



Legislation Text

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Ordinance Amending FY 16-17 General Fund Budget to Appropriate \$6,365,580 Accumulated in Previous Years to Pay Special Separation Allowance Benefits to Eligible City of Greensboro Sworn Law Enforcement Officers and Transfer Amount to a New Law Enforcement Special Separation Allowance (“LEOSSA”) Trust Fund Established for this Purpose

Department: Financial and Administrative Services
Council District: All

Public Hearing: N/A
Advertising Date: N/A

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PURPOSE:

Effective January 1, 1987, the City is statutorily required to provide an annual separation allowance to eligible sworn law enforcement officers based on a defined formula and officers’ number of years of creditable service (N.C.G.S. 143-166.42). Amounts to pay these benefits have been accumulated and reported in the General Fund and a budget ordinance is needed to allow the funds to be transferred to a separate LEOSSA Trust Fund, newly established for this purpose.

BACKGROUND:

Each year since 1987, appropriations have been included in the Police Department’s annual budget to pay the estimated special separation allowance due in that year for eligible law enforcement retirees. Approximately \$2.5M was paid according to statutory formulas in FY 2016, to the 136 retired law enforcement officers currently receiving this allowance. Nearly 700 additional actively employed sworn officers could be eligible to receive this benefit in the future.

Over the years, any amounts appropriated in excess of what is needed to pay actual benefits when due plus interest earnings, have been accumulated and designated for this purpose in fund balance.

Approximately \$6.4 million has been accumulated to pay the City’s statutorily required special separation allowance owed to eligible sworn law enforcement officers when they retire, currently representing approximately 19% of the City’s estimated future obligation. This accumulated amount is included in General Fund cash and recorded as “Committed Fund Balance” until such time as a Trust can be established and amounts held are transferred and reported in a new, separate fund. The assets of the irrevocable Trust are to be held for the exclusive purpose of providing special separation allowance benefits to eligible law enforcement officers and/or their beneficiaries and to pay reasonable administrative and actuarial expenses of the Trust. Assets accumulated and held in Trust are not subject to the claims of the City’s creditors. City Council is also

requested at its April 4, 2017 meeting to consider authorizing establishment of such LEOSSA Trust for this purpose.

BUDGET IMPACT:

A budget ordinance is required to appropriate \$6,365,580 from fund balance in the General Fund to allow transfer of the balance accumulated for special separation benefits to a new LEOSSA Trust Fund where it can be accounted for separately, in accordance with new accounting standards. Any contributions made to the LEOSSA Trust Fund in future years would be included in that year's appropriations.

RECOMMENDATION / ACTION REQUESTED:

The Financial and Administrative Services and Legal Departments recommend City Council approval of the attached ordinance amending the FY 16 -17 General Fund budget to allow transfer of the balance accumulated for special separation benefits to a new Law Enforcement Special Separation Allowance Trust Fund to account for this benefit, therein.