

**HARRISBURG CITY  
MINIMUM MUNICIPAL  
OBLIGATION (MMO)  
WORKSHEET  
ISSUED 09-27-2017**

**Section No. 3  
Exhibit No. 25**

**Bureau of Financial Management**  
City of Harrisburg

**Inter-Office Memorandum**  
September 27, 2017

**TO:** Wanda Williams, President  
Harrisburg City Council

**FROM:** Bruce Weber  
Director of Financial Management 

Pursuant to Section 302(c) of the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 – 1984), annually, the Chief Administrative Officer of the Pension Plan(s) shall determine the minimum municipal obligation of the municipality with respect to the pension plan(s) for the following plan year.

In addition, pursuant to Section 304 of the Act, the Chief Administrative Officer of each pension plan shall submit the financial requirements of the pension plan and the minimum obligation of the municipality with respect to the pension plan, with appropriate documenting detail, to the governing body of the municipality on or before the last business day in September, annually.

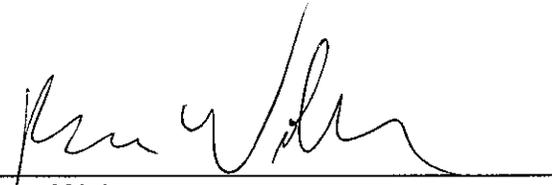
This correspondence serves to inform Harrisburg City Council of the City's minimum municipal obligation for calendar year 2018, pursuant to the Act. Please refer to Attachment "A" for a signed certification as to the accuracy of the calculations and their conformance with the applicable provisions of Chapter 3 of the Act, as amended. Also attached are worksheets with explanations as to how those numbers were derived.

Should you have any questions regarding this matter, please call me at 255-3040, at your convenience.

**CC:** Mayor Eric Papenfuse  
Council Members  
Kirk Petroski  
Erika Regalado  
Pension Files (2)

ATTACHMENT "A"  
MUNICIPAL CERTIFICATION

Pursuant to Section 304 of the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 – 1984), I hereby certify that the calculations to determine the City of Harrisburg's 2018 Minimum Municipal Obligation are accurate and that they conform with the applicable provisions of Chapter 3 of the Act, as amended by Act 189 of 1990.

A handwritten signature in black ink, appearing to read 'Bruce Weber', is written over a horizontal line.

Bruce Weber  
Director of Financial Management

**City of Harrisburg 2018 M.M.O. Worksheet**  
**Based on January 1, 2015 Actuarial Valuation Reports**

	Non-Uniform Plan	Fire Plan	Police Plan	Totals (Memo Only)
Normal Cost Rate ( % of Pay)	(A) 9.75%	25.65%	15.90%	
<b>Projected 2017 Payroll</b>	<b>(B) 8,907,280</b>	<b>6,895,280</b>	<b>9,639,168</b>	<b>25,441,727</b>
2017 Normal Cost (AxB)	(C) 868,460	1,768,639	1,532,628	4,169,727
Administrative Cost	(D) \$9,120	4,280	298,814	312,214
Amort. Of Unfunded Liability	(E) -	-	2,050,652.00	2,050,652
<b>Total Plan Cost (C+D+E)</b>	<b>(F) 877,580</b>	<b>1,772,919</b>	<b>3,882,094</b>	<b>6,532,592</b>
Projected 2017 Payroll	(B) 8,907,280	6,895,280	9,639,168	25,441,727
Employee Contrib. Rate	(G) 5.0%	5.0%	5.0%	
Employee Credit (BxG)	(H) 445,364	344,764	481,958	1,272,087
10% of Actuarial Surplus	(I) 1,586,023	892,432	-	2,478,455
<b>Total Credits (H+I)</b>	<b>(J) 2,031,386</b>	<b>1,237,196</b>	<b>481,958</b>	<b>3,750,542</b>
<b>2018 MMO (F-J) (not&lt;\$0)</b>	<b>-</b>	<b>535,723</b>	<b>3,400,136</b>	<b>3,935,858</b>

**Supporting Detail  
City of Harrisburg Pension Plans  
2018 Minimum Municipal Obligation**

**2017 Projected W-2 Payroll (\$)** Projection based on actual year-to-date gross (W-2) payroll through September 21, 2017, of all respective pension plan members plus the payroll projected to be paid during the remainder of 2017.

Pension Plan	(a) YTD W-2 Payroll 9/21/2017	(b) 9/21/2017 W-2 Payroll	(c) Remaining Pay periods in 2017	(d) Subtotal (b x c)	Total 2017 Projected W-2 Payroll (a + d)
Non-Uniform Plan	\$6,379,369	\$361,130	7	\$2,527,910.21	<b>\$8,907,280</b>
Fire Plan	4,735,814	308,495	7	2,159,466	<b>6,895,280</b>
Police Plan	7,056,387	368,969	7	2,582,781	<b>9,639,168</b>

**Normal Cost Rate (%)\*** That portion of the actuarial present value of the pension plan benefits and expenses which was allocated to the plan year by the Entry-age Normal Actuarial Cost Method as calculated by Cheiron, Inc and Conrad M. Siegel, Inc., approved certified actuaries to the Pennsylvania Municipal Retirement System (PMRS) and Police Pension Plan, respectively, pursuant to Section 202 of Act 205 of 1984.

**2017 Normal Cost (\$)** 2017 Projected W-2 Payroll x Normal Cost Rate

**Administrative Cost (\$)** \$20 per plan member per year pursuant to City's contract with PMRS and 3.1% of 2017 Projected W-2 Payroll for the Police Plan, calculated as follows:

Pension Plan	Retirees	Active Members	Total Members	2017 Projected W-2 Payroll	Annual Fee (\$/%)	Total Admin. Cost
Non-Uniform Plan	221	235	456	N/A	\$20	<b>\$9,120</b>
Fire Plan	133	81	214	N/A	\$20	<b>4,280</b>
Police Plan	N/A	N/A	N/A	9,639,168	3.1%	<b>298,814</b>

**Amortization of Unfunded Liability\*** Pursuant to Act 205 of 1984, as Amended by Act 44, the City exercised its rights to adopt an asset smoothing method that develops an actuarial value of assets up to 130% of the market value of plan assets effective January 1, 2009. Only the City's Police pension plan had an amortization contribution requirement per their most recent actuarial valuation report utilizing this smoothing method.

\* Based on 1/1/2015 Actuarial Valuation Reports

**Employee Credit (Contributions)** The amount of gross salaries and wages deducted from employees' paychecks each pay period calculated as follows:

Based on 2017-2018 Labor Agreement, Non-Uniform Employees Pension contribution rate will be: 2017-5% and 2018-5%

Pension Plan	2017 Projected W-2 Payroll	Employee Contribution Rate	=	Total Projected 2017 Employee Contributions
Non-Uniform Plan	\$8,907,280	0.05	=	<b>\$445,364</b>
Fire Plan	6,895,280	0.05	=	<b>344,764</b>
Police Plan	9,639,168	0.05	=	<b>481,958</b>

**Amortization of Actuarial Surplus\*** Pursuant to Act 205 of 1984, the City must amortize (or spread) any gains, such as excess interest earnings, evenly over a 10-year period. The amortization calculations were provided by the actuary to PMRS for the Non-uniform and Fire pension plans and by Conrad M. Siegel, Inc. for the Police pension plan.

**2018 Minimum Municipal Obligation (MMO)** Total amount the City must pay to each of the respective pension plans by December 31, 2018, for the 2018 year.

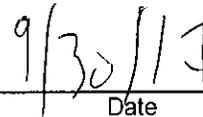
City of Harrisburg Police Pension Plan  
**2018 Minimum Municipal Obligation**

---

1	Normal Cost Percentage *	<u>15.9%</u>
2	Administrative Expense Percentage *	<u>3.1%</u>
3	Total Percentage ( 1 + 2 )	<u>19.0%</u>
4	Estimated 2017 Total Gross W-2 Payroll:	\$ <u>9,639,168</u>
5	Annual Cost ( 3 x 4 )	\$ <u>1,831,442</u>
6	Amortization Contribution Requirement *	\$ <u>2,050,652</u>
7	Financial Requirements ( 5 + 6 )	\$ <u>3,882,094</u>
8	Member Contributions Anticipated:	\$ <u>481,958</u>
9	10% of Negative Unfunded Accrued Liability *	\$ <u>0</u>
10	Minimum Municipal Obligation ( 7 - 8 - 9 ) (Due before 12-31-2017)	\$ <u><u>3,400,136</u></u>



Authorized Signature



Date

\* Based on 1/1/2015 Actuarial Valuation Reports

**The Minimum Municipal Obligation Worksheet (MMO) For:  
Harrisburg City-Plan B Pension Plan (22-030-2 N2)**

**For Plan Year 2018**

**CHARGES**

Actuarial present value of future benefits (As of most recent actuarial valuation):	<b>(A)1</b> <u>67,187,998</u>	
Actual value of assets (As of most recent actuarial valuation):	<b>(B)1</b> <u>76,204,290</u>	
Estimated 2017 W-2 Payroll For Covered Plan Members:	<b>(A)</b> <u>8,907,280</u>	
<i>Since (A1) is less than (B1), enter (A) and proceed to (MMO) and enter 0"</i>		
PMRS Determined Normal Cost Expressed as a Decimal:	<b>(B)</b> <u>0.0975</u>	
<b>RESULT: (A) * (B) =</b>		<b>(C)</b> <u>868,460</u>
Administrative Charge (PMRS Determined) # of Plan Members times \$20:		<b>(D)</b> <u>9,120</u>
Amortization of Unfunded Liability (PMRS Determined)		<b>(E)</b> <u>0</u>
<b>TOTAL CHARGES: (C) + (D) + (E) =</b>		<b>(F)</b> <u><u>877,580</u></u>

**CREDITS**

Repeat Estimated 2017 W-2 Payroll For For Covered Plan Members:	<b>(A)</b> <u>8,907,280</u>	
Employee Contribution Rate Expressed as a Decimal:	<b>(G)</b> <u>0.05</u>	
<b>RESULT: (A) * (G) =</b>		<b>(H)</b> <u>445,364</u>
Amortization of the Actuarial Surplus (PMRD Determined)		<b>(I)</b> <u>1,586,023</u>
<b>TOTAL CREDITS: (H) + (I) =</b>		<b>(J)</b> <u>2,031,387</u>

**MINIMUM MUNICIPAL OBLIGATION**

* Based on 1/1/2015 Actuarial Valuation Reports Equals TOTAL CHARGES Minus TOTAL CREDITS (F) - (J) =	<b>(MMO)</b> <u><u>0</u></u>
------------------------------------------------------------------------------------------------------------	------------------------------

Prepared By: <u>Erika Regalado</u> (Name)	 (Signature)
<u>Budget Manager</u> (Title)	<u>717-255-7281</u> (Telephone #)

Please complete the above worksheet with your best estimates and return a copy to the Pennsylvania Municipal Retirement System by October 14. The Official copy must be shared with the plan's governing board by the last business day in September.

# The Minimum Municipal Obligation Worksheet (MMO)

For The

## Harrisburg Fire-Plan B Pension Plan (22-030-2-F2)

For Plan Year 2018

### CHARGES

Estimated 2017 W-2 Payroll

For Covered Plan Members:

(A) 6,895,280

PMRS Determined Normal Cost

Expressed as a Decimal:

(B) 0.2565

RESULT: (A) \* (B) =

(C) 1,768,639

Administrative Charge (PMRS Determined)

# of Plan Members times \$20:

(D) 4,280

Amortization of Unfunded Liability

(PMRS Determined)

(E) 0

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

(F) 1,772,919

### CREDITS

Repeat Estimated 2017 W-2 Payroll For

Covered Plan Members:

(A) 6,895,280

Employee Contribution Rate

Expressed as a Decimal:

(G) 0.05

RESULT: (A) \* (G) =

(H) 344,764

Amortization of the Actuarial Surplus

(PMRS Determined)

(I) 892,432

TOTAL CREDITS: (H) + (I) =

(J) 1,237,196

### MINIMUM MUNICIPAL OBLIGATION

\* Based on 1/1/2015 Actuarial Valuation Reports

(MMO) 535,723

Equals TOTAL CHARGES Minus

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

Prepared By:

Erika Regalado (Name)

Budget Manager (Title)

(Signature)



717-255-7281 (Telephone #)

Please complete the above worksheet with your best estimates and return a copy to the Pennsylvania Municipal Retirement System by October 14. The Official copy must be shared with the plan's governing board by the last business day in September.