

Impact of Delayed Statements & Reports on Critical Municipal Pension Plan Commonwealth Filing Deadlines

March 11, 2021

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As the Pennsylvania Municipal Retirement System (PMRS) continues its commitment to more consistent communication, we would like to let you know that we have reached out to the Department of the Auditor General and the Department of Community and Economic Development (DCED) to explain that we continue to be unable to provide timely financial statements and year-end reports to PMRS' municipal pension plans. Each of these agencies has worked with us to review and concurs with the information outlined below.

We thank them for their patience, flexibility, and guidance, and we extend our continued apologies to you for the delays.

March 31 | AG-385

Certification for General Municipal Pension System State Aid Program

As you know, if your pension plan receives state aid, you are required to file an AG-385 form by March 31, 2021. Along with other information, filings are required to note *employee contributions* paid to the pension system in calendar year 2020. This information is available on the quarterly reports you filed with PMRS last year.

AG-385 filings are also required to note *accumulated employee contributions* as of Dec. 31, 2020. We have confirmed with the Department of the Auditor General that there is no specific guidance regarding whether to include interest when reporting accumulated contributions. Some municipalities include interest, while others do not. It is helpful, *but not required*, for a municipality to be consistent from year to year with including or excluding interest. Thus, it is acceptable for municipalities to take the sums from the same column in last year's report and add the 2020 contributions (available on the quarterly reports) for each member.

It is important to note that the contributions reported on the AG-385 roster are *not* factored into the calculation of a municipality's state aid allocation.

As a reminder, the auditor general's definition of "full-time employee" for the AG-385 filing is an active employee who has worked at least 35 hours per week for any six consecutive months during the calendar year. When preparing rosters and pulling data from PMRS' quarterly reports, please be aware that the required auditor general's definition may be different than your organization's internal definition that you provide to PMRS.

March 31 | Act 293 Report

County Valuation Data Pursuant to the Municipal Pension System Regulating Act

If you are a *county* that participates in PMRS' pension system, you are required to submit plan valuation data to the Department of the Auditor General by March 31 of every other year, in odd years. Actuaries complete these reports on behalf of each county and, as you know, there has been a delay in PMRS' ability to provide the data they need to do so.

Managers of the Municipal Pension Reporting Program, Office of Budget and Financial Management, have confirmed that they will accept reports from PMRS-participating plans after the deadline, as soon as they become available.

As you know, there is no state aid tied to these reports. Additionally, the Department of Auditor General will not impose a penalty for late submissions from PMRS-participating county plans.

April 1 | DCED-CLGS-30

Municipal Annual Audit and Financial Report

As you know, your municipal audit and financial report must be filed with DCED by April 1, 2021.

It has been a past practice that PMRS-participating plans typically include an "E-Filer Note" (at the bottom of the "Annual Financial Report" screen) with their submissions to explain that the PMRS documents that our municipalities rely on are one year behind the reporting year of the audit.

This year, however, DCED advises PMRS-participating pension plans that have not received 2019 financial statements/reports *to omit all pension data* in the "Trust and Agency Fund" on the 2020 audit.

Please add the following "E-Filer Note": **"Pension data has been omitted from the Trust and Agency Fund, due to lack of timely pension data from PMRS."**

Then, once we provide your 2019 pension data, please contact DCED to amend your 2020 audit.

Please note that DCED requests that you do *not* resubmit 2018 data.