



Allentown
City without limits.

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TO: President and Members of City Council
FROM: Brent Hartzell, Director of Finance *BH*
DATE: September 12, 2019
SUBJECT: 2020 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 2020 Minimum Municipal Obligation requires several assumptions relating to projected payroll. The attached 2020 Minimum Municipal Obligation certification details this determination.

Please understand that the MMO is the City's 2020 bill for this pension plan. The calculated obligation must be paid by December 31, 2020. 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
Charity Rosenberry, CFO PMRS

Attachment: 2020 PMRS MMO Worksheet

The Minimum Municipal Obligation Worksheet (MMO)
For The
Allentown City Pension Plan (39-006-2 N2)
For Plan Year 2020

CHARGES

Estimated 2019 W-2 Payroll

For Covered Plan Members: (A) 25,308,267

PMRS Determined Normal Cost

Expressed as a Decimal: (B) 0.1325

RESULT: (A) * (B) = (C) 3,353,345

Administrative Charge (PMRS Determined

of Plan Members times \$20: (D) 18,440

Amortization of Unfunded Liability

(PMRS Determined) (E) 1,784,312

TOTAL CHARGES: (C) + (D) + (E) = (F) 5,156,097

CREDITS

Repeat Estimated 2018 W-2 Payroll

For Covered Plan Members: (A) 25,308,267

Employee Contribution Rate

Expressed as a Decimal: (G) 0.075

RESULT: (A) * (G) = (H) 1,898,120

Amortization of the Actuarial Surplus

(PMRS Determined) (I) -

TOTAL CREDITS: (H) + (I) = (J) 1,898,120

MINIMUM MUNICIPAL OBLIGATION

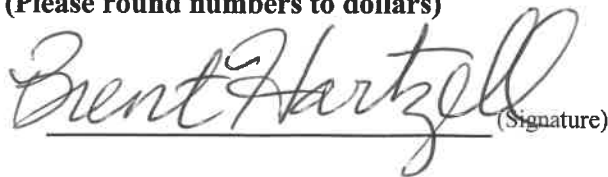
(Based on 01/01/2015 Actuarial Valuation) (MMO) 3,257,977

Equals TOTAL CHARGES Minus

TOTAL CREDITS (F) - (J) = (Please round numbers to dollars)

Prepared By: Brent Hartzell

(Name)



(Signature)

Director of Finance

(Title)

(610) 437-7500

(Telephone #)

Please complete the above worksheet with your best estimates and return a copy to the Pennsylvania Municipal Retirement System by October 6. The official copy must be shared with the plan's governing board by the last business day in September.