



# CITY OF PITTSBURGH

## *Department of Finance*

*Luke Ravenstahl, Mayor*

*Scott Kunka, Director*

### MEMORANDUM

#### HAND DELIVERED

TO: President and Members of City Council

FROM: Scott Kunka, <sup>SK</sup>Director of Finance

DATE: September 27, 2013

SUBJECT: 2014 MINIMUM MUNICIPAL OBLIGATION (MMO)

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Attached please find the 2014 Minimum Municipal Obligations (MMO) for pension funding. These reports are calculated using the actuarial results from the January 1, 2011 valuations.

The total legal MMO for the three pension plans is \$31,438,297. In addition to the MMO, employee contributions for 2014 are expected to total \$10,597,180. The budget also includes the stream of payments from the parking tax in the amount of \$13,376,000 and an additional pension contribution of \$5 million.

In addition to pension funding, the budget also includes \$2.5 million in Other Post Employment Benefit funding.

Please contact me if you have any questions.

Attachments

**CITY OF PITTSBURGH FIREMEN'S RELIEF AND PENSION FUND  
FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL OBLIGATION  
FOR 2014 MUNICIPAL BUDGET**

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<b>A. <u>Normal Cost</u></b>	
1. Normal Cost as a Percent of Payroll	11.849%
2. Estimated 2013 Payroll for Active Employees	\$ 57,230,438
3. Normal Cost	<u>\$ 6,781,235</u>
<b>B. <u>Financial Requirement</u></b>	
1. Normal Cost (A3)	\$ 6,781,235
2. Anticipated Insurance Premiums	0
3. Anticipated Administrative Expense	915,687
4. Amortization Payment, if any	<u>7,971,360</u>
5. Financial Requirement (B1+B2+B3+B4)	\$ 15,668,282
<b>C. <u>Minimum Municipal Obligation</u></b>	
1. Financial Requirement	\$ 15,668,282
2. Anticipated Employee Contributions	3,894,306
3. Funding Adjustment, if any	<u>0</u>
4. Minimum Municipal Obligation (C1-C2-C3)	\$ 11,773,976

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**NOTES:**

1. 2014 General Municipal Pension System State Aid may be used to fund part or all of the municipal obligation and must be deposited within 30 days of receipt. Any remaining balance must be paid from municipal funds.
  2. Deposit into the Plan's assets must be made by December 31, 2014 to avoid an interest penalty.
  3. Any delinquent Minimum Municipal Obligations from prior years must be included in the 2014 budget along with an interest penalty.
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**I hereby certify that the above calculations, to the best of my knowledge, are true, accurate and conform with the provisions of Chapter 3 of Act 205 of 1984.**

Certified By:

Scott Kunkin  
Chief Administrative Officer

9/27/13  
Date

**CITY OF PITTSBURGH POLICEMEN'S RELIEF AND PENSION FUND  
FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL OBLIGATION  
FOR 2014 MUNICIPAL BUDGET**

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<b>A. <u>Normal Cost</u></b>	
1. Normal Cost as a Percent of Payroll	10.650%
2. Estimated 2013 Payroll for Active Employees	\$ 62,214,938
3. Normal Cost	<u>\$ 6,625,891</u>
<b>B. <u>Financial Requirement</u></b>	
1. Normal Cost (A3)	\$ 6,625,891
2. Anticipated Insurance Premiums	0
3. Anticipated Administrative Expense	746,579
4. Amortization Payment, if any	<u>7,667,320</u>
5. Financial Requirement (B1+B2+B3+B4)	\$ 15,039,790
<b>C. <u>Minimum Municipal Obligation</u></b>	
1. Financial Requirement	\$ 15,039,790
2. Anticipated Employee Contributions	3,565,898
3. Funding Adjustment, if any	0
4. Minimum Municipal Obligation (C1-C2-C3)	<u>\$ 11,473,892</u>

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Certified By:

Scott Kunka  
Chief Administrative Officer

9/27/13  
Date

**CITY OF PITTSBURGH MUNICIPAL PENSION FUND  
FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL OBLIGATION  
FOR 2014 MUNICIPAL BUDGET**

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<b>A. <u>Normal Cost</u></b>	
1. Normal Cost as a Percent of Payroll	5.943%
2. Estimated 2013 Payroll for Active Employees	\$ 77,373,219
3. Normal Cost	<u>\$ 4,598,290</u>
<b>B. <u>Financial Requirement</u></b>	
1. Normal Cost (A3)	\$ 4,598,290
2. Anticipated Insurance Premiums	0
3. Anticipated Administrative Expense	851,105
4. Amortization Payment, if any	<u>5,878,010</u>
5. Financial Requirement (B1+B2+B3+B4)	\$ 11,327,405
<b>C. <u>Minimum Municipal Obligation</u></b>	
1. Financial Requirement	\$ 11,327,405
2. Anticipated Employee Contributions	3,136,976
3. Funding Adjustment, if any	<u>0</u>
4. Minimum Municipal Obligation (C1-C2-C3)	\$ 8,190,429

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