

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE ACTUARIAL NOTE**

**BILL NUMBER:** Senate Bill 1183

**SHORT TITLE:** Fayetteville Public Works Retirement

**SPONSOR(S):** Senator Rand

**SYSTEM AFFECTED:** Local Governmental Employees' Retirement System.

**FUNDS AFFECTED:** Funds of City of Fayetteville Public Works Commission

**BILL SUMMARY:** Allows the Public Works Commission of the City of Fayetteville to be a separate participating unit in the Local Governmental Employees' Retirement System rather than being included with the other employees of the City.

**EFFECTIVE DATE:** When it becomes law.

**ESTIMATED IMPACT ON LOCAL GOVERNMENTS:** The City of Fayetteville Public Works Commission will be required to pay the normal retirement cost of 4.80% of payroll plus an accrued liability contribution rate based on the liability that exists when participation begins. This accrued liability will be liquidated over a 24 years period.

**ASSUMPTIONS AND METHODOLOGY:**

**Local Governmental Employees' Retirement System**

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 1996 actuarial valuation of the fund. The data included 104,454 active members with an annual payroll of \$2.594 billion and 24,028 retired members in receipt of annual pensions totaling \$227.7 million. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (b) salary increase rate of 6.25%, (c) the 1979 George B. Buck Mortality Tables for deaths in service and after retirement and (d) rates of separation from active service based on System experience. The actuarial cost method used was the projected benefit method with aggregate level normal cost and frozen accrued liability. Detailed information concerning these assumptions and methods is shown in the actuary's report which is available upon request from Stanley Moore.

**SOURCES OF DATA:** System Actuary - Buck Consultant, Inc.  
General Assembly Actuary - Hartman & Associates, LLC

**FISCAL RESEARCH DIVISION** The above information is provided in accordance with North Carolina General Statute 120-114 and applicable Rules of the North Carolina Senate and House of Representatives

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**DATE:** May 28 1998



**Signed Copy Located in the NCGA Principal Clerk's Offices**