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TO: President and Members of City Council
FROM: Seth O'Neill, Director of Finance
DATE: September 28, 2021
SUBJECT: 2022 Minimum Municipal Obligation for the PMRS Pension Plan

Act 205 of 1984 requires that the "Chief Administrative Officer" of the pension plan inform the "governing board" of the municipality of the Minimum Municipal Obligation (MMO) for the following year by the last day in September. This memo is intended to satisfy this legal requirement.

The calculation of the 2022 Minimum Municipal Obligation requires several assumptions relating to projected payroll. The attached 2022 Minimum Municipal Obligation certification details this determination.

Please understand that the MMO is the City's 2022 bill for this pension plan. The calculated obligation must be paid by December 31, 2022. The obligation must be met with general fund monies or with any General State Aid to Municipal Pensions to which we may be entitled under Act 205.

If you have questions regarding our pension cost calculations, they can be addressed either to myself or the Pennsylvania Municipal Retirement System at 800.622.7968.

cc: Ray O'Connell, Mayor
Cynthia Cranmer, Interim CFO PMRS

Attachment: 2022 PMRS MMO Worksheet

**The Minimum Municipal Obligation Worksheet (MMO)
For The PMRS
Allentown City Pension Plan (39-006-2 N2)
For Plan Year 2022**

CHARGES

Estimated 2021 W-2 Payroll			
For Covered Plan Members:	(A)	<u>31,589,855</u>	-
PMRS Determined Normal Cost			
Expressed as a Decimal:	(B)	<u>0.1325</u>	
RESULT: (A) * (B) =		(C)	<u>4,185,656</u>
Administrative Charge (PMRS Determined # of Plan Members times \$20:	(D)	<u>18,780</u>	
Amortization of Unfunded Liability (PMRS Determined)	(E)	<u>1,832,517</u>	
TOTAL CHARGES: (C) + (D) + (E) =		(F)	<u><u>6,036,953</u></u>


CREDITS

Repeat Estimated 2018 W-2 Payroll			
For Covered Plan Members:	(A)	<u>31,589,855</u>	
Employee Contribution Rate			
Expressed as a Decimal:	(G)	<u>0.075</u>	
RESULT: (A) * (G) =		(H)	<u>2,369,239</u>
Amortization of the Actuarial Surplus (PMRS Determined)	(I)	<u>-</u>	
TOTAL CREDITS: (H) + (I) =		(J)	<u><u>2,369,239</u></u>

MINIMUM MUNICIPAL OBLIGATION

(Based on 01/01/2019 Actuarial Valuation) (MMO) 3,667,714

Equals TOTAL CHARGES Minus
TOTAL CREDITS (F) - (J) = **(Please round numbers to dollars)**

Prepared By: Seth O'Neill (Name)  (Signature)
Director of Finance (Title) (610) 437-7500 (Telephone #)