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INTEROFFICE MEMORANDUM

Date: September 10, 2020

To: Bethlehem Authority Board of Directors

From: Stephen Repasch, Executive Director

Subject: Bethlehem Authority Pension Plan #48-412-6N
2021 Minimum Municipal Obligation – \$5,978

Act 205 of 1984, as amended, governs the funding requirements for all municipal pension plans. The law requires the governing body to be informed of the plan's expected financial obligation for the upcoming year. This memo, provided under the guidance of the Pennsylvania Municipal Retirement System as plan administrator, is intended to satisfy the legal requirements of Act 205.

The calculation of the plan's 2021 Minimum Municipal Obligation (MMO), or cost, requires an estimate of the 2019 wages of the employees covered by the plan. This is indicated on the attached worksheet.

Please understand that the MMO is the Authority's 2021 bill for this plan. The calculated amount must be paid by December 31, 2021. It also must be paid for with general fund monies (authorities and counties are not eligible for State Pension Aid under Act 205).

The 2021 MMO of \$5,978 will be included in the Authority's 2021 budget.

Attachment: 2021 MMO Worksheet

The Minimum Municipal Obligation Worksheet (MMO)
For The
Bethlehem Authority Pension Plan (48-032-8 N)
For Plan Year 2021

CHARGES

Estimated 2020 W-2 Payroll

For Covered Plan Members:

(A) 92,345.-

PMRS Determined Normal Cost

Expressed as a Decimal:

(B) .1004

RESULT: (A) * (B) =

(C) 9,271.-

Administrative Charge (PMRS Determined)

of Plan Members times \$20:

(D) 100.00

Amortization of Unfunded Liability
(PMRS Determined)

(E) 0.00

TOTAL CHARGES: (C) + (D) + (E) =

(F) 9,371.-

CREDITS

Repeat Estimated 2020 W-2 Payroll

For Covered Plan Members:

(A) 92,345.-

Employee Contribution Rate

Expressed as a Decimal:

(G) .035

RESULT: (A) * (G) =

(H) 3,232.-

Amortization of the Actuarial Surplus
(PMRS Determined)

(I) 161.00

TOTAL CREDITS: (H) + (I) =

(J) 3,393.-

MINIMUM MUNICIPAL OBLIGATION

(Based on 1/1/2019 Actuarial Valuation)

(MMO) 5,978.-

Equals TOTAL CHARGES Minus

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

Prepared By: Sandy Zarf (Name)

[Signature] (Signature)

Admin. Assistant (Title)

(610) 865-2009 (Telephone #)

Please complete the above worksheet with your best estimates and return a copy to the Pennsylvania Municipal Retirement System by October 5. The official copy must be shared with the plan's governing board by the last business day in September.