

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Watertown Retirement Board  
FROM: John W. Parsons, Esq., Executive Director  
RE: Appropriation for Fiscal Year 2023  
DATE: February 11, 2022

Required Fiscal Year 2023 Appropriation: **\$1,307,563**

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 Sherman Actuarial Services as part of its January 1, 2021 actuarial valuation.

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 Council  
c/o Town Clerk  
Town Manager

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**Watertown Retirement Board**

Projected Appropriations

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

Aggregate amount of appropriation: **\$1,307,563**

<b>Fiscal Year</b>	<b>Estimated Cost of Benefits</b>	<b>Funding Schedule (Excluding ERI)</b>	<b>ERI</b>	<b>Total Appropriation</b>	<b>Pension Fund Allocation</b>	<b>Pension Reserve Fund Allocation</b>	<b>Transfer From PRF to PF</b>
<b>FY 2023</b>	\$12,970,318	\$1,307,563	\$0	\$1,307,563	\$1,307,563	\$0	\$11,662,755
<b>FY 2024</b>	\$13,230,132	\$1,132,519	\$0	\$1,132,519	\$1,132,519	\$0	\$12,097,613
<b>FY 2025</b>	\$13,495,143	\$1,131,090	\$0	\$1,131,090	\$1,131,090	\$0	\$12,364,053
<b>FY 2026</b>	\$13,765,454	\$1,129,494	\$0	\$1,129,494	\$1,129,494	\$0	\$12,635,960
<b>FY 2027</b>	\$14,041,171	\$1,127,721	\$0	\$1,127,721	\$1,127,721	\$0	\$12,913,450

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.

## Watertown Contributory Retirement System

[https://ahermonactuary-ny.sharepoint.com/personal/dna\\_ghermanactuary\\_com/Documents/Recovered Data/Watertown/Val21/2021 Watertown Valuation 13k 775.xlsm](https://ahermonactuary-ny.sharepoint.com/personal/dna_ghermanactuary_com/Documents/Recovered%20Data/Watertown/Val21/2021%20Watertown%20Valuation%2013k%20775.xlsm)Actuary/break

### Breakouts

	<u>Total</u>	<u>All Others</u>	<u>Housing</u>
(1) Participants			
(a) Actives	522	508	14
(b) Retirees	370	360	10
(c) Inactives	196	193	3
(d) Disabled Retirees	<u>61</u>	<u>60</u>	<u>1</u>
(e) Total	1149	1121	28
(2) Payroll of Active Participants	\$36,198,757	\$35,198,386	\$1,000,371
(3) Normal Cost			
(a) Total Normal Cost	4,155,557	4,033,988	121,569
(b) Expected Employee Contributions	3,270,805	3,181,645	89,160
(c) Administrative Expenses	<u>340,000</u>	<u>330,053</u>	<u>9,947</u>
(d) Net Employer Normal Cost (a) - (b)	884,752	852,343	32,409
(4) Actuarial Accrued Liability	241,307,763	235,081,918	6,225,845
(5) Assets*	<u>237,309,997</u>	<u>231,187,296</u>	<u>6,122,701</u>
(6) Unfunded Actuarial Accrued Liability (4) - (5)	3,997,766	3,894,622	103,144
(7) Amortizations*	3,774,080	3,542,328	231,752
(8) Total Required Employer Contributions (3d) + (7)	4,658,832	4,394,672	264,160
(9) Fiscal 2022 Cost	\$7,666,647	\$7,459,084	\$207,563
(10) Fiscal 2023 Cost	\$1,307,563	\$1,100,000	\$207,563
(11) Fiscal 2024 Cost	\$1,132,519	\$1,100,000	\$32,519
(12) Fiscal 2025 Cost	\$1,131,090	\$1,100,000	\$31,090
(13) Fiscal 2026 Cost	\$1,129,494	\$1,100,000	\$29,494
(14) Fiscal 2027 Cost	\$1,127,721	\$1,100,000	\$27,721
Percentage of Total Cost	100.0%	84.1%	15.9%

\* Allocation is based on the ratio of the Unfunded Actuarial Accrued Liability  
The Housing Authority's Unfunded Liability is amortized to 2023