

RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR**MEMORANDUM**

DATE: October 25, 2018

TO: Local Governmental Employees' Retirement System Board of Trustees

FROM: Shannon Wharry, Employer Compliance Manager *SW*

SUBJECT: New Local Units Applying for Participation in the Local Governmental Employees' Retirement System and their Election to Pick-Up Employee Contributions

Pursuant to N.C.G.S. § 128-23(c), this memorandum details the requests from two (2) new units that desire to join the Local Governmental Employees' Retirement System. The following units have elected participation for general employees in the Local Governmental Employees' Retirement System with an effective date of January 1, 2019. This action requires a vote from the Board of Trustees.

Unit	Net Employer Contribution Rate upon Entrance	Number of Eligible Employees	Pick-Up Date
Mocksville-Cooleemee ABC Board	7.75%	2	N/A
Roxboro Housing Authority	7.75%	9	January 1, 2019

The following units that employ law enforcement officers will be added to the Local Governmental Employees' Retirement System pursuant to N.C.G.S. § 128-23(g). This action does not require a vote from the Board of Trustees.

Unit	Net Employer Contribution Rate upon Entrance	Number of Eligible Employees	Pick-Up Date
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None at this time.

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DATE: October 25, 2018

TO: Local Governmental Employees' Retirement System Board of Trustees

FROM: Shannon Wharry, Employer Compliance Manager *SW*

SUBJECT: New Local Unit Applying for Participation in the Local Governmental Employees' Retirement System

The following employer has requested participation in the Local Governmental Employees' Retirement System effective January 1, 2019:

- Mocksville-Cooleemee ABC Board

Retirement Systems Division staff recommends the approval of Mocksville-Cooleemee ABC Board for participation in the Local Governmental Employees' Retirement System.

Mocksville-Cooleemee ABC Board

Mocksville-Cooleemee ABC Board has 2 eligible general employees. The employer contribution rate will be 7.75%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year that ended June 30, 2018, indicates an unmodified financial opinion for Cooleemee ABC Board (the "Board").

Effective July 1, 2018, Cooleemee ABC Board merged to form a joint ABC Board with Mocksville incorporating the assets of the Cooleemee ABC Board and dissolving the Cooleemee ABC Board. The name of the joint ABC Board is the Mocksville-Cooleemee ABC Board.

The Board's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$177,808 (net position) at fiscal year end June 30, 2018. The net position was \$177,812 at fiscal year end June 30, 2017, which is a 0.00% decrease between 2018 and 2017.

The Board's end of year Cash/Investments on hand were \$46,986.

Notes to the Financial Statements disclose that the entity had statutory violations or budgetary issues. The notes indicate that the Board failed to make quarterly distributions required by G.S.

18B-805(g) and the Board had a small overage of budgeted appropriations. The Board addressed findings and implemented corrected action plans.

The unit's independent audit report indicates no significant internal control findings.

Staff Recommendation:

Based on the submitted financial data, Mocksville-Cooleemee ABC Board is financially fit to participate in and fulfill the obligations under Chapter 128 for participation in the Local Governmental Employees' Retirement System.

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FROM: Shannon Wharry, Employer Compliance Manager *SW*

SUBJECT: New Local Unit Applying for Participation in the Local Governmental Employees' Retirement System

The following employer has requested participation in the Local Governmental Employees' Retirement System effective January 1, 2019:

- Roxboro Housing Authority

Retirement Systems Division staff recommends the approval of Roxboro Housing Authority for participation in the Local Governmental Employees' Retirement System.

Roxboro Housing Authority

The Roxboro Housing Authority has 9 eligible general employees. The employer contribution rate will be 7.75%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year that ended December 31, 2017, indicates an unmodified financial opinion for the Roxboro Housing Authority (the "Authority").

The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$4,343,635 (net position) at fiscal year end December 31, 2017, which decreased by \$200,481 from fiscal year end December 31, 2016. This decrease is largely attributed to the Authority's net investment in capital assets (e.g., land, buildings, furniture, and equipment) less accumulated depreciation.

The Authority's end of year Cash/Investments on hand were \$345,326.

Notes to the Financial Statements disclose that the entity had budgetary issues. The notes indicate that the Authority's Low Rent Public Housing program had over expenditures.

The unit's independent audit report indicates no significant internal control findings or statutory violations.

Staff Recommendation:

Based on the submitted financial data, the Roxboro Housing Authority is financially fit to participate in and fulfill the obligations under Chapter 128 for participation in the Local Governmental Employees' Retirement System.