

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
SEPTEMBER 27, 2013

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
SEPTEMBER 27, 2013**

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**TCRS BOARD OF TRUSTEES
APPOINTMENTS**



BILL HASLAM
GOVERNOR
STATE OF TENNESSEE

July 17, 2013

Chief Gill Kendrick
Chief
Jackson Police Department
234 Institute Street
Jackson, Tennessee 38301-6828

Dear Gill:

Today, it is my distinct pleasure to confirm your appointment to the Tennessee Consolidated Retirement System Board of Trustees as a Public Safety Representative. In the thorough, aggressive search for candidates, your individual characteristics and professional qualifications were exceptional among the number of nominees who expressed interest. This appointment is effective July 15, 2013 and runs through June 30, 2016.

I consider it very important to ensure that Tennessee's boards and commissions are filled with the most dedicated and qualified citizens. I believe that your participation is certain to leave a positive impact on this board and the work it does.

Thank you for your interest in state government and for your willingness to serve your fellow citizens of Tennessee in this way. Please accept my very best wishes. I look forward to working with you and all Tennesseans to make our great state an even better place to live, work, and raise a family.

Warmest regards,

A handwritten signature in black ink that reads "Bill Haslam".

Bill Haslam

BH:bm

POLITICAL SUBDIVISION REPORT

**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
October 1, 2013**

Political Subdivision	Amount of Service Purchased		Employer Rate	Accrued Liability	Cost of Living	Number of Employees
	Employer	Employee				

Town of Huntingdon

Original Defined Benefit Plan	0	0	Normal 4.35 %	\$0.00	Exclude	49
			Accrued 0.00 %			
			Adm. Cost .19 %			
			<u>TOTAL</u> 4.54 %			

Meetings:

- July, 2013 Explained results of actuarial study and participation procedures to the governing body.
- October, 2013 Upon approval by TCRS Board of Trustees, will explain laws, policies and benefit provisions to employees of the district.
- October, 2013 Upon approval by TCRS Board of Trustees, will explain reporting procedures to payroll officer.



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986**

MEMORADUM

TO: Melissa L. Davis, TCRS Field Services

FROM: Sandra Thompson, Director

DATE: September 3, 2013

SUBJECT: Town of Huntingdon

The fiscal year 2014 annual budget submitted by the Town of Huntingdon appears sufficient to fund the required \$51,950 first year retirement contribution for the fiscal year ending June 30, 2014.

**Town of Huntingdon
Condensed Budget
2014 Budget Year**

General Fund

Revenues	\$	5,046,975
Beginning Fund Balance		<u>1,356,460</u>
Available Funds		6,403,435
Less: Appropriations		<u>5,111,250</u>
Ending Fund Balance	\$	1,292,185

Expenses include a retirement contribution of \$61,300

DCPA Special Projects Fund

Revenues	\$	566,000
Beginning Fund Balance		<u>6,883</u>
Available Funds		572,883
Less: Appropriations		<u>565,850</u>
Ending Fund Balance	\$	7,033

Expenses include a retirement contribution of \$7,000

Utility Fund

Revenues	\$ 2,264,400
Beginning Fund Balance	<u>4,689,853</u>
Available Funds	6,954,253
Less: Appropriations	<u>2,046,700</u>
Ending Fund Balance	\$ 4,907,553

Expenses include a retirement contribution of \$20,600

The financial information received by this Office with the request for the review of the Town's fiscal year 2014 annual budget represents the Town's assertions of its financial condition that may or may not reflect the current or future financial condition of the Town.

If you need additional information, please do not hesitate to contact me.



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

MEMORANDUM

TO: Sandi Thompson, Division of Local Finance
FROM: Melissa L. Davis, TCRS Field Services *Mld*
SUBJECT: Participation in Tennessee Consolidated Retirement System
DATE: August 19, 2013

The Town of Huntingdon will begin participation in the Tennessee Consolidated Retirement System effective 10/1/2013.

The Board of Trustees of the TCRS requires a political subdivision to appropriate the necessary funds in their annual budget for retirement costs. The total first year cost for the entity is \$69,267.00. Seventy-Five Percent (75%) of this figure (or \$51,950.25) is required to be budgeted for the 2013-2014 budgeted year.

Enclosed is the 2013-2014 budget for this entity. Please let me know if this information is sufficient and accurately reflects adequate funding for retirement costs for this entity.

If you have any questions, please call me at (615) 741-1971.

Enclosure

A. SUMMARY OF REPORT

An actuarial valuation was performed as of April 1, 2013, to examine the cost of any benefits provided by the Tennessee Consolidated Retirement System as it would apply to the Town of Huntingdon if the group joined the System on that date.

Costs and benefits were calculated on two bases. First, it was assumed that no prior service would be purchased. Second, it was assumed that the employer would not purchase any prior service, but would accept its share of the liability if an employee elected to establish up to five years of prior service.

Each political subdivision participating in the TCRS can include or exclude cost of living benefits in its retirement plan. If cost of living benefits are included, they must be “advance funded” in the same manner as other retirement benefits. Since the group now has this option, costs have been developed both “with” and “without” cost of living benefits.

The annual funding requirements (employer contributions only) of each approach for the two bases, for the plan year beginning on the valuation date, are shown in the following table:

	WITHOUT C.O.L.		WITH C.O.L.	
	Amount	% of Payroll*	Amount	% of Payroll*
Initial Accrued Liability**	\$ 0	---	\$ 0	---
Employer Contributions				
Normal Cost	\$66,327	4.35%	\$96,517	6.33%
Accrued Liability	0	0.00	0	0.00
Administrative Expense***	2,940	0.19	2,940	0.19
Total	\$69,267	4.54%	\$99,457	6.52%

Town of Huntingdon Retirement Plan Study

	WITHOUT C.O.L.		WITH C.O.L.	
	Basis 2			
	Amount	% of Payroll*	Amount	% of Payroll*
Initial Accrued Liability**	\$527,048	---	\$715,094	---
Employer Contributions				
Normal Cost	\$44,218	2.90%	\$70,292	4.61%
Accrued Liability	49,897	3.27	67,699	4.44
Administrative Expense***	2,940	0.19	2,940	0.19
Total	\$97,055	6.36%	\$140,931	9.24%

Each of the figures in the above table assumes an amortization of the initial accrued liability over a 20-year period. It is important to note that the percentage of payroll requirement, rather than the actual dollar amount, represents expected future level annual funding for the plan; for example, except for variations due to departures of actual from assumed experience, the plan would require a total level contribution by the employer of 9.24% of current and future payroll, whatever that might be, if the initial accrued liability for the “employer accepts five years of prior service” plan with C.O.L. is to be amortized over the next 20 years.

Details of the development of these cost levels are set out in Table 3 of the Appendix. The Appendix also summarizes the group’s payroll and demographic information.

The actuarial valuation underlying this report has been made utilizing employee data furnished by the employer and the actuarial assumptions summarized in Table 5 of the Appendix.

- * Total annual payroll of employees, excluding those currently eligible to retire, was determined to be \$1,524,763.
- ** Amortized over 20 years by payment of the “accrued liability” contribution shown in the table.
- ***Administrative expense equals \$60.00 per year per active participant.

TABLE 1

DISTRIBUTION OF ACTIVE PARTICIPANTS' EARNINGS

BY AGE

Age Group	Male			Female			Total		
	No	Earnings		No	Earnings		No	Earnings	
		Total	Average		Total	Average		Total	Average
1-20	0	0	0	0	0	0	0	0	0
21-25	1	30,000	30,000	1	30,000	30,000	2	60,000	30,000
26-30	4	116,552	29,138	0	0	0	4	116,552	29,138
31-35	1	21,581	21,581	3	80,242	26,747	4	101,823	25,455
36-40	2	46,684	23,342	0	0	0	2	46,684	23,342
41-45	5	152,549	30,509	0	0	0	5	152,549	30,509
46-50	10	344,317	34,431	1	36,254	36,254	11	380,571	34,597
51-55	6	180,153	30,025	0	0	0	6	180,153	30,025
56-60	4	111,875	27,968	1	33,183	33,183	5	145,058	29,011
61-65	3	92,707	30,902	2	80,416	40,208	5	173,123	34,624
66-70	3	106,426	35,475	2	61,824	30,912	5	168,250	33,650
71-75	0	0	0	0	0	0	0	0	0
76-80	0	0	0	0	0	0	0	0	0
81-85	0	0	0	0	0	0	0	0	0
86-90	0	0	0	0	0	0	0	0	0
TOTAL	39	1,202,844	30,842	10	321,919	32,191	49	1,524,763	31,117

TABLE 2

DISTRIBUTION OF ACTIVE PARTICIPANTS' EARNINGS

BY LENGTH OF SERVICE

Service Group	Male			Female			Total		
	No	Earnings		No	Earnings		No	Earnings	
		Total	Average		Total	Average		Total	Average
0	0	0	0	0	0	0	0	0	0
1	1	30,000	30,000	1	30,000	30,000	2	60,000	30,000
2	2	32,839	16,419	0	0	0	2	32,839	16,419
3	0	0	0	0	0	0	0	0	0
4	2	50,433	25,216	1	29,269	29,269	3	79,702	26,567
0-4	5	113,272	22,654	2	59,269	29,634	7	172,541	24,648
5-9	34	1,089,572	32,046	8	262,650	32,831	42	1,352,222	32,195
10-14	0	0	0	0	0	0	0	0	0
15-19	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0
TOTAL	39	1,202,844	30,842	10	321,919	32,191	49	1,524,763	31,117

TABLE 3
CALCULATION OF FUNDING LEVELS

The April 1, 2013 funding levels were determined as follows:

	WITHOUT C.O.L.	
	Basis 1	Basis 2
(1) Present Value of Benefits	1,154,077	1,763,448
(2) Past Service Liability	0	874,522
(3) Present Value of Future Employee Contributions	627,994	570,413
(4) Present Value of Future Normal Costs(1) - (2) - (3)	526,083	318,513
(5) Present Value of Future Salaries	12,559,876	11,408,261
(6) Normal Cost Rate ((4)/(5)) x 1.0375	4.35%	2.90%
(7) Current Payroll	1,524,763	1,524,763
(8) Normal Cost (6) x (7)	66,327	44,218
(9) Employee Past Service Contribution	0	347,474
(10) Accrued Liability (2) - (9)	0	527,048
(11) Accrued Liability Contribution (10) x .09125 x 1.0375	0	49,897
(12) Accrued Liability Contribution Rate (11)/(7)	0.00%	3.27%

TABLE 3 (Continued)
CALCULATION OF FUNDING LEVELS

The April 1, 2013 funding levels were determined as follows:

	WITH C.O.L.	
	Basis 1	Basis 2
(1) Present Value of Benefits	1,393,863	2,139,935
(2) Past Service Liability	0	1,062,568
(3) Present Value of Future Employee Contributions	627,994	570,413
(4) Present Value of Future Normal Costs(1) - (2) - (3)	765,869	506,954
(5) Present Value of Future Salaries	12,559,876	11,408,261
(6) Normal Cost Rate ((4)/(5)) x 1.0375	6.33%	4.61%
(7) Current Payroll	1,524,763	1,524,763
(8) Normal Cost (6) x (7)	96,517	70,292
(9) Employee Past Service Contribution	0	347,474
(10) Accrued Liability (2) - (9)	0	715,094
(11) Accrued Liability Contribution (10) x .09125 x 1.0375	0	67,699
(12) Accrued Liability Contribution Rate (11)/(7)	0.00%	4.44%

TABLE 4
PROJECTED SCHEDULE OF BENEFIT PAYMENTS

(With Full Past Service Credit)

Calendar Year	Number Retiring	Emerging Benefits	Emerging Liability	Total Payout	Total Liability
2013	12	29,822	351,724	25,747	351,724
2014	0	0	0	29,288	340,580
2015	1	3,348	42,206	29,453	371,272
2016	2	8,798	116,587	33,551	474,856
2017	1	5,468	68,933	43,615	527,738
2018	1	8,317	104,845	47,535	614,210
2019	1	7,721	97,331	54,829	689,844
2020	1	9,494	119,685	60,602	784,629
2021	2	10,583	133,405	69,231	889,275
2022	3	41,025	517,162	104,811	1,373,382
2023	4	47,549	599,400	127,543	1,925,203
2024	0	0	0	160,603	1,860,489
2025	2	25,294	318,853	172,952	2,112,835
2026	2	31,916	423,348	183,994	2,459,512
2027	1	18,334	231,111	222,290	2,602,447
2028	1	19,456	245,255	231,062	2,751,196
2029	0	0	0	238,052	2,645,897
2030	3	61,906	780,378	275,718	3,318,587
2031	0	0	0	289,619	3,188,029
2032	1	31,093	391,961	288,933	3,446,656

The above table sets forth an estimate of normal retirement benefit payout, assuming:

- a) no deaths or terminations will occur before normal retirement,
- b) emerging benefits are based on the salary scale used for actuarial costing, and
- c) there are no early, disability or delayed retirements.

RESOLUTION 013-10

Tennessee Consolidated Retirement System

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Title 8, Chapters 34 through 37 of the Tennessee Code Annotated.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System subject to the approval by the Board of Trustees; and

WHEREAS, the Town of Huntingdon desires to participate in the Tennessee Consolidated Retirement System under the provisions of state law and the following terms and conditions:

1. PRIOR SERVICE:

- a. The political subdivision will assume all liability (both employer and employee) for -0- year(s) of prior service for each person employed on the date of participation;
- b. The political subdivision will assume the employer liability only for -0- year(s) of prior service for each person employed on the date of participation; and accept the unfunded liability should any or all its employees elect to establish such service.

The maximum allowable number of years of prior service any employee may establish is the sum of the number of years in a. and b. above.

2. COST-OF-LIVING: The political subdivision has the option of providing cost-of-living increases to its retirees and hereby chooses to exclude cost-of-living increases for retirees.

3. PART-TIME EMPLOYEES: The political subdivisions has the option of providing retirement coverage to part-time employees and hereby chooses to exclude this coverage.

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the political subdivision and not the State of Tennessee; and

WHEREAS, the political subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on a date as determined by the Board of Trustees of the Tennessee Consolidated Retirement System, and the initial employer contribution rate shall be 4.54% which is based on the estimated lump sum accrued liability of \$0.00; and

WHEREAS, the funds necessary to provide for the retirement costs during the 2014 fiscal year have been appropriated to the proper departmental budgets in the following amounts:

employee benefits:	
<u>Finance & Administration</u>	<u>\$12,900.00</u>
<u>Police</u>	<u>\$18,700.00</u>
<u>Fire</u>	<u>\$12,900.00</u>
<u>Street</u>	<u>\$ 9,300.00</u>
<u>Garage</u>	<u>\$ 2,100.00</u>
<u>Parks & Cemeteries</u>	<u>\$ 5,400.00</u>
<u>D CPA</u>	<u>\$ 7,000.00</u>
<u>Public Utility</u>	<u>\$20,600.00</u>

THEREFORE, BE IT RESOLVED That the Town Council of the Town of Huntingdon hereby authorizes all its employees in all its departments or instrumentalities to become eligible to participate in the Tennessee Consolidated Retirement System subject to approval by the Board of Trustees pursuant to Tennessee Code Annotated Title 8, Chapter 35, Part 2. It is further understood that pursuant to Tennessee Code Annotated, Section 8-35-111, no employee of said political subdivision covered by this resolution shall have multiple memberships in any retirement program or programs financed from public funds whereby such employee obtains or accrues pensions or retirement benefits based upon the same period of service rendered to said political subdivision.

BE IT FURTHER ORDAINED by said Council that, pursuant to section 2.08(a) of the town's charter, this ordinance shall be in full force and effect immediately subsequent to its passage and approval, the welfare of the town requiring it.

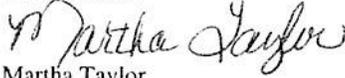
BE IF FURTHER ORDAINED by said Council that, pursuant to section 2.08(d) of the town's charter, a summary of this ordinance shall be published one time in a local newspaper of general circulation in the town within ten days of its final passage and approval, the welfare of the town requiring it.

APPROVED AND ADOPTED THIS 13TH DAY OF AUGUST, 2013

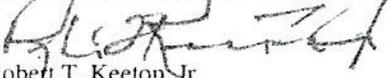
APPROVED:


Dale R. Kelley
Mayor

ATTESTED:


Martha Taylor
Town Recorder

REVIEWED AND APPROVED AS TO LEGAL FORM AND CONTENT:

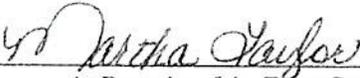

Robert T. Keeton, Jr.
Town Attorney

STATE OF TENNESSEE

COUNTY OF Carroll

I, Martha Taylor, Recorder for the Town Council of the Town of Huntingdon, Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted at a meeting held on the 13th day of August, 2013, the original of which is on file in this office. I further certify that SIX members voted in favor of the Resolution and that SIX members of the governing body were present and voting.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Town of Huntingdon, Tennessee.


As Recorder of the Town Council, as aforesaid

Seal

**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
October 1, 2013**

Political Subdivision	Amount of Service Purchased		Employer Rate	Accrued Liability	Cost of Living	Number of Employees
	Employer	Employee				

City of Oak Hill

Hybrid Plan

0	All	Normal	.40 %	\$149.074	Include	4
		Accrued	1.64 %			
		Adm. Cost	.09 %			
		<u>TOTAL</u>	<u>2.13 %</u>			

Meetings:

- July, 2013 Explained results of actuarial study and participation procedures to the governing body.
- October, 2013 Upon approval by TCRS Board of Trustees, will explain laws, policies and benefit provisions to employees of the district.
- October, 2013 Upon approval by TCRS Board of Trustees, will explain reporting procedures to payroll officer.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

MEMORADUM

TO: Melissa L. Davis, TCRS Field Services

FROM: Sandra Thompson, Director *Sandra Thompson*

DATE: August 30, 2013

SUBJECT: City of Oak Hill

The fiscal year 2014 annual budget submitted by the City of Oak Hill appears sufficient to fund the required \$34,223 first year retirement contribution for the fiscal year ending June 30, 2014.

City of Oak Hill
Condensed Budget
2014 Budget Year

General Fund

Revenues	\$	1,317,325
Beginning Fund Balance		<u>4,771,067</u>
Available Funds		6,088,392
Less: Appropriations		<u>1,696,100</u>
Ending Fund Balance	\$	4,392,292

Expenses include a retirement contribution of \$42,000

The financial information received by this Office with the request for the review of the City's fiscal year 2014 annual budget represents the City's assertions of its financial condition that may or may not reflect the current or future financial condition of the City.

If you need additional information, please do not hesitate to contact me.



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

MEMORANDUM

TO: Sandi Thompson, Division of Local Finance
FROM: Melissa L. Davis, TCRS Field Services *mld*
SUBJECT: Participation in Tennessee Consolidated Retirement System
DATE: August 28, 2013

The City of Oak Hill will begin participation in the Tennessee Consolidated Retirement System effective 10/1/2013.

The Board of Trustees of the TCRS requires a political subdivision to appropriate the necessary funds in their annual budget for retirement costs. The total first year cost for the entity is \$45,630.00. Seventy-Five Percent (75%) of this figure (or \$34,223.00) is required to be budgeted for the 2013-2014 budgeted year.

Enclosed is the 2013-2014 budget for this entity. Please let me know if this information is sufficient and accurately reflects adequate funding for retirement costs for this entity.

If you have any questions, please call me at (615) 741-1971.

Enclosure

An actuarial valuation was performed as of July 1, 2013 to examine the cost of any benefits provided by the Tennessee Consolidated Retirement System (TCRS) as it would apply to the City of Oak Hill if the group joined the TCRS on that date.

The TCRS offers three different plan design options for political subdivisions, referred to throughout this report as Plan 1, Plan 2, and Plan 3. Each of the three plans has a unique set of benefits and corresponding costs. The description of the benefits can be found in the Plan Provisions section of this report. The summary of the annual employer costs as a percentage of payroll for each of the three plans is shown in the table below. Further, within Plan 1 and Plan 2, each political subdivision can elect whether to include or exclude cost of living benefits in its retirement plan. If cost of living benefits are included, they must be “advance funded” in the same manner as other retirement benefits. Costs have been developed both “with” and “without” cost of living benefits for Plan 1 and Plan 2. Plan 3 is required to include cost of living benefits.

Each political subdivision joining the TCRS also has the option of whether or not to include employees' past service (service earned prior to the date of joining the TCRS) in the determination of benefits. If past service is included, the political subdivision may elect whether or not to limit the past service to a selected number of years. Further, the included years of past service may be fully purchased by the employer, or the employee can be made to be responsible for voluntarily purchasing the past service with the employer accepting its share of the liability for any years that the employee purchases. The prospective annual employer cost as a percentage of payroll for each of the past service scenarios currently considered by the entity is shown below.

Past Service Scenarios	Plan 1		Plan 2		Plan 3
	Without COLA	With COLA	Without COLA	With COLA	With COLA
1. All Past Service (Employer purchases all years)	12.38%	16.36%	7.59%	10.21%	5.84%
2. All Past Service (Employee purchases all years at 5%)	8.69%	12.68%	3.88%	6.50%	2.13%
3. 7 Years of Past Service (Employee purchases up to 7 years at 5%)	7.56%	11.03%	3.24%	5.49%	1.70%
4. No Past Service	5.06%	7.28%	2.22%	3.65%	1.19%

The above results assume that employees will contribute 5% of pay toward the future cost of their retirement benefit. Alternatively, the entity may elect to charge only 2.5% employee contributions or to require no employee contributions, in which case TCRS will increase the above results by 2.5% or 5%, respectively.

Plan 3 With COLA

	Past Service Scenarios*			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
(a) Present Value of Benefits	316,035	316,831	278,179	191,859
(b) Past Service Liability	156,521	149,074	102,825	0
(c) Present Value of Future Employee Contributions	155,768	155,768	156,966	158,311
(d) Present Value of Future Normal Costs (a) - (b) - (c)	3,746	11,989	18,388	33,548
(e) Present Value of Future Salaries	3,115,366	3,115,366	3,139,314	3,166,226
(f) Normal Cost Rate (d) / (e) x 1.0375	0.12%	0.40%	0.61%	1.10%
(g) Current Payroll	263,265	263,265	263,265	263,265
(h) Normal Cost (f) x (g)	316	1,053	1,606	2,896
(i) Employee Past Service Contribution	0	103,445	74,891	0
(j) Accrued Liability (b) - (i)	156,521	45,630	27,934	0
(k) Accrued Liability Contribution (j) x .09125 x 1.0375	14,818	4,320	2,645	0
(l) Accrued Liability Contribution Rate (k) / (g)	5.63%	1.64%	1.00%	0.00%
(m) Active Participant Count	4	4	4	4
(n) Administrative Expense (m) x \$60	240	240	240	240
(o) Administrative Expense Rate (n) / (g)	0.09%	0.09%	0.09%	0.09%
(p) Total Employer Contribution (h) + (k) + (n)	15,374	5,613	4,491	3,136
(q) Total Employer Contribution Rate (f) + (l) + (o)	5.84%	2.13%	1.70%	1.19%

*Past Service Scenarios: Scenario 1 = All Past Service (Employer purchases all years)
 Scenario 2 = All Past Service (Employee purchases all years at 5%)
 Scenario 3 = 7 Years of Past Service (Employee purchases up to 7 years at 5%)
 Scenario 4 = No Past Service

Distribution of Active Participants with Average Compensation

Attained Age	Years of Service									Total	
	Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39		Over 39
Under 25											
25 - 29											
30 - 34											
35 - 39			1								1
			\$38,047								\$38,047
40 - 44		1									1
		\$97,155									\$97,155
45 - 49											
50 - 54			1			1					2
			\$67,092			\$48,038					\$57,565
55 - 59											
60 - 64											
65 - 69											
Over 69											
Total		1	2		1						4
		\$97,155	\$52,570		\$48,038						\$62,583

Tennessee Consolidated Retirement System

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34 – 37.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System (“TCRS”) subject to the approval of the TCRS Board of Trustees; and

WHEREAS, the City of Oak Hill _____ desires to participate in TCRS under the
(Name of Political Subdivision)

provisions of Tennessee Code Annotated, Title 8, Chapters 34 – 37 and in accordance with the following terms and conditions:

- A. TYPE PLAN. (CHECK BOX 1 OR BOX 2 OR BOX 3). The Political Subdivision adopts the following type plan:
 - (1) Regular Defined Benefit Plan.
 - (2) Alternate Defined Benefit Plan.
 - (3) Hybrid Plan (If the Hybrid Plan is chosen, the Political Subdivision MUST also maintain a defined contribution plan on behalf of its employees).

- B. ASSUMPTION OF EMPLOYEE CONTRIBUTIONS. (CHECK BOX 1 OR BOX 2 OR BOX 3). The Political Subdivision shall:
 - (1) NOT assume any employee contributions.
 - (2) ASSUME 2.5% of its employees’ contributions.
 - (3) ASSUME 5.0% of its employees’ contributions.

- C. COST-OF-LIVING INCREASES FOR RETIREES. (CHECK BOX 1 OR BOX 2 – IF THE HYBRD PLAN IS SELECTED ABOVE, COST-OF-LIVING INCREASES FOR RETIREES MUST BE GIVEN AND BOX 2 MUST BE CHECKED). The Political Subdivision shall:
 - (1) NOT provide cost-of-living increases for its retirees.
 - (2) PROVIDE cost-of-living increases for its retirees.

- D. ELIBILITY OF PART-TIME EMPLOYEES. (CHECK BOX 1 OR BOX 2). The Political Subdivision shall:
 - (1) NOT allow its part-time employees to participate in TCRS.
 - (2) ALLOW its part-time employees to participate in TCRS.

- E. PRIOR SERVICE. (CHECK AND COMPLETE BOX 1 OR BOX 2 OR BOX 3 OR BOX 4 OR BOX 5). For each employee employed with the Political Subdivision on the effective date of the Political Subdivision’s participation in TCRS, the Political Subdivision shall:
 - (1) Purchase ALL years of prior service credit on behalf of its employees.
 - (2) Purchase NO years of prior service credit on behalf of its employees, but shall accept the unfunded liability should its employees establish ALL years of prior service.
 - (3) NOT allow its employees to establish any prior service credit with the Political Subdivision.
 - (4) Purchase _____ years of prior service credit on behalf of its employees and accept the unfunded liability should its employees establish an additional _____ years of prior service credit.
 - (5) Purchase _____ years of prior service credit on behalf of its employees and no additional prior service credit may be established; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Political Subdivision and not the State of Tennessee; and

WHEREAS, the Political Subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on a date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 2.13 %, which is based on the estimated lump sum accrued liability of \$ 45,630.00 .

NOW, THEREFORE, BE IT RESOLVED That the Board of Commissioners of
(Name of Governing Body)

City of Oak Hill

(Name of Political Subdivision)

hereby authorizes all its employees in all its departments or instrumentalities to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 the Political Subdivision shall not make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Hybrid Plan is adopted by the Political Subdivision for such employee. In which case, the Political Subdivision may make employer contributions to the defined contribution plan component of the Hybrid Plan and to any one or more additional tax deferred compensation or retirement plans provided that the total combined employer contributions to such plans on behalf of an employee shall not exceed 7% of the employee's salary.

STATE OF TENNESSEE

COUNTY OF Davidson

I, Kevin L. Helms, clerk of the Board of

Commissioners

(Name of Governing Body)

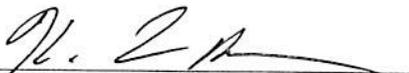
City of Oak Hill

(County, City Town, etc.)

Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 15th day of August, 2013, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the City of Oak Hill

(Name of County, City, Town, etc.)


As Clerk of the Board, as aforesaid


Mayor, Austin McMullen

**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
October 1, 2013**

Political Subdivision	Amount of Service Purchased		Employer Rate	Accrued Liability	Cost of Living	Number of Employees
	Employer	Employee				

**Roan Mountain
Utility District**

Original Defined Benefit Plan	4	0	Normal	4.82 %	\$16,126	Include	1
			Accrued	4.85 %			
			Adm. Cost	.19 %			
			<u>TOTAL</u>	<u>9.86 %</u>			

Meetings:

May, 2013

Explained results of actuarial study and participation procedures to the governing body.

October, 2013

Upon approval by TCRS Board of Trustees, will explain laws, policies and benefit provisions to employees of the district.

October, 2013

Upon approval by TCRS Board of Trustees, will explain reporting procedures to payroll officer.



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986**

MEMORADUM

TO: Melissa L. Davis, TCRS Field Services
FROM: Sandra Thompson, Director *Sandra Thompson*
DATE: August 26, 2013
SUBJECT: Roan Mountain Utility District

The fiscal year 2014 annual budget submitted by the Roan Mountain Utility District appears sufficient to fund the required \$2,327 first year retirement contribution for the fiscal year ending March 31, 2014.

**Roan Mountain Utility District
Condensed Budget
2013-2014 Budget Year
Fiscal Year Ending March 31, 2014**

Revenues	\$179,150.00
Expenses	<u>170,253.00</u>
Net Operating Income	\$8,897.00

Expenses include a retirement contribution of \$3,103

The financial information received by this Office with the request for the review of the District's fiscal year 2014 annual budget represents the District's assertions of its financial condition that may or may not reflect the current or future financial condition of the District.

If you need additional information, please do not hesitate to contact me.



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

MEMORANDUM

TO: Sandi Thompson, Division of Local Finance
FROM: Melissa L. Davis, TCRS Field Services *MLD*
SUBJECT: Participation in Tennessee Consolidated Retirement System
DATE: August 19, 2013

The Roan Mountain Utility District will begin participation in the Tennessee Consolidated Retirement System effective 10/1/2013.

The Board of Trustees of the TCRS requires a political subdivision to appropriate the necessary funds in their annual budget for retirement costs. The total first year cost for the entity is \$3,103.00. Seventy-Five percent (75%) of this figure (or \$2,327.25) is required to be budgeted for the 2013-2014 budgeted year.

Enclosed is the 2013-2014 budget for this entity. Please let me know if this information is sufficient and accurately reflects adequate funding for retirement costs for this entity.

If you have any questions, please call me at (615) 741-1971.

Enclosure

A. SUMMARY OF REPORT

An actuarial valuation was performed as of July 1, 2013, to examine the cost of any benefits provided by the Tennessee Consolidated Retirement System as it would apply to the Roan Mountain Utility District if the group joined the System on that date.

Costs and benefits were calculated on two bases. First, it was assumed that the employer would not purchase any prior service, but would accept its share of the liability if an employee elected to establish all years of prior service. Second, it was assumed that the employer would purchase all years of prior service.

Each political subdivision participating in the TCRS can include or exclude cost of living benefits in its retirement plan. If cost of living benefits are included, they must be “advance funded” in the same manner as other retirement benefits. Since the group now has this option, costs have been developed both “with” and “without” cost of living benefits.

The annual funding requirements (employer contributions only) of each approach for the two bases, for the plan year beginning on the valuation date, are shown in the following table:

	WITHOUT C.O.L.		WITH C.O.L.	
	Basis 1			
	Amount	% of Payroll*	Amount	% of Payroll*
Initial Accrued Liability**	\$7,577	---	\$10,477	---
Employer Contributions				
Normal Cost	\$985	3.13%	\$1,551	4.93%
Accrued Liability	717	2.28	992	3.15
Administrative Expense***	60	0.19	60	0.19
Total	\$1,762	5.60%	\$2,603	8.27%

Roan Mountain Utility District Retirement Plan Study

	WITHOUT C.O.L.		WITH C.O.L.	
	Basis 2			
	Amount	% of Payroll*	Amount	% of Payroll*
Initial Accrued Liability**	\$13,233	---	\$16,126	---
Employer Contributions				
Normal Cost	\$953	3.03%	\$1,516	4.82%
Accrued Liability	1,253	3.98	1,527	4.85
Administrative Expense***	60	0.19	60	0.19
Total	\$2,266	7.20%	\$3,103	9.86%

Each of the figures in the above table assumes an amortization of the initial accrued liability over a 20-year period. It is important to note that the percentage of payroll requirement, rather than the actual dollar amount, represents expected future level annual funding for the plan; for example, except for variations due to departures of actual from assumed experience, the plan would require a total level contribution by the employer of 9.86% of current and future payroll, whatever that might be, if the initial accrued liability for the “employer purchases all years of prior service” plan with C.O.L. is to be amortized over the next 20 years.

Details of the development of these cost levels are set out in Table 3 of the Appendix. The Appendix also summarizes the group’s payroll and demographic information.

The actuarial valuation underlying this report has been made utilizing employee data furnished by the employer and the actuarial assumptions summarized in Table 5 of the Appendix.

- * Total annual payroll of employees, excluding those currently eligible to retire, was determined to be \$31,458.
- ** Amortized over 20 years by payment of the “accrued liability” contribution shown in the table.
- *** Administrative expense equals \$60.00 per year per active participant.

TABLE 1

DISTRIBUTION OF ACTIVE PARTICIPANTS' EARNINGS

BY AGE

Age Group	Male			Female			Total		
	No	Earnings		No	Earnings		No	Earnings	
		Total	Average		Total	Average		Total	Average
1-20	0	0	0	0	0	0	0	0	0
21-25	0	0	0	0	0	0	0	0	0
26-30	0	0	0	0	0	0	0	0	0
31-35	0	0	0	0	0	0	0	0	0
36-40	1	31,458	31,458	0	0	0	1	31,458	31,458
41-45	0	0	0	0	0	0	0	0	0
46-50	0	0	0	0	0	0	0	0	0
51-55	0	0	0	0	0	0	0	0	0
56-60	0	0	0	0	0	0	0	0	0
61-65	0	0	0	0	0	0	0	0	0
66-70	0	0	0	0	0	0	0	0	0
71-75	0	0	0	0	0	0	0	0	0
76-80	0	0	0	0	0	0	0	0	0
81-85	0	0	0	0	0	0	0	0	0
86-90	0	0	0	0	0	0	0	0	0
TOTAL	1	31,458	31,458	0	0	0	1	31,458	31,458

TABLE 2

DISTRIBUTION OF ACTIVE PARTICIPANTS' EARNINGS

BY LENGTH OF SERVICE

Service Group	Male			Female			Total		
	No	Earnings		No	Earnings		No	Earnings	
		Total	Average		Total	Average		Total	Average
0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0
4	1	31,458	31,458	0	0	0	1	31,458	31,458
0-4	1	31,458	31,458	0	0	0	1	31,458	31,458
5-9	0	0	0	0	0	0	0	0	0
10-14	0	0	0	0	0	0	0	0	0
15-19	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0
TOTAL	1	31,458	31,458	0	0	0	1	31,458	31,458

TABLE 3
CALCULATION OF FUNDING LEVELS

The July 1, 2013 funding levels were determined as follows:

	WITHOUT C.O.L.	
	Basis 1	Basis 2
(1) Present Value of Benefits	46,143	45,589
(2) Past Service Liability	13,394	13,233
(3) Present Value of Future Employee Contributions	20,434	20,434
(4) Present Value of Future Normal Costs(1) - (2) - (3)	12,315	11,922
(5) Present Value of Future Salaries	408,685	408,685
(6) Normal Cost Rate ((4)/(5)) x 1.0375	3.13%	3.03%
(7) Current Payroll	31,458	31,458
(8) Normal Cost (6) x (7)	985	953
(9) Employee Past Service Contribution	5,817	0
(10) Accrued Liability (2) - (9)	7,577	13,233
(11) Accrued Liability Contribution (10) x .09125 x 1.0375	717	1,253
(12) Accrued Liability Contribution Rate (11)/(7)	2.28%	3.98%

TABLE 3 (Continued)
 CALCULATION OF FUNDING LEVELS

The July 1, 2013 funding levels were determined as follows:

	WITH C.O.L.	
	Basis 1	Basis 2
(1) Present Value of Benefits	56,138	55,561
(2) Past Service Liability	16,294	16,126
(3) Present Value of Future Employee Contributions	20,434	20,434
(4) Present Value of Future Normal Costs(1) - (2) - (3)	19,410	19,001
(5) Present Value of Future Salaries	408,685	408,685
(6) Normal Cost Rate ((4)/(5)) x 1.0375	4.93%	4.82%
(7) Current Payroll	31,458	31,458
(8) Normal Cost (6) x (7)	1,551	1,516
(9) Employee Past Service Contribution	5,817	0
(10) Accrued Liability (2) - (9)	10,477	16,126
(11) Accrued Liability Contribution (10) x .09125 x 1.0375	992	1,527
(12) Accrued Liability Contribution Rate (11)/(7)	3.15%	4.85%

TABLE 4
PROJECTED SCHEDULE OF BENEFIT PAYMENTS

(With Full Past Service Credit)

Calendar Year	Number Retiring	Emerging Benefits	Emerging Liability	Total Payout	Total Liability
2013	0	0	0	0	0
2014	0	0	0	0	0
2015	0	0	0	0	0
2016	0	0	0	0	0
2017	0	0	0	0	0
2018	0	0	0	0	0
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	0	0	0	0	0
2023	0	0	0	0	0
2024	0	0	0	0	0
2025	0	0	0	0	0
2026	0	0	0	0	0
2027	0	0	0	0	0
2028	0	0	0	0	0
2029	0	0	0	0	0
2030	0	0	0	0	0
2031	0	0	0	0	0
2032	0	0	0	0	0

The above table sets forth an estimate of normal retirement benefit payout, assuming:

- a) no deaths or terminations will occur before normal retirement,
- b) emerging benefits are based on the salary scale used for actuarial costing, and
- c) there are no early, disability or delayed retirements.

Tennessee Consolidated Retirement System

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Title 8, Chapters 34 through 37 of the Tennessee Code Annotated.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System subject to the approval by the Board of Trustees; and

WHEREAS, the Roan Mountain Utility District (Name of Political Subdivision) desires to participate in the Tennessee Consolidated Retirement System under the provisions of state law and the following terms and conditions:

1. PRIOR SERVICE:

- a. The political subdivision will assume all liability (both employer and employee) for 4 year(s) of prior service for each person employed on the date of participation;
- b. The political subdivision will assume the employer liability only for _____ year(s) of prior service for each person employed on the date of participation; and accept the unfunded liability should any or all its employees elect to establish such service.

The maximum allowable number of years of prior service any employee may establish is the sum of the number of years in a. and b. above.

2. COST-OF-LIVING: The political subdivision has the option of providing cost-of-living increases to its retirees and hereby chooses to (provide or exclude) cost-of-living increases for retirees.

3. PART-TIME EMPLOYEES: The political subdivisions has the option of providing retirement coverage to part-time employees and hereby chooses to (provide or exclude) this coverage.

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the political subdivision and not the State of Tennessee; and

WHEREAS, the political subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on a date as determined by the Board of Trustees of the Tennessee Consolidated Retirement System, and the initial employer contribution rate shall be 9.86 % which is based on the estimated lump sum accrued liability of \$ 16,126 ; and

WHEREAS, the funds necessary to provide for the retirement costs during the 2013 fiscal year have been appropriated to the proper departmental budgets in the following amounts:

employee benefits	\$ <u>3103</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____

THEREFORE, BE IT RESOLVED That the COMMISSIONERS of

The Roan Mountain Utility District
(Name of Political Subdivision)

(Name of Governing Body)

hereby authorizes all its employees in all its departments or

instrumentalities to become eligible to participate in the Tennessee Consolidated Retirement System subject to approval by the Board of Trustees pursuant to Tennessee Code Annotated Title 8, Chapter 35, Part 2. It is further understood that pursuant to Tennessee Code Annotated, Section 8-35-111, no employee of said political subdivision covered by this resolution shall have multiple memberships in any retirement program or programs financed from public funds whereby such employee obtains or accrues pensions or retirement benefits based upon the same period of service rendered to said political subdivision.

STATE OF TENNESSEE

COUNTY OF Carter

I, Don Birchfield, clerk of the Board of
The Roan Mountain Utility District Carter County
(Name of Governing Body) (County, City Town, etc.)

Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted at a meeting held on the Fifth day of June, 2013, the original of which is on file in this office. I further certify that 3 members voted in favor of the Resolution and that all members of the governing body were present and voting.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Roan Mountain Utility District, Carter County.
(Name of County, City, Town, etc.)

Don Birchfield
As Clerk of the Board, as aforesaid

Seal

Don Maske
Paul Harlow

STATISTICAL REPORTS

ANALYSIS OF MEMBERS ACTIVELY CONTRIBUTING

	6/30/2009	6/30/2010	6/30/2011	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013
Group I Members:								
(State & Higher Ed.)	58,940	58,601	57,592	56,566	55,824	56,670	55,797	56,008
Teachers	78,550	78,593	79,583	78,613	78,159	78,876	78,463	78,303
General Employees of Polisubs	80,376	81,601	81,751	80,784	78,934	80,311	79,934	79,984
General Assembly	122	126	127	129	128	129	128	128
County Officials	3	3	2	2	2	2	2	2
PSC								
County Judges	1	1	1	1	1	1	1	1
Attorneys General	635	639	635	648	649	645	650	656
Total Group I	218,809	219,564	219,691	216,743	213,697	216,634	214,975	215,082
Group II & Prior Class:								
Wildlife Officers	9	6	3	2	2	2	2	2
Highway Patrol	11	8	6	3	3	3	3	3
Firemen & Policemen- Political Subdivisions	36	34	21	16	13	17	15	14
Total Group II & Prior Class	56	48	30	21	18	22	20	19
Group III and Prior Class:								
State Judges	2	2	2	2	2	2	1	1
County Judges	-							
Attorneys General	6	5	5	5	4	5	5	4
County Officials	10	9	5	5	4	5	4	4
Total Group III & Prior Class	18	16	12	12	10	12	10	9
Group IV								
State Judges	182	182	181	182	182	181	182	183
Total Membership								
Contributing to TCRS	218,883	219,810	219,914	216,958	213,907	216,849	215,187	215,293
Teachers Contributing to ORP	11,388	11,506	11,562	11,575	11,546	11,569	11,610	11,627
Grand Totals	230,271	231,316	231,476	228,533	225,453	228,418	226,797	226,920

**RETIRED PAYROLL
STATISTICS
June 30, 2013**

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	48,097,842.48	38494
STATE PAID JUDGES	826,060.74	182
COUNTY PAID JUDGES	357,786.28	106
ATTORNEY GENERALS	839,078.91	239
COUNTY OFFICIALS	401,507.67	205
PUBLIC SERVICE COMMISSIONERS	8,950.56	5
POLITICAL SUBDIVISIONS	23,859,801.97	31665
TEACHERS	84,905,092.79	42770
LOCAL TEACHERS	3,583,907.03	2038
GOVERNORS AND WIDOWS	29,726.00	5
AGED STATE EMPLOYEES	133.14	1
AGED TEACHERS	1,978.53	14
TOTAL	\$162,911,866.10	115,724

RETIRED PAYROLL
July 1, 2012
THROUGH
June 30, 2013

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	565,147,704.58	38494
STATE PAID JUDGES	9,878,657.11	182
COUNTY PAID JUDGES	4,360,334.31	106
ATTORNEY GENERALS	10,092,492.40	239
COUNTY OFFICIALS	4,911,444.33	205
PUBLIC SERVICE COMMISSIONERS	104,324.21	5
POLITICAL SUBDIVISIONS	279,789,324.72	31665
TEACHERS	1,001,217,237.18	42770
LOCAL TEACHERS	43,890,087.19	2038
GOVERNORS AND WIDOWS	356,727.00	5
AGED STATE EMPLOYEES	1,600.68	1
AGED TEACHERS	28,541.36	14
TOTAL	\$1,919,778,475.07	115,724

NUMBER OF MEMBERS REFUNDED

<u>Month</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
July	507	1,149	450	894	499	496	475
August	481	675	308	612	406	466	471
September	546	566	316	494	431	447	394
October	454	609	411	369	379	383	375
November	440	492	353	320	293	364	319
December	318	234	257	256	276	257	241
January	408	450	332	257	307	348	338
February	333	308	310	242	265	312	335
March	342	316	291	278	299	262	253
April	365	308	311	687	277	346	311
May	323	619	217	385	662	329	274
June	313	843	340	360	406	339	336
TOTAL	<u>4,830</u>	<u>6,569</u>	<u>3,896</u>	<u>5,154</u>	<u>4,500</u>	<u>4,349</u>	<u>4,122</u>

**REFUND EXPENDITURES
2012-2013 FISCAL YEAR**

MONTH	MEMBER'S CONTRIBUTIONS	414(H) CONTRIBUTIONS	MEMBER'S INTEREST	EMPLOYER CONTRIBUTIONS	DEATH PAYMENTS	TOTAL
July	134,678.69	3,059,661.14	1,178,615.17	238,005.97	435,162.47	\$5,046,123.44
August	76,587.36	3,065,117.07	1,042,827.14	154,778.94	641,110.86	\$4,980,421.37
September	50,365.81	3,156,811.65	1,076,996.01	23,606.09	363,877.97	\$4,671,657.53
October	44,456.20	2,636,249.91	906,473.85	53,569.77	284,009.77	\$3,924,759.50
November	66,786.43	1,914,374.12	712,381.25	75,430.60	413,831.35	\$3,182,803.75
December	16,063.85	1,256,545.89	314,359.28	13,564.46	89,846.30	\$1,690,379.78
January	36,745.80	2,041,260.89	627,846.86	14,461.86	194,567.65	\$2,914,883.06
February	124,371.20	1,962,389.88	982,913.26	250,627.81	739,766.81	\$4,060,068.96
March	26,917.81	1,680,041.05	594,723.01	64,460.62	180,260.31	\$2,546,402.80
April	74,957.87	2,242,317.19	965,491.05	148,404.52	652,542.30	\$4,083,712.93
May	57,049.88	1,905,586.18	804,726.42	90,386.51	516,115.77	\$3,373,864.76
June	62,467.83	2,501,114.75	930,900.91	56,504.49	482,537.48	\$4,033,525.46
TOTAL	771,448.73	27,421,469.72	10,138,254.21	1,183,801.64	4,993,629.04	\$44,508,603.34

PRIOR SERVICE ACTIVITY
April 1, 2013 through June 30, 2013

State:	<u>Type of Service</u>	<u>No of Members</u>	<u>Years of Service</u>	<u>Amount</u>
	Backpayment	49	36	\$ 257,343
	Military	24	50	-
	Redeposit	15	58	149,730
	Totals	88	144	\$ 407,073

Teachers:	<u>Type of Service</u>	<u>No of Members</u>	<u>Years of Service</u>	<u>Amount</u>
	Backpayment	17	6	\$ 199,419
	Military	8	20	2,070
	Redeposit	27	101	307,274
	Totals	52	127	\$ 508,762

Higher Education:	<u>Type of Service</u>	<u>No of Members</u>	<u>Years of Service</u>	<u>Amount</u>
	Backpayment	69	59	\$ 29,270
	Military	6	17	-
	Redeposit	6	17	46,873
	Totals	81	93	\$ 76,143

Political Subdivisions:	<u>Type of Service</u>	<u>No of Members</u>	<u>Years of Service</u>	<u>Amount</u>
	Backpayment	189	219	\$ 428,909
	Military	25	44	4,956
	Redeposit	11	56	42,746
	Totals	225	319	\$ 476,611

Grand Totals:	<u>Type of Service</u>	<u>No of Members</u>	<u>Years of Service</u>	<u>Amount</u>
	Backpayment	324	320	\$ 914,941
	Military	63	131	7,026
	Redeposit	59	232	546,624
	Totals	446	683	\$ 1,468,590

DISABILITY RETIREMENT REPORT

Disability Statistical Report

Fourth Quarter 12-13

Disability Applications Received	April	36
	May	29
	June	<u>23</u>
	TOTAL	88
Initial Claims Approved	April	22
	May	23
	June	<u>20</u>
	TOTAL	65
Initial Claims Disapproved	April	05
	May	10
	June	<u>18</u>
	TOTAL	33
Initial Claims Approved after Reconsideration		05
Initial Claims Disapproved after Reconsideration		04
Re-Evaluation Claims Approved		36
Re-Evaluation claims Disapproved		0
Cases Referred to Vocational Rehabilitation		0

**APPROVED FOR DISABILITY
FOURTH
QUARTER
2012-2013**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	NO	NO	59	TEACHER	TEACHER	188	\$61,457	A	\$1,192	ERYTHROMELAGIA, & LUMBAR RADICULOPATHY
ORD.	NO	NO	53	STATE	INMATE COORDINATOR	184	\$28,832	B	\$580	PARKINSON'S DISEASE, DM II, CHRONIC BACK PAIN, ANXIETY, & DEPRESSION
ORD.	NO	NO	58	STATE	SERVICE CLERK	73	\$20,923	A	\$247	PANCREATIC CANCER
ORD.	NO	NO	57	TEACHER	TEACHER	256	\$51,933	A	\$1,309	PRESSURE ULCER OF HEEL, ULCER OF CALF, & VARICOSE VEINS
ORD.	NO	YES	55	POL SUB	TEACHER	287	\$44,519	C	\$994	BREAST CANCER, ANXIETY, & DEPRESSION
ORD.	YES	YES	41	POL SUB	FIRE FIGHTER	76	\$38,626	D	\$836	LOW BACK PAIN, RADICULOPATHY, DISC BULGE, & DISC HERNIATION
SS-ORD.	NO	NO	59	POL SUB	MAINTENANCE WORKER	227	\$36,096	A	\$835	STROKE
ORD.	YES	NO	32	POL SUB	DEPUTY CLERK	127	\$49,202	B	\$1,118	COMPLEX REGIONAL PAIN SYNDROME
ORD.	YES	NO	50	TEACHER	TEACHER	108	\$43,316	B	\$903	EATON LAMBERT SYNDROME, & LATENT ADRENAL HYPERPLASIA
ORD.	NO	NO	58	TEACHER	TEACHER	278	\$53,472	A	\$1,463	SCLERODERMA, UNDIFFERENTIATED CONNECTIVE TISSUE D/O, ANXIETY, & ANEMIA
ORD.	NO	NO	57	STATE	STEAM OPERATOR	229	\$33,935	B	\$658	PTSD, & MAJOR DEPRESSION
ORD.	NO	NO	52	STATE	PSYCHOLOGICAL EXAMINER	113	\$45,234	A	\$904	ULCERATIVE COLITIS, & CHRONIC DIARRHEA
ORD.	NO	NO	57	TEACHER	TEACHER	273	\$45,066	A	\$1,211	CHF, & STEVEN JOHNSON'S DISEASE
ORD.	YES	YES	49	STATE	AUDITOR III	280	\$53,991	E	\$1,385	DDD, LUMBAR RADICULOPATHY, & CONGENITAL SCOLIOSIS
ORD.	YES	YES	50	STATE	SERVICE REP I	184	\$27,669	A	\$654	ANXIETY, DEPRESSION, & PANIC ATTACKS

**APPROVED FOR DISABILITY
FOURTH
QUARTER
2012-2013**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	YES	NO	41	STATE	OFFICER	170	\$29,647	A	\$700	HX OF CVA, L-SIDED WEAKNESS, & IDDM
ORD.	YES	NO	50	POL SUB	CUSTODIAN	189	\$18,523	A	\$438	PRIMARY BILIARY CIRRHOSIS
SS-ORD.	YES	NO	46	POL SUB	PARAMEDIC	164	\$46,671	D	\$987	PULMONARY EMBOLUS, SIEZURE D/O, HTN, & HYPERCOAGULABILITY
ORD.	NO	NO	56	TEACHER	TEACHER	238	\$50,409	A	\$1,191	MAJOR DEPRESSION D/O, & SEVERE ANXIETY
SS-ORD.	NO	NO	59	STATE	MAINTENANCE	233	\$31,848	A	\$752	MELENA, GI BLEED, DM, & RIGHT LEG AMPUTATION
ORD.	NO	NO	55	POL SUB	COURT DEPUTY	204	\$22,412	A	\$529	MULTIPLE SCLEROSIS
ORD.	NO	NO	54	POL SUB	DEPARTMENT CLERK	179	\$33,917	A	\$801	PVD, LUMBAR DISC DISEASE, CAD, & MULTIFOCAL CHORIODITIS DUE TO HISTOPLASMOIS
ORD.	YES	NO	36	STATE	PSYCH TECH	72	\$22,545	A	\$533	LUMBAR SPONDYLOSIS, & MAJOR DEPRESSIVE D/O
ORD.	NO	YES	59	POL SUB	DEPUTY CLERK	217	\$32,641	E	\$682	FIBROMYALGIA, DDD, SLEEP APNEA, & DEPRESSION
ORD.	NO	NO	58	STATE	GROUNDS MAINTENANCE	142	\$22,480	A	\$354	DEGENERATIVE JOINT DISEASE
ORD.	NO	NO	57	TEACHER	TEACHER	309	\$52,598	A	\$1,600	MAJOR DEPRESSIVE D/O
SS-ORD.	NO	NO	60	TEACHER	TEACHER	330	\$42,982	A	\$1,551	BACK PAIN, OA, & HTN
SS-ORD.	YES	NO	49	STATE	DIRECTOR	303	\$44,554	A	\$1,329	LEGALLY BLIND
ORD.	NO	NO	57	STATE	CUSTODIAN	85	\$19,684	A	\$233	LUMBAR DISC DISEASE W/RADICULOPATHY
ORD.	YES	NO	48	POL SUB	CUSTODIAN	154	\$24,372	A	\$576	MAJOR DEPRESSION, BIPOLAR D/O, UNCONTROLLED DM, & HTN

**APPROVED FOR DISABILITY
FOURTH
QUARTER
2012-2013**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	NO	NO	55	POL SUB	LABORER	166	\$24,756	D	\$464	COLON CANCER W/METASTASIS
ORD.	NO	YES	48	STATE	RESPIRATORY THERAPIST	232	\$65,211	A	\$1,563	BRAIN ANEURYSM, LUPUS, & HTN
ORD.	YES	NO	42	POL SUB	STAFFING COORDINATOR	188	\$46,585	E	\$1,029	MULTIPLE MYELOMA, & ACUTE PAIN
ACC.	YES	NO	41	POL SUB	DEPUTY	207	\$40,331	D	\$1,633	CHRONIC NECK & BACK PAIN
ORD.	YES	NO	50	POL SUB	HEAD MECHANIC	70	\$29,262	B	\$467	DDD, & LOW BACK PAIN
SS-ORD.	YES	NO	50	POL SUB	BUS DRIVER	125	\$16,998	B	\$359	BI-POLAR D/O, HTN, LIPIDOSES, & HYPOTHYROIDISM
SS-ORD.	NO	NO	54	POL SUB	TRUCK DRIVER	279	\$22,363	B	\$533	LUNG CANCER
ORD.	NO	NO	56	TEACHER	TEACHER	200	\$44,428	D	\$789	LYMPHEDEMA, MIGRAINE HA'S, IBS, ULCERATIVE COLITIS, LEFT KNEE DJD, & DEPRESSION
ORD.	NO	NO	52	POL SUB	FOOD SERVICE WORKER	177	\$27,579	D	\$572	DDD, LEFT UPPER EXTREMITY RADICULOPATHY, & SEVERE FORAMINAL STENOSIS W/LEFT NERVE ROOT IMPINGEMENT
ORD.	NO	NO	56	TEACHER	TEACHER	236	\$39,685	A	\$4,186	NON-ALCOHOLIC CIRRHOSIS OF LIVER
ORD.	NO	NO	54	POL SUB	HEAVY EQUIPMENT OPERATOR	85	\$40,283	B	\$524	CIRRHOSIS OF LIVER, HEPATITIS C, ESOPHAGEAL VARICES, & PORTAL HTN
ORD.	NO	NO	53	POL SUB	SECRETARY	165	\$27,134	A	\$641	FAMILIAL MEDITERRANEAN FEVER, FIBROMYALGIA, & PULMONARY EMBOLISM
ACC.	NO	NO	51	POL SUB	CUSTODIAN	304	\$23,647	A	\$285	ROTATOR CUFF SHOULDER INJURY, & UNCONTROLLED DM W/FOOT ULCER
SS-ORD.	YES	NO	49	POL SUB	LABORER	108	\$21,187	B	\$467	ESRD, DIALYSIS, HTN, & DM II
ORD.	NO	NO	41	TEACHER	TEACHER	88	\$33,369	B	\$709	BRAIN CANCER, GLIOBLASTOMA

**APPROVED FOR DISABILITY
FOURTH
QUARTER
2012-2013**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	NO	NO	56	POL SUB	CUSTODIAN	97	\$24,833	A	\$357	COPD, EMPHYSEMA, CHRONIC BRONCHITIS, & SOB
ORD.	NO	YES	57	POL SUB	FOOD SERVICE WORKER	150	\$12,005	A	\$226	COMPLETE RIGHT SHOULDER ROTATOR CUFF TEAR
SS-ORD.	NO	NO	54	POL SUB	SITE WORKER	60	\$17,755	A	\$243	DM II, PVD, PERIPHERAL NEUROPATHY, & PARTIAL R-FOOT AMPUTATION
ORD.	YES	NO	39	POL SUB	CORRECTIONAL OFFICER	129	\$32,091	A	\$758	CAD, & DM
ORD.	NO	NO	59	POL SUB	BUS DRIVER	170	\$24,929	B	\$374	COPD, CAD, & GOUT
INACT.	NO	NO	51	STATE	SUPERVISOR	117	\$17,203	A	\$100	LUMBAR DDD, & CHRONIC BACK PAIN
ORD.	NO	NO	54	STATE	CUSTODIAL WORKER I	179	\$19,695	A	\$465	CANAL STENOSIS W/CHRONIC BACK & LOWER EXTREMITY PAIN
SS-ORD.	NO	NO	57	POL SUB	EQUIPMENT OPERATOR	124	\$24,229	A	\$376	CERVICAL DDD, & COPD
SS-ORD.	NO	NO	54	STATE	RESPIRATORY THERAPIST	195	\$34,632	A	\$818	ANKLE FUSION. LAMINECTOMY, & LUMBAR DEXTROSCOLIOSIS
ORD.	NO	YES	54	POL SUB	SUPERVISOR	112	\$44,693	A	\$771	LUMBAR BACK PAIN, & ARTHRITIS
ORD.	NO	NO	56	STATE	SCHOOL COUNSELOR	193	\$54,103	A	\$1,262	MAJOR DEPRESSION, & ANXIETY D/O
SS-ORD.	NO	NO	54	POL SUB	DEPUTY CLERK	97	\$23,500	A	\$375	STAGE IV METASTATIC CANCER
ORD.	NO	NO	53	STATE	CASE MANAGER II	139	\$37,888	D	\$734	STAGE III CARDIOMYOPATHY, DM II, PAD, HTN, & NEPHROTIC SYNDROME
ORD.	YES	NO	44	TEACHER	TEACHER	199	\$49,568	A	\$1,171	RA, PERSISTANT ANEMIA, ROTATOR CUFF REPAIR, & BILATERAL KNEE REPLACEMENTS
ORD.	NO	NO	51	POL SUB	ADMINISTRATIVE CLERK	98	\$32,331	A	\$597	SCLERODERMA, CONNECTIVE TISSUE DISEASE, FIBROMYALGIA, & OA

**APPROVED FOR DISABILITY
FOURTH
QUARTER
2012-2013**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	YES	YES	47	TEACHER	TEACHER	148	\$66,324	A	\$1,585	JOINT PAIN, DJD, RIGHT KNEE REPLACEMENT, & DEGENERATIVE ARTHRITIS
ORD.	NO	NO	53	TEACHER	TEACHER	166	\$61,706	A	\$1,458	CORTICAL VEIN THROMBOSIS
SS-ORD.	YES	NO	44	TEACHER	TEACHER	160	\$64,009	A	\$1,521	TRAUMATIC BRAIN INJURY, CERVICAL STRAIN, & PTSD
ORD.	NO	NO	59	TEACHER	TEACHER	119	\$52,986	B	\$574	DEMENTIA, & SEVERE DEPRESSION
ORD.	NO	NO	59	POL SUB	ADMINISTRATIVE CLERK II	243	\$31,070	A	\$743	LUMBAR STENOSIS, & CHRONIC PELVIC PAIN

**DISAPPROVED FOR DISABILITY
FOURTH QUARTER
2012-2013**

Type	Re-C	Age	Employer	Position	SVC	Disability Summary	Reason Denied
ORD.	NO	44	POL SUB	FOOD SERVICE	14	UNDIFFERENTIATED CONNECTIVE TISSUE DISORDER	CAP SED WRA
ORD.	NO	59	POL SUB	LIETENANT/AGENT	13	BILATERAL LOWER LEG OSTEOARTHRITIS , TEAR OF MEDIAL CARTILAGE	CAP SED WRA, NORMAL ROM IN KNEES
ORD.	NO	47	POL SUB	TEACHER	16	RA, DEPRESSION, & ANXIETY	CAP SED-LGT WRA
ORD.	NO	40	STATE	DIRECTOR	18	ANXIETY, DEPRESSION, MORBID OBESITY, DISC DESICCATION	POSSIBLY BENEFIT FROM JOB CHANGE
ORD.	NO	52	POL SUB	DIRECTOR	18	CHRONIC DEPRESSION, ANXIETY & STRESS	CAP SED WRA
ORD.	NO	56	POL SUB	DEPUTY SHERIFF	16	DM, GERD, SYNCOPE WITH AV BLOCK, PACEMAKER	CAP SED-MED WRA, POSSIBLY BENEFIT FROM JOB CHANGE
ORD.	NO	51	POL SUB	RN	11	LUMBAR DISC DISEASE, NECK & LOW BACK PAIN	CAP LGT-MED WRA
ORD.	NO	48	TEACHER	TEACHER	16	SJOREN'S SYNDROME, DVT'S DYSTOLIC HEART FAILURE, & FIBROMYALGIA	CAP LGT WRA
ORD.	NO	53	STATE	NURSE'S ASSISTANT	7	MULTIPLE SCLEROSIS	EVIDENCE DOES NOT SUPPORT DX
ACC.	NO	51	STATE	PSYCH TECH	9	ARTHRITIS & DERANGEMENT OF R-SHOULDER W/ INFLAMMATION & PAIN	CAP LGT WRA
ORD.	YES	47	POL SUB	DISPATCHER	8	CERVICAL SPONDYLOSIS, CARPEL TUNNEL, & CHRONIC PAIN	CAP SED-LGT WRA
ORD.	NO	40	TEACHER	TEACHER	13	FIBROMYALGIA, ATYPICAL MIGRAINES, & DDD W/RADICULOPATHY	CAP SED-LGT WRA
ORD.	YES	53	STATE	SUPPORT SPECIALIST	26	DEPRESSION, & FIBROMYALGIA	INSUFFICIENT MED DOCS, CAP SED-MED WRA
ORD.	NO	41	TEACHER	TEACHER	13	LUPUS, ANXIETY, DEPRESSION, & MULTIPLE SCLEROSIS	CAP LGT WRA

**DISAPPROVED FOR DISABILITY
FOURTH QUARTER
2012-2013**

Type	Re-C	Age	Employer	Position	SVC	Disability Summary	Reason Denied
ORD.	NO	47	POL SUB	CAFETERIA SUPERVISOR	24	OSA W/CAP, DDD, FIBROMYALGIA, CHRONIC PAIN, DEPRESSION, & MORBID OBESITY	CAP LGT-MED WRA
ORD.	NO	49	STATE	CUSTODIAN	11	DDD, NEUROPATHY, & CHRONIC LUMBAR PAIN	CAP SED-MED WRA
ORD.	NO	59	POL SUB	MANAGER	16	CHF, JOINT/LOW BACK PAIN, HTN, SLEEP APNEA, SOB, OBESITY, & DEPRESSION	CAP LGT-MED WRA
ORD.	NO	48	POL SUB	CASHIER	17	DDD, STENOSIS, BULGING DISC, CHRONIC BACK PAIN, & DECREASED ROM	CAP SED-LGT WRA
ORD.	NO	38	STATE	CUSTODIAN	5	HEADACHES, DEPRESSION, CHRONIC PAIN, FATIGUE, SLEEP APNEA, & OBESITY	CAP SED-MED WRA
ORD.	YES	51	POL SUB	PARAPROFESSIONAL	18	RHEUMATOID ARTHRITIS	CAP SED WRA IN 2010
ORD.	NO	49	STATE	ELIGIBILITY COUNSELOR	11	VASOVAGAL SYNCOPE, HYPERTHYROIDISM, & ANXIETY	CAP LGT WRA
ORD.	YES	57	STATE	ADMINISTRATIVE ASSISTANT	10	LUMBER DISC DISEASE S/P FUSION X2, & CHRONIC LOW BACK PAIN	CAP SED TO LGT WRA, POSSIBLE IMPROVEMENT
ORD.	NO	54	TEACHER	TEACHER	21	ANXIETY & DEPRESSION	INSUFFICIENT MED DOCS, CAP MED WRA
ORD.	YES	48	POL SUB	NURSE'S ASSISTANT	11	PTSD, CHRONIC DEPRESSION, & BILATERAL ULNAR NEURITIS	INSUFFICIENT MED DOCS, CAP SED-MED WRA
ORD.	NO	40	TEACHER	TEACHER	15	BIPOLAR D/O, DEPRESSION, & GENERALIZED SOCIAL ANXIETY D/O	CAP SED WRA
ORD.	NO	57	STATE	ADMINISTRATIVE ASSISTANT	9	FIBROMYALGIA, OSTEOARTHRITIS, & DEGENERATIVE DISC DISEASE	CAP LGT WRA
ORD.	YES	50	POL SUB	FOOD SERVICE	7	CHRONIC FATIGUE, ANXIETY, & DEPRESSION	CAP SED WRA
ACC.	NO	50	TEACHER	TEACHER	1	PTSD, ANXIETY, DEPRESSION, & INSOMNIA	CAP MED WRA

**DISAPPROVED FOR DISABILITY
FOURTH QUARTER
2012-2013**

Type	Re-C	Age	Employer	Position	SVC	Disability Summary	Reason Denied
ORD.	YES	49	TEACHER	LIBRARIAN	13	DM, VERTIGO, TENDINITIS, & CHRONIC LOW BACK PAIN	CAP SED-MED WRA
ORD.	NO	57	STATE	ASSISTANT	13	CHRONIC LYMPHOCYTTIC LEUKEMIA	CAP SED WRA
ORD.	NO	53	STATE	COORDINATOR	26	HEARING LOSS, TOTAL KNEE REPLACEMENT, & DDD	CAP LGT WRA
ORD.	NO	57	STATE	CORPORAL	14	COPD, EMPHYSEMA, & HYPERTENSION	CAP SED WRA
ORD.	NO	52	POL SUB	SUPERVISOR	5	BILATERAL HIP OSTEOARTHRITIS	CAP SED WRA

FINANCIAL STATEMENTS

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATEMENT OF PLAN NET ASSETS
AS OF JUNE 30, 2013

ASSETS	
Cash and cash equivalents	\$733,195,802.03
<hr/>	
Receivables	
Member receivable	27,368,708.52
Employer receivable	78,005,966.70
Accrued interest receivable	89,946,743.36
Accrued dividends receivable	59,274,242.95
Real estate income receivable	1,390,959.28
Investments sold	650,197,206.88
Total receivables	<hr/> 906,183,827.69 <hr/>
Investments, at fair value	
Short-term securities	35,755,592.67
Government securities	8,807,577,961.18
Corporate securities	5,065,458,887.60
Corporate stocks	21,038,197,573.95
Private Equities	272,739,387.00
Real estate	1,839,897,652.86
Total investments	<hr/> 37,059,627,055.26 <hr/>
Capital Assets, at cost	
Software in Development	10,319,867.87
Computer System, net of depreciation	11,567,302.15
Total Capital Assets	<hr/> 21,887,170.02 <hr/>
 TOTAL ASSETS	 <hr/> 38,720,893,855.00 <hr/>
 LIABILITIES	
Retired payroll payable	1,868,659.49
Retiree insurance premium payable	7,743,875.79
Accounts payable	10,148,165.80
Investments purchased	1,135,699,372.24
Other investment payables	518,900.00
TOTAL LIABILITIES	<hr/> 1,155,978,973.32 <hr/>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <hr/> \$ 37,564,914,881.68 <hr/>

See Accompanying Notes to the Financial Statements

UNAUDITED

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET ASSETS
JULY 1, 2012 THROUGH JUNE 30, 2013

ADDITIONS	
Contributions	
Member contributions	\$268,557,088.75
Employer contributions	1,010,435,550.53
Total contributions	<u>1,278,992,639.28</u>
Investment income	
Net Appreciation in fair value of investments	2,334,383,939.80
Interest	467,177,125.97
Dividends	494,757,821.88
Real Estate income, net of operating expenses	85,789,777.37
Total investment income	<u>3,382,108,665.02</u>
Less: Investment expense	(37,519,406.20)
Net investment income	<u>3,344,589,258.82</u>
TOTAL ADDITIONS	<u>4,623,581,898.10</u>
DEDUCTIONS	
Annuity benefits	1,918,690,307.70
Death benefits	5,056,081.09
Refunds	39,517,876.74
Administrative expenses	8,175,722.58
TOTAL DEDUCTIONS	<u>1,971,439,988.11</u>
NET INCREASE	2,652,141,909.99
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
JULY 1, 2012	34,912,772,971.69
JUNE 30, 2013	<u>\$37,564,914,881.68</u>

See Accompanying Notes to the Financial Statements

UNAUDITED

Tennessee Consolidated Retirement System
Notes to the Financial Statements
June 30, 2013

The Tennessee Consolidated Retirement System (TCRS) administers two defined benefit pension plans - State Employees, Teachers and Higher Education Employees Pension Plan (SETHEEPP) and Political Subdivisions Pension Plan (PSPP). Although the assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to members of that plan, in accordance with the terms of the plan.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **Reporting Entity** - The TCRS is included in the State of Tennessee Financial Reporting Entity. Because of the state's fiduciary responsibility, the TCRS has been included as pension trust funds in the *Tennessee Comprehensive Annual Financial Report*.
2. **Measurement Focus and Basis of Accounting** - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Plan member contributions are recognized in the period of time for which the contributions are assessed. Plan employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

3. **Cash and Cash Equivalents** - Cash and cash equivalents includes cash and short-term investments with a maturity date within three months of the acquisition date. Cash management pools are included as cash. Cash received by the TCRS that cannot be invested immediately in securities, or that is needed for operations, is invested in the State Pooled Investment Fund sponsored by the State of Tennessee and administered by the State Treasurer. The classification of cash and cash equivalents also includes cash invested in a short-term, open-end mutual fund under the contractual arrangement for master custody services.
4. **Method Used to Value Assets and Investments** - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is determined at least every three years by qualified independent appraisers who are members of the Appraisal Institute and internally by real estate advisors for those years when independent appraisals are not performed. The fair value of private equity investments is determined by the fund managers using various methodologies as applicable under Generally Accepted Accounting Principles. In many cases, these valuations are additionally reviewed by advisory boards comprised of a subgroup of the fund's investors. These valuations are audited on an annual basis by independent accounting firms engaged by the private equity fund managers. Investment income includes realized and unrealized appreciation (depreciation) in the fair value of investments. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on trade-date basis. Real estate transactions are recorded in the financial statements at the time of closing.

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5. **Capital Assets** - Capital assets consist of internally generated computer software in development and the completed phases of internally generated computer software, which are reported at historical cost, less any applicable amortization. Capital assets are defined by the state as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Software in development will be amortized using the straight line method over the ten year estimated life of the system once a phase is implemented. The first phase of the computer software was implemented during the fiscal year ended June 30, 2012 and the second phase was implemented during the fiscal year ended June 30, 2013. Amortization of both these phases has been reflected in the statements.

B. PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION

At July 1, 2011, the date of the latest actuarial valuation, the membership of each plan consisted of the following:

	SETHEEPP	PSPP
Retirees and beneficiaries currently receiving benefits	83,041	33,544
Terminated members entitled to but not receiving benefits	22,867	9,758
Current active members	<u>135,588</u>	<u>79,488</u>
Total	241,496	122,790
Number of participating employers	140	482

State Employees, Teachers and Higher Education Employees Pension Plan

Plan Description - SETHEEPP is a cost-sharing, multiple employer defined benefit pension plan that covers the employees of the state, teachers with Local Education Agencies (LEA's) and higher education employees. The TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Compounded cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year except that (a) no COLA is granted if the CPI is less than one-half percent; (b) a COLA of 1 percent will be granted if the CPI increases between one-half percent and one percent; (c) the maximum annual COLA is capped at three percent. Benefit provisions are established by state statute found in Title Eight, Chapters 34 through 37 of the *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Ad hoc increases may only be authorized by the General Assembly. Public safety officers receive an additional supplemental benefit that is paid from age 60 to age 62.

Superseded Systems and Certain Employment Classifications - Members of superseded systems that became members of the TCRS at consolidation in 1972, have their rights preserved to the

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benefits of the superseded system, if the benefit from the superseded plan exceeds that provided by the Group 1 (teachers and general employees) TCRS formula. Likewise, public safety employees and officials of TCRS Groups 2, 3 and 4 are entitled to the benefits of those formulas, if better than the Group 1 benefits.

Contributions and Reserves - Effective July 1, 1981, the plan became noncontributory for most state and higher education employees. The contribution rate for teachers is five percent of gross salary. The employers contribute a set percentage of their payrolls, determined by an actuarial valuation. *Tennessee Code Annotated* Title Eight, Chapter 37 provides that the contribution rates be established and may be amended by the Board of Trustees of the TCRS. The administrative budget for the plan is approved through the state of Tennessee's annual budget process. Funding for the administrative budget is included in employer contributions.

The net assets of the plan are legally required to be reserved in two accounts, the Member Reserve and the Employer Reserve. The Member Reserve represents the accumulation of employee contributions plus interest. The Employer Reserve represents the accumulation of employer contributions, investment income and transfers from the Member Reserve for retiring members. Benefit payments and interest credited to the members' accounts are reductions to the Employer Reserve.

Political Subdivisions Pension Plan

Plan Description - PSPP is an agent multiple-employer defined benefit pension plan that covers the employees of participating political subdivisions of the state of Tennessee. Employee class differentiations are not made under PSPP. The TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan prior to July 1, 1979 are vested after four years of service. Members joining on or after July 1, 1979 are vested upon completion of 10 years of service, unless five years vesting is authorized by resolution of the chief governing body. Cost of living adjustments (COLA) are the same as provided by SETHEEPP except that the local government may elect (a) to provide no COLA benefits or (b) to provide COLA benefits under a non-compounding basis rather than the compounded basis applicable under SETHEEPP. Benefit provisions are established and amended by state statute. Pursuant to Article Two, Section 24 of the *Constitution of the State of Tennessee*, the state cannot mandate costs on local governments. Any benefit improvement may be adopted by the governing body of a governmental entity participating in the TCRS.

Contributions and Reserves - Political subdivisions may elect contributory or noncontributory retirement for their employees. The contribution rate for contributory employees of political subdivisions is five percent of gross salary. The employers contribute a set percentage of their payrolls, equal to at least, the percentage determined by an actuarial valuation. State statute provides that the contribution rates be established and may be amended by the Board of

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Trustees of the TCRS. The administrative budget for the plan is approved through the state's annual budget process. Funding for the administrative budget is included in employer contributions.

The net assets of the plan are legally required to be reserved in two accounts, the Member Reserve and the Employer Reserve. The Member Reserve represents the accumulation of employee contributions plus interest. The Employer Reserve represents the accumulation of employer contributions, investment income and transfers from the Member Reserve for retiring members. Benefit payments and interest credited to the members' accounts are reductions to the Employer Reserve.

C. DEPOSITS AND INVESTMENTS

State statute authorizes the TCRS to maintain cash, not exceeding ten percent of the total amount of funds in the retirement system, on deposit in one or more banks, savings and loan associations or trust companies that are qualified as state depositories. The TCRS does not utilize its own bank accounts but invests in the State Pooled Investment Fund for the initial deposit of funds and for its operating cash needs. The State Pooled Investment Fund is authorized by state statute to invest funds in accordance with policy guidelines approved by the Funding Board of the State of Tennessee. The current resolution of that board gives the Treasurer authority to invest in collateralized certificates of deposit in authorized state depositories, prime commercial paper, prime bankers' acceptances, certain repurchase agreements and various U.S. Treasury and Agency obligations. The State Pooled Investment Fund is also authorized to enter into securities lending agreements in which U.S. Government Securities may be loaned for a fee. The loaned securities are transferred to the borrower by the custodial agent upon simultaneous receipt of collateral securities.

State statute also authorizes the TCRS to invest in bonds, debentures, preferred stock and common stock, real estate and in other good and solvent securities subject to the approval of the Board of Trustees, but further subject to the following statutory restrictions and provisions:

- a. The total sum invested in common and preferred stocks shall not exceed seventy-five percent (75 percent) of the total of the funds of the retirement system.
- b. The total sum invested in notes and bonds or other fixed income securities exceeding one year in maturity shall not exceed seventy-five percent (75 percent) of the total funds of the retirement system.
- c. Within the restrictions in (a) and (b) above, an amount not to exceed twenty-five percent (25 percent) of the total of the funds of the retirement system may be invested in securities of the same kinds, classes, and investment grades as those otherwise eligible for investment in various approved foreign countries, provided that such percentage may be increased by the board with the subsequent approval of the council on pensions and insurance.

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- d. Within the restrictions in (a) and (b) above, funds may be invested in Canadian securities which are substantially of the same kinds, classes and investment grades as those otherwise eligible for investment.
- e. The total amount of securities loaned under a securities lending program cannot exceed thirty percent (30 percent) of total assets.
- f. The total sum invested in real estate shall not exceed ten percent (10 percent) of the market value of total assets.
- g. The total sum invested in private equities shall not exceed five percent (5 percent) of the market value of total assets.

State statute also authorizes the TCRS to invest in forward contracts to hedge its foreign currency exposure and to purchase or sell domestic stock index futures contracts for the purpose of asset allocation relating to the domestic equity portfolio. The total amount of the financial futures contract obligation shall not exceed five percent (5 percent) of the market value of total assets.

Title to real property invested in by the TCRS is held by real estate investment holding companies.

The TCRS' investment policy specifies that bond issues subject for purchase are investment grade bonds rated in the four highest ratings by one of the recognized rating agencies. In addition, the policy states that private placements that do not have an active secondary market shall be thoroughly researched from a credit standpoint and shall be viewed by TCRS' investment staff as having the credit quality rating equivalent of an AA rating on a publicly traded issue. For short-term investments, the TCRS' investment policy provides for the purchase of only the highest quality debt issues. Commercial paper should be rated in the highest tier by all rating agencies which rate the paper, with a minimum of two ratings required. Commercial paper cannot be purchased if a rating agency has the commercial paper on a negative credit watch. The investment policy also requires preparation of a credit analysis report on the corporation prior to purchasing commercial paper.

Asset-Backed Securities - The TCRS invests in various collateralized mortgage obligations (CMOs) which are mortgage-backed securities. These securities are based on cash flows from interest and principal payments on underlying mortgages and could therefore be more sensitive to prepayments by mortgagees as a result of a decline in interest rates.

Derivatives - The TCRS may buy or sell fixed income and equity index futures contracts for the purposes of making asset allocation changes in an efficient and cost effective manner and to improve liquidity. Gains (losses) on equity index futures hedge losses (gains) produced by any deviation from the TCRS' target equity allocation. The gains and losses resulting from daily fluctuations in the fair value of the outstanding futures contract are settled daily, on the following day, and a receivable or payable is established for any unsettled gain or loss as of the financial statement date. TCRS was under contract for fixed income and equity index futures and the resulting payable is reflected in the financial statements at fair value.

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The international securities expose the TCRS to potential losses due to a possible rise in the value of the US dollar. The TCRS investment managers can reduce foreign currency exposure by selling foreign currency forward contracts, at agreed terms and for future settlement, usually within a year. The manager will reverse the contract by buying the foreign currency before the settlement date. A gain (loss) on this transaction pair will hedge a loss (gain) on the currency movement of the international security. The TCRS can sell up to 80% of its foreign currency exposure into US dollars. Forward currency forward contracts expose the TCRS to foreign currency risk as they are denominated in foreign currency. Any unrealized gain on foreign currency forward contracts has been reflected in the financial statements as an investment. The notional amount of the foreign currency forward contracts has been reflected in the financial statements as a receivable and a payable. Any unrealized loss on foreign currency forward contracts has been included in the payable established for the contracts.

The TCRS is authorized to invest in To Be Announced (TBA) mortgage backed securities similar to the foreign currency forward contracts. The TCRS enters into agreements to purchase pools of mortgage backed securities prior to the actual security being identified. The TCRS will roll this agreement prior to settlement date to avoid taking delivery of the security. Any unrealized gain on TBA mortgage backed securities has been reflected in the financial statements as an investment. Any unrealized loss on TBA mortgage backed securities has been included in the payable established for the mortgages. The notional amounts of these agreements have been included in the financial statements as a receivable and a payable. The TCRS invests in these derivatives to adjust its exposure to mortgage coupon risk and to replicate the return on mortgage backed securities portfolios without actually purchasing the security.

The TCRS is authorized to enter into option contracts and any income earned on option contracts has been included as investment income on the statement.

The fair values of foreign currency forward contracts are estimated based on the present value of their estimated future cash flows. Futures contracts and TBA mortgage backed securities are exchange traded and their price is based on quoted market prices at year end. It is the TCRS policy to conduct derivative transactions through the custodian bank and high quality money center banks or brokerage firms. The credit risk of foreign currency forward contracts is managed by limiting the term of the forward contracts and restricting the trading to high quality banks. The credit risk of futures contracts is managed by maintaining a daily variation margin.

D. COMMITMENTS

Standby Commercial Paper Purchase Agreement - The TCRS has agreed to serve as standby commercial paper purchaser for commercial paper issued by the Funding Board of the State of Tennessee. By serving as a standby commercial paper purchaser, the TCRS receives an annual fee of 37 basis points on the \$350 million maximum issuance under this agreement during times when both Moody's and Standard and Poor's investment ratings assigned to the State of Tennessee's general obligation bonds are Aaa and AAA respectively, 75 basis points during times when either Moody's or Standard and Poor's has assigned ratings of Aa and AA respectively, or 100 basis points during times when either Moody's or Standard and Poor's has assigned ratings lower than Aa and AA respectively. In the unlikely event that the

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TCRS would be called upon to purchase the commercial paper, the TCRS would receive interest at a rate equal to prime plus 75 basis points during the first 30 consecutive days, plus an additional 50 basis points for each consecutive 30 days thereafter, up to a maximum rate allowed by state law.