

# 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: Revised Appropriation for Fiscal Year 2021

DATE: June 18, 2020

Revised Appropriation for FY21: **\$7,603,181**

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

This amount revises the figure shown in our December 11, 2019 memorandum. The Board requested to reduce the FY21 appropriation from the amount shown in the funding schedule approved on December 11, 2019. The revised appropriation is based on the funding schedule recently adopted by the Board (copy enclosed).

Also enclosed is the breakout by governmental unit of the revised appropriation amount.

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

JWP/jrl

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Enclosures



## SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

### Exhibit 3.2 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Total Normal Cost	Amortization Payment of UAL	Total Employer Cost	Increase over Prior Year	Unfunded Actuarial Accrued Liability
2020	\$1,904,830	\$4,378,112	\$6,282,942		\$47,371,512
2021	1,981,023	5,622,158	7,603,181	21.01%	46,465,658
2022	2,060,264	5,999,108	8,059,372	6.00%	44,224,914
2023	2,142,674	6,400,260	8,542,934	6.00%	41,432,225
2024	2,228,381	6,827,129	9,055,510	6.00%	38,021,547
2025	2,317,516	7,281,325	9,598,841	6.00%	33,920,339
2026	2,410,217	7,764,554	10,174,771	6.00%	29,048,983
2027	2,506,626	8,278,631	10,785,257	6.00%	23,320,149
2028	2,606,891	8,825,481	11,432,372	6.00%	16,638,111
2029	2,711,166	9,407,148	12,118,314	6.00%	8,898,002
2030	2,819,613	-	2,819,613	-76.73%	-
2031	2,932,397	-	2,932,397	4.00%	-
2032	3,049,693	-	3,049,693	4.00%	-
2033	3,171,680	-	3,171,680	4.00%	-
2034	3,298,548	-	3,298,548	4.00%	-
2035	3,430,490	-	3,430,490	4.00%	-
2036	3,567,709	-	3,567,709	4.00%	-
2037	3,710,418	-	3,710,418	4.00%	-
2038	3,858,835	-	3,858,835	4.00%	-
2039	4,013,188	-	4,013,188	4.00%	-
2040	4,173,715	-	4,173,715	4.00%	-
2041	4,340,664	-	4,340,664	4.00%	-
2042	4,514,291	-	4,514,291	4.00%	-
2043	4,694,863	-	4,694,863	4.00%	-
2044	4,882,657	-	4,882,657	4.00%	-
2045	5,077,964	-	5,077,964	4.00%	-
2046	5,281,083	-	5,281,083	4.00%	-
2047	5,492,326	-	5,492,326	4.00%	-
2048	5,712,019	-	5,712,019	4.00%	-
2049	5,940,499	-	5,940,499	4.00%	-

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

## SECTION 9 - RESULTS BY DEPARTMENT

Department	Storm Water Enterprise	Housing	Municipal Light	School	Sewer	Water	Retirement	Town	Total
<b>Summary of Member Data as of January 1, 2019</b>									
Projected Payroll	73,912	194,602	6,827,037	2,924,240	173,125	730,368	90,205	16,367,996	27,381,485
<b>FY2020 Appropriation</b>									
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
<b>FY2021 Appropriation</b>									
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	(29,482)	132	521	(22,067)	(239,972)	(283,437)
6.5 Total = 6.3 + 6.4	0	77,464	2,039,462	572,092	52,143	205,442	0	4,656,578	7,603,181
Increase over prior year	-100.000%	63.931%	14.490%	-9.707%	14.754%	-7.993%	0.000%	31.207%	21.013%
<b>FY2022 Appropriation</b>									
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	(22,638)	139	547	(23,215)	(184,303)	(221,577)
7.5 Total = 7.3 + 7.4	0	81,401	2,140,461	608,911	54,917	216,244	0	4,957,438	8,059,372
Increase over prior year	0.000%	5.082%	4.952%	6.436%	5.320%	5.258%	0.000%	6.461%	6.000%

**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-1A adopted by the Retirement Board May 7, 2020.
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. Further, the appropriation for the General Fund (School and Town) is further reduced by \$283,437.

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