



RESOLUTION

ESTABLISHING AN EXPENDABLE TRUST FUND FOR STATE EMPLOYER PENSION COSTS AND APPROPRIATING \$2,730,000 FROM FUND BALANCE ASSIGNED FOR THIS PURPOSE INTO THE EXPENDABLE TRUST FUND

CITY OF NASHUA

In the Year Two Thousand and Fifteen

RESOLVED by the Board of Aldermen of the City of Nashua that pursuant to NH RSA 31:19-a, the City of Nashua hereby establishes an expendable trust fund for the purpose of funding state employer pension costs. This is established to fund pension costs in excess of yearly budgeted pension costs appropriations. The balance in the fund may continue to increase to a level which is deemed appropriate by the CFO/Comptroller. Funds may be expended or transferred from this fund by Financial Services. Any balance remaining in this expendable trust fund at each fiscal year end will not lapse or be closed out to the General Fund, but will remain in this expendable trust fund.

FURTHERMORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that \$2,730,000 is appropriated from fund balance assigned for this purpose into this expendable trust fund.

As this is a resolution which supplements the FY2015 Adopted Budget, the following information is provided pursuant to NRO § 5-145, E:

Currently, the accumulated sum of all appropriations of the FY2015 combined annual municipal budget is \$256,746,948. The FY2015 dollar amount under the limit established by City Charter Section 56-c is \$760,945.

If Resolution R-15-104 passes, the accumulated sum of all appropriations of the FY2015 combined annual municipal budget will be \$256,986,948. The FY2015 dollar amount under the limit established by City Charter Section 56-c will be \$520,945.

If this resolution passes, the accumulated sum of all appropriations of the FY2015 combined annual municipal budget will be \$259,716,948. The FY2015 dollar amount over the limit established by City Charter Section 56-c would be \$2,209,055.

THEREFORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that under the authority of the City of Nashua Charter Section 56-d, the amount of \$2,730,000 representing certain principal and interest on municipal bonds included in the FY2015 Adopted Budget is exempt from the budget limitation imposed by City Charter Section 56-c, resulting in the FY2015 dollar amount under the limit to \$520,945.

LEGISLATIVE YEAR 2015

RESOLUTION:

R-15-110

PURPOSE:

Establishing an expendable trust fund for state employer pension costs and appropriating \$2,730,000 from fund balance assigned for this purpose into the expendable trust fund

SPONSOR(S):

Mayor Donnalee Lozeau

**COMMITTEE
ASSIGNMENT:**

FISCAL NOTE:

Establishes a restricted fund to account for appropriations designated for a specific purpose. In FY2010, the employer contributions paid to NHRS were \$10,700,000. These payments are expected to rise to \$21,200,000 in FY2016. During the past three fiscal years and in anticipation of the increases in the NHRS employer rates, \$2,730,000 has been included in fund balance assigned for this purpose. To assist in managing the impact of such increases going forward, it is recommended that a State Employer Pension Costs Expendable Trust Fund be established during FY2015.

With this appropriation, the FY2015 combined annual municipal budget exceeds the limitation on budget increases under Charter Sec. 56-c. This resolution includes the exemption of \$2,730,000 of municipal bond principal and interest included in the FY2015 Adopted Budget.

This appropriation reduces the assigned fund balance and does not impact the unassigned fund balance which remains at \$27,350,130. This appropriation will not impact the current tax rate. It is anticipated that any future appropriations to this fund will be made through the annual budget and/or escrow process.

ANALYSIS

This resolution establishes an expendable trust fund for appropriations to be used as described in the resolution. RSA 31:19-a, I provides for an annual accounting and report of the activities of the trust. The legislation also appropriates \$2,730,000 into the expendable trust fund from fund balance assigned for this purpose. There is no impact on unassigned fund balance. The intent of the legislation is to provide a mechanism to more effectively budget and pay for the state employer pension costs owed to the New Hampshire Retirement System (NHRS). The NHRS changes its employer rates every two years which creates a challenge for municipalities who budget such pension expenses on an annual basis. This legislation will provide a funding mechanism to smooth a portion of the impact of the biennial increases in the NHRS employer rates.

Under the authority of the City of Nashua Charter Section 56-d, this resolution would exempt the amount of \$2,730,000 representing principal and interest on municipal bonds from the budget limitation imposed by City Charter Section 56-c.

Charter Sec. 53 permits specific non-budget, supplementary appropriations. No public hearing is required under Charter Sec. 56-a. A two-thirds vote is required under Charter Sec. 56-b for an item or amount not in the mayor's budget. A roll call is required under Charter Sec. 49. The supplementary appropriation is part of the combined annual budget for spending cap purposes.

In order to exempt principal and interest payments of municipal bonds from the budget limitation found in Nashua City Charter § 56-c, an affirmative vote of at least 10 aldermen is required. Nashua City Charter § 56-d.

**Approved as to account
structure, numbers,
and amount:**

Financial Services Division

By: David C. Fiedler

Approved as to form:

Office of Corporation Counsel

By: Mowley Clarke

Date: February 4, 2015



RESOLUTION

ESTABLISHING AN EXPENDABLE TRUST FUND FOR STATE EMPLOYER PENSION COSTS AND APPROPRIATING \$2,730,000 FROM FUND BALANCE ASSIGNED FOR THIS PURPOSE INTO THE EXPENDABLE TRUST FUND

CITY OF NASHUA

In the Year Two Thousand and Fifteen

RESOLVED by the Board of Aldermen of the City of Nashua that pursuant to NH RSA 31:19-a, the City of Nashua hereby establishes an expendable trust fund for the purpose of funding state employer pension costs. This is established to fund pension costs in excess of yearly budgeted pension costs appropriations. The balance in the fund may continue to increase to a level which is deemed appropriate by the CFO/Comptroller. Funds may be expended or transferred from this fund by Financial Services. Any balance remaining in this expendable trust fund at each fiscal year end will not lapse or be closed out to the General Fund, but will remain in this expendable trust fund.

FURTHERMORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that \$2,730,000 is appropriated from fund balance assigned for this purpose into this expendable trust fund.

As this is a resolution which supplements the FY2015 Adopted Budget, the following information is provided pursuant to NRO § 5-145, E:

Currently, the accumulated sum of all appropriations of the FY2015 combined annual municipal budget is \$255,986,003. The FY2015 dollar amount under the limit established by City Charter Section 56-c is \$760,945.

If Resolution R-15-104 passes, the accumulated sum of all appropriations of the FY2015 combined annual municipal budget will be \$256,226,003. The FY2015 dollar amount under the limit established by City Charter Section 56-c will be \$520,945.

If this resolution passes, the accumulated sum of all appropriations of the FY2015 combined annual municipal budget will be \$258,956,003. The FY2015 dollar amount over the limit established by City Charter Section 56-c would be \$2,209,055.

THEREFORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that under the authority of the City of Nashua Charter Section 56-d, the amount of \$2,730,000 representing certain principal and interest on municipal bonds included in the FY2015 Adopted Budget is exempt from the budget limitation imposed by City Charter Section 56-c, resulting in the FY2015 dollar amount under the limit to \$520,945.