

**Tom Bowman, Director
Steven Kline, Asst. Director
Benjamin Sanchez**

(6) PENSION COMMITTEE

PENS1. Resolution No. 17-025 - Minimum Municipal Obligation - Pension Plans

Motion to approve for adoption by the Board of Commissioners Resolution No. 17-025 recognizing that the Township's minimum municipal funding obligation for the calendar year 2018 with respect to the Municipal Non-Uniformed Employee, Police and Non-Uniformed Employee Defined Contribution Pension Plans, is \$552,359, \$1,818,362 and \$27,687, respectively.

PENSION COMMITTEE
BOARD ACTION REQUEST

August 15, 2017
DATE

PENS1
AGENDA ITEM NUMBER

DEPARTMENT

AGENDA ITEM

TOWNSHIP MANAGER

Finance



Resolution #17-025
Minimum Municipal Obligation -
Pension Plans

Richard J. Manfredi

PREVIOUS ACTIONS

Act 189 of 1990, as passed by the State Legislature and signed by the Governor, amends Act 205 of 1984. The amendment revises the procedure used by municipalities to determine and budget for the annual obligation to their employee pension plans. The revised procedure was applied for the first time in the fall of 1991 in conjunction with the 1992 budgeting process. The resolution setting the Minimum Municipal Obligation (MMO) by law, must be adopted by September 30 of a given year.

RECOMMENDED BOARD ACTION

Motion to adopt Resolution #17-025 recognizing that the Township's minimum municipal funding obligation for the calendar year 2018 with respect to the Municipal Non-Uniformed Employee, Police and Non-Uniformed Employee Defined Contribution Pension Plans, is \$552,359, \$1,818,362 and \$27,687, respectively.

COMMENTS

The law (Act 189) no longer permits a municipality to use as a deduction the estimated state contribution it may receive. The primary reason for this change is to stress to the municipal governments that if for any reason state pension funds are not available, the government entity is still responsible. It is, however, permitted to show the estimated receipt of funds as a revenue item. See attached for computations.

RESOLUTION NO. 17-025

MINIMUM MUNICIPAL OBLIGATION

WHEREAS, the Township of Abington does maintain three pension plans;

WHEREAS, said plans are known as the Township of Abington Municipal Non-Uniformed Employees' Pension Plan, the Township of Abington Police Pension Plan and the Township of Abington Non-Uniformed Employees' Defined Contribution Pension Plan;

WHEREAS, Act 205 of 1984 mandates that the governing body of said "plans" recognize their minimum obligation on or before September 30 of a given year;

NOW, THEREFORE, BE IT RESOLVED, that based upon the following Actuarial Development of Pension Plan Funding Cost of the Abington Non-Uniformed Employees,' Police and Non-Uniformed Employees' Defined Contribution Pension Plans of the Township of Abington, County of Montgomery, State of Pennsylvania, the Board of Commissioners acknowledges the funding requirements for the above mentioned plans to be \$552,359, \$1,818,362 and \$27,687, respectively. These actuarial costs have been submitted pursuant to an actuarial valuation completed as of January 1, 2017 by AON Consulting.

THEREFORE, the Board of Commissioners recognizes these funding requirements and makes provisions for these costs as part of their budget for the year 2018.

RESOLVED, at the meeting of the Board of Commissioners this 14th day of September, 2017.

ABINGTON TOWNSHIP
BOARD OF COMMISSIONERS

By: _____
Wayne C. Luker, President

ATTEST:

Richard J. Manfredi, Secretary

**FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL
OBLIGATION BUDGET FOR 2018**

NAME OF MUNICIPALITY:
COUNTY:

ABINGTON TOWNSHIP
MONTGOMERY

NON-UNIFORMED
PENSION PLAN

1	TOTAL ANNUAL PAYROLL Estimated Payroll		\$9,965,646
2	NORMAL COST AS A PERCENTAGE OF PAYROLL (Derived from latest actuarial valuation)	1/1/17	12.710%
3	TOTAL NORMAL COST (Item 1 x Item 2)		\$1,266,634
4	AMORTIZATION REQUIREMENT (Derived from latest actuarial valuation)		\$0
5	TOTAL ADMINISTRATIVE EXPENSES (Based on Estimate)		\$40,000
6	FINANCIAL REQUIREMENT (+ Item 3 + Item 4 + Item 5)		\$1,306,634
7	TOTAL MEMBERS CONTRIBUTIONS		\$498,282
8	FUNDING ADJUSTMENT (Derived from latest actuarial valuation)		\$255,993
9	MINIMUM MUNICIPAL OBLIGATION (+ Item 6 - Item 7 - Item 8)		\$552,359
10	MINIMUM MUNICIPAL OBLIGATION BASED UPON MARKET VALUE OF ASSETS		\$1,887,540

I elect line _____ (9 or 10) as my 2018 MMO in the amount of \$ _____

Signature of Chief Administrative Officer

Date Certified to Governing Body

**FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL
OBLIGATION BUDGET FOR 2018**

NAME OF MUNICIPALITY:
COUNTY:

ABINGTON TOWNSHIP
MONTGOMERY

POLICE
PENSION PLAN

1	TOTAL ANNUAL PAYROLL Estimated Payroll	\$9,174,704
2	NORMAL COST AS A PERCENTAGE OF PAYROLL (Derived from latest actuarial valuation)	13.270%
	1/1/17	
3	TOTAL NORMAL COST (Item 1 x Item 2)	\$1,217,483
4	AMORTIZATION REQUIREMENT (Derived from latest actuarial valuation)	\$1,015,615
5	TOTAL ADMINISTRATIVE EXPENSES (Based on Estimate)	\$44,000
6	FINANCIAL REQUIREMENT (+ Item 3 + Item 4 + Item 5)	\$2,277,098
7	TOTAL MEMBERS CONTRIBUTIONS	\$458,736
8	FUNDING ADJUSTMENT (Derived from latest actuarial valuation)	\$0
9	MINIMUM MUNICIPAL OBLIGATION (+ Item 6 - Item 7 - Item 8)	\$1,818,362
10	MINIMUM MUNICIPAL OBLIGATION BASED UPON MARKET VALUE OF ASSETS	\$3,304,316

I elect line _____ (9 or 10) as my 2018 MMO in the amount of \$ _____

Signature of Chief Administrative Officer

Date Certified to Governing Body

**FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL
OBLIGATION BUDGET FOR 2018**

NAME OF MUNICIPALITY: ABINGTON TOWNSHIP
COUNTY: MONTGOMERY

NON-UNIFORMED
DEF. CONT.

1. TOTAL ANNUAL PAYROLL (Estimated payroll)	553,736
2. RATE OF CONTRIBUTION AS A % OF PAYROLL (Derived from latest actuarial valuation) 1/1/17	5.00%
3. TOTAL CONTRIBUTION COST (Item 1 times Item 2)	27,687
4. TOTAL ADMINISTRATIVE EXPENSES	0
5. TOTAL FINANCIAL REQUIREMENT (+Item 3 +Item 4)	27,687
6. MINIMUM MUNICIPAL OBLIGATION	27,687

Signature of Chief Administrative Officer

Date Certified to Governing Body