



MEMORANDUM

TO: Local Governmental Employees' Retirement System Board of Trustees

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

DATE: April 28, 2022

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, 2022. This action requires a vote from the Board of Trustees.

| Unit | Net Employer Contribution Rate upon Entrance | Number of Eligible Employees | Pick-Up Date |
|-----------------------------------------------------------|----------------------------------------------|------------------------------|--------------|
| Foothills Regional Airport | 12.10% | 3 | July 1, 2022 |
| Monroe-Union County Economic Development Commission (EDC) | 12.10% | 5 | July 1, 2022 |
| Town of Stokesdale | 12.10% | 2 | July 1, 2022 |

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 Town of Stokesdale, Monroe-Union County EDC, and Foothills Regional Airport.

Foothills Airport Authority

The Foothills Airport Authority has 3 eligible general employees. The employer contribution rate would be 12.10%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year ended June 30, 2021 indicates an unmodified financial opinion for Foothills Regional Airport Authority. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$3,801,405 (net position) at fiscal year end June 30, 2021. The net position decreased by \$208,597, down from a decrease of \$282,368 at June 30, 2020, primarily resulting from an increase in capital contributions. The entity ended the 2021 fiscal year with unrestricted cash and investments totaling \$706,063.

Staff Recommendation:

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

Monroe-Union County EDC

The Monroe-Union County EDC has 5 eligible general employees. The employer contribution rate would be 12.10%.

Financial Note:

The Monroe-Union County Economic Development Commission ("the Commission") has functioned as a line department of the government of the City of Monroe. The Commission has not yet functioned as an entity independent of the City of Monroe but intends to do so as of July 1, 2022. Union County and the City of Monroe have entered into an Interlocal Organization and Operating Agreement, whereby both the County and the City will provide funding to support the Commission's activities for at least the next five years. For the fiscal year beginning July 1, 2022, contributions under this agreement will total \$990,000 (i.e., \$495,000 each from the City and the County). The City's 2021 expenditures for economic development activities were \$668,234. With its application for participation in LGERS, the Commission submitted the financial report for the City of Monroe for the fiscal year ending June 30, 2021, which included an unmodified financial opinion for the City of Monroe.

Staff Recommendation:

Based on the submitted financial data, the Monroe-Union County EDC is financially fit to participate in and fulfill the obligations under Chapter 128 for participation in the Local Governmental Employees' Retirement System.

Town of Stokesdale

The Town of Stokesdale has 2 eligible general employees. The employer contribution rate would be 12.10%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year ended June 30, 2021 indicates an unmodified financial opinion for Town of Stokesdale. For the fiscal year ended June 30, 2021, as compared to the prior year-end, the fund balance available for General Fund for the Town of Stokesdale increased in both absolute amount (\$3,017,357 up from \$2,914,802) and as a percentage of expenditures (811.08% up from 575.88%). With regard to the Water Fund, the Net Position increased by \$7,704 compared to a decline of \$67,940 in the prior year, and cash flow from operating activities was \$120,551 in 2021 and \$20,273 in 2020.

Staff Recommendation:

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