

M E M O R A N D U M

Date: August 18, 2015

TO: Town Commission

FROM: Dave Bullock, Town Manager

SUBJECT: Ordinance 2015-27, Amending the FY 2014-2015 General Fund Budget to Appropriate an Additional \$1,268,000 Contribution to the Consolidated Retirement System Trust Account and Adjust Assignment of Fund Balance to Pensions

Based on motion passed at the July 6, 2015 Regular Meeting, the Town Commission desires to appropriate certain excess fund balance reserves that exceed 90 operating day reserves to the Consolidated Retirement System Trust Fund.

The Finance Director estimates the amount of excess reserves to be approximately \$300,000 and recommends that this amount be used for the transfer. In addition, the Town Commission voted to transfer the BP Oil settlement monies into the Pension Fund.

According to the Town's actuary, Doug Lozen (Foster & Foster), moving the entire amount to the Firefighters' trust account will attempt to equalize the net pension liability between the three Plans.

As of the October 1, 2014 valuation date, the net pension liability is as follows:

	FIRE	GENERAL	POLICE	TOTAL
Total Pension Liability	\$ 28,652,782	\$ 14,870,522	\$ 11,167,348	\$ 54,690,652
Fiduciary net position (Market value of assets)	<u>(15,705,207)</u>	<u>(10,203,724)</u>	<u>(6,857,206)</u>	<u>(32,766,137)</u>
Town net pension Liability	12,947,575	4,666,798	4,310,142	21,924,515
Percent Funded	54.81%	68.62%	61.40%	59.91%

Ordinance 2015-27 amends the FY 2014-2015 General Fund Budget to provide for an appropriation in the amount of \$300,000 from "assigned" fund balance and \$968,000 from "unassigned" fund balance to the Fire Department Pension Expense line item 001.2000.522.2201.

Furthermore, the Assignment of Fund Balance to Pension Liabilities is to be reduced by the amount of the transfer, \$300,000, from \$1,610,075 to \$1,310,075 for FY2015.

Ordinance 2015-27 was presented to the Commission at their September 9, 2015 Regular Meeting and was forwarded to the September 28, 2015 Regular Meeting for second reading and public hearing. This action will allow for the transfer of funds prior to the next Actuarial Valuation Date.

Please contact me if you have any questions.

ORDINANCE 2015-27

AN ORDINANCE AMENDING THE GENERAL FUND BUDGET OF THE TOWN OF LONGBOAT KEY, FLORIDA, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2014, AND ENDING SEPTEMBER 30, 2015; APPROPRIATING ASSIGNED FUND BALANCE RESERVES TO THE FIREFIGHTERS' PENSION EXPENSE LINE ITEM; PROVIDING FOR A TRANSFER TO THE CONSOLIDATED RETIREMENT SYSTEM TRUST ACCOUNT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town Commission has \$1,610,075.00 of fund balance assigned to pension liability reserves; and

WHEREAS, the Town's Annual Required Contribution (ARC) to the Consolidated Retirement System for fiscal year end September 30, 2015, is \$2,964,985.00; and

WHEREAS, the Town Commission desires to make an additional contribution, and expend from fund balance reserves, to the Consolidated Retirement System in an amount, that by which exceeds 90 operating days, in accordance with the Town's Fund Balance Policy; and

WHEREAS, the Finance Director prepares an analysis including a projection of fund balance on a quarterly basis; these projections are estimates only and should not be relied on as audited results; and

WHEREAS, the Finance Director estimated, based on the June 30, 2015 analysis, that the amount of excess reserves (over 90 days) to be approximately \$300,000.00 and recommends that this amount be used for the transfer; and

WHEREAS, subsequent modifications have been made to the projection resulting in additional surplus, including the receipt of BP Oil fund settlement in the amount of \$967,931.82; and

WHEREAS, the Finance Director approximates the new projected ending fund balance for fiscal year ending September 30, 2016, to be \$3,942,746.00, after said transfer of \$1,268,000, leaving approximately 93 operating days; and

WHEREAS, an additional appropriation to pension expense is required to provide for the transfer; and

WHEREAS, the assignment of fund balance will be reduced by \$300,000.00 from \$1,610,075.00 to \$1,310,075.00; and

WHEREAS, Article V, Section 9 of the Town Charter provides for such a supplemental appropriation;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN OF LONGBOAT KEY, FLORIDA, THAT:

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified and confirmed.

SECTION 2. The General Fund budget of the Town of Longboat Key for the fiscal year beginning October 1, 2014, and ending September 30, 2015, as adopted pursuant to Ordinance 2014-28, is hereby amended to transfer Three Hundred Thousand Dollars and 00/100 (\$300,000.00) from "Assigned" fund balance and Nine Hundred Sixty-Eight Thousand Dollars and 00/100 (\$968,000.00) from "Unassigned" Fund to the following account(s):

Transfers to:

001.2000.522.2201 Fire Pension Expense \$1 268,000.00

SECTION 3. If any section, subsection, sentence, clause, or provision of this Ordinance is held invalid, the remainder of the Ordinance shall not be affected.

SECTION 4. All ordinances or parts of ordinances in conflict herewith shall be and the same are hereby repealed.

SECTION 5. This Ordinance shall take effect upon second reading and public hearing in accordance with Law and the Charter of the Town of Longboat Key.

Passed on the first reading and public hearing the ____ day of _____, 2015.

Adopted on the second reading and public hearing the ____ day of _____, 2015.

Jack G. Duncan, Mayor

ATTEST:

Trish Granger, Town Clerk



End of Agenda Item