

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

615.741.2956
David.Lillard@tn.gov

Sender's telephone: 615.741.0228
Sender's email: Justin.Ruffin@tn.gov

November 20, 2019

Lori Williams
Chief Financial Officer
P.O. Box 9
Murfreesboro, TN 37133

Re: Murfreesboro Electric Department Pension Plan

Dear Lori Williams:

A review as of the fiscal year ended June 30, 2018 has been performed of the Murfreesboro Electric Department's compliance with the Public Employee Defined Benefit Financial Security Act of 2014 (the "Act"), which is codified in Tennessee Code Annotated, Title 9 Chapter 3, Part 5. We evaluated the Murfreesboro Electric Department's pension funding policy for compliance with minimum requirements established in Tenn. Code Ann. §9-3-504(c). We also performed a review of the most recent funding policy, actuarial valuation and financial statements to determine whether the methodologies used to calculate the Murfreesboro Electric Department's Actuarially Determined Contribution (ADC) were in compliance with statutory requirements currently in effect, and whether compliance could be impacted when several additional methodologies become effective at a future date.

Based on our review, the adopted pension funding policy meets the minimum requirements established in Tenn. Code Ann. §9-3-504(c).

Additional methodologies are also contained in the Act for the calculation of a political subdivision's ADC. While the following methodologies and assumptions are not required by law to be included in the pension funding policy, applicable law provides that these methodologies shall be used by a political subdivision's actuary in calculating the ADC in accordance with accepted Actuarial Standards of Practice. Accordingly, it would be a best practice for the Murfreesboro Electric Department to incorporate sufficient detail in the policy in order to provide clear direction and expectations for the actuary to follow and for interested parties to understand.

- The level dollar amortization method for unfunded accrued liabilities to be used no later than plan fiscal year beginning after June 15, 2020 as established in Tenn. Code Ann. §9-3-504(e)(3). The amortization method for unfunded accrued liabilities is not addressed in the policy.

Please use this reminder to make any necessary revisions and update your funding policy accordingly. Amended funding policies must be submitted to the Tennessee Comptroller of the Treasury within thirty (30) days after adoption. If you have any questions, please feel free to contact me at 615.741.0228 or Justin.Ruffin@tn.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Ruffin', is positioned above the typed name and title.

Justin Ruffin
Senior Accounting Business Analyst
Financial Strategies and Analysis
Tennessee Department of Treasury

CC:

Jerry Durham, CPA, CGFM, CFE
Assistant Director
Comptroller of the Treasury
Division of Local Government Audit
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243-3400
615.401.7951

Sandi Thompson
Director
Comptroller of the Treasury
Office of State and Local Finance
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243-3400
615.747.5369

Sheila Reed
Assistant Director
Comptroller of the Treasury
Office of State and Local Finance
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243-3400
615.401.7906