



**MEMORANDUM**

TO: Local Governmental Employees' Retirement System Board of Trustees

FROM: Patrick Kinlaw, Director of Policy, Planning, and Compliance

DATE: April 23, 2020

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

Pursuant to N.C.G.S. § 128-23(c), this memorandum details the requests from three (3) 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 July 1, 2020. This action requires a vote from the Board of Trustees.

Unit	Net Employer Contribution Rate upon Entrance	Number of Eligible Employees	Pick-Up Date
Pembroke ABC Board	10.15%	4	July 1, 2020
Town of Swepsonville	10.15%	3*	July 1, 2020
Washington Housing Authority	10.15%	22	July 1, 2020

\* Currently two eligible employees, expecting to add a third.

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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The following employers have requested participation in the Local Governmental Employees' Retirement System effective July 1, 2020:

- Pembroke ABC Board
- Town of Swepsonville
- Washington Housing Authority

Retirement Systems Division staff recommends the approval of the Pembroke ABC Board, the Town of Swepsonville, and the Washington Housing Authority for participation in the Local Governmental Employees' Retirement System.

### **Pembroke ABC Board**

The Pembroke ABC Board has 4 eligible general employees. The employer contribution rate will be 10.15%.

#### Financial Note:

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

The Board's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$342,005 (net position) at fiscal year end June 30, 2018. The Board's net position increased by \$11,028, up from \$330,977 at June 30, 2017, primarily resulting from an increase in gross sales. The Board ended the 2018 fiscal year with cash and investments totaling \$285,691. Unaudited figures for the 2019 fiscal year indicate an increase in net income of over \$48,000.

#### Staff Recommendation:

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

## **Town of Swepsonville**

The Town of Swepsonville has 2 eligible general employees and expects to add a third eligible position. The employer contribution rate will be 10.15%.

### Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year ended June 30, 2019 indicates an unmodified financial opinion for the Town of Swepsonville (the Town).

The Town, based on its June 30, 2019 audited financial statements, has more than sufficient resources, in both the General Fund and Water and Sewer Utility Fund, to absorb the cost of joining the LGERS system without negatively impacting its financial condition.

### Staff Recommendation:

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

## **Washington Housing Authority**

The Washington Housing Authority has 22 eligible general employees. The employer contribution rate will be 10.15%.

### Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year ended September 30, 2018 indicates an unmodified financial opinion for the Washington Housing Authority (the Authority).

The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$8,759,107 (net position) at fiscal year-end September 30, 2018. The Board's net position increased by \$390,447, up from \$8,368,660 at September 30, 2017, primarily as a result of repayment of HUD funds recaptured in a prior year. The Board ended the 2018 fiscal year with cash and investments totaling \$2,176,198.

### Staff Recommendation:

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