174,770	\$0	\$1,429,740
FY 2027	\$11,900,850	\$10,785,257	\$0	\$10,785,257	\$10,785,257	\$0	\$1,115,593

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
Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2021									
4.1 UAL = 2.5 - 3.1	(93,599)	1,132,545	12,606,522	5,872,160	625,820	1,536,091	248,753	30,243,567	52,171,859
Projected Payroll	92,578	226,691	7,414,484	3,014,511	234,331	712,855	156,985	17,760,329	29,612,763
FY2022 Appropriation									
5.1 Employer Normal Cost	(194)	15,780	903,791	182,562	3,136	14,159	11,498	1,523,475	2,654,207
5.2 Amortization Payment of UAL*	194	65,621	1,236,670	426,349	51,781	202,085	(11,498)	3,433,963	5,405,165
5.3 Total = 5.1 + 5.2	0	81,401	2,140,461	608,911	54,917	216,244	0	4,957,438	8,059,372
FY2023 Appropriation									
6.1 Employer Normal Cost	(200)	16,293	933,164	188,495	3,238	14,619	11,872	1,572,987	2,740,468
6.2 Amortization Payment of UAL**	(11,637)	132,376	1,410,687	675,676	71,223	165,514	32,290	3,326,336	5,802,465
6.3 Total = 6.1 + 6.2	(11,837)	148,669	2,343,851	864,171	74,461	180,133	44,162	4,899,323	8,542,933
6.4 Adjusted Appropriation***	11,837	565	8,902	3,282	283	684	(44,162)	18,609	0
6.5 Total = 6.3 + 6.4	0	149,234	2,352,753	867,453	74,744	180,817	0	4,917,932	8,542,933
Increase over prior year	0.000%	83.332%	9.918%	42.460%	36.104%	-16.383%	0.000%	-0.797%	6.000%
FY2024 Appropriation									
7.1 Employer Normal Cost	(207)	16,823	963,492	194,621	3,343	15,094	12,258	1,624,110	2,829,534
7.2 Amortization Payment of UAL	(12,486)	142,038	1,513,650	724,992	76,421	177,595	34,647	3,569,118	6,225,975
7.3 Total = 7.1 + 7.2	(12,693)	158,861	2,477,142	919,613	79,764	192,689	46,905	5,193,228	9,055,509
7.4 Adjusted Appropriation***	12,693	602	9,394	3,488	302	731	(46,905)	19,695	0
7.5 Total = 7.3 + 7.4	0	159,463	2,486,536	923,101	80,066	193,420	0	5,212,923	9,055,509
Increase over prior year	0.000%	6.854%	5.686%	6.415%	7.120%	6.970%	0.000%	5.998%	6.000%

**Notes:**

1. Actuarial Value of Plan Assets (3.1) is derived from allocation of assets as shown on separate attachment.
2. FY2023 and FY2024 Appropriation is based on Funding Schedule E-3 adopted by the Retirement Board June 25, 2021.
3. 2022 Employer Normal Cost (5.1) is the Employer Normal Cost as of January 1, 2021, adjusted for payment timing (1.6). 2023 Employer Normal Cost (6.1) is based on 2022 Employer Normal Cost (5.1) increased by 3.25%.
- \*4. Amortization Payment of UAL (5.2) equals fiscal year 2022 budgeted appropriation (5.3) developed in the January 1, 2019 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 2022 Amortization Payment of UAL (5.2) bears to the total UAL (4.1) less total 2022 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.