

RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

MEMORANDUM

DATE: January 25, 2018

TO: Local Governmental Employees' Retirement System Board of Trustees

FROM: Shannon Wharry, Employer Compliance Manager *SW*

SUBJECT: New Local Unit(s) 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 April 1, 2018. This action requires a vote from the Board of Trustees.

Unit	Net Employer Contribution Rate upon Entrance	Number of Eligible Employees	Pick-Up Date
Town of Micro	7.50%	3	April 1, 2018
Valdese ABC Board	7.50%	5	N/A

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
------	--	------------------------------	--------------

None at this time.

RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

MEMORANDUM

DATE: January 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 April 1, 2018:

- Town of Micro

Retirement Systems Division staff recommends the approval of the Town of Micro for participation in the Local Governmental Employees' Retirement System.

Town of Micro

The Town of Micro has 3 eligible general employees. The employer contribution rate will be 7.50%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year that ended June 30, 2017, indicates an unmodified financial opinion for the Town of Micro (the "Town").

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,126,137 (net position) at fiscal year end June 30, 2017, which is an increase of \$65,737 from fiscal year end June 30, 2016. The increase is attributed to increases in general government charges for services and water and sewer sales to customers.

The Town's end of year Cash/Investments on hand were \$198,491.

Notes to the Financial Statements disclose no finding that the entity had any significant statutory violations or budgetary issues.

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



RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

Staff Recommendation:

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

RETIREMENT SYSTEMS DIVISION**STEVEN C. TOOLE**
EXECUTIVE DIRECTOR**MEMORANDUM**

DATE: January 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 April 1, 2018:

- Valdese ABC Board

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

Valdese ABC Board

The Valdese ABC Board has 5 eligible general employees. The employer contribution rate will be 7.50%.

Financial Note:

The independent auditor's report attached to the audited financial statements for the fiscal year that ended June 30, 2017, indicates an unmodified financial opinion for the Valdese ABC Board (the "Board").

The Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$7,519 (net position) at fiscal year end June 30, 2017. The Board's net position went from (\$50,900) at fiscal year end June 30, 2016, to (\$7,519) at fiscal year end June 30, 2017. The positive change in net position is attributed to an increase in retail sales of 5.6% during the 2016-2017 fiscal year. Income from operations increased \$11,545 from fiscal year end June 30, 2016.

The Board's end of year Cash/Investments on hand were \$5,148.

As of December 31, 2017, the Board has a positive net position of \$10,300.30 with positive income of \$17,818.84. The Board has reduced their long-term debt by 20%, paying off a line of credit with Wells Fargo, and the Board is set to begin paying off its loan from the Town of Valdese a year earlier than the loan agreement required.

RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

Notes to the Financial Statements disclose no finding that the entity had any significant statutory violations or budgetary issues. The notes did indicate that the Board exceeded budgeted appropriations in regards to salaries and wages and supplies for the year ended June 30, 2017.

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

Staff Recommendation:

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