

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Andover Retirement Board
FROM: William T. Keefe, Executive Director *BK*
RE: Appropriation for Fiscal Year 2026
DATE: December 6, 2024

Required Fiscal Year 2026 Appropriation: **\$8,054,332**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2026 which commences July 1, 2025.

Attached please find the portion of the Fiscal Year 2026 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by KMS Actuaries as part of their January 1, 2023 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2026.

As we indicated in PERAC Memo #29/2024, we are sending this letter only to the Retirement Board. Upon receipt, please forward this letter to the appropriate governmental bodies.

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

WTK/jfb
Attachment

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SECTION 9 - VALUATION RESULTS BY DEPARTMENT

Department	Water	Sewer	Andover Housing Authority	School - Cafeteria	School - Other	All Others	Total
FY2026 Appropriation							
8.1 Employer Normal Cost, July 1	117,243	18,591	46,926	121,888	1,537,705	4,031,729	5,874,082
8.2 Amortization Payment of UAL	91,963	11,729	152,266	7,956	489,282	1,427,054	2,180,250
8.3 Total = 8.1 + 8.2	209,206	30,320	199,192	129,844	2,026,987	5,458,783	8,054,332
Increase over prior year	6.203%	5.851%	7.370%	3.723%	4.890%	5.021%	5.057%

Notes:

1. Market Value is developed as follows:
 - (a) Additional appropriations made during FY2021 as well as the proceeds from the Pension Obligation Bond, plus actual returns through December 31, 2022, are subtracted from Market Value at December 31, 2022.
 - (b) Result from (a) is allocated to all departments except Housing Authority in the proportion that the AAL (2.5) bears to the total AAL (2.5).
 - (c) Market Value for Housing Authority is developed from actual cash flows during 2022 provided by the Retirement Board.
 - (d) Actuarial Value of Assets is allocated to all departments in the proportion that the assets (4.7) for each department bears to the total Market Value of Assets (4.7).
2. FY2025 and FY2026 Appropriation is based on Funding Schedule B-3 adopted by the Retirement Board.
3. 2024 Employer Normal Cost (6.1) is the Employer Normal Cost as of January 1, 2023 (1.6), adjusted for payment timing. 2025 Employer Normal Cost (7.1) is based on 2024 Employer Normal Cost (6.1) increased by 3.5%.
- **4. Amortization Payment of UAL (6.2) equals fiscal year 2024 budgeted appropriation (6.3) developed in the January 1, 2021 actuarial valuation (adjusted for the Pension Obligation Bond) less Employer Normal Cost (6.1).
- **5. Amortization Payment of UAL (7.2) is the total Amortization Payment of UAL (7.2) allocated to each department in the proportion that the UAL (5.1) less 2024 Amortization Payment of UAL (6.2) bears to the total UAL (5.1) less total Amortization Payment of UAL (6.2).