



MEMORANDUM

TO: Local Governmental Employees' Retirement System Board of Trustees

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

DATE: April 29, 2021

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) local 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, 2021. This action requires a vote from the Board of Trustees.

Unit	Net Employer Contribution Rate upon Entrance	Number of Eligible Employees	Pick-Up Date
Lincolnton-Lincoln County Airport Authority	11.35%	3	July 1, 2021
Town of Swepsonville	11.35%	3	July 1, 2021
Washington Housing Authority	11.35%	23	July 1, 2021

There are no units to be added to LGERS only with respect to law enforcement officers pursuant to N.C.G.S. § 128-23(g). (Had there been any, this action would not require a vote from the Board of Trustees.)

Retirement Systems Division (RSD) staff recommends the approval of the Lincolnton-Lincoln County Airport Authority, the Town of Swepsonville, and the Washington Housing Authority.

Lincolnton-Lincoln County Airport Authority

The Lincolnton-Lincoln County Airport Authority has 3 eligible general employees. The employer contribution rate would be 11.35%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year ended June 30, 2020 indicates an unmodified financial opinion for Lincolnton-Lincoln County Regional Airport Authority. The

assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$9,782,597 (net position) at fiscal year end June 30, 2020. The net position decreased by \$32,047, down from a decrease of \$421,252 at June 30, 2019, primarily resulting from an increase in capital contributions. The entity ended the 2020 fiscal year with unrestricted cash and investments totaling \$820,820.

Staff Recommendation:

Based on the submitted financial data, the Lincoln-Lincoln County Airport Authority 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 3 eligible general employees. The employer contribution rate would be 10.15%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year ended June 30, 2020 indicates an unmodified financial opinion for Town of Swepsonville. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources for Governmental Activities by \$4,231,338 (net position) at fiscal year end June 30, 2020. The net position for Governmental Activities increased by \$239,245, up from \$3,992,093 at June 30, 2019, primarily resulting from increases in general revenues and investment earnings and a decrease in public safety expenses. The entity ended the 2020 fiscal year with unrestricted cash and investments in Governmental Activities totaling \$3,699,886.

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 23 eligible general employees. The employer contribution rate would be 11.35%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year ended September 30, 2019 indicates an unmodified financial opinion for Washington Housing Authority. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$9,608,554 (net position) at fiscal year ended September 30, 2019. The net position increased by \$365,572, up from \$9,242,982 at September 30, 2018, primarily resulting from an increase in HUD operating grants offset by a decrease in non-operating revenue. The entity ended the 2019 fiscal year with unrestricted cash and investments totaling \$2,387,158.

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.