

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

DOMENIC J. F. RUSSO, *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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## MEMORANDUM

TO: Danvers Retirement Board  
FROM: Joseph E. Connarton, Executive Director  
RE: Appropriation for Fiscal Year 2015  
DATE: October 29, 2013

Required Fiscal Year 2015 Appropriation: **\$5,366,886**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2015 which commences July 1, 2014.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2015 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Stone Consulting as part of their January 1, 2012 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/was due to be updated by Fiscal Year 2016.

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

### Attachments

cc: Town Manager  
Town Meeting  
c/o Town Clerk



**Danvers Retirement Board**

Projected Appropriations

Fiscal Year 2015 - July 1, 2014 to June 30, 2015

Aggregate amount of appropriation: **\$5,366,886**

<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 2015</b>	\$9,268,499	\$5,366,886	\$0	\$5,366,886	\$5,366,886	\$0	\$3,901,613
<b>FY 2016</b>	\$10,006,703	\$5,573,727	\$0	\$5,573,727	\$5,573,727	\$0	\$4,432,976
<b>FY 2017</b>	\$10,804,838	\$5,788,940	\$0	\$5,788,940	\$5,788,940	\$0	\$5,015,898
<b>FY 2018</b>	\$11,667,767	\$6,012,866	\$0	\$6,012,866	\$6,012,866	\$0	\$5,654,901
<b>FY 2019</b>	\$12,600,752	\$6,245,857	\$0	\$6,245,857	\$6,245,857	\$0	\$6,354,895

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.



## DANVERS RETIREMENT SYSTEM Breakouts

Breakouts - Actuarial Basis		Total	Town	Housing Authority	School Lunch	Hospital	Electric	School	Water	Sewer
(1)	Participants									
	Active	440	239	8	12	0	42	116	20	3
	Inactives	54	15	1	2	2	3	31	0	0
	Retirees	362	166	8	17	79	30	49	11	2
	Disabled Retirees	24	19	0	1	1	0	0	2	1
	Total	880	439	17	32	82	75	196	33	6
(2)	Payroll of Active Participants	\$22,911,025	\$15,003,201	\$436,491	\$330,874	\$0	\$2,844,881	\$3,049,671	\$1,088,760	\$157,147
(3)	Normal Cost									
(a)	Total Normal Cost	2,889,946	1,859,291	50,166	37,203	0	472,544	369,545	86,824	14,373
(b)	Expected Employee Contributions	2,048,640	1,325,992	40,361	27,630	0	272,978	267,459	99,232	14,987
(c)	Net Employer Normal Cost	841,306	533,298	9,805	9,573	0	199,566	102,086	(12,408)	(614)
(d)	Interest on Net Normal Cost	54,199	34,355	632	617	0	12,857	6,577	(799)	(40)
(e)	Net Employer Normal Cost w Interest	895,505	567,653	10,437	10,190	0	212,423	108,663	(13,207)	(654)
(4)	(a) Active and Inative Accrued Liability	67,197,350	49,840,423	855,934	1,042,606	62,405	6,458,565	5,920,504	2,876,694	140,220
	(b) Retiree and Disabled Accrued Liability	75,958,082	46,896,757	1,419,129	1,157,224	6,774,804	10,790,605	5,378,452	3,016,362	524,749
	(c) Actuarial Accrued Liability	143,155,432	96,737,180	2,275,063	2,199,830	6,837,209	17,249,170	11,298,956	5,893,056	664,969
(5)	Assets	83,875,130	56,678,558	1,332,965	1,288,886	4,005,938	10,106,332	6,620,087	3,452,756	389,607
(6)	Unfunded Actuarial Accrued Liability (UAL)	59,280,302	40,058,621	942,098	910,944	2,831,271	7,142,838	4,678,869	2,440,300	275,362
(7)	Amortization*	4,018,378	2,715,416	63,861	61,749	191,921	484,185	317,162	165,418	18,666
(8)	Net 3(8)(c) payments**	254,208	156,949	4,749	3,873	22,673	36,113	18,000	10,095	1,756
(9)	Total Required Employer Contributions (3e)+(7)+(8)	5,168,091	3,440,018	79,047	75,812	214,594	732,721	443,825	162,306	19,768
(10)	Fiscal 2014 Cost	5,168,091	3,440,018	79,047	75,812	214,594	732,721	443,825	162,306	19,768
(11)	Fiscal 2015 Cost	5,366,886	3,572,341	82,088	78,728	222,848	760,905	460,897	168,549	20,528
(12)	Fiscal 2016 Cost	5,573,727	3,710,020	85,252	81,762	231,437	790,230	478,660	175,045	21,319
(13)	Fiscal 2017 Cost	5,788,940	3,853,272	88,544	84,919	240,373	820,742	497,142	181,804	22,142
(14)	Fiscal 2018 Cost	6,012,866	4,002,323	91,969	88,204	249,671	852,490	516,372	188,836	22,998
(15)	Percentage of Total Cost	100.0%	66.6%	1.5%	1.5%	4.2%	14.2%	8.6%	3.1%	0.4%

\*Allocated on the basis of Unfunded Accrued Liability

\*\*Allocated on the basis of Retiree and Disabled Accrued Liability



STONE  
CONSULTING, INC.