

**CITY OF MURFREESBORO, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2007**

**JAMES B. PENNER  
CITY RECORDER/FINANCE DIRECTOR**



## CONTENTS

### **INTRODUCTORY SECTION –**

Letter of Transmittal .....	i - v
City Officials .....	vi
Organizational Chart.....	vii
Certificate of Achievement .....	viii

### **FINANCIAL SECTION –**

<b>Independent Auditor's Report</b> .....	Page 1 - 2
---	------------

Management's Discussion and Analysis.....	3 - 17
---	--------

#### **Basic Financial Statements-**

##### **Government-wide Financial Statements-**

Statement of Net Assets .....	18
Statement of Activities .....	19-20

##### **Fund Financial Statements –**

Balance Sheet – Governmental Funds.....	21-22
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities .....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Balance Sheet – Proprietary Funds .....	26
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds .....	27
Statement of Cash Flows – Proprietary Funds .....	28-29
Statement of Net Assets – Fiduciary Funds.....	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	31

##### **Major Funds – Budget and Actual**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund.....	32 -40
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Purpose School Fund .....	41

Notes to Financial Statements .....	42 -72
-------------------------------------	--------

#### **Required Supplementary Information –**

Schedule of Funding Progress – Pension Trust Funds .....	73
Schedule of Employer Contributions – Pension Trust Funds .....	74

### **SUPPLEMENTAL SECTION –**

#### **Combining Statements and Individual Fund Schedules –**

Combining Balance Sheet -- Nonmajor Governmental Funds.....	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	76

## CONTENTS

<i>Combining Statements and Individual Fund Schedules (continued) –</i>	
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	77 - 78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	79 - 80
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual –	
State Street Aid Fund.....	81
City Recreation Fund.....	82
Senior Citizens Fund.....	83
Old Fort Golf Course Fund.....	84 - 85
Television Fund.....	86
Solid Waste Fund.....	87
Airport Fund.....	88
Drug Enforcement Fund.....	89
Mass Transit Fund.....	90
Extended School Program Fund.....	91
School Cafeteria Fund.....	92
Federal and State Program Funds.....	93
Combining Balance Sheet – Nonmajor Capital Project Funds.....	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds.....	95 - 96
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual –	
Capital Improvement and Contingency Fund.....	97
Community Development Fund.....	98
Battlefield River Trail.....	99
Gateway Project.....	100
1998 TML Fund.....	101
1999 TML Fund.....	102
2001 TML Fund.....	103
2002 TML Fund.....	104
2004 TML Fund.....	105
2005 TML Fund.....	106
2008 TML Fund.....	107
2006 TML Fund.....	108
Debt Service Fund.....	109
Combining Balance Sheet – Nonmajor Enterprise Funds .....	110
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds.....	111
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	112
Combining Balance Sheet – Internal Service Funds .....	113
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds.....	114
Combining Statement of Cash Flows – Internal Service Funds .....	115
Combining Statement of Net Assets – Pension Trust Funds.....	116
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds.....	117
Statement of Changes in Assets and Liabilities – School Activity Agency Fund.....	118

## CONTENTS

### *Financial Schedules -*

Schedule of Certificates of Deposit by Fund.....	119
Schedule of Investments by Fund.....	120 - 127
Schedule of Debt Service Requirements by Fiscal Year.....	128 - 134

### *STATISTICAL SECTION -*

Net Assets by Component.....	135
Changes in Net Assets .....	136-138
Governmental Activities Tax Revenue By Source.....	139
Fund Balances of Governmental Funds .....	140
Changes in Fund Balances of Governmental Funds.....	141
General Governmental Tax Revenues by Source.....	142
Assessed Value and Estimated Actual Value of Taxable Property.....	143
Property Tax Rates and Levies - Direct and Overlapping Governments .....	144
Principal Taxpayers .....	145
Property Tax Levies and Collections.....	146
Ratios of Outstanding Debt by Type.....	147
Ratios of General Bonded Debt Outstanding.....	148
Direct and Overlapping Governmental Activities Debt .....	149
Legal Debt Margin Information.....	150
Revenue Bond Coverage .....	151
Demographic and Economic Statistics.....	152
Principal Employers.....	153
Full-time Equivalent City Government Employees by Function.....	154
Operating Indicators by Function .....	155
Capital Asset Statistics by Function.....	156
Schedule of Customers and Rate Structure .....	157-158
Schedule of Unaccounted for Water Percentage Information.....	159

### *SINGLE AUDIT SECTION -*

Schedule of Expenditures of Federal Awards.....	160 - 162
Schedule of Expenditures of State Awards .....	163
Independent Auditor's Reports on Compliance and on Internal Control .....	164 - 167
Schedule of Findings and Questioned Costs.....	168 - 169
Summary Schedule of Prior Audit Findings .....	170 - 172

January 9, 2008

To the Honorable Mayor, Members of City Council  
and Citizens of Murfreesboro  
City of Murfreesboro  
Murfreesboro, Tennessee

The Comprehensive Annual Financial report of the City of Murfreesboro, Tennessee for the fiscal year June 30, 2007, is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Murfreesboro for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Jobe, Hastings & Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Murfreesboro's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

#### **PROFILE OF THE GOVERNMENT**

The City operates under a Council-Manager form of government. The governing body is the City Council, which consists of seven members who serve four-year terms of office. Non-partisan elections for City Council are held in even numbered years on a staggered basis. City Council members are elected at large. The City Council is responsible for adopting ordinances, the annual budget, appointing committees and establishing policies. The City Council appoints a City Manager, who is responsible for carrying out the policies and ordinances of the City Council and the day-to-day operations. The City Manager appoints and supervises the various department heads of the City.

#### **LOCAL ECONOMY**

The City of Murfreesboro, county seat of Rutherford County, is located at the geographic center of the State of Tennessee approximately 35 miles southeast of Nashville, the state capitol. The City's corporate boundary encompasses 54.8 square miles. A special census in 2005 certified a population of 81,393, but due to continued growth, the US Census Bureau estimates the City's population to be 92,559.

The City's strong economy attracts a growing population, with in-migration at twice the national average. Rutherford County ranks as the 20<sup>th</sup> fastest growing county in the United States by the U. S. Census Bureau. Money magazine ranked Murfreesboro as No. 84 out of the Top 100 Places to Live. Forbes magazine ranked the Nashville-Murfreesboro MSA as 9<sup>th</sup> on the list for "Best Places for Business and Careers." Income levels have also risen steadily over that period with average household income of \$56,000 per year.

With an unemployment rate hovering between two and four percent, well below the national average, Middle Tennessee and Rutherford County consistently outperform the national economic indicators. 2005 retail sales totaled over \$2 billion, with growth of 19 percent over the past three years. Countywide personal income in 2003 was more than \$5.6 billion, up more than \$600 million in 2001.

Population growth has driven a boom in residential construction, with the City issuing permits for 1,597 units in FY 07. During FY 07, the department issued 1,399 (FY06 – 1,922) permits for new single-family dwellings and 458 (FY 06 – 419) new multifamily dwelling units. The total valuation of all construction permitted was \$480 million (FY06 – \$451 million).

The City has a diversified employment base, which includes office, industrial, educational and retail employment. Murfreesboro is home to Middle Tennessee State University with a student enrollment of over 24,000. The City's Gateway Project has created opportunities for Class A office and retail. Construction continued on The Avenue - Murfreesboro, an 850,000 square foot open air shopping center with an estimated development cost of \$150 million broke ground and Stones River Mall's \$45 million upgrade. Both of these projects will have a significant impact on the City's sales tax revenue. Additionally, construction began on a \$75 million Embassy Suites hotel and conference center.

#### **LONG-TERM FINANCIAL PLANNING**

The City's continued strong financial position has enabled it to provide services at the level and quality required for our residents. The City has met and expanded service levels in a prolonged period of growth without the need for property tax increases.

The City's general fund, undesignated fund balance is \$28.4 million, which is equal to 34.3 percent of general fund revenue. The City's fund balance has been available to fund some projects without borrowing and provides a healthy reserve for future needs and projects.

The City has also benefited from the use of the Tennessee Municipal Bond Fund. Because it has used the TML Bond Fund rather than conventional fixed-rate general obligation bonds, the City has saved over \$32 million over the last 12 years. Additionally, the City has amortized the TML loans over a shorter period (15 years) than most governments, resulting in interest cost savings.

The Finance Department's accounting systems and city management have provided strong oversight. The City Council has aggressively funded road projects, however, their outstanding stewardship of the City's dollars has enabled the aggressive funding of road projects without needing to increase the property tax rate.

#### **MAJOR INITIATIVES**

The City continued its aggressive list of road projects. Among these projects are Medical Center Parkway, Middle Tennessee Boulevard, a section of the Southwest Loop Road and South Rutherford Boulevard. It also includes several road projects that are related to the construction of new schools, such as DeJarnette Lane and Pitts Lane.

It also included several projects that included the City's share of a jointly-funded road, including Florence Road, SR-840 and Beasley connector road, Siegel Road, Joe B. Jackson Parkway and Rucker Lane.

The City continued construction of Phase III of the public works facility. It includes a new 8,540 square-foot Solid Waste building, a new 19,325 square-foot Fleet Services building with 7 garage bays per side (14 total), 1 enclosed wash bay, new fueling facility, and 9 storage sheds to house garbage trucks, dump trucks and other vehicles. (The site will also have a new salt bin and truck weigh scales).

### ACCOMPLISHMENTS

During FY 06-07, the City Council approved the purchase of 15 acres for a hotel with conference center facilities. The \$75 million hotel with conference center facilities will be funded by John Q. Hammons. The location is adjacent to The Avenue lifestyle mall. Younger and Associates projects that there will be 107,310 annual visitors to the Embassy Suites and conference center generating an economic impact from visitor spending of \$17.9 million.

The Murfreesboro Police Department integrated Gang Relational Intelligence Program (GRIP) software to assist with gathering, cataloging and disseminating intelligence information on known gang members and their associates. In addition, MPD established additional connectivity with the Sheriff's office booking and warrant database allowing us access to more information for use in investigations. The planning process began for a new police precinct west of I-24, as are plans for the completion of an outdoor firing range facility in cooperation with the Rutherford County Sheriff's Department.

The Fire Department was notified by the Insurance Services Office (ISO) that the department would move from a Class Three to a Class Two fire rating effective September 1, 2007. The Murfreesboro Fire Department was awarded a federal grant from the Department of Homeland Security totaling \$387,200 to purchase seventy-one SCBA air packs and accessories, air compressors, and cascade systems. Two new fire engines with equipment were ordered to replace older engines.

The Planning Department reviewed 55 preliminary plats involving 2406 lots, 144 final plats involving 1880 lots, and 161 site plans involving a variety of commercial and multiple family dwellings. The Planning Commission conducted public hearings on 51 items involving annexations, re-zonings, and ordinance amendments and provided recommendations for each to the City Council. The Planning Staff prepared annexation feasibility studies for 19 annexations involving 2721 acres. During this time there were 33 rezoning applications most of which were applications as Planned Developments.

The Building and Codes Department issued 1391 permits for new single-family dwellings and 458 new multifamily dwelling units. The total valuation of all permits issued was \$736 million. The department also issued 3,458 correction notices for violations of the minimum property maintenance standards.

The City continued its aggressive road building and widening program. Projects included: Conference Center Boulevard, Greshampark Drive, Pitts Lane, Dejarnette Lane, Middle Tennessee Boulevard, Florence Road, Greenland Drive, Rutherford Boulevard, Robert Rose Drive and Southwest Loop, Phase 1. Additionally, the City and Rutherford County reconciled their major thoroughfare plans.

The City launched a public transit service, Rover, which provides services city-wide along 6 routes.

The St. Clair Street Senior Center provided a variety of services to enhance the quality of life for a record number of 5,028 adults age 60 and over. Grants in the amount of \$5,370 were received from The Community Foundation of Middle Tennessee and used for cultural programs and storage equipment and supplies for the Adult Day Care Program. The installation of a sprinkler system was virtually complete by the end of June at a cost of \$23,000.

Old Fort Golf Course hosted the TSSAA State Golf Championships in October for both girls and boys in all classifications. The economic impact on the City of Murfreesboro, as reported by the Rutherford County Chamber of Commerce, has been estimated at \$975,000 for the three weeks the tournaments were held.

Murfreesboro's government television station (Channel 3) received an honorable mention for Excellence in Government Programming from the National Association of Telecommunications Officers and Advisors

(NATOA) during this year's Government Programming Awards competition. Channel 3 cablecast 107 city public meetings on Channel 3 and oversaw a total of 346 first run/produced programs and videos. Staff assisted 54 city cable television subscribers in resolving disputes with Comcast.

The Fleet Services, Public Transportation and Solid Waste departments, along with the city's fuel tanks, moved to new facilities on Florence Road, optimizing their services by proximity and new, improved space. The Solid Waste Department diverted 27,000 tons of yard waste from the landfill and recycled it for the benefit of the public. The Solid Waste Department also picked up 34,321 tons of garbage from the residents of Murfreesboro.

The Murfreesboro Municipal Airport began construction of 43 T-hangars and 4 Box hangars bringing the total number of T-hangars to 102. The construction of the hangars also included an expansion of the Taxiway "C"/ramp connection and the construction of an aircraft wash area. The Hangar Construction Project will assist the airport in meeting the need for additional hangars and eliminate a very long waiting list. The Airport Manager was named Airport Manager of the Year at the Annual Tennessee Airport Conference.

The Water and Sewer Board and City Council awarded a contract for the expansion of the water treatment plant. At a total cost of \$40 million, this expansion will not only provide capacity of 20 million gallons per day but will upgrade the sand filters to provide ultrafiltration using membrane technology. City Council also approved creating a Stormwater Utility to fund the unfunded federal mandate of stormwater management.

The Urban Environmental Department was awarded a Tennessee Roadscapes Grant in the amount of \$116,283 from the Tennessee Department of Transportation. The landscape installation for the Middle Tennessee Boulevard improvements was also completed during this time period.

In the Gateway Project, construction began on a 120,000 medical office building on the campus of Middle Tennessee Medical Center, Physician's Plaza 2, Hope Clinic and Murfreesboro Medical Clinic.

Murfreesboro City School students performed exceptionally with all A's and B's on the 2007 State Report Card. On the average, students exceeded state achievement and value added scores in every subject. Two Murfreesboro City Schools teachers were named "Grand Division" winners in their respective grade levels in the Tennessee Teacher of the Year competition.

#### **AWARDS AND ACKNOWLEDGEMENTS**

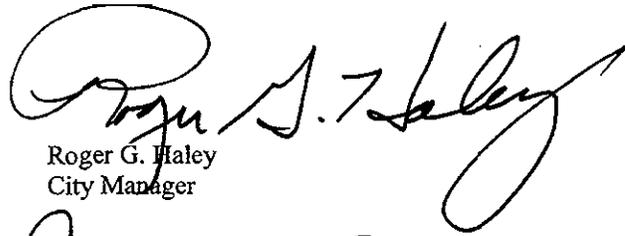
The Government Finance Officers Association (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Murfreesboro for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This is the ninth consecutive year the City of Murfreesboro has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

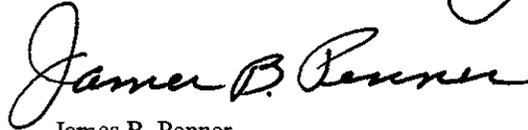
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance and administration department. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

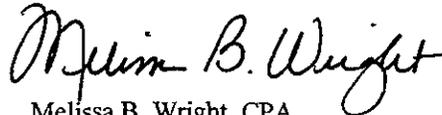
Respectfully submitted,



Roger G. Haley  
City Manager



James B. Penner  
City Recorder/Finance Director



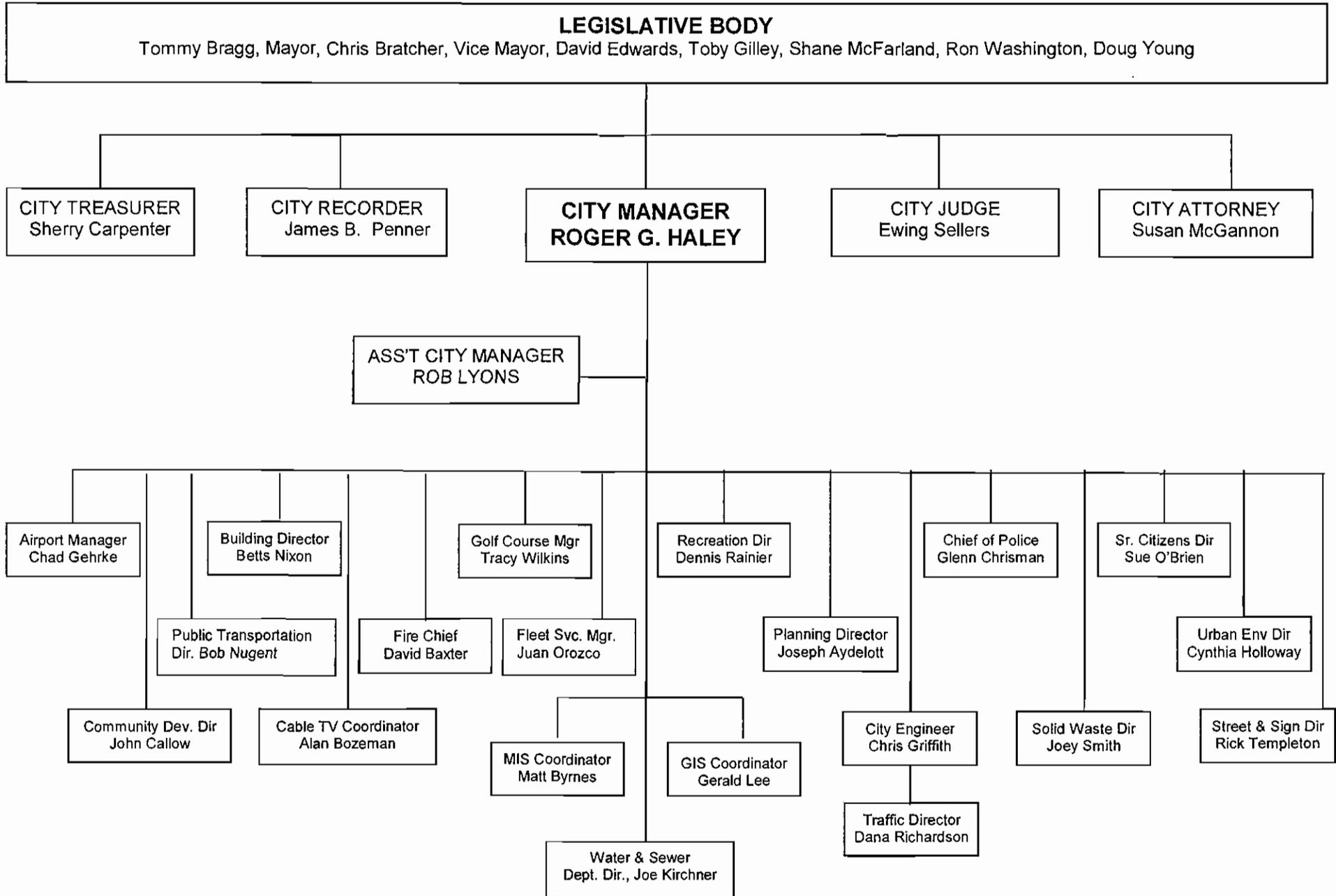
Melissa B. Wright, CPA  
Assistant City Recorder/Chief Accountant

**CITY OF MURFREESBORO, TENNESSEE**  
**CITY OFFICIALS**  
**JUNE 30, 2007**

---

MAYOR	Tommy Bragg
CITY COUNCIL	Chris Bratcher Doug Young David Edwards Tolbert Gilley, III Ronald Washington Shane McFarland
CITY MANAGER	Roger G. Haley
ASSISTANT CITY MANAGER	Robert J. Lyons
CITY RECORDER/FINANCE DIRECTOR	James B. Penner
ASSISTANT CITY RECORDER/CHIEF ACCOUNTANT	Melissa B. Wright
CITY ATTORNEY	Susan McGannon
CITY TREASURER/PERSONNEL DIRECTOR	Sherry Carpenter
SUPERINTENDENT OF SCHOOLS	Marilyn Mathis
PLANNING DIRECTOR	Joseph Aydelott
DIRECTOR OF BUILDING DEPARTMENT	Betts Nixon
CHIEF, POLICE DEPARTMENT	Glenn Chrisman
RECREATION DIRECTOR	Dennis Rainier
GOLF COURSE GENERAL MANAGER	Tracy Wilkins
CITY ENGINEER	Chris Griffith
COMMUNITY DEVELOPMENT COORDINATOR	John Callow
CHIEF, FIRE DEPARTMENT	David Baxter
SUPERINTENDENT, SOLID WASTE DEPARTMENT	Joey Smith
WATER AND SEWER DIRECTOR	Joe Kirchner
ELECTRIC DEPARTMENT DIRECTOR	Steve Sax
DIRECTOR, SENIOR CITIZENS CENTER	Sue O'Brien
CITY HORTICULTURIST/LANDSCAPE DESIGNER	Cynthia Holloway
CITY JUDGE	Ewing Sellers
CABLE TELEVISION COORDINATOR	Alan Bozeman
AIRPORT MANAGER	Chad Gehrke
DIRECTOR OF STREET AND SIGN DEPARTMENT	Riek Templeton
DIRECTOR OF FLEET SERVICES	Juan Orozco
DIRECTOR OF MASS TRANSIT	Bob Nugent

# CITY OF MURFREESBORO - ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Murfreesboro  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Murfreesboro, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents except for the financial statements of certain departments of the City whose statements were audited by other auditors as listed in this paragraph below. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds presented in the accompanying combining statements and individual fund statements and schedules as of and for the year ended June 30, 2007 as listed in the table of contents, except for the statements and schedules audited by other auditors as listed below which include the Extended School Program Fund, School Cafeteria Fund, Federal and State Program Funds, School Activity Fund, Evergreen Cemetery and the Murfreesboro Electric Department Pension Plan. These financial statements are the responsibility of the City of Murfreesboro, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission whose statements reflect total assets of \$22,177,706, \$107,308,148, \$339,838,877, \$11,731,118, and \$1,936,474, respectively, and total revenues of \$49,775,594, \$110,516,205, \$26,101,023, \$1,596,259, and \$452,467 respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission is based upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the respective budgetary comparisons for the General Fund and the Major Special Revenue Fund of the City of Murfreesboro, Tennessee, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund, of the City of Murfreesboro, Tennessee as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons as listed in

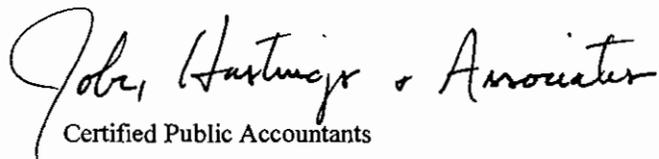
Honorable Mayor and City Council  
City of Murfreesboro, Tennessee  
Page 2

the supplemental section of the table of contents for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and pension trend data, on pages three (3) through seventeen (17) and seventy-three (73) through seventy-four (74) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures to the management's discussion and analysis and pension trend data, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro's basic financial statements. Other information listed in the introductory section, the financial schedules listed in the supplemental section and the statistical section in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are also not a required part of the basic financial statements of the City of Murfreesboro, Tennessee. The financial schedules as listed in the supplemental section and the schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Certified Public Accountants

Murfreesboro, Tennessee  
December 17, 2007

## **CITY OF MURFREESBORO**

### **Management's Discussion and Analysis**

**June 30, 2007**

The following discussion and analysis of the City of Murfreesboro's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Management encourages readers to consider the information presented here in conjunction with the additional information presented in our letter of transmittal, which can be found on pages i – iv of this report.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Murfreesboro exceeded its liabilities at June 30, 2007 by \$761,063,401. Of this amount \$8,533,742 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$57,999,808 (8.2 percent) during the year. The governmental net assets increased by \$30,063,292 (7.1 percent) and the business-type net assets increased by \$27,936,516 (9.9 percent).
- As of June 30, 2007 the City's governmental funds reported combined fund balances of \$37,286,669, a decrease of \$12,238,108 (24.7 percent) in comparison with the prior year. The City has been funding several large projects from reserves, which are to be reimbursed through future loan proceeds. The unreserved, undesignated portion of the governmental fund combined fund balance is \$32,206,739 and is available for spending at the City's discretion.
- At the end of the year the unreserved, undesignated fund balance for the general fund was \$28,413,043, or 53.3 percent of the total general fund expenditures.
- The City of Murfreesboro's total debt increased by \$48,454,430 (19.2 percent) during the year ended June 30, 2007. As in recent years, debt was issued by the general government as well as both utilities to continue infrastructure projects needed to meet the demands of growth in our City.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City of Murfreesboro's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.

### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide a broad overview of the City's finances, in a manner similar to a private-sector business. These statements present *governmental activities* and *business-type activities* separately. Governmental activities are principally supported by taxes and intergovernmental revenues and include general government, police, fire protection, judicial, legal, personnel, streets, planning and engineering, building inspections, sanitation, urban environmental, public health, education and welfare, community services, recreation, community development, education, and food service. Business-type activities are supported through user fees and charges and include a water and sewer operation, an electrical distribution operation, and a cemetery. The government-wide financial statements can be found on pages 18 - 20 of this report.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Murfreesboro is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

### **Fund Financial Statements**

A fund is established to account for a specific activity or purpose. Law mandates the creation of some funds. Other funds are established by management to demonstrate financial compliance with budget or legal requirements. All of the funds of the City of Murfreesboro can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### ***Governmental Funds***

*Governmental funds* are used to account for most of the City's basic services. The governmental fund statements provide a detailed short-term view of the City's general government operations by using a modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund information is useful in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those of the government-wide financial statements are explained in a reconciliation following each governmental fund statement.

The City of Murfreesboro maintains twenty-seven (27) individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, the general purpose school fund, debt service fund, and 2006 TML fund which are considered to be major funds. Data from the other twenty-three (23) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major

governmental funds is provided in combining statements in the supplemental section of this report. The basic governmental fund financial statements can be found on pages 21 - 25 of this report.

### ***Proprietary Funds***

There are two types of proprietary funds: *enterprise funds* and *internal service funds*.

*Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, only in more detail. The City's water and sewer department and electric department are considered to be major funds and are displayed separately in the proprietary fund statements on pages 26 - 29 of this report. The City's other three (3) enterprise funds are combined into a single column for non-major funds.

*Internal service funds* are used to account for activities that provide supplies and services for the City's other programs and activities. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements. The City of Murfreesboro uses internal service funds to account for its fleet maintenance of vehicles and for its self-insurance programs. They have been combined into a single column in the proprietary fund financial statements on pages 26 - 29 of this report. Detailed financial data for those funds can be found in the combining statements in the supplemental section of this report.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statements can be found on pages 30 - 31 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42 - 72 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 73 - 74 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions and certain budgetary

comparison schedules. Combining statements and individual fund schedules can be found on pages 75 - 118 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$761,063,401 at June 30, 2007. The largest part of the City of Murfreesboro's net assets (92.6 percent) reflects its investment in capital assets (land, buildings and improvements, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The largest change in net assets is the portion invested in governmental activities capital assets, net of related debt. Approximately 39.2 percent of the \$74,019,007 increase in governmental activities capital assets is due to land and infrastructure donated to the City for neighborhood right-of-ways and streets from various developers. The table below focuses on the net assets of the City's governmental and business-type activities:

### NET ASSETS June 30, 2007

	Governmental Activities		Business-type Activities		Total	
	2007	2006 (Restated)	2007	2006	2007	2006 (Restated)
Current and other assets	\$ 107,061,948	\$ 109,189,920	\$ 51,006,370	\$ 44,234,429	\$ 158,068,318	\$ 153,424,349
Capital assets	<u>584,326,831</u>	<u>510,307,824</u>	<u>397,778,091</u>	<u>357,348,026</u>	<u>982,104,922</u>	<u>867,655,850</u>
Total assets	<u>691,388,779</u>	<u>619,497,744</u>	<u>448,784,461</u>	<u>401,582,455</u>	<u>1,140,173,240</u>	<u>1,021,080,199</u>
Long-term liabilities outstanding	179,379,072	147,575,417	121,704,774	105,975,968	301,083,946	253,551,385
Other liabilities	<u>60,270,606</u>	<u>50,246,518</u>	<u>17,755,387</u>	<u>14,218,703</u>	<u>78,025,993</u>	<u>64,465,221</u>
Total liabilities	<u>239,649,678</u>	<u>197,821,935</u>	<u>139,460,161</u>	<u>120,194,671</u>	<u>379,109,839</u>	<u>318,016,606</u>
Net assets:						
Invested in capital assets, net of related debt	426,343,309	380,452,965	278,420,182	253,510,019	704,763,491	633,962,984
Restricted	24,216,623	27,177,051	23,549,545	20,608,993	47,766,168	47,786,044
Unrestricted	<u>1,179,169</u>	<u>14,045,793</u>	<u>7,354,573</u>	<u>7,269,772</u>	<u>8,533,742</u>	<u>21,314,565</u>
Total net assets	<u>\$ 451,739,101</u>	<u>\$ 421,675,809</u>	<u>\$ 309,324,300</u>	<u>\$ 281,387,784</u>	<u>\$ 761,063,401</u>	<u>\$ 703,063,583</u>

There are 6.3 percent of the City's net assets that are subject to restrictions on how they may be used. Eighty percent of the restricted governmental activity net assets is related to debt service funds and loans borrowed for capital projects. Unrestricted net assets of \$8,533,742 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the City of Murfreesboro is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for governmental and business-type activities. The same situation held true for the prior fiscal year.

## Governmental Activities

Governmental activities increased the City of Murfreesboro's net assets by \$30,063,292 thereby accounting for 51.8 percent of the total growth in the net assets. Key elements of this increase are as follows:

### CHANGES IN NET ASSETS June 30, 2007

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 14,990,421	\$ 14,072,166	\$ 135,417,895	\$ 123,068,845	\$ 150,408,316	\$ 137,141,011
Operating grants & contributions	49,527,119	46,551,338	76,203	15,413	49,603,322	46,566,751
Capital grants & contributions	30,178,990	17,774,729	18,831,734	21,864,924	49,010,724	39,639,653
<b>General revenues:</b>						
Property taxes	31,059,661	30,642,673			31,059,661	30,642,673
Other taxes	33,461,655	31,020,775			33,461,655	31,020,775
Grants & contributions not restricted to specific programs	8,625,079	8,256,058			8,625,079	8,256,056
Other	2,556,566	2,059,600	1,514,229	792,812	4,070,795	2,852,412
<b>Total revenues</b>	<b>\$ 170,399,511</b>	<b>\$ 150,377,337</b>	<b>\$ 155,840,061</b>	<b>\$ 145,741,994</b>	<b>\$ 326,239,572</b>	<b>\$ 296,119,331</b>
<b>Expenses:</b>						
General government	\$ 11,609,689	\$ 4,160,902			\$ 11,609,689	\$ 4,160,902
Police	17,663,308	16,893,470			17,663,308	16,893,470
Fire protection	12,588,799	13,165,975			12,588,799	13,165,975
Judicial	413,187	470,194			413,187	470,194
Legal	656,445	605,026			656,445	605,026
Personnel	667,665	667,777			667,665	667,777
Streets	11,044,955	10,617,678			11,044,955	10,617,678
Planning and engineering	2,719,203	2,577,020			2,719,203	2,577,020
Building inspections	1,720,215	1,516,166			1,720,215	1,516,166
Sanitation	4,321,738	4,232,561			4,321,738	4,232,561
Urban environmental	653,438	746,291			653,438	746,291
Public health, educ. and welfare	1,576,043	1,572,061			1,576,043	1,572,061
Community services	5,216,227	5,862,872			5,216,227	5,862,872
Recreation	11,038,185	10,889,653			11,038,185	10,889,653
Community development	443,375	855,376			443,375	855,376
Education	52,820,118	50,508,912			52,820,118	50,508,912
Food service	2,969,999	2,604,851			2,969,999	2,604,851
Interest on long-term debt	6,503,457	4,518,117			6,503,457	4,518,117
Water and sewer			\$ 24,550,818	\$ 22,755,496	24,550,818	22,755,496
Electric			102,920,871	95,002,383	102,920,871	95,002,383
Cemetery			409,801	415,208	409,801	415,208
<b>Total expenses</b>	<b>\$ 144,628,046</b>	<b>\$ 132,464,902</b>	<b>\$ 127,881,290</b>	<b>\$ 118,173,087</b>	<b>\$ 272,507,336</b>	<b>\$ 250,637,989</b>
Increase in net assets before contributions and transfers	\$ 25,773,465	\$ 17,912,435	\$ 27,958,771	\$ 27,568,907	\$ 53,732,238	\$ 45,481,342
Contributions to permanent funds			56,698	64,225	56,698	84,225
Gain on sale of assets	4,210,874	6,946,150			4,210,874	8,946,150
Reduction in estimated landfill post-closure costs						
Transfers	78,953	23,747	(78,953)	(23,747)		
<b>Increase in net assets</b>	<b>\$ 30,063,292</b>	<b>\$ 26,882,332</b>	<b>\$ 27,936,516</b>	<b>\$ 27,609,385</b>	<b>\$ 57,999,808</b>	<b>\$ 54,491,717</b>
Net assets - beginning, as previously reported	\$ 421,758,721	\$ 202,571,956	\$ 281,387,784	\$ 253,778,399	\$ 703,148,505	\$ 456,350,355
Prior period adjustment and retroactive restatement of infrastructure	(82,912)	192,304,433			(82,912)	192,304,433
Net assets - beginning, as restated	\$ 421,675,809	\$ 394,876,389	\$ 281,387,784	\$ 253,778,399	\$ 703,063,593	\$ 648,654,788
<b>Net assets at end of year</b>	<b>\$ 451,739,101</b>	<b>\$ 421,758,721</b>	<b>\$ 309,324,300</b>	<b>\$ 281,387,784</b>	<b>\$ 761,063,401</b>	<b>\$ 703,146,505</b>

Once again our City has continued the growth trend we have reported over the last few years, although the rate appears to be slowing. Our property tax base only increased 1.4 percent from the previous year. However, our local sales tax collections increased by to \$2,171,386,

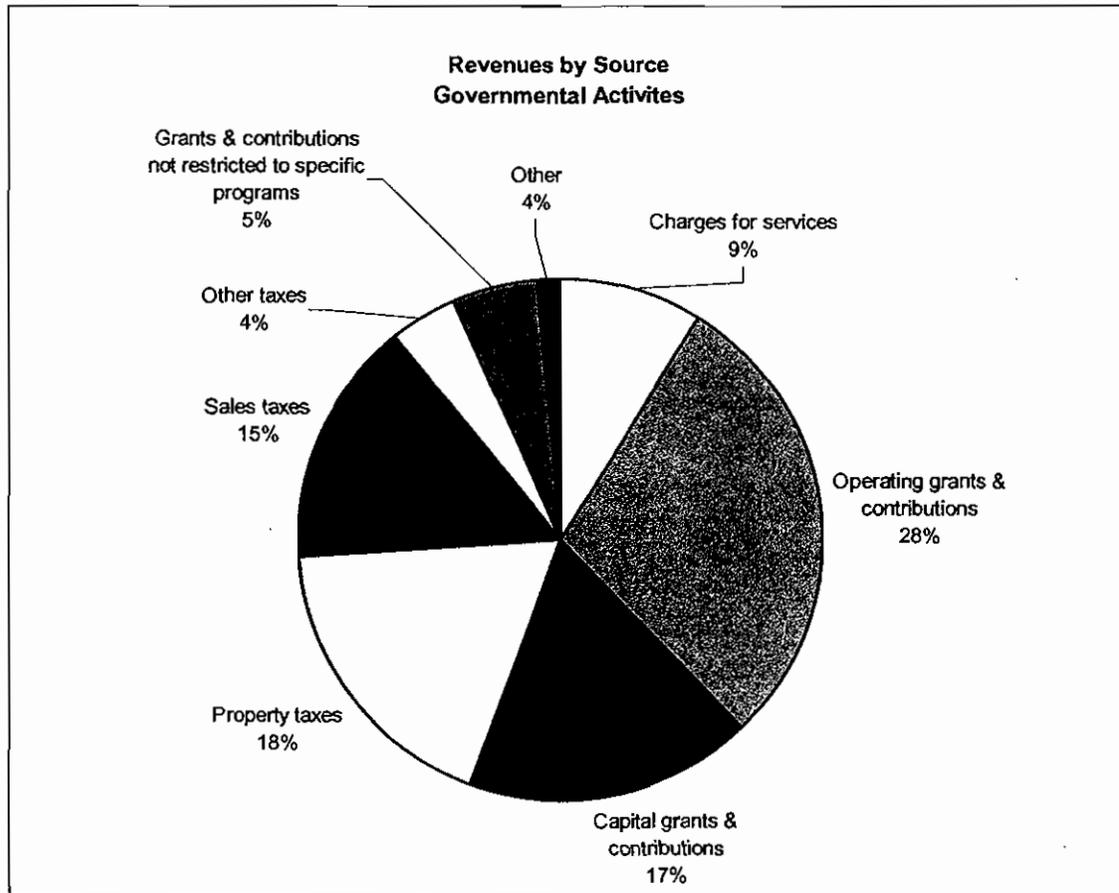
which is a 9.0 percent increase over the previous year. This is a good indicator that our local economy is remaining steady.

Governmental operating grants and contributions revenue has an increase of \$2,975,781 from the prior year and is attributed almost entirely to federal, state and local funds provided for the increase in operating expenses of the school system, which opened a new school in the previous year.

Capital grants and contributions for the governmental activities of the City was \$30,178,990 which is an increase of \$12,404,261 (69.8 percent) from the previous year. Developers contribute right-of-way, sidewalks, curb and gutter, storm drains, streets, water and/or sewer systems for new developments that have been completed. These contributions have increased the City's net assets, without a cost of construction to the taxpayers, however it will be the City's responsibility to keep these infrastructure systems maintained in the future. While current year contributions from developers have increased significantly for neighborhood streets from the previous year, residential building permits for the current year have decreased. The City will continue to require developers to provide or participate with infrastructure for new developments, however; the percentage for the next year is unlikely to continue to increase with the current downturn in new residential development.

The City invested in property near our recently opened interstate interchange known as Medical Center Parkway. This property has been deeded over to the County Industrial Development Board to be used for a conference center to be built by John Q. Hammons who is developing a new Embassy Suites full-service hotel at this interstate exit. It is anticipated that this conference center will draw large groups for various conferences and events to be held there. The City is anticipating recouping their investment through the hotel/motel tax and increase in local sales tax to be generated from more travelers making Murfreesboro their destination.

The cost of all governmental activities was \$144,626,046. However, as shown in the Changes in Net Assets table, 65.5 percent (\$94,696,530) of these costs were paid by those who directly benefited from the programs, or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions. The City paid for the remaining "public benefit" portion of governmental activities with taxes, general grants and contributions, and other miscellaneous revenue. Each program's net cost to taxpayers is presented on the following page:



### Net Program Cost to Taxpayers

Governmental activities:	Revenue		Expense		Net (Expense)
					Revenue
General government	\$	187,806	\$	11,609,689	\$ (11,421,883)
Police		425,697		17,663,308	(17,237,611)
Fire protection		537,146		12,588,799	(12,051,653)
Judicial		1,640,284		413,187	1,227,097
Legal				656,445	(656,445)
Personnel				667,665	(667,665)
Streets		31,545,787		11,044,955	20,500,832
Planning and engineering		72,543		2,719,203	(2,646,660)
Building inspections		3,513,589		1,720,215	1,793,374
Sanitation		71,481		4,321,738	(4,250,257)
Urban environmental		4,635		653,438	(648,803)
Public health, educ. and welfare		18,287		1,576,043	(1,557,756)
Community services		3,274,005		5,216,227	(1,942,222)
Recreation		3,179,820		11,038,185	(7,858,365)
Community development		446,037		443,375	2,662
Education		46,715,474		52,820,118	(6,104,644)
Food service		3,060,121		2,969,999	90,122
Interest on long-term debt		3,818		6,503,457	(6,499,639)
<b>Total governmental activities</b>	<b>\$</b>	<b>94,696,530</b>	<b>\$</b>	<b>144,626,046</b>	<b>\$ (49,929,516)</b>

Governmental net assets for fiscal year 2007 were increased by \$30,063,292 after payment of governmental activities expenses of \$144,626,046 with program revenues of \$94,696,530, general revenues of \$75,702,981, gain on sale of assets of \$4,210,874, and transfers of \$78,953. Governmental net assets at June 30, 2007 were \$451,739,101.

**Program Expenses  
Governmental Activities**

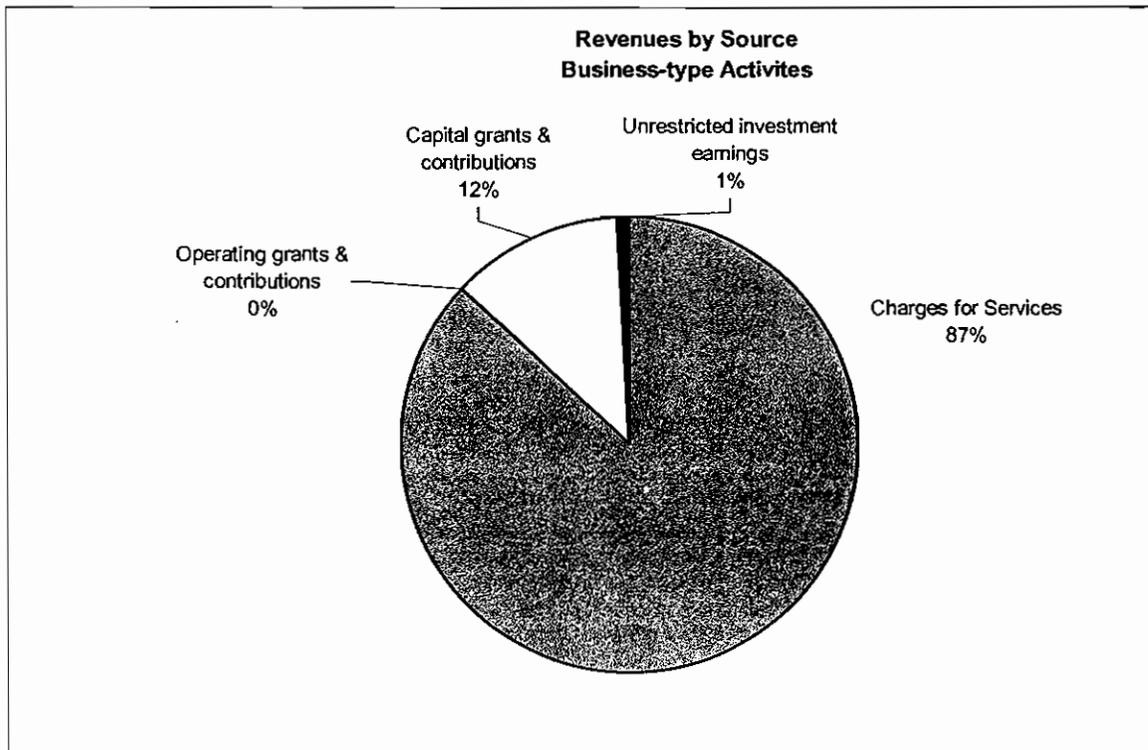
Governmental activities:	Total Expense	Percent of Total		Total Expense	Percent of Total
General government	\$ 11,609,689	8%	Sanitation	4,321,738	3%
Police	17,663,308	12%	Urban environmental	653,438	0%
Fire protection	12,588,799	9%	Public health, educ. and welfare	1,576,043	1%
Judicial	413,187	0%	Community services	5,216,227	4%
Legal	656,445	0%	Recreation	11,038,185	8%
Personnel	667,665	0%	Community development	443,375	0%
Streets	11,044,955	8%	Education	52,820,118	37%
Planning and engineering	2,719,203	2%	Food service	2,969,999	2%
Building inspections	1,720,215	1%	Interest on long-term debt	6,503,457	5%
			Total governmental activities	\$ 144,626,046	100%

**Business-type Activities**

The business-type activities increased the City of Murfreesboro's net assets by \$27,936,516, accounting for 48.2 percent of the total growth of the City's net assets. The business-type activities include a water and sewer operation, an electrical distribution operation and a cemetery. The cost of all business-type activities this year was \$127,881,290. As shown in the Statement of Activities, the amounts paid by users of the operations were \$135,417,895. The additional revenue sources included operating grants and contributions of \$76,203, capital grants and contributions of \$18,831,734, unrestricted investment earnings of \$1,514,229, and contributions to permanent funds of \$56,698. There were also transfers to other funds of \$78,953.

**Expenses and Program Revenues  
Business-type Activities**

	Expenses	Program Revenue	Expense as a Percent of Revenue
Water & Sewer	\$ 24,550,818	\$ 43,676,973	56%
Electric	102,920,871	110,253,090	93%
Cemetery	409,601	395,769	103%
	\$ 127,881,290	\$ 154,325,832	83%



The Water and Sewer Department experienced a \$1,433,656 (6.1 percent) growth in operating revenues due to growth in the sewer customer base in addition to a rate increase for water and sewer. Developer contributions to the water and sewer system decreased \$2,786,519 (12.9 percent) due to a decline in development activity. The Electric Department experienced a \$10,703,592 (10.8 percent) increase in operating revenue because of a full year's effect of a TVA wholesale increase in April 2006 which was passed through to customers. Purchased power increased less significantly than operating revenue due to a wholesale reduction by TVA in October 2006 not being passed through to customers.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

### **Governmental Funds**

As of June 30, 2007 the City of Murfreesboro's governmental funds reported combined ending fund balances of \$37,286,669, a decrease of \$12,321,020 in comparison with the prior year.

The general fund is the chief operating fund of the City of Murfreesboro. At June 30, 2007, the fund balance is \$30,713,162, a decrease of \$4,749,634. The City experienced increases in several revenue accounts, including property taxes, sales taxes, gross receipts taxes and permits related to the building industry because of the continued growth surge in our area. The most significant increase is in the local sales tax revenue which increased \$2,171,386 (9 percent). Along with this growth surge has come the responsibility of providing services to these new residents and businesses. These additional services have increased our employee costs for labor and benefits, funding needs for our schools, and providing recreational facilities

for our citizens. As noted earlier, the City has invested in a project being constructed near our new interstate interchange to have a conference center constructed. Our investment totaled \$5,882,346 and is included in general government expenses on the schedule of Changes in Net Assets. It is anticipated this overall project should bring more tourism to Murfreesboro and the City should re-coup it's investment through various tourism based revenues.

The 2006 TML Loan Fund deficit balance is \$(10,766,218) which is an increase of \$6,946,879 from last year. This fund is a capital project fund that expends loan proceeds from the Tennessee Municipal Bond Fund (TMBF). The deficit balance is the result of spending money through the General Fund and repaying once a month through loan proceeds from TMBF. In the year ended June 30, 2007 the City donated \$2,483,751 to the local university for improvements to their baseball, and track/soccer stadiums. These improvements were instrumental to win the bid to have the state high school spring sports played in Murfreesboro. The City considers this an investment in additional tourism to our area. The 2008 TML Loan Fund has a deficit balance at year end of \$(3,061,882) and results from funds spent through the General Fund to be repaid through loan proceeds once the debt is issued. Collectively all TML Loan Funds (1998-2008) had a deficit fund balance of \$(10,307,623).

The decrease in the General Purpose School fund balance is due to the increased costs of opening Scales Elementary in the previous year. The school system budgeted to spend down some of the fund balance increase from the previous year.

The Debt Service Fund experienced a small increase in fund balance of \$200,927. The largest variance in this fund was the increase in interest expense of \$1,903,071 (4.4 percent). The majority of this debt is financed with variable rate interest, which has risen during the past year. Additionally, financed debt has increased \$31,288,310.

The Gateway Project Fund has had an increase in fund balance of \$3,028,472. This is due to several land sales totaling \$4,877,586 that closed in the past fiscal year. The gateway area is a City development carefully planned to attract major retailers as well as office space. The area continues to be well received by the public and of high interest by developers. Several multi-storied buildings have been completed and are being occupied on several floors. Our local medical clinic has purchased land to be near the hospital which received approval from the State of Tennessee in the fall of 2007 to relocate to this area.

### **Proprietary Funds**

The City of Murfreesboro's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net assets of the Water and Sewer Department at June 30, 2007 were \$237,430,541, which is an increase of \$20,138,793. The Electric Department had net assets of \$70,000,578 at June 30, 2007, which is an increase of \$7,514,857. Net assets for the other proprietary funds at June 30, 2007 were \$474,477, which is a decrease of \$34,438.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a \$5,000,000 increase in appropriations between the original and final amended budget. An additional appropriation was made to purchase land for a conference center to be built next to a new multi-story full service hotel as discussed earlier.

This additional appropriation was possible because of an increase in a variety of revenue items including local sales tax of \$2,171,386.

Overall, general fund revenues exceeded budget by \$157,037 and expenditures were less than budget by \$78,221. Additionally, transfers from the general fund to other funds were more than anticipated by \$648,456. The budget anticipated a \$4,402,000 shortfall to be funded from available fund balance and the actual amount needed was \$4,390,740.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City of Murfreesboro's investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounts to \$982,104,922 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, certain infrastructure, and utility distribution systems. The total increase in the City of Murfreesboro's investment in capital assets for the current fiscal year was 13.2 percent (a 14.5 percent increase for governmental activities and a 11.3 percent increase for business-type activities).

Land increased by \$17,289,618, net of sales. The largest increase in land was donated right-of-way which totaled \$17,417,699. The cost of Gateway land and surplus right-of-way sold totaled \$604,752. Construction in progress is composed largely of a new solid waste facility, an elementary school and road projects at June 30, 2007. A variety of street projects and phase one of the new solid waste facility were completed and capitalized during the year.

Infrastructure assets include roads, bridges, sidewalks, and lighting systems. These assets are stationary and can be preserved for significantly longer than most capital assets. The City completed \$7,205,390 in road projects for the year ended June 30, 2007, and another \$40,128,115 is in construction in progress at year end.

As a result of maintained population growth, the utility operations continued additions and improvements of the distribution lines for a net increase in utility assets of \$40,430,065. The transmission and distribution mains, net of depreciation, have increased \$24,376,401 (17 percent). The Water and Sewer Department completed construction of Phase I (administrative offices) of the new water treatment plant operations building and began Phase II (process expansion).

## Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Non-Depreciable Assets:</b>						
Land	\$ 220,908,163	\$ 203,755,700	\$ 20,668,402	\$ 20,531,247	\$ 241,576,565	\$ 224,288,947
Construction in progress	76,424,806	30,373,975	61,930,932	62,493,064	138,355,738	92,867,039
<b>Other Capital Assets:</b>						
Buildings	73,754,212	75,222,303	57,550,646	47,892,261	131,304,858	123,114,564
Improvements other than buildings	31,374,452	29,932,182			31,374,452	29,932,182
Transmission & distribution mains			167,602,328	143,225,927	167,602,328	143,225,927
Electric plants			71,723,730	64,637,840	71,723,730	64,637,840
Equipment	19,650,729	19,496,069	18,302,053	18,567,687	37,952,782	38,063,756
Infrastructure	162,214,469	151,527,595			162,214,469	151,527,595
<b>Total</b>	<b>\$ 584,326,831</b>	<b>\$ 510,307,824</b>	<b>\$ 397,778,091</b>	<b>\$ 357,348,026</b>	<b>\$ 982,104,922</b>	<b>\$ 867,655,850</b>

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 54 - 55 of this report.

### **Long-term Debt**

Total long-term debt for the City of Murfreesboro increased \$47,532,461 during the year ended June 30, 2007. Debt from governmental activities increased \$31,803,655 (21.6 percent) and business-type activities debt has increased \$15,728,806 (14.84 percent).

The City has 77.61 percent of its long-term debt in the form of variable rate loans from the Tennessee Municipal Bond Fund (TMBF); the variable interest rate varies by loan and the rates as of June 30, 2007 ranged from 2.8% to 4.5%. These loans are drawn down periodically as the money is needed for a variety of projects.

Street improvements, along with right-of-way, sidewalks, curbs and gutters continue to dominate the use of governmental fund new loan activity. Additional uses of new loan funds are construction of a new elementary school, new solid waste facility, and T-Hangar improvements at the City's airport.

The Water and Sewer Department had \$20,409,918 drawn down from TMBF loans during the fiscal year ended June 30, 2007 for funding of several capital improvement projects including: water treatment plant design, construction of water plant operations building (Phase I and II), upgrade of pumping station, expansion of wastewater treatment plant, and water and sewer system expansion and improvements. The Electric Department drew down \$2,537,853 from TMBF loans for various projects including substation improvements, and system expansion and improvements.

Additional information on the City of Murfreesboro's long-term debt can be found in note G on pages 55 - 60 of this report.

## Long-term Debt Outstanding June 30, 2007

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 2,585,000	\$ 3,845,000	\$ 335,000	\$ 500,000	\$ 2,920,000	\$ 4,345,000
Tennessee Municipal Bond Fund loans	164,641,697	133,544,818	69,035,189	50,076,719	233,676,886	183,621,537
Revenue bonds			3,255,000	4,180,000	3,255,000	4,180,000
Matured bonds payable			36,000	36,000	36,000	36,000
Less: Deferred amounts	7,586	15,170	(74,206)	(86,298)	(66,620)	(71,128)
Obligations under capital lease	473,400	921,969			473,400	
Capital outlay note	1,900,000				1,900,000	
State revolving loan			46,050,506	48,403,215	46,050,506	48,403,215
Estimated landfill closure costs	370,000	370,000			370,000	370,000
Compensated absences	5,297,889	4,977,960	2,399,836	2,196,558	7,697,725	7,174,518
Loans payable - Utility plant acquisition			667,449	669,774	667,449	669,774
Claims and judgements	4,103,500	3,900,500			4,103,500	3,900,500
	<u>\$ 179,379,072</u>	<u>\$ 147,575,417</u>	<u>\$ 121,704,774</u>	<u>\$ 105,975,968</u>	<u>\$ 301,083,846</u>	<u>\$ 252,629,416</u>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Murfreesboro continues to be one of the fastest growing areas in the State of Tennessee. The special census conducted in the spring of 2005 indicated the City has grown by 18% since the federal census done in 2000. Murfreesboro is also the home of Middle Tennessee State University which is the largest undergraduate school in the state of Tennessee. A new interchange at Highway 99 off of I-24 will be completed during the 2007-2008 fiscal year. The City continues the widening and improvement of Middle Tennessee Boulevard which will lead all visitors to the university from the interstate interchange. City is fortunate to have a good working relationship with the leaders of the university and partners with them in many community projects to benefit the welfare of its students and our citizens.

The City is actively recruiting industry and commercial growth by partnering with the Chamber of Commerce. The Chamber has been instrumental in joining with the City to draw a major shopping venue to the Medical Center Parkway interstate interchange. Known as "The Avenue", the 850,000 square foot center had several national retail businesses open in the fall of 2007 and by December had most of the built-out spaces and several out-parcels open for business. This shopping venue will complement the \$75 million hotel/conference center next door that is projected to be complete late fall of 2008. The nearby Gateway Project continues to develop and is partially occupied. Our proposed \$278 million hospital has been approved by the state of Tennessee to relocate to the Gateway area and our medical clinic has broken ground to relocate to be near the new hospital. Sales and interest of land in this development continue to be strong and \$3.4 million is projected to close in land sales during 2007-2008. The committee in charge of the Gateway land development is carefully considering each offer in order to make this Project successful for the City. Additionally, Stones River Mall underwent a major renovation, adding new national retail stores and restaurants. We feel the combination of the hotel/motel conference facility, shopping venue with national stores and restaurants, and the office/medical service area will combine to attract many visitors to our City which will generate a large positive economic impact.

Our location in middle Tennessee has helped insulate our community from many of the problems counties that border our state have experienced because of residents going across the state-line to buy their goods. With our growth and this additional border insulation, our sales tax for the past year has been strong and our 2007-2008 budget predicts continued growth. The growth in the first quarter of our new fiscal year has not been at the rate it was anticipated which matches state trends. Our city manager and council will continue to track revenues to be prepared to take any necessary steps to reduce spending to match our revenue streams. The State of Tennessee is working to join a group of other states to be included in a project called Streamlined Sales Tax. This plan proposes to get states to pass a law to voluntarily commit to collecting sales tax for member states that normally would not be collected for out-of-state sales. The heart of this collection method will be 'destination delivery of goods'. The sales tax will be given to the jurisdiction where the purchaser takes possession, not where the initial sale takes place. It is anticipated that this change in sales tax collection will hurt tax collection in Murfreesboro as we have become a retail center for many of the surrounding counties and many goods are delivered out of our city limits. The implementation date is July 1, 2008 and we are working with our legislators to make sure the impact is softened as much as possible.

The City Council continues to strive to improve the services our departments deliver and accommodate the growth of our City. Public safety accounts for 35 percent of the 2007-2008 budgeted General Fund expenditures. The police and fire departments are actively seeking grants to be used to enhance the equipment and personnel needs to better serve the citizens. The General Fund also contributes 7 percent of its budget to the daily operations of the recreation department to enhance the quality of life of our citizens. The new city bus system will operate for its first full year in 2007-2008. Many citizens who did not have transportation in order to work or shop have been taking advantage of this new system and are giving it rave reviews. The budget for this new city bus system is \$1,020,099 of which 72 percent is expected to come from fares and federal and state grants.

Debt service has been projected to increase 35 percent in the fiscal year 2007-2008 for a total projection of \$29,064,302. It is predicted that our property tax base along with a steady stream of sales tax dollars, increased with the addition of our new shopping venue, will be able to sustain the cash flow necessary to meet our debt service requirements.

After recently opening Scales Elementary, the school system will be opening Pittard Elementary in the fall of 2007. Discussion has already begun regarding finding a location for another new school on the south side of town.

The Water and Sewer Department implemented the creation of a stormwater utility after approval by our City Council. This utility is the result of an unfunded federal mandate of stormwater management. The first fees were charged to customers in November 2007.

The Water and Sewer Department began construction on the water plant process expansion in the fiscal year 2006-2007. The completion is scheduled for 2009. Water and sewer connection fee revenue continues to be strong for the first quarter of 2007-2008, however with the decline in development activity the projections may fall short of the 2007-2008 budgeted

amounts. The Water and Sewer Board approved a cost of service study to develop fair and equitable rates and insure revenue stability and sufficiency. The study will be used to develop water and sewer rate design for the future. The Electric Department borrowed \$10 million in December of 2007 from a variable rate loan to fund new substations at Medical Center Parkway and Manchester Highway and additional substation transformers at Industrial and Primary substations. Management expects customer and electric sales growth to be about 2% to 3% next year. Effective October 1, 2007, electric rates were increased by 1.8%.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Murfreesboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 1139, Murfreesboro, TN 37133-1139.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Net Assets**

**June 30, 2007**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 49,871,494	\$ 13,065,132	\$ 62,936,626
Receivables, net of allowance for uncollectibles	52,137,725	8,422,230	60,559,955
Internal balances	(1,191,696)	1,191,696	
Due from fiduciary fund	28,511		28,511
Inventories	272,600	3,035,859	3,308,459
Prepaid pension costs	1,281,081		1,281,081
Prepaid items and other assets	79,537	209,002	288,539
Deferred charges	716,030	1,532,906	2,248,936
Restricted assets -			
Cash and cash equivalents	2,470,573	23,162,018	25,632,591
Investments, at fair value	1,396,093	387,527	1,783,620
Capital assets -			
Land and construction in progress	297,332,969	82,599,334	379,932,303
Other capital assets, net of depreciation	286,993,862	315,178,757	602,172,619
Total Assets	\$ <u>691,388,779</u>	\$ <u>448,784,461</u>	\$ <u>1,140,173,240</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	\$ 16,043,768	\$ 10,001,570	\$ 26,045,338
Contracts payable		2,633,743	2,633,743
Unearned revenue	41,713,772		41,713,772
Deposits held	2,425,195	4,275,533	6,700,728
Other deposits	41,660		41,660
Matured bond interest payable	806		806
Other liabilities	45,405	844,541	889,946
Long-term liabilities -			
Due within one year	21,960,623	10,434,582	32,395,205
Due in more than one year	157,418,449	111,270,192	268,688,641
Total Liabilities	\$ <u>239,649,678</u>	\$ <u>139,460,161</u>	\$ <u>379,109,839</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 426,343,309	\$ 278,420,182	\$ 704,763,491
Restricted for -			
Education	3,255,383		3,255,383
Capital activity and debt service	14,450,366	23,549,545	37,999,911
Highways and streets	628,359		628,359
Other purposes	4,368,290		4,368,290
Perpetual care -			
Expendable	90,946		90,946
Nonexpendable	1,423,279		1,423,279
Unrestricted	1,179,169	7,354,573	8,533,742
Total Net Assets	\$ <u>451,739,101</u>	\$ <u>309,324,300</u>	\$ <u>761,063,401</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Activities**

**Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities -</b>				
General government	\$ 11,609,689	\$ 187,806		
Police	17,663,308	206,978	\$ 218,719	
Fire protection	12,588,799	389,146		\$ 148,000
Judicial	413,187	1,640,284		
Legal	656,445			
Personnel	667,665			
Streets	11,044,955	42,776	2,521,358	28,981,653
Planning and engineering	2,719,203	72,543		
Building inspections	1,720,215	3,513,589		
Sanitation	4,321,738	45,011	26,470	
Urban environmental	653,438	4,635		
Public health, education and welfare	1,576,043		18,287	
Community services	5,216,227	2,127,197	272,249	874,559
Recreation	11,038,185	2,824,577	180,465	174,778
Community development	443,375	91,879	354,158	
Education	52,820,118	2,497,306	44,218,168	
Food service	2,969,999	1,342,876	1,717,245	
Interest on long-term debt	6,503,457	3,818		
Total governmental activities	\$ 144,626,046	\$ 14,990,421	\$ 49,527,119	\$ 30,178,990
<b>Business-type activities -</b>				
Water and sewer	\$ 24,550,818	\$ 24,845,239		\$ 18,831,734
Electric	102,920,871	110,253,090		
Cemetery	409,601	319,566	\$ 76,203	
Total business-type activities	\$ 127,881,290	\$ 135,417,895	\$ 76,203	\$ 18,831,734
<b>Total primary government</b>	<b>\$ 272,507,336</b>	<b>\$ 150,408,316</b>	<b>\$ 49,603,322</b>	<b>\$ 49,010,724</b>
<b>General Revenues -</b>				
Taxes -				
Property taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Contributions to permanent funds				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as previously reported				
Prior period adjustment and retroactive restatement of infrastructure				
Net assets - beginning, as restated				
Net assets - ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
------------------------------------	--	--------------

\$ (11,421,883)		\$ (11,421,883)
(17,237,611)		(17,237,611)
(12,051,653)		(12,051,653)
1,227,097		1,227,097
(656,445)		(656,445)
(667,665)		(667,665)
20,500,832		20,500,832
(2,646,660)		(2,646,660)
1,793,374		1,793,374
(4,250,257)		(4,250,257)
(648,803)		(648,803)
(1,557,756)		(1,557,756)
(1,942,222)		(1,942,222)
(7,858,365)		(7,858,365)
2,662		2,662
(6,104,644)		(6,104,644)
90,122		90,122
(6,499,639)		(6,499,639)
<u>\$ (49,929,516)</u>		<u>\$ (49,929,516)</u>

\$ 19,126,155	\$ 19,126,155
7,332,219	7,332,219
(13,832)	(13,832)
<u>\$ 26,444,542</u>	<u>\$ 26,444,542</u>
\$ (49,929,516)	<u>\$ (23,484,974)</u>

\$ 31,059,681	\$ 31,059,681
26,265,473	26,265,473
7,196,182	7,196,182
8,625,079	8,625,079
2,486,355	\$ 1,514,229
70,211	70,211
	56,698
4,210,874	4,210,874
78,953	(78,953)
<u>\$ 79,992,808</u>	<u>\$ 1,491,974</u>
<u>\$ 30,063,292</u>	<u>\$ 27,936,516</u>

\$ 421,758,721	\$ 281,387,784	\$ 703,146,505
(82,912)		(82,912)
<u>\$ 421,675,809</u>	<u>\$ 281,387,784</u>	<u>\$ 703,063,593</u>
<u>\$ 451,739,101</u>	<u>\$ 309,324,300</u>	<u>\$ 761,063,401</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Balance Sheet**  
**Governmental Funds**

**June 30, 2007**

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service Fund</u>	<u>2006 TML Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 18,816,421	\$ 1,312,054	\$ 3,801,848	\$ 2,092,254	\$ 17,900,505	\$ 43,923,082
Receivables, net of allowance for uncollectibles -						
Taxes	29,829,133					29,829,133
Accounts		15,879			105,547	121,426
Other	1,313,743				22,770	1,336,513
Due from others			3,506		288,690	292,196
Due from other funds	11,978,043	1,358,466	939		586,007	13,923,455
Due from other governments	5,554,646	12,254,059			2,556,650	20,365,355
Prepaid items and deposits					8,743	8,743
Inventories					171,762	171,762
Restricted assets -						
Cash and cash equivalents	2,399,554				71,019	2,470,573
Investments, at fair value					1,396,093	1,396,093
Total Assets	<u>\$ 69,891,540</u>	<u>\$ 14,940,458</u>	<u>\$ 3,806,293</u>	<u>\$ 2,092,254</u>	<u>\$ 23,107,786</u>	<u>\$ 113,838,331</u>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 4,916,581	\$ 1,958,729		\$ 5,803,497	\$ 682,817	\$ 13,361,624
Accrued liabilities	419,369	299,570			327,062	1,046,001
Deposits held	2,425,195					2,425,195
Matured bond interest payable			\$ 806			806
Due to other funds	334,351	259,320		7,054,975	8,524,319	16,172,965
Due to other governments	447,510				103,111	550,621
Due to others					446,212	446,212
Deferred revenue	30,589,967	9,018,181			2,853,025	42,461,173
Other deposits					41,660	41,660
Other liabilities	45,405					45,405
Total Liabilities	<u>\$ 39,178,378</u>	<u>\$ 11,535,800</u>	<u>\$ 806</u>	<u>\$ 12,858,472</u>	<u>\$ 12,978,206</u>	<u>\$ 76,551,662</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Balance Sheet (continued)**  
**Governmental Funds**

**June 30, 2007**

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service Fund</u>	<u>2006 TML Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>FUND BALANCES</u></b>						
Reserved for -						
Inventories					\$ 114,432	\$ 114,432
Encumbrances		\$ 783,968				783,968
Perpetual care					1,423,279	1,423,279
Capital outlay	\$ 1,866,003					1,866,003
Other purposes	385,219	33,636				418,855
Unreserved, reported in -						
General Fund						
Designated	48,897					48,897
Undesignated	28,413,043					28,413,043
Special Revenue Funds						
Designated					424,496	424,496
Undesignated		2,587,054			4,900,353	7,487,407
Debt Service			\$ 3,805,487			3,805,487
Capital projects				\$ (10,766,218)	3,176,074	(7,590,144)
Permanent fund					90,946	90,946
Total Fund Balances	<u>\$ 30,713,162</u>	<u>\$ 3,404,658</u>	<u>\$ 3,805,487</u>	<u>\$ (10,766,218)</u>	<u>\$ 10,129,580</u>	<u>\$ 37,286,669</u>
Total Liabilities and Fund Balances	<u>\$ 69,891,540</u>	<u>\$ 14,940,458</u>	<u>\$ 3,806,293</u>	<u>\$ 2,092,254</u>	<u>\$ 23,107,786</u>	<u>\$ 113,838,331</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Reconciliation of Total Governmental Fund Balance  
to Net Assets of Governmental Activities**

**June 30, 2007**

---

Total Governmental Fund Balances	\$ 37,286,669
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	584,326,831
Internal service funds are used by management to charge costs of employee health insurance, worker's compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,021,814
Charges are made by the general fund to other funds for costs of certain salaries and overhead costs. Internal balances related to charges to business-type funds are eliminated in the government-wide statements.	(1,365,147)
Prepaid pension costs are not available for current-period expenditures and, therefore, are not reported in the funds.	1,281,081
Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.	1,463,431
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(175,275,578)
Net Assets of Governmental Funds	<u>\$ 451,739,101</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds**

**Year Ended June 30, 2007**

	General Fund	General Purpose School	Debt Service Fund	2006 TML Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues-</b>						
Taxes	\$ 63,457,045				\$ 1,099,466	\$ 64,556,511
Intergovernmental	9,131,158	\$ 39,596,901			9,987,025	58,715,084
Charges for services	616,713	28,072			6,943,056	7,587,841
Interest and investment earnings	1,531,677		\$ 135,831	\$ 1,588	711,043	2,380,139
Licenses and permits	5,289,916					5,289,916
Miscellaneous	2,695,082	394,683	3,818	100,000	1,775,540	4,969,123
	<u>\$ 82,721,591</u>	<u>\$ 40,019,656</u>	<u>\$ 139,649</u>	<u>\$ 101,588</u>	<u>\$ 20,516,130</u>	<u>\$ 143,498,614</u>
<b>Expenditures-</b>						
<b>Current -</b>						
General government	\$ 11,414,689					\$ 11,414,689
Police	17,481,870				\$ 274,044	17,755,914
Fire protection	12,604,596					12,604,596
Judicial	412,307					412,307
Legal	649,162					649,162
Personnel	643,941					643,941
Streets	3,551,836				2,616,601	6,168,437
Planning and engineering	2,712,370					2,712,370
Building inspections	1,705,737					1,705,737
Sanitation					3,832,817	3,832,817
Urban Environmental	645,641					645,641
Public health, education and welfare	1,473,700					1,473,700
Community services				\$ 2,483,751	2,217,320	4,701,071
Recreation					8,691,484	8,691,484
Community development					441,826	441,826
Education		\$ 44,625,172			6,962,123	51,587,295
Food Service					2,969,999	2,969,999
Capital outlay		769,691		47,757,203	8,915,371	57,442,265
Debt service -						
Principal			\$ 15,066,722			15,066,722
Interest			6,265,007			6,265,007
Bond issuance cost			178,981			178,981
	<u>\$ 53,295,849</u>	<u>\$ 45,394,863</u>	<u>\$ 21,510,710</u>	<u>\$ 50,240,954</u>	<u>\$ 36,921,585</u>	<u>\$ 207,363,961</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 29,425,742</u>	<u>\$ (5,375,207)</u>	<u>\$ (21,371,061)</u>	<u>\$ (50,139,366)</u>	<u>\$ (16,405,455)</u>	<u>\$ (63,865,347)</u>
<b>Other Financing Sources (Uses)-</b>						
Issuance of debt				\$ 43,192,487	\$ 3,611,114	\$ 46,803,601
Proceeds from sale of land					4,877,586	4,877,586
Transfers in		\$ 4,840,103	\$ 21,571,988		12,049,952	38,462,043
Transfers out	\$ (33,816,482)				(4,699,509)	(38,515,991)
	<u>\$ (33,816,482)</u>	<u>\$ 4,840,103</u>	<u>\$ 21,571,988</u>	<u>\$ 43,192,487</u>	<u>\$ 15,839,143</u>	<u>\$ 51,627,239</u>
Net change in fund balances	<u>\$ (4,390,740)</u>	<u>\$ (535,104)</u>	<u>\$ 200,927</u>	<u>\$ (6,946,879)</u>	<u>\$ (566,312)</u>	<u>\$ (12,238,108)</u>
Fund Balance at beginning of year, as previously stated	\$ 35,462,796	\$ 3,939,762	\$ 3,604,560	\$ (3,715,271)	\$ 10,315,842	\$ 49,607,689
Prior period adjustment	(358,894)			(104,068)	380,050	(82,912)
Fund Balance at beginning of year, as restated	<u>\$ 35,103,902</u>	<u>\$ 3,939,762</u>	<u>\$ 3,604,560</u>	<u>\$ (3,819,339)</u>	<u>\$ 10,695,892</u>	<u>\$ 49,524,777</u>
Fund Balance at end of year	<u>\$ 30,713,162</u>	<u>\$ 3,404,658</u>	<u>\$ 3,805,487</u>	<u>\$ (10,766,218)</u>	<u>\$ 10,129,580</u>	<u>\$ 37,286,669</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2007**

---

Net Change in Fund Balances - Total Governmental Funds	\$ (12,238,108)
--	-----------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	46,451,507
--	------------

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets.	27,567,500
---	------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(150,771)
--	-----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(31,288,310)
---	--------------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(493,670)
---	-----------

Internal service funds are used by management to charge costs of employee health insurance, worker's compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	478,890
---	---------

Charges are made by the general fund to other funds for costs of certain salaries and overhead costs. Internal balances related to charges to business-type funds are eliminated in the government-wide statements.	(263,746)
---	-----------

Change in Net Assets of Governmental Activities	<u>\$ 30,063,292</u>
---	----------------------

**CITY OF MURFREESBORO, TENNESSEE**

**Balance Sheet  
Proprietary Funds**

**June 30, 2007**

	Business-Type Activities			Totals	Governmental
	Murfreesboro	Murfreesboro	Nonmajor		Internal
	Water and Sewer	Electric Department	Enterprise Funds		Service Funds
<b>ASSETS</b>					
Current Assets -					
Cash and cash equivalents	\$ 10,170,602	\$ 2,776,962	\$ 117,568	\$ 13,065,132	\$ 5,948,412
Receivables -					
Accounts	1,520,118	6,212,057	95,271	7,827,446	
Other					193,102
Due from other funds			32,412	32,412	2,517,601
Inventories	532,579	2,465,268	38,012	3,035,859	100,838
Prepaid items and other assets	120,956	81,595	6,452	209,003	70,794
Total Current Assets	<u>\$ 12,344,255</u>	<u>\$ 11,535,882</u>	<u>\$ 289,715</u>	<u>\$ 24,169,852</u>	<u>\$ 8,830,747</u>
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	\$ 22,651,592	\$ 510,426		\$ 23,162,018	
Investments		387,527		387,527	
Conservation loans receivable		594,784		594,784	
Deferred charges	611,921	920,985		1,532,906	
Capital assets -					
Land and construction in progress	63,526,438	19,048,469	\$ 24,427	82,599,334	
Other capital assets, net of depreciation	240,704,671	74,310,075	164,011	315,178,757	
Total Noncurrent Assets	<u>\$ 327,494,622</u>	<u>\$ 95,772,266</u>	<u>\$ 188,438</u>	<u>\$ 423,455,326</u>	
Total Assets	<u>\$ 339,838,877</u>	<u>\$ 107,308,148</u>	<u>\$ 478,153</u>	<u>\$ 447,625,178</u>	<u>\$ 8,830,747</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities -					
Accounts payable	\$ 573,024	\$ 8,462,229		\$ 9,035,253	\$ 639,304
Contracts payable	2,633,743			2,633,743	
Accrued and withheld liabilities	68,532	894,109	\$ 3,676	966,317	
Due to other funds	206,050	53,371		259,421	12,571
Deposits held	148,300	4,127,233		4,275,533	
Compensated absences	665,395			665,395	
Claims and judgments payable					1,627,820
Bonds and loans payable	6,981,823	2,787,364		9,769,187	
Total Current Liabilities	<u>\$ 11,276,867</u>	<u>\$ 16,324,306</u>	<u>\$ 3,676</u>	<u>\$ 27,604,849</u>	<u>\$ 2,279,695</u>
Noncurrent Liabilities -					
Compensated absences	\$ 638,597	\$ 1,095,844		\$ 1,734,441	
Claims and judgments payable					\$ 2,475,680
Bonds and loans payable	90,492,872	19,042,879		109,535,751	
Advances on conservation loans		612,641		612,641	
Other liabilities		231,900		231,900	
Total Noncurrent Liabilities	<u>\$ 91,131,469</u>	<u>\$ 20,983,264</u>		<u>\$ 112,114,733</u>	<u>\$ 2,475,680</u>
Total Liabilities	<u>\$ 102,408,336</u>	<u>\$ 37,307,570</u>	<u>\$ 3,676</u>	<u>\$ 139,719,582</u>	<u>\$ 4,755,375</u>
Net Assets -					
Invested in capital assets, net of related debt	\$ 206,756,414	\$ 71,498,822	\$ 164,946	\$ 278,420,182	
Restricted for capital activity and debt service	22,651,592	897,953		23,549,545	
Unrestricted	8,022,535	(2,396,197)	309,531	5,935,869	\$ 4,075,372
Total Net Assets	<u>\$ 237,430,541</u>	<u>\$ 70,000,578</u>	<u>\$ 474,477</u>	<u>\$ 307,905,596</u>	<u>\$ 4,075,372</u>
Total Liabilities and Net Assets	<u>\$ 339,838,877</u>	<u>\$ 107,308,148</u>	<u>\$ 478,153</u>	<u>\$ 447,625,178</u>	<u>\$ 8,830,747</u>
Total Net Assets				\$ 307,905,596	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				317,304	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,101,400	
Net Assets of Business-Type Activities				<u>\$ 309,324,300</u>	

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds**

**Year Ended June 30, 2007**

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Operating Revenues -					
Charges for services	\$ 24,845,239	\$ 110,253,090	\$ 319,566	\$ 135,417,895	\$ 12,792,446
State revenues					6,250
Other revenues					94,234
	<u>\$ 24,845,239</u>	<u>\$ 110,253,090</u>	<u>\$ 319,566</u>	<u>\$ 135,417,895</u>	<u>\$ 12,892,930</u>
Operating Expenses -					
Power purchases		\$ 88,593,790		\$ 88,593,790	
Other operating expenses	\$ 13,669,403	5,635,443	\$ 385,459	19,690,305	\$ 2,261,568
Claims and administrative					10,338,032
Depreciation and amortization	6,611,745	3,710,144	24,142	10,346,031	
Maintenance and repairs	881,100	1,354,365		2,235,465	
Taxes and tax equivalents		2,698,201		2,698,201	
	<u>\$ 21,162,248</u>	<u>\$ 101,991,943</u>	<u>\$ 409,601</u>	<u>\$ 123,563,792</u>	<u>\$ 12,599,600</u>
Operating Income (Loss)	<u>\$ 3,682,991</u>	<u>\$ 8,261,147</u>	<u>\$ (90,035)</u>	<u>\$ 11,854,103</u>	<u>\$ 293,330</u>
Nonoperating Revenues -					
Interest	\$ 1,249,465	\$ 263,115	\$ 1,649	\$ 1,514,229	\$ 239,117
Gain on disposal of assets	6,319			6,319	
	<u>\$ 1,255,784</u>	<u>\$ 263,115</u>	<u>\$ 1,649</u>	<u>\$ 1,520,548</u>	<u>\$ 239,117</u>
Nonoperating Expenses -					
Interest	<u>\$ 3,631,716</u>	<u>\$ 1,009,405</u>		<u>\$ 4,641,121</u>	
Income (Loss) Before Capital Contributions and Transfers	\$ 1,307,059	\$ 7,514,857	\$ (88,386)	\$ 8,733,530	\$ 532,447
Capital contributions	18,831,734			18,831,734	
Transfers in			53,948	53,948	
Change in Net Assets	\$ 20,138,793	\$ 7,514,857	\$ (34,438)	\$ 27,619,212	\$ 532,447
Net Assets at beginning of year	<u>217,291,748</u>	<u>62,485,721</u>	<u>508,915</u>	<u>280,286,384</u>	<u>3,542,925</u>
Net Assets at end of year	<u>\$ 237,430,541</u>	<u>\$ 70,000,578</u>	<u>\$ 474,477</u>	<u>\$ 307,905,596</u>	<u>\$ 4,075,372</u>
Change in Net Assets				\$ 27,619,212	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				263,746	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				53,558	
Change in Net Assets of Business-Type Activities				<u>\$ 27,936,516</u>	

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Cash Flows**  
**Proprietary Funds**

**Year Ended June 30, 2007**

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Cash Flows from Operating Activities -					
Cash received from customers	\$ 24,561,332	\$ 109,575,998	\$ 312,393	\$ 134,449,723	
Cash payments to suppliers	(6,738,014)	(2,324,221)	(144,047)	(9,206,282)	\$ (973,023)
Cash payments to employees	(6,198,428)	(4,791,213)	(248,792)	(11,238,433)	(706,058)
Cash payments to TVA for power		(87,886,203)		(87,886,203)	
Cash payments of property taxes		(2,452,624)		(2,452,624)	
Cash received from interfund services provided					12,785,765
Cash payments of claims and administrative expenses					(10,132,225)
Other receipts (payments)					(485,487)
Net Cash Provided (Used) by Operating Activities	\$ 11,624,890	\$ 12,121,737	\$ (80,446)	\$ 23,666,181	\$ 488,972
Cash Flows from Noncapital Financing Activities -					
Advances on TVA conservation loans		\$ 67,422		\$ 67,422	
Transfers in			\$ 53,948	53,948	
Net Cash Provided (Used) by Noncapital Financing Activities		\$ 67,422	\$ 53,948	\$ 121,370	
Cash Flows from Capital and Related Financing Activities -					
Acquisition and construction of capital assets	\$ (19,515,368)	\$ (12,511,922)	\$ (40,619)	\$ (32,067,909)	
Proceeds from sale of assets	191,613			191,613	
Proceeds from bonds and loans	20,409,918	2,537,853		22,947,771	
Principal payment on bonds and loans	(4,754,010)	(2,777,531)		(7,531,541)	
Bond and debt issuance costs (payments)	(468,580)			(468,580)	
Interest paid on bonds and loans	(3,623,716)	(1,013,078)		(4,636,794)	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (7,760,143)	\$ (13,764,678)	\$ (40,619)	\$ (21,565,440)	
Cash Flows From Investing Activities -					
Interest received	\$ 1,249,465	\$ 262,927	\$ 1,649	\$ 1,514,041	\$ 221,719
Maturities of investments					
Purchase of investments					
Net Cash Provided (Used) by Investing Activities	\$ 1,249,465	\$ 262,927	\$ 1,649	\$ 1,514,041	\$ 221,719
Net Increase (Decrease) in cash and cash equivalents	\$ 5,114,212	\$ (1,312,592)	\$ (65,468)	\$ 3,736,152	\$ 710,691
Cash and Cash Equivalents at beginning of year	27,707,982	4,599,980	183,036	32,490,998	5,237,721
Cash and Cash Equivalents at end of year	\$ 32,822,194	\$ 3,287,388	\$ 117,568	\$ 36,227,150	\$ 5,948,412

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Cash Flows (continued)**  
**Proprietary Funds**

**Year Ended June 30, 2007**

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 3,682,991	\$ 8,261,147	\$ (90,035)	\$ 11,854,103	\$ 293,330
Adjustments to reconcile net earnings to net cash provided (used) by operating activities					
Depreciation and amortization	6,611,745	3,789,193	24,142	10,425,080	
Gain on disposal of assets	(6,319)			(6,319)	
Changes in assets and liabilities -					
Accounts receivable	(283,907)	(1,140,813)	(7,173)	(1,431,893)	
Due from other funds					(4,705)
Inventory	3,570	(62,119)	817	(57,732)	(12,926)
Prepaid items	(13,162)	(8,106)	(354)	(21,622)	(8,980)
Other current assets		111,104		111,104	(132,713)
Conservation loans receivable		(73,561)		(73,561)	
Deferred charges		141,349		141,349	
Accounts payable	370,643	709,882	(1,761)	1,078,764	347,229
Contracts and retainage payable	1,964,296			1,964,296	
Due to other funds	(815,624)	(151,899)		(967,523)	7,737
Accrued and withheld liabilities	200,152	20,424	(6,082)	214,494	
Other liabilities		(12,146)		(12,146)	
Deposits	(114,476)	537,282		422,806	
Unamortized premium on bonds	24,981			24,981	
Net Cash Provided (Used) by Operating Activities	\$ <u>11,624,890</u>	\$ <u>12,121,737</u>	\$ <u>(80,446)</u>	\$ <u>23,666,181</u>	\$ <u>488,972</u>
Non-Cash Capital and Related Financing Activities -					
Utility acquisition debt incurred		\$ 103,672		\$ 103,672	
Contributions in aid of construction	\$ 18,831,734			18,831,734	
	\$ <u>18,831,734</u>	\$ <u>103,672</u>		\$ <u>18,935,406</u>	
Reconciliation to Cash and Cash Equivalents					
Presented in Statement of Net Assets -					
Cash and cash equivalents	\$ 10,170,602	\$ 2,776,962	\$ 117,568	\$ 13,065,132	\$ 5,948,412
Cash and cash equivalents - restricted	22,651,592	510,426		23,162,018	
Cash and cash equivalents at end of year	\$ <u>32,822,194</u>	\$ <u>3,287,388</u>	\$ <u>117,568</u>	\$ <u>36,227,150</u>	\$ <u>5,948,412</u>
Reconciliation of Depreciation and Amortization Expense per Statement of Revenue, Expenses, and Changes in Net Assets to Depreciation and Amortization Expense per Statement of Cash Flows -					
Depreciation and amortization expense per Statement of Revenue, Expenses, and Changes in Net Assets	\$ 6,611,745	\$ 3,710,144	\$ 24,142	\$ 10,346,031	
Depreciation and amortization expense charged to operations and maintenance expense on Statement of Revenue, Expenses, and Changes in Net Assets		79,049		79,049	
Depreciation and amortization expense per Statement of Cash Flows	\$ <u>6,611,745</u>	\$ <u>3,789,193</u>	\$ <u>24,142</u>	\$ <u>10,425,080</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Assets

Fiduciary Funds

June 30, 2007

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>	<u>School Activity Agency Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 921,204	\$ 159,382	\$ 494,810
Investments, at fair value			
Mutual funds	24,305,848		
U.S. Government notes and bonds	29,581,999		
Corporate notes and bonds	9,047,863		
Common stock	20,118,306		
Accrued interest receivable	82,288		
Contributions receivable	933,701		
Other receivables			1,900
Inventory			23,843
	<u>\$ 84,991,209</u>	<u>\$ 159,382</u>	<u>\$ 520,553</u>
<u>LIABILITIES</u>			
Due to other funds		\$ 28,511	
Due to others			\$ 520,553
		<u>\$ 28,511</u>	<u>\$ 520,553</u>
<u>NET ASSETS</u>			
Net Assets -			
Held in trust for pension benefits and other purposes	<u>\$ 84,991,209</u>	<u>\$ 130,871</u>	<u>\$ - 0 -</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**

**Year Ended June 30, 2007**

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>
Additions -		
Contributions -		
Employer	\$ 4,464,845	
Investment income-		
Net appreciation in fair value of investments	\$ 7,279,893	
Interest	1,869,910	\$ 6,178
Dividends	806,427	
Total investment income	\$ 9,956,230	\$ 6,178
Less investment fees	(35,125)	
Net investment income	\$ 9,921,105	\$ 6,178
Total additions	\$ 14,385,950	\$ 6,178
Deductions -		
Benefits to participants	\$ 2,571,855	
Insurance premiums	468,896	
Transfer of assets		\$ 28,511
Total deductions	\$ 3,040,751	\$ 28,511
Net Increase (Decrease)	\$ 11,345,199	\$ (22,333)
Net Assets Held in Trust for Pension Benefits -		
Beginning of year	73,646,012	153,204
End of year	\$ 84,991,211	\$ 130,871

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Taxes -				
Property	\$ 27,943,546	\$ 27,943,546	\$ 27,583,561	\$ (359,985)
Property in lieu of taxes -				
Public utilities	603,962	603,962	652,007	48,045
Murfreesboro Electric Department	1,800,000	1,800,000	1,900,783	100,783
Murfreesboro Housing Authority	67,000	67,000	51,358	(15,642)
Other tax equivalents	157,000	404,000	404,635	635
Recovery of taxes deemed uncollectible	350,000	350,000	483,809	133,809
Penalty and interest on taxes	200,000	200,000	226,509	26,509
Other local taxes -				
Sales tax	25,250,000	26,265,000	26,265,473	473
Beer tax	2,375,000	2,605,000	2,612,015	7,015
Liquor tax	575,000	575,000	640,231	65,231
Gross receipts tax	1,900,000	1,900,000	1,917,224	17,224
Beer privilege tax	18,500	18,500	20,800	2,300
Liquor privilege tax	38,000	38,000	45,999	7,999
Hotel/motel tax	530,000	530,000	652,641	122,641
	<u>\$ 61,808,008</u>	<u>\$ 63,300,008</u>	<u>\$ 63,457,045</u>	<u>\$ 157,037</u>
Licenses, Permits and Fines -				
Electrical licenses	\$ 66,000	\$ 66,000	\$ 69,590	\$ 3,590
Gas and mechanical licenses	8,500	8,500	7,467	(1,033)
Building permits	2,116,000	2,566,000	2,566,424	424
Plumbing permits	296,500	296,500	238,370	(58,130)
Electrical permits	20,500	20,500	17,667	(2,833)
Mechanical permits	182,000	182,000	167,420	(14,580)
Gas permits	35,000	35,000	26,790	(8,210)
Land disturbance permits	102,000	102,000	92,138	(9,862)
Fireworks permits	8,000	8,000	10,000	2,000
Beer application fees	10,000	10,000	11,845	1,845
Burglar alarm permits	40,000	40,000	45,615	5,615
Plat review fee	310,000	310,000	276,358	(33,642)
Other fees	6,000	6,000	13,344	7,344
Attorney tax fees	15,000	15,000	15,629	629
Court fines	1,750,000	1,750,000	1,624,655	(125,345)
Burglar false alarm fees	7,000	7,000	10,050	3,050
Other fines and fees	109,000	109,000	96,554	(12,446)
	<u>\$ 5,081,500</u>	<u>\$ 5,531,500</u>	<u>\$ 5,289,916</u>	<u>\$ (241,584)</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Intergovernmental Revenues -</b>				
Rutherford County	\$ 64,159	\$ 64,159	\$ 134,091	\$ 69,932
State sales tax allocation	5,562,500	5,893,500	5,894,380	880
State beer tax allocation	40,000	40,000	43,693	3,693
State gasoline tax allocation	180,000	180,000	179,317	(683)
State mixed drink tax	415,000	415,000	549,758	134,758
State gross receipts tax	575,000	575,000	676,364	101,364
State income tax allocation	500,000	825,000	825,217	217
State excise tax	160,000	160,000	223,639	63,639
State maintenance of streets	219,035	219,035	219,693	658
Other state revenues			18,287	18,287
Federal funds	168,518	168,518	366,719	198,201
	<u>\$ 7,884,212</u>	<u>\$ 8,540,212</u>	<u>\$ 9,131,158</u>	<u>\$ 590,946</u>
<b>Charges for services</b>				
Office	\$ 100	\$ 100	\$ 398	\$ 298
Planning department	42,750	42,750	72,543	29,793
Police department	50,000	50,000	61,983	11,983
Fire department	387,924	387,924	389,146	1,222
Street department	15,000	15,000	25,043	10,043
Building department	44,000	44,000	51,365	7,365
Urban Environmental department			4,635	4,635
Maintenance department	11,600	11,600	11,600	
	<u>\$ 551,374</u>	<u>\$ 551,374</u>	<u>\$ 616,713</u>	<u>\$ 65,339</u>
<b>Miscellaneous Revenue -</b>				
Interest	\$ 200,000	\$ 1,500,000	\$ 1,531,677	\$ 31,677
Gas franchise revenue	1,350,000	1,350,000	1,298,638	(51,362)
Contribution - active funds	1,346,455	1,346,455	1,288,760	(57,695)
Miscellaneous revenue	20,547	20,547	92,640	72,093
Donations received			15,044	15,044
	<u>\$ 2,917,002</u>	<u>\$ 4,217,002</u>	<u>\$ 4,226,759</u>	<u>\$ 9,757</u>
<b>TOTAL REVENUES</b>	<u>\$ 78,242,096</u>	<u>\$ 82,140,096</u>	<u>\$ 82,721,591</u>	<u>\$ 581,495</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**

**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures -</b>				
<b>General Government -</b>				
<b>General and Administrative -</b>				
Labor	\$ 1,296,152	\$ 1,296,152	\$ 1,282,512	\$ 13,640
Operation and maintenance	108,955	108,955	167,813	(58,858)
Supplies	127,500	127,500	148,539	(21,039)
Insurance	210,044	210,044	206,626	3,418
Social security taxes	99,156	99,156	91,953	7,203
Group insurance	597,080	597,080	641,323	(44,243)
Retirement	392,758	392,758	405,013	(12,255)
Unemployment insurance	30,000	30,000	27,239	2,761
Utilities	146,250	146,250	158,720	(12,470)
Travel and subsistence	51,700	51,700	56,963	(5,263)
Association dues	42,500	42,500	39,666	2,834
Professional fees	141,000	141,000	139,000	2,000
Training personnel	30,000	30,000	23,871	6,129
Additions to fixed assets	35,100	35,100	31,431	3,669
Mixed drink tax allocation	207,500	207,500	267,854	(60,354)
Other miscellaneous	411,700	411,700	395,758	15,942
	<u>\$ 3,927,395</u>	<u>\$ 3,927,395</u>	<u>\$ 4,084,281</u>	<u>\$ (156,886)</u>
<b>Other General Government -</b>				
Civic plaza	\$ 55,092	\$ 55,092	\$ 54,636	\$ 456
Parking garage	105,700	105,700	117,670	(11,970)
Unforeseen miscellaneous and contingencies	1,326,184	6,326,184	6,550,139	(223,955)
Property tax losses and adjustments	670,950	670,950	607,963	62,987
	<u>\$ 2,157,926</u>	<u>\$ 7,157,926</u>	<u>\$ 7,330,408</u>	<u>\$ (172,482)</u>
	<u>\$ 6,085,321</u>	<u>\$ 11,085,321</u>	<u>\$ 11,414,689</u>	<u>\$ (329,368)</u>
<b>Police Department -</b>				
Labor	\$ 10,320,702	\$ 10,320,702	\$ 10,156,570	\$ 164,132
Operation and maintenance	592,907	592,907	725,366	(132,459)
Supplies	495,500	495,500	455,353	40,147
Uniforms and cleaning	224,081	224,081	205,002	19,079
Insurance	1,015,744	1,015,744	967,319	48,425
Social security taxes	765,921	765,921	760,958	4,963
Group insurance	1,515,920	1,515,920	1,503,152	12,768
Retirement	1,025,472	1,025,472	995,168	30,304
Utilities	230,360	230,360	255,184	(24,824)
Training personnel	140,000	140,000	114,615	25,385
Jail fees and state cost	180,000	180,000	207,905	(27,905)
Drug programs	3,000	3,000	3,552	(552)
D.A.R.E. program	18,000	18,000	18,683	(683)
Additions to fixed assets	934,051	934,051	989,626	(55,575)
Other miscellaneous	179,367	179,367	123,417	55,950
	<u>\$ 17,641,025</u>	<u>\$ 17,641,025</u>	<u>\$ 17,481,870</u>	<u>\$ 159,155</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Fire Department -</b>				
Labor	\$ 8,223,161	\$ 8,223,161	\$ 8,180,664	\$ 42,497
Operation and maintenance	208,657	208,657	236,610	(27,953)
Supplies	156,850	156,850	169,695	(12,845)
Uniforms and cleaning	133,000	133,000	132,139	861
Insurance	499,824	499,824	499,761	63
Social security taxes	603,199	603,199	608,532	(5,333)
Group insurance	1,338,969	1,338,969	1,310,075	28,894
Retirement	887,154	887,154	880,981	6,173
Utilities	163,000	163,000	162,605	395
Association dues	700	700	1,180	(480)
Training personnel	52,000	52,000	53,859	(1,859)
Internship programs	15,000	15,000	14,988	12
Additions to fixed assets	220,715	220,715	350,087	(129,372)
Other miscellaneous	7,500	7,500	3,420	4,080
	<u>\$ 12,509,729</u>	<u>\$ 12,509,729</u>	<u>\$ 12,604,596</u>	<u>\$ (94,867)</u>
<b>Judicial Department -</b>				
Labor	\$ 266,690	\$ 266,690	\$ 260,197	\$ 6,493
Operation and maintenance	4,000	4,000	1,637	2,363
Supplies	13,100	13,100	9,157	3,943
Insurance	502	502	507	(5)
Social security taxes	20,402	20,402	19,154	1,248
Group insurance	38,301	38,301	37,920	381
Retirement	28,308	28,308	27,100	1,208
Utilities	1,300	1,300	1,214	86
Association dues	270	270	335	(65)
Training personnel	2,500	2,500	703	1,797
Outside services	49,500	49,500	44,505	4,995
Additions to fixed assets	4,000	4,000	3,239	761
Other miscellaneous	8,750	8,750	6,639	2,111
	<u>\$ 437,623</u>	<u>\$ 437,623</u>	<u>\$ 412,307</u>	<u>\$ 25,316</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Legal Department -</b>				
Labor	\$ 465,470	\$ 465,470	\$ 429,727	\$ 35,743
Operation and maintenance	2,750	2,750	1,621	1,129
Supplies	32,000	32,000	26,392	5,608
Insurance	1,309	1,309	1,308	1
Social security taxes	35,608	35,608	31,368	4,240
Group insurance	50,157	50,157	41,987	8,170
Retirement	53,584	53,584	48,092	5,492
Utilities	2,425	2,425	1,955	470
Travel and subsistence	19,200	19,200	16,060	3,140
Association dues	5,250	5,250	4,177	1,073
Training personnel	8,500	8,500	8,288	212
Legal expense	10,000	10,000	19,593	(9,593)
Additions to fixed assets	16,633	16,633	8,835	7,798
Other miscellaneous	10,000	10,000	9,759	241
	<u>\$ 712,886</u>	<u>\$ 712,886</u>	<u>\$ 649,162</u>	<u>\$ 63,724</u>
<b>Personnel Department -</b>				
Labor	\$ 415,787	\$ 415,787	\$ 370,105	\$ 45,682
Operation and maintenance	11,810	11,810	8,707	3,103
Supplies	41,884	41,884	65,625	(23,741)
Insurance	1,691	1,691	791	900
Social security taxes	31,463	31,463	26,989	4,474
Group insurance	59,868	59,868	52,054	7,814
Retirement	47,024	47,024	40,191	6,833
Utilities	2,100	2,100	2,016	84
Travel and subsistence	2,400	2,400	2,300	100
Association dues	565	565	520	45
Drug programs	35,382	35,382	35,139	243
Additions to fixed assets	13,790	13,790	3,910	9,880
Other miscellaneous	52,206	52,206	35,594	16,612
	<u>\$ 715,970</u>	<u>\$ 715,970</u>	<u>\$ 643,941</u>	<u>\$ 72,029</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**

**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Streets -</b>				
Labor	\$ 1,100,561	\$ 1,100,561	\$ 1,046,767	\$ 53,794
Operation and maintenance	250,093	250,093	195,314	54,779
Curb, storm sewer, and right-of-way maintenance	183,000	183,000	202,731	(19,731)
Materials and supplies	221,700	221,700	162,498	59,202
Traffic control devices	61,000	61,000	65,515	(4,515)
Insurance	83,806	83,806	84,931	(1,125)
Social security taxes	81,133	81,133	77,406	3,727
Group insurance	212,473	212,473	209,700	2,773
Retirement	111,024	111,024	107,689	3,335
Utilities	35,000	35,000	24,083	10,917
Utility service - street lighting	1,035,610	1,035,610	1,178,687	(143,077)
Street improvements and maintenance	77,000	77,000	122,242	(45,242)
Travel and subsistence	22,000	22,000	21,996	4
Training personnel	5,000	5,000	2,731	2,269
Additions to fixed assets	31,600	31,600	37,306	(5,706)
Other miscellaneous	14,700	14,700	12,240	2,460
	<u>\$ 3,525,700</u>	<u>\$ 3,525,700</u>	<u>\$ 3,551,836</u>	<u>\$ (26,136)</u>
<b>Planning and Engineering -</b>				
Labor	\$ 1,499,092	\$ 1,499,092	\$ 1,506,613	\$ (7,521)
Operation and maintenance	254,028	254,028	212,466	41,562
Supplies	83,950	83,950	83,629	321
Insurance	77,915	77,915	77,842	73
Social security taxes	110,703	110,703	118,264	(7,561)
Group insurance	196,831	196,831	171,541	25,290
Retirement	161,366	161,366	158,206	3,160
Utilities	17,775	17,775	19,341	(1,566)
Sampling and testing	20,000	20,000	17,291	2,709
Storm drainage	25,000	25,000	48,458	(23,458)
Travel and subsistence	93,100	93,100	97,175	(4,075)
Association dues	7,500	7,500	4,545	2,955
Surveys	150,000	150,000	139,356	10,644
Training personnel	20,000	20,000	9,492	10,508
Additions to fixed assets	27,150	27,150	38,061	(10,911)
Other miscellaneous	23,500	23,500	10,090	13,410
	<u>\$ 2,767,910</u>	<u>\$ 2,767,910</u>	<u>\$ 2,712,370</u>	<u>\$ 55,540</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Building Inspections -</b>				
Labor	\$ 1,170,188	\$ 1,170,188	\$ 1,139,126	\$ 31,062
Operation and maintenance	4,500	4,500	4,520	(20)
Supplies	25,400	25,400	31,682	(6,282)
Insurance	27,776	27,776	27,721	55
Social security taxes	89,519	89,519	91,391	(1,872)
Group insurance	169,575	169,575	149,399	20,176
Retirement	131,899	131,899	123,563	8,336
Utilities	21,200	21,200	17,047	4,153
Travel and subsistence	97,000	97,000	94,276	2,724
Association dues	1,100	1,100	1,135	(35)
Training personnel	10,000	10,000	8,760	1,240
Additions to fixed assets	19,250	19,250	13,747	5,503
Other miscellaneous	600	600	3,370	(2,770)
	<u>\$ 1,768,007</u>	<u>\$ 1,768,007</u>	<u>\$ 1,705,737</u>	<u>\$ 62,270</u>
<b>Urban Environmental -</b>				
Labor	\$ 407,061	\$ 407,061	\$ 326,377	\$ 80,684
Operation and maintenance	56,803	56,803	45,697	11,106
Agricultural materials	30,000	30,000	38,599	(8,599)
Supplies	28,900	28,900	25,728	3,172
Insurance	36,458	36,458	37,628	(1,170)
Social security taxes	31,140	31,140	24,581	6,559
Group insurance	75,506	75,506	42,770	32,736
Retirement	46,687	46,687	37,218	9,469
Utilities	18,300	18,300	21,266	(2,966)
Travel and subsistence	4,800	4,800	4,800	
Training personnel	5,000	5,000	773	4,227
Additions to fixed assets	32,550	32,550	30,691	1,859
Other miscellaneous	1,000	1,000	9,513	(8,513)
	<u>\$ 774,205</u>	<u>\$ 774,205</u>	<u>\$ 645,641</u>	<u>\$ 128,564</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public Health, Education and Welfare</b>				
<b>Cash budget payments -</b>				
Rutherford County Health Department	\$ 11,000	\$ 11,000	\$ 11,000	
Job Vocation Training Center	39,900	39,900	39,900	
Rutherford County Rescue Squad	15,000	15,000	15,000	
Crime Stoppers	5,000	5,000	5,000	
Linebaugh Public Library	647,694	647,694	647,694	
Rutherford County Chamber of Commerce	449,750	449,750	488,458	\$ (38,708)
Murfreesboro Youth Orchestra	7,500	7,500	7,500	
Uncle Dave Macon Days	5,000	5,000	5,000	
CASA of Rutherford County	5,000	5,000	5,000	
Oaklands Association	15,000	15,000	15,000	
Exchange Club Center	6,000	6,000	6,000	
Discovery House	20,000	20,000	20,000	
Main Street Program	37,500	37,500	37,500	
Primary Care Clinic	10,000	10,000	10,000	
Middle Tennessee Symphony	10,000	10,000	10,000	
Domestic Violence Program	10,000	10,000	10,000	
Pregnancy Support	3,500	3,500	3,500	
Meals on Wheels	5,000	5,000	5,000	
Rabies Control	45,000	45,000	45,000	
Center for the Arts	25,000	25,000	25,000	
Leadership Rutherford	1,500	1,500	1,500	
MCHR Transportation Program				
First Call for Help	4,500	4,500	4,500	
Boys and Girls Club	2,500	2,500	2,500	
Child Advocacy Center	14,000	14,000	13,298	702
League of Women Voters	3,350	3,350	3,350	
Martin Luther King Scholarship	2,000	2,000	2,000	
Bradley Academy	7,500	7,500	7,500	
Special Kids Incorporated	10,000	10,000	10,000	
Nashville's Table Incorporated	2,000	2,000	2,000	
Rape Recovery/Prevention	3,500	3,500	3,500	
Folkfest	2,500	2,500	2,500	
Adult Activity Center	2,500	2,500	2,500	
Generation for Creation	2,500	2,500	2,500	
Special Olympics	2,000	2,000	2,000	
Read to Succeed	2,500	2,500	2,500	
	<u>\$ 1,435,694</u>	<u>\$ 1,435,694</u>	<u>\$ 1,473,700</u>	<u>\$ (38,006)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 48,374,070</u>	<u>\$ 53,374,070</u>	<u>\$ 53,295,849</u>	<u>\$ 78,221</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 29,868,026</u>	<u>\$ 28,766,026</u>	<u>\$ 29,425,742</u>	<u>\$ 659,716</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Uses -				
Operating transfers out -				
Transfer to debt service fund	\$ (17,105,063)	\$ (17,105,063)	\$ (17,025,577)	\$ 79,486
Transfer to Murfreesboro City School System	(4,810,103)	(4,810,103)	(4,810,103)	
Transfer to solid waste fund	(4,428,621)	(4,428,621)	(4,030,756)	397,865
Transfer to city recreation fund	(6,085,361)	(6,085,361)	(6,436,574)	(351,213)
Transfer to senior citizens fund	(408,260)	(408,260)	(408,221)	39
Transfer to drug fund	(92,000)	(92,000)	(77,069)	14,931
Transfer to mass transit fund	(232,618)	(232,618)	(1,026,195)	(793,577)
Transfer to airport improvement fund	(6,000)	(6,000)	(1,987)	4,013
	<u>\$ (33,168,026)</u>	<u>\$ (33,168,026)</u>	<u>\$ (33,816,482)</u>	<u>\$ (648,456)</u>
Net change in fund balance	<u>\$ (3,300,000)</u>	<u>\$ (4,402,000)</u>	<u>\$ (4,390,740)</u>	<u>\$ 11,260</u>
Fund Balance at beginning of year, as previously stated			\$ 35,462,796	
Prior period adjustment			<u>(358,894)</u>	
Fund Balance at beginning of year, as restated			\$ 35,103,902	
Fund Balances at end of year			<u>\$ 30,713,162</u>	

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**General Purpose School Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues -</b>				
Local intergovernmental revenues	\$ 16,344,693	\$ 16,344,693	\$ 16,955,026	\$ 610,333
State program revenues	23,018,348	23,018,348	22,542,854	(475,494)
Federal program revenues	1,905,025	1,905,025	99,021	(1,806,004)
Charges for services	11,000	11,000	28,072	17,072
Indigent children revenues			27,561	27,561
Other local revenues	299,000	299,000	367,122	68,122
	<u>\$ 41,578,066</u>	<u>\$ 41,578,066</u>	<u>\$ 40,019,656</u>	<u>\$ (1,558,410)</u>
<b>Expenditures -</b>				
Regular instruction program	\$ 27,536,635	\$ 27,536,635	\$ 27,423,585	\$ 113,050
Special education program	2,687,685	2,687,685	2,792,666	(104,981)
Other student support	911,100	911,100	877,329	33,771
Board of education	1,391,053	1,391,053	854,571	536,482
Office of the superintendent	265,395	265,395	272,228	(6,833)
Office of the principal	2,537,989	2,537,989	2,529,573	8,416
Fiscal services	463,708	463,708	453,934	9,774
Operation of plant	4,307,863	4,307,863	3,969,214	338,649
Regular instruction program - support	1,655,530	1,655,530	1,648,479	7,051
Special education program - support	345,905	345,905	337,347	8,558
Maintenance of plant	835,444	835,444	1,173,076	(337,632)
Transportation	1,201,803	1,201,803	1,175,703	26,100
Central and other	279,106	279,106	304,596	(25,490)
Food service	1,653,400	1,653,400	35,170	1,618,230
Community services	823,750	823,750	538,173	285,577
Attendance	61,789	61,789	53,734	8,055
Health services	212,284	212,284	238,839	(26,555)
Indigent children			21,987	(21,987)
Capital outlay	100,000	100,000	1,448,807	(1,348,807)
	<u>\$ 47,270,439</u>	<u>\$ 47,270,439</u>	<u>\$ 46,149,011</u>	<u>\$ 1,121,428</u>
Excess of Revenues Over (Under) Expenditures	\$ (5,692,373)	\$ (5,692,373)	\$ (6,129,355)	\$ (436,982)
<b>Other Financing Sources and (Uses) -</b>				
Transfers in	4,846,103	4,846,103	4,840,103	(6,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses (Budgetary basis)	<u>\$ (846,270)</u>	<u>\$ (846,270)</u>	\$ (1,289,252)	<u>\$ (442,982)</u>
Adjustment for encumbrances			754,148	
Net change in fund balance (GAAP basis)			\$ (535,104)	
Fund Balance at beginning of year			3,939,762	
Fund Balance at end of year			<u>\$ 3,404,658</u>	

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements**

**June 30, 2007**

---

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Murfreesboro, Tennessee (the "City") was first chartered by the Tennessee General Assembly (State Legislature) in 1811. The present charter was granted in 1931 and has been amended as needed. The City operates under a Council-Manager form of government. The City's major operations include police and fire protection, parks, education, recreation, public works and general administrative services. In addition, the City owns and operates a water and sewer system and an electric utility.

The accounting and reporting policies of the City relating to the funds included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply to its business-type activities and enterprise funds Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The GASB periodically updates its codification of the existing Governmental Accounting and Standards, which, along with the subsequent GASB pronouncements (*Statements and Interpretations*), constitutes GAAP for governmental units. The more significant accounting policies of the City are described below.

**Reporting Entity**

The City, for financial purposes, includes all the funds relevant to the operations of the City of Murfreesboro, Tennessee (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of Murfreesboro has no component units.

Complete financial statements of individual departments, considered part of the primary government, can be obtained from the administrative offices in the following locations:

Murfreesboro City Schools Central Office  
2552 South Church Street  
Murfreesboro

Evergreen Cemetery  
519 Greenland Drive  
Murfreesboro

Murfreesboro Electric Department  
205 North Maple Street  
Murfreesboro

Murfreesboro Water and Sewer Department  
300 Northwest Broad Street  
Murfreesboro

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

---

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected *within 60 days of the end of the current fiscal period*. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, state and federal grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Property taxes and accounts receivable are reduced by an allowance for uncollectible accounts.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2007

---

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

General Purpose School Fund - The general purpose school fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for education.

2006 TML Fund - The 2006 TML Fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund - The debt service fund accounts for the accumulation of resources for, and payment of, general long-term obligations.

The City reports the following major proprietary funds:

Murfreesboro Water and Sewer Fund - The Water and Sewer fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Murfreesboro Electric Department Fund - The Electric Department fund accounts for the revenue and costs for providing electric utility service for the residential and commercial concerns of the City.

Additionally, the government reports the following fund types:

Internal Service Funds - The internal service funds consist of a *fleet services fund* that accounts for fleet and equipment management to other departments or agencies of the government on a cost reimbursement basis, a *risk management fund* that accounts for revenues and costs associated with the City's self-funded liability and worker's compensation insurance programs, and an *insurance fund* that accounts for revenues and costs associated with the City's self-funded group health insurance plan.

Pension Trust Funds - The pension trust funds account for assets held on behalf of City employees.

Private-purpose Trust Fund - The private-purpose trust fund accounts for funds donated to the Extended School Program. These funds are to be preserved and maintained so as to produce income to be used for tuition grants.

Agency Fund - The agency fund accounts for the assets held by the schools in an agency capacity on behalf of various student, teacher and parent organizations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and the electric department fund and of the City's internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first when budgeted, and then restricted resources as they are needed.

**Assets, Liabilities, and Net Assets or Equity**

Cash and Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash in checking accounts, interest-bearing deposits, and highly liquid investments (including restricted assets of the Water and Sewer and Electric departments) with an original maturity of three months or less.

Investments - Investments are stated at fair value for all funds.

Inventories - Inventories held by the Electric Department are stated at average cost on a first-in, first-out basis. Water and Sewer Department and Special Revenue Fund inventories are stated at cost on a first-in, first-out basis. The cost of inventories is recorded as expenditures when consumed. Inventories reported in governmental funds are offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though it is a component of net current assets. Although a reservation of fund balance is not required under the consumption method, this reservation is shown for management purposes only.

Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - The City's restricted assets consist of the following:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General</u>	<u>Other</u>	<u>Murfreesboro</u>	<u>Murfreesboro</u>	
	<u>Fund</u>	<u>Governmental</u>	<u>Water and</u>	<u>Electric</u>	<u>Total</u>
		<u>Funds</u>	<u>Sewer</u>	<u>Department</u>	
Restricted assets -					
Cash and cash equivalents	\$ 2,399,554	\$ 71,019	\$ 22,651,592	\$ 510,426	\$ 25,632,591
Investments		1,396,093		387,527	1,783,620
Total restricted assets	\$ 2,399,554	\$ 1,467,112	\$ 22,651,592	\$ 897,953	\$ 27,416,211

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2007

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Restricted Assets – Governmental Activities -

Certain proceeds from outside sources have been classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by outside sources. The general fund maintains separate bank accounts for the following restricted funds: Equitable sharing, police, felony funds, 125 plan contributions, an unemployment insurance reserve, and deposits in a local government investment pool for the City's portion of the cost of the construction of a road. The amount of restricted funds in the general fund at June 30, 2007 is \$2,399,554.

The Cemetery is required by law to contribute twenty percent of lot sale proceeds into a perpetual care fund. The perpetual care fund is to ensure the maintenance of the Cemetery for future years. The Cemetery had \$71,019 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2007. Also, periodically contributions are made in trust to local financial institutions for investments of funds received from the issuance of perpetual care certificates. These contributions held in trust are invested in U.S. Government bonds and other secured investments by the trustee on a continuing basis. The income received from these investments is disbursed by the trustee periodically to the cemetery fund for reimbursement of expenses. During the year ended June 30, 2007, \$53,948 was reimbursed to the cemetery fund for expenses incurred in the maintenance of cemetery grounds. The amount of investments restricted in this manner at June 30, 2007 is \$1,396,093.

Restricted Assets – Business-type Activities –

The Water and Sewer Department has restricted certain funds. At June 30, 2007, Water and Sewer connection fees in the amount of \$19,508,285 are restricted for new development and construction. The funds are to be appropriated at the recommendation of the Water and Sewer Board to the City Council. The reserve sinking fund was required by the U.S. Army Corp of Engineers in the contract for the Water and Sewer Department to pump water from Percy Priest Lake. The total amount restricted for this purpose is \$92,904. The interest income reserve was set up by the Water and Sewer Board to reserve interest earned on non operational funds so it would not be used in the rate structure. The interest income reserve was established to segregate investment earnings from operating cash. This money can be used to fund future construction upon board approval. At June 30, 2007, \$1,436,685 was restricted for this purpose. Certain other amounts have been restricted for future year debt payments. The debt service reserve fund was established by the Water and Sewer Board. At June 30, 1992, the Board determined that the restricted bond fund was adequately funded and therefore, no additional funding has been made. The amount of reserve for future year debt payments at June 30, 2007 is \$1,613,718.

The Electric Department has restricted funds in accordance with revenue bond ordinances which require the Department to establish a sinking fund to pay annual obligations for interest and principal on maturing bonds. At June 30, 2007, \$867,953 was restricted for this purpose. When the fund is equal to the aggregate principal of the maturing bonds outstanding plus interest accruing to the next interest payment date, no further payment needs be made to the sinking and interest fund. The bond ordinances also require that there shall be deposited into a reserve fund money sufficient to pay the highest total amount of principal and interest to become due in any twelve month period on all bonds outstanding. The bond issues require monthly deposits of 20% of sinking fund deposits until they are fully funded. In addition to the sinking and interest fund and the reserve fund, the bond ordinances require the Department to maintain reserves for renewal and replacement of utility plant financed by the bond issuances. The amount restricted for this purpose at June 30, 2007 is \$30,000.

Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The City

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2007

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

defines capital assets as assets with an individual cost of more than \$5,000, except for the City Schools which capitalizes bulk purchases of fixed assets of more than \$5,000 as well.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items acquired or constructed subsequent to July 1, 1979. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	5 – 50 years
Other improvements	20 – 50 years
Equipment	3 – 25 years
Infrastructure	10 – 50 years

Total depreciation and amortization expense for proprietary funds amounted to \$10,425,080 for the year ended June 30, 2007. Depreciation applicable to transportation equipment is charged to a transportation clearing account and then distributed to utility plant, construction work in progress and operating expenses based on the utilization of the equipment. Depreciation accounted for in this manner results in a difference between depreciation reported in the accompanying statement of cash flows and the amount reported in the statement of revenues, expenses and changes in net assets. A reconciliation of this difference is provided below:

	<u>Total Proprietary Funds</u>
Depreciation and amortization on statement of cash flows	\$ 10,425,080
Depreciation and amortization on statement of revenues, expenses, and changes in net assets	<u>10,346,031</u>
Difference (depreciation charged to other operating expense accounts)	\$ <u>79,049</u>

Interest cost incurred by the Murfreesboro Electric Department, during the construction of fixed assets is normally expensed due to the short duration of the construction period.

Long-term Debt – In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt or other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond and loan issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2007

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond and loan issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Compensated Absences - City employees accrue personal leave, sick leave, or compensated absences, by prescribed formula based on length of service. The value of accumulated benefits earned by employees, which may be used in subsequent years or paid upon termination or retirement, is recorded as long-term debt in the government-wide statements and in proprietary fund statements. The current portion of this debt is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Property Taxes - An enforceable legal claim to taxable property arises on January 1 in the year of levy. Taxes are due on October 1 and are collected by the City Recorder. Taxes not paid by December 31 are declared delinquent. A provision for estimated uncollectible taxes is established based on prior collection experience. The government records all property taxes collected within sixty days of year-end as revenue, with the amount not collected within sixty days of year-end as deferred revenue in the fund financial statements. All property taxes receivable are accrued in the government-wide financial statements, including those for which an enforceable claim to taxable property arises on January 1 of the current fiscal year. Deferred revenue is recorded in the government-wide financial statements for the amount of taxes not due until October 1 following the end of the fiscal year.

Allowance for Uncollectible Accounts - The City's allowance for estimated uncollectible receivables at June 30, 2007 is as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Allowance for -		
Taxes Receivable	\$ 1,677,273	
Accounts Receivable		\$ 39,737

An allowance for uncollectible accounts was not considered necessary for the Murfreesboro Electric Department and the Murfreesboro Water and Sewer Department at June 30, 2007.

Estimates - Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Included in general fund designated fund balance are amounts set aside to pay unemployment benefits and donations designated for specific recreation projects. At June 30, 2007, the City had amounts designated for these purposes in the amount of \$41,193 and \$7,704, respectively. Also at June 30, 2007, \$290,361 and \$134,135 were set aside in the special revenue funds for repairs and replacements and contingencies, respectively.

Reclassifications - Certain reclassifications have been made to the prior year financial statements in order to conform to the current year presentation.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2007

**Note B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$175,275,578 difference are as follows:

General Government -	
Bonds Payable	\$ 2,592,592
TML Notes Payable	164,641,697
Capital Outlay Note	1,900,000
Compensated absences	5,148,614
Landfill post-closure costs	370,000
Murfreesboro City Schools	
Compensated absences	149,275
Obligations under capital lease	473,400
	<u>\$ 175,275,578</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide financial statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as *depreciation expense*. This is the amount by which capital outlays exceeded depreciation in the current period.”

The details of this \$46,451,507 difference are as follows:

Capital outlay	\$ 58,848,484
Depreciation	<u>(12,396,977)</u>
Net adjustment	<u>\$ 46,451,507</u>

Another element of that reconciliation states that “The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets.” The details of this \$27,567,500 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (701,645)
--	--------------

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	28,269,145
Net adjustment	<u>\$ 27,567,500</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(31,288,310) difference are as follows:

Debt issued or incurred	\$ (46,803,601)
Principal repayments	15,515,291
Net adjustment	<u>\$ (31,288,310)</u>

**Note C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgets and Budgetary Accounting - General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the City's operations.

Budgets have been adopted for the following funds:

General Fund

Debt Service Fund

Special Revenue Funds - State Street Aid Fund, City Recreation Fund, Senior Citizens Fund, Old Fort Golf Course Fund, Television Fund, Solid Waste Fund, Airport Fund, Drug Enforcement Fund, Mass Transit Fund, Extended School Program Fund, School Cafeteria Fund and Federal and State Program Funds.

Capital Projects Funds - Capital Improvement and Contingency Fund, Community Development Fund, Gateway Project Fund, Battlefield River Trail Fund, 1998 TML Fund, 1999 TML Fund, 2001 TML Fund, 2002 TML Fund, 2004 TML Fund, 2005 TML Fund, 2006 TML Fund and 2008 TML Fund.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds with the exception of those funds of the Murfreesboro Board of Education. The budgets of the General Purpose School Fund, School Cafeteria Fund, the Federal and State Program Funds, and the Extended School Program Fund are prepared on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year of the commitment to purchase. Budgetary comparisons presented in this report for these funds are on this budgetary basis.

Governmental funds without annual budgets are as follows:

Internal Service Funds

Pension Trust Funds

Extended School Private Purpose Trust Fund

School Activity Agency Fund

Permanent Fund

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

The City charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council. All unencumbered and unexpended appropriations lapse at the end of the fiscal year. The budget amounts presented in the accompanying required supplemental information reflect the original and final amounts as revised and approved by the City Council.

Excess of Expenditures over Appropriations – For the year ended June 30, 2007, expenditures exceeded appropriations in two special revenue funds as follows:

	Final Budget	Budgetary Basis	Variance
Extended School Program	\$ 2,348,139	\$ 2,840,491	\$ (492,352)
School Cafeteria Fund	2,786,164	2,969,999	(183,835)

Encumbrances - Encumbrances represent commitments related to unperformed (executory) contracts for goods and services.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used by the General Purpose School Fund, the School Cafeteria Fund, the Federal and State Program Funds, and the Extended School Program Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

However, encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to the budgets on the budget basis for the General Purpose School Fund, the School Cafeteria Fund, the Federal and State Program Funds, and the Extended School Program Fund.

Budgetary – GAAP Reporting Reconciliation - The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Purpose School Fund presents comparisons of the legally adopted budget (described above) with actual data on a budgetary basis. The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Fund are presented in accordance with generally accepted accounting principles (GAAP). Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in accordance with GAAP, a reconciliation of resultant basis and timing differences in the excess of revenues and other sources over expenditures and other uses for the year ended June 30, 2007 is presented below:

	<u>General Purpose School Fund</u>
Excess of revenues and other sources over (under) expenditures and other uses (Budgetary Basis)	\$ (1,289,252)
Adjustments:	
To adjust for net increase in encumbrances	<u>754,148</u>
Net change in fund balance (GAAP Basis)	\$ ( <u>535,104</u> )

**Note D - RELATED ORGANIZATIONS**

The City Council is also responsible for appointing or approving appointments to the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints or approves appointments to the boards of the Murfreesboro Housing Authority, the Rutherford County Library System, and the City/County Cultural Arts Commission.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note E - CASH AND INVESTMENTS**

Investments – As of June 30, 2007, the City had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		<1	1-5	6-10	>10
<b>Employee Pension Plan</b>					
U.S. Treasury Notes	\$ 6,707,914	\$ 862,675	\$ 4,271,081	\$ 1,574,158	
Federal Home Loan Bank	7,741,558	598,081	6,647,767	495,710	
Federal National Mortgage Assoc.	5,208,035				\$ 5,208,035
Federal Farm Credit Bank	1,584,123		842,920	741,203	
Government National Mortgage Assoc.	36,829		20,516		16,313
FNMA Gold TBA	882,408				882,408
FHLMC Gold TBA	869,871				869,871
Corporate Bonds & Notes	7,854,557	1,362,966	2,484,309	2,790,264	1,217,018
<b>Total</b>	<b>\$ 30,885,295</b>	<b>\$ 2,823,722</b>	<b>\$ 14,266,593</b>	<b>\$ 5,601,335</b>	<b>\$ 8,193,645</b>
<b>Electric Department Pension Plan</b>					
Federal Home Loan Bank	\$ 3,578,760	\$ 449,607	\$ 2,679,405	\$ 449,708	
Federal Farm Credit Bank	549,717		449,693	100,024	
Federal Home Loan Mortgage Corp.	548,016		498,855	49,161	
Corporate Bonds & Notes	1,193,306	600,565	495,652	97,089	
<b>Total</b>	<b>\$ 5,869,799</b>	<b>\$ 1,050,172</b>	<b>\$ 4,123,605</b>	<b>\$ 695,982</b>	
<b>Evergreen Cemetary Fund</b>					
Federal Home Loan Bank	\$ 1,038,475	\$ 174,486	\$ 863,989		
Federal Farm Credit Bank	49,796		49,796		
Corporate Bonds & Notes	299,748	99,707	152,020	\$ 48,021	
<b>Total</b>	<b>\$ 1,388,019</b>	<b>\$ 274,193</b>	<b>\$ 1,065,805</b>	<b>\$ 48,021</b>	

State statutes authorize the City to invest operating funds in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. Investments held by employee pension plans are limited to those types allowed by plan documents.

Interest rate risk - The City does not have a formal policy to limit exposure to interest rate risk for investments.

Credit risk - At June 30, 2007, the City had investments in obligations of U.S. government agencies that are only implicitly guaranteed by the U.S. government. The Moody's rating for these obligations is AAA. The City does not have a formal policy related to credit risk. However, the pension committee has an investment directive for its investments to maintain an overall credit quality of "A" for its portfolio. At June 30, 2007, the City had investments in corporate bonds rated by Moody's as presented on the following page:

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note E - CASH AND INVESTMENTS (continued)**

Moody's Rating	Fair Market Value: Corporate Bonds & Notes		
	City's Pension Plan	Electric Department Pension Plan	Evergreen Cemetery
A1	\$ 765,611	\$ 593,634	\$ 152,074
A2	1,254,765	98,942	
A3	559,154	97,089	
AA1	657,007		
AA2	695,908	50,323	123,668
AA3	1,221,411	353,318	24,006
AAA	1,280,036		
BA1	61,290		
BA2	13,125		
BA3	22,138		
BAA1	821,214		
BAA2	294,196		
BAA3	208,702		
	<u>\$ 7,854,557</u>	<u>\$ 1,193,306</u>	<u>\$ 299,748</u>

**Custodial credit risk - deposits** - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2007, total demand deposits and certificates of deposit for the City were insured and/or collateralized in one of the following ways. Certain deposits were held in financial institutions, which are members of the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of collateral is inadequate to cover a loss. Other deposits were adequately insured either by collateral securities held by the City's agent in the City's name or Federal Depository Insurance. The City's deposits in financial institutions were entirely insured or collateralized at June 30, 2007.

**Custodial credit risk - investments** - For an investment, this is the risk that, in the event of the failure of a counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk. Of the investment in corporate bonds and notes, \$7,854,557, \$1,193,306 and \$299,748 of the City's Employee Pension Plan, Electric Department Pension Plan and Evergreen Cemetery fund, respectively, are uninsured and unregistered investments for which securities are held by the counterparty or its trust department or agent, but not in the City's name.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note F - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007, was as follows:

<u>Governmental activities -</u>	<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets, not being depreciated -				
Land	\$ 203,755,700	\$ 17,757,215	\$ 604,752	\$ 220,908,163
Construction in progress	30,373,975	57,201,743	11,150,912	76,424,806
Subtotal	<u>\$ 234,129,675</u>	<u>\$ 74,958,958</u>	<u>\$ 11,755,664</u>	<u>\$ 297,332,969</u>
Capital assets, being depreciated -				
Buildings	\$ 95,891,590	\$ 569,934	12,745	\$ 96,448,779
Improvements other than buildings	42,141,287	3,716,633		45,857,920
Equipment	34,476,354	3,971,599	\$ 675,867	37,772,086
Infrastructure	188,972,272	15,091,946	37,879	204,026,339
Subtotal	<u>\$ 361,481,503</u>	<u>\$ 23,350,112</u>	<u>\$ 726,491</u>	<u>\$ 384,105,124</u>
Less accumulated depreciation				
Buildings	\$ (20,669,287)	\$ (2,031,508)	\$ 6,228	\$ (22,694,567)
Improvements other than buildings	(12,209,105)	(2,274,363)		(14,483,468)
Equipment	(14,980,285)	(3,708,761)	567,689	(18,121,357)
Infrastructure	(37,444,677)	(4,382,345)	15,152	(41,811,870)
Subtotal	<u>\$ (85,303,354)</u>	<u>\$ (12,396,977)</u>	<u>\$ 589,069</u>	<u>\$ (97,111,262)</u>
Capital assets, being depreciated, net	<u>\$ 276,178,149</u>	<u>\$ 10,953,135</u>	<u>\$ 137,422</u>	<u>\$ 286,993,862</u>
Capital assets, net	<u>\$ 510,307,824</u>	<u>\$ 85,912,093</u>	<u>\$ 11,893,086</u>	<u>\$ 584,326,831</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities -	
General government	\$ 411,348
Police	547,976
Fire protection	341,757
Legal	4,561
Personnel	3,859
Streets	4,539,571
Planning and engineering	17,076
Building inspections	3,792
Sanitation	498,103
Urban environmental	40,448
Public health, education and welfare	102,343
Community services	516,134
Recreation	2,535,743
Education	2,834,266
Total governmental activities	
Depreciation expense	<u>\$ 12,396,977</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note F - CAPITAL ASSETS (continued)**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
<b><u>Business-type activities -</u></b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 20,531,247	\$ 137,155		\$ 20,668,402
Construction in progress	62,493,064	35,115,651	\$ 35,677,783	61,930,932
Subtotal	<u>\$ 83,024,311</u>	<u>\$ 35,252,806</u>	<u>\$ 35,677,783</u>	<u>\$ 82,599,334</u>
<b>Capital assets, being depreciated -</b>				
Structures and improvements	\$ 54,715,577	\$ 10,854,933	\$ 234,663	\$ 65,335,847
Transmission and distribution mains	187,013,977	28,231,463		215,245,440
Electric plant	88,011,220	10,414,717	957,256	97,468,681
Equipment	31,710,966	1,787,089	315,260	33,182,795
Subtotal	<u>\$ 361,451,740</u>	<u>\$ 51,288,202</u>	<u>\$ 1,507,179</u>	<u>\$ 411,232,763</u>
<b>Less: accumulated depreciation -</b>				
Structures and improvements	\$ (6,823,316)	\$ (961,885)		\$ (7,785,201)
Transmission and distribution mains	(43,788,050)	(3,858,152)	\$ 3,090	(47,643,112)
Electric plant	(23,373,380)	(3,480,575)	1,109,004	(25,744,951)
Equipment	(13,143,279)	(2,093,663)	356,200	(14,880,742)
Subtotal	<u>\$ (87,128,025)</u>	<u>\$ (10,394,275)</u>	<u>\$ 1,468,294</u>	<u>\$ (96,054,006)</u>
Capital assets, being depreciated, net	\$ 274,323,715	\$ 40,893,927	\$ 38,885	\$ 315,178,757
Capital assets, net	<u>\$ 357,348,026</u>	<u>\$ 76,146,733</u>	<u>\$ 35,716,668</u>	<u>\$ 397,778,091</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type activities:</b>	
Water and sewer	\$ 6,611,746
Electric	3,758,387
Cemetery	24,142
Total business-type activities depreciation expense	<u>\$ 10,394,275</u>

**Note G - LONG-TERM LIABILITIES**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities –refunding	2.50-2.75%	\$ 2,585,000
Business-type activities	2.25-2.50%	335,000
		<u>\$ 2,920,000</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note G - LONG-TERM LIABILITIES (continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,280,000	\$ 51,887	\$ 170,000	\$ 6,038
2009	1,305,000	17,994	165,000	2,062
	<u>\$ 2,585,000</u>	<u>\$ 69,881</u>	<u>\$ 335,000</u>	<u>\$ 8,100</u>

**Revenue Bonds**

Electric System Revenue Bonds are collateralized by an irrevocable first lien and pledge of the income and revenues derived and to be derived from the operation of the Electric Department after deduction there from of the amount necessary to pay all operating, maintenance, replacement, and betterment charges of the Department as required by applicable bond ordinances. The Department is also required to maintain rates sufficient (1) to pay all maintenance, depreciation, replacement, betterment, and interest charges, (2) to establish and maintain the interest and sinking fund and the reserve fund and (3) to pay in addition all outstanding indebtedness against the Department other than bonds. Revenue bonds outstanding at the end of the year are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Electric Department -- Series 1995	5.50%	\$ 940,000
Electric Department -- Series 1999	4.50-5.00%	<u>2,315,000</u>
		<u>\$ 3,255,000</u>

Maturities of the revenue bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2008	\$ 580,000	\$ 164,368
2009	615,000	135,033
2010	645,000	103,608
2011	330,000	70,338
2012	345,000	54,250
2013-2014	<u>740,000</u>	<u>56,000</u>
	<u>\$ 3,255,000</u>	<u>\$ 583,597</u>

**Tennessee Municipal Bond Fund Loans**

The City participated in the Tennessee Municipal Bond Fund Loan program and entered into loan agreements from the Public Building Authority of the City of Clarksville, Tennessee. Tennessee Municipal Loans outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Variable	\$ 164,641,697
Business-type activities	Variable	<u>69,035,189</u>
		<u>\$ 233,676,886</u>

Interest rates are set by the remarketing agent and are based on the market price of the bonds underlying the loans.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note G - LONG-TERM LIABILITIES (continued)**

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 17,464,322	\$ 6,541,264	\$ 6,448,775	\$ 2,543,160
2009	18,156,390	5,837,044	6,682,982	2,281,189
2010	18,363,011	5,106,594	5,776,106	2,009,664
2011	17,560,406	4,376,570	5,675,702	1,779,985
2012	16,487,457	3,671,028	5,341,298	1,555,919
2013-2017	64,337,021	9,030,771	19,926,837	4,997,917
2018-2022	12,273,090	884,197	16,351,532	1,905,842
2023-2024			2,831,957	118,818
	<u>\$ 164,641,697</u>	<u>\$ 35,447,468</u>	<u>\$ 69,035,189</u>	<u>\$ 17,192,494</u>

**Capitalized Lease Obligation** – The Murfreesboro City Schools lease certain equipment under an agreement that is classified as a capital lease. The cost of equipment under capital leases is included in the statement of net assets as other capital assets and was \$1,405,369 at June 30, 2007. Accumulated amortization of the leased equipment at June 30, 2007 was \$921,968. Amortization of assets under the capital lease is included in depreciation expense. The remaining capital lease obligation of \$473,400 at June 30, 2007, has been included in the statement of net assets caption long-term liabilities.

Future minimum lease payments as of June 30, 2007, under capital leases are as follows:

2008	\$ 499,608
Less amounts representing interest	<u>(26,208)</u>
Present value of net minimum lease payments	<u>\$ 473,400</u>

**Capital Outlay Note** - In December 2006, the City of Murfreesboro issued a \$1,900,000 Taxable Airport Improvement Capital Outlay Note, Series 2006, for the purpose of providing funds to finance the cost of the construction and equipping of t-hangars at the City of Murfreesboro's airport. The note matures on December 1 of each of the years 2007 through 2018, inclusive, and bears interest at a rate of 6.55%, payable semi-annually on June 1 and December 1 of each year commencing June 1, 2007.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2008	\$ 109,000	\$ 120,880
2009	116,000	113,512
2010	124,000	105,651
2011	132,000	97,268
2012	140,000	88,359
2013-2017	854,000	286,039
2018-2019	425,000	28,263
	<u>\$ 1,900,000</u>	<u>\$ 839,972</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2007

**Note G - LONG-TERM LIABILITIES (continued)**

Loans Payable - Utility Plant Acquisition – The Electric Department has purchased certain customers and utility plant from the Middle Tennessee Electric Membership Corporation (MTEMC) during the 2003, 2004, 2006 and 2007 fiscal years. The purchase price of these transactions total \$1,655,538 representing \$187,550 in net plant allocated to specific plant accounts and \$1,467,988 in lost revenue allocated to plant acquisition adjustments. After paying a down payment on each of the transactions, the remaining balance is payable annually in equal installments over a ten year period in the amounts of \$76,926 for 2003 purchases, \$27,497 for 2004 purchases, \$1,574 for 2006 purchases and \$10,367 for 2007 purchases.

State Revolving Loans – The Water and Sewer Department has three state revolving loans to fund the Wastewater Facilities Project. The total approved amounts of the loans were \$58,000,000, \$900,000 and \$3,700,000 at June 30, 2007. The Department is required only to make monthly interest payments at a rate of 4.24%, 4.28% and 3.71% per annum, respectively. Upon completion of the project or upon drawing 90% of the \$58,000,000, 90% of the \$900,000 and 90% of the \$3,700,000, respectively, whichever comes first, the Department is required to begin making principal and interest payments.

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,454,048	\$ 1,896,588
2009	2,559,756	1,790,880
2010	2,670,024	1,680,600
2011	2,785,044	1,565,580
2012	2,905,020	1,445,604
2013-2017	16,513,740	5,239,368
2018-2022	15,901,839	1,462,188
2023-2024	261,035	10,212
	<u>\$ 46,050,506</u>	<u>\$ 15,091,020</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note G - LONG-TERM LIABILITIES (continued)**

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>	<u>One Year</u>
<i>Governmental Activities -</i>					
General obligation bonds	\$ 3,845,000		\$ 1,260,000	\$ 2,585,000	\$ 1,280,000
Less: deferred amounts -					
On refunding	(25,040)		(12,520)	(12,520)	
For issuance premiums	40,210		20,104	20,106	
Obligations under capital lease	921,969		448,569	473,400	473,400
Capital outlay note		\$ 1,900,000		1,900,000	109,000
Tennessee Municipal Bond Fund Loans	<u>135,811,302</u>	<u>44,903,601</u>	<u>14,212,922</u>	<u>166,501,981</u>	<u>17,892,922</u>
	\$ 140,593,441	\$ 46,803,601	\$ 15,929,075	\$ 171,467,967	\$ 19,755,322
Estimated landfill closure costs	370,000			370,000	16,000
Compensated absences	4,977,960	1,635,879	1,315,950	5,297,889	990,081
Claims and judgments	3,900,500	2,088,467	1,885,467	4,103,500	1,627,820
Tennessee Municipal Bond Fund Loans reported by Water and Sewer Fund (1)	(2,266,484)		(406,200)	(1,860,284)	(428,600)
Governmental activity - Long-term liabilities	<u>\$ 147,575,417</u>	<u>\$ 50,527,947</u>	<u>\$ 18,724,292</u>	<u>\$ 179,379,072</u>	<u>\$ 21,960,623</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$4,103,500 of internal service funds claims and judgments are included in the above amounts. For governmental activities, compensated absences are generally liquidated by the general fund and claims and judgments are liquidated by the risk management fund.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note G – LONG-TERM DEBT (continued)**

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>	<u>One Year</u>
<i>Business-type Activities -</i>					
General obligation bonds	\$ 500,000		\$ 165,000	\$ 335,000	\$ 170,000
Revenue Bonds	4,180,000		925,000	3,255,000	580,000
Matured bonds payable	36,000			36,000	
Less: deferred amounts -					
For issuance discounts	(35,105)		(5,626)	(29,479)	
On refunding	(51,193)		(6,466)	(44,727)	
Total bonds payable	\$ 4,629,702		\$ 1,077,908	\$ 3,551,794	\$ 750,000
State revolving loan	48,403,215		2,352,709	46,050,506	2,454,048
Compensated absences	2,196,558	\$ 505,089	301,811	2,399,836	665,395
Tennessee Municipal Bond Fund Loan	47,810,235	22,947,771	3,583,101	67,174,905	6,020,175
Loans payable - Utility plant acquisition	669,774	103,672	105,997	667,449	116,364
	\$ 103,709,484	\$ 23,556,532	\$ 7,421,526	\$ 119,844,490	\$ 10,005,982
Tennessee Municipal Bond Fund Loan (1)	2,266,484		406,200	1,860,284	428,600
Business-type activity -					
Long-term liabilities	\$ 105,975,968	\$ 23,556,532	\$ 7,827,726	\$ 121,704,774	\$ 10,434,582

**Note H - CONSERVATION PROGRAMS**

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2007, outstanding funds advanced by TVA totaled \$612,641 to be used by the customers of the Department in connection with TVA's insulation, water heater, and heat pump conservation programs. At June 30, 2007, the outstanding receivables for loans made from these funds amounted to \$594,784.

**Note I - EMPLOYEE PENSION PLANS**

The City maintains two single employer defined benefit pension plans (the City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension) and participates in the Tennessee Consolidated Retirement System, an agent, multiple-employer public employee retirement system (PERS). The City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension are included in the accompanying financial statements as pension trust funds.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

---

**Note I - EMPLOYEE PENSION PLANS (continued)**

The following is a summary of each of these plans:

**City of Murfreesboro Administered Pension Plans**  
**Plan Descriptions and Provisions -**

**City of Murfreesboro Employees' Pension Plan** - The defined benefit pension plan covers all City employees except those employees of the school system, the Evergreen Cemetery Commission and electric department. All other departments of the City, including the water and sewer department, are covered by the plan. The funds of the retirement plan are invested in trust funds managed by Trustco Capital Management, Inc. and Pinnacle National Financial who serve as co-trustees for the plan.

In accordance with the City Code, subject to approval by the City Council, pension plan provisions may be established or amended by the pension committee. Contribution rates are recommended by the pension committee based on the annual actuarial valuation report, and must also be approved by City Council.

Employees become eligible to participate upon completion of ninety days of employment. The plan provides for a basic monthly pension beginning at normal retirement age, a disability benefit, and a death benefit prior to retirement, all of which are based upon the monthly compensation of the participant. The plan was amended on July 1, 1988 to make the plan noncontributory whereby the employer contributes the entire amount necessary to fund the system. The funding policy is to contribute 11.37% of covered salary. The plan has historically made contributions at least equal to the annual required contribution amount as developed under GASB 25/27 resulting in a cumulative negative Net Pension Obligation. For the fiscal year ending June 30, 2007, the actual contribution was slightly less than the required contribution resulting in an increase of the net pension obligation (NPO) of \$114,270. Prior to July 1, 1988, employees were required to contribute toward the cost of pension compensation. Consequently, some participants who terminate employment will receive lump-sum distributions. Members with less than five years of service receive a refund of their contributions, and members with five years or more of service receive a refund of contributions and accumulated interest at the rate of 7.5% per annum.

The plan was also amended on July 1, 1988 concerning age of retirement. In past years, the plan provided for a basic monthly pension beginning at normal retirement age. The plan as amended provides for a basic monthly pension beginning at age 55, instead of 65, provided the participant has at least 30 years of service. Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective July 1, 2002 and changed the asset valuation method from the mean of book and market approach to the five-year smoothing method. The City has the right to further amend or terminate the plan.

Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective July 1, 2007 and changed the mortality assumption from the 1983 Group Annuity Mortality Table to the RP 2000 Combined Mortality Table.

The City uses the accrual basis of accounting for the plan. Investment income is recognized when it is earned and expenses are recognized when they are incurred. Contributions are recognized when due. Benefits and refunds are recognized when due and payable under the terms of the plan.

The plan does not issue a separate financial report, but is included in the accompanying financial statements as a pension trust fund.

There was one investment in a mutual fund representing more than 5% of the net assets available for benefits. The STI Classic Fund – International Equity Index Fund had a balance of \$16,017,523 representing 22.22% of the net assets available for benefits.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2007

**Note I - EMPLOYEE PENSION PLANS (continued)**

The costs of administering the plan are financed by the City of Murfreesboro's general fund. There are no related party transactions involving the pension trust.

Murfreesboro Electric Department Employee Pension - The Murfreesboro Electric Department provides a defined benefit pension plan with contributions made to a separate fund named the Murfreesboro Electric Department Pension Trust. Pension plan provisions may be established or amended by the Board of Trustees under the authority of the pension trust document. The Board approves contribution rates based on recommendations included in the annual actuarial valuation report. The plan covers all full-time employees upon the completion of one year of service and attainment of age 25. Upon retirement, the participant's monthly benefit is determined based upon 2% of the highest five years of average monthly compensation multiplied by years of employment up to thirty years. Normal retirement age is 60, but a participant may retire at age 55 upon the completion of 10 years of service. Participants are fully vested after five years of credited service. Lump sum payments of deferred vested benefits valued at less than \$10,000 can be made to terminated participants at the discretion of the Retirement Committee.

The Plan has received and maintains a favorable determination letter from the Internal Revenue Service concerning its tax-exempt status. The cost of the plan is borne solely by the employer. Participant contributions are not allowed.

The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing or calling the plan at:

Murfreesboro Electric Department Pension Plan  
P.O. Box 9  
Murfreesboro, Tennessee 37133  
615-893-5514

There were no investments representing more than 5% of the net assets available for benefits. There are no related party transactions involving the pension trust.

Contributions, Membership and Funding Requirements -

Current membership in each of these plans was comprised of the following as of the actuarial valuation date:

	<u>Murfreesboro Electric Department Pension</u>	<u>City of Murfreesboro Employees' Pension</u>
Retired Participants and Terminated Participants with Deferred Vested Benefits	33	269
Active Participants	<u>63</u>	<u>847</u>
	<u>96</u>	<u>1,116</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note I - EMPLOYEE PENSION PLANS (continued)**

Funding Policy and Annual Pension Cost – The annual pension cost for the current year and related information for each plan is as follows:

	<u>Murfreesboro Electric Department Pension</u>	<u>City of Murfreesboro Employees' Pension</u>
Annual pension cost	\$ 596,170	\$ 3,866,312
Contributions made	\$ 608,688	\$ 3,752,042
Actuarial valuation date	August 1, 2007	July 1, 2007
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level dollar	Level dollar
Amortization period-open	30 years	40 years
Remaining amortization period	25 years	34 years
Asset valuation method	Market	Five-year Smoothing
Actuarial assumptions:		
Investment rate of return	7.0%	7.5%
Projected salary increases	4.5%	5.0%
Inflation rate	N/A	N/A

		<u>Three-Year Trend Information</u>		
	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Benefit)</u>
Murfreesboro Electric Department Pension	07/31/05	\$ 545,068	101.20%	\$ -0-
	07/31/06	544,038	101.20%	-0-
	07/31/07	596,170	102.10%	-0-
City of Murfreesboro Employee's Pension	07/01/05	\$ 3,045,036	96.98%	\$( 1,637,126)
	07/01/06	3,531,820	93.43%	( 1,395,351)
	07/01/07	3,852,817	97.38%	( 1,281,081)

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note I - EMPLOYEE PENSION PLANS (continued)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Schedule of Funding Progress			Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
		Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		
<b>Murfreesboro Electric Department Pension:</b>						
08/01/05	\$10,275,202	\$ 10,735,207	\$ 460,005	95.7%	\$ 3,337,003	13.8%
08/01/06	10,711,935	11,529,863	817,928	92.9%	3,314,820	24.7%
08/01/07	11,731,118	13,038,280	1,307,162	90.0%	3,400,782	38.4%
<b>City of Murfreesboro Employees' Pension:</b>						
07/01/05	\$ 58,134,958	\$ 69,207,197	\$11,072,239	84.0%	\$ 31,949,042	34.7%
07/01/06	62,774,796	75,869,525	13,094,729	82.7%	33,533,397	39.1%
07/01/07	69,675,720	84,477,610	14,801,890	82.5%	35,467,822	41.7%

The net benefit pension obligation has been calculated for the City of Murfreesboro Employees' Pension plan as follows:

Annual Required Contribution	\$ 3,852,817
Interest on net pension obligation	(104,651)
Adjustment to annual required contribution	<u>118,146</u>
Annual pension cost	\$ 3,866,312
Contributions made	<u>(3,752,042)</u>
Increase in net pension obligation	\$ 114,270
Net pension obligation beginning of year	<u>(1,395,351)</u>
Net pension obligation end of year	\$ <u>(1,281,081)</u>

**Tennessee Consolidated Retirement System**

**Plan Description** – Employees of the Murfreesboro City School System are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. 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 5 (five) years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became 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 system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Murfreesboro City School System participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note I - EMPLOYEE PENSION PLANS (continued)**

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

**Funding Policy** – The Murfreesboro City School System is noncontributory and has assumed employee contributions up to 5.0 percent of annual covered payroll.

The Murfreesboro City School System is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007 was 12.15% of annual covered payroll. The contribution requirement by plan members is set by state statute. Contribution requirements for the Murfreesboro City School System are established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost** – For the year ending June 30, 2007, the Murfreesboro City School System's annual pension cost of \$726,872 to TCRS was equal to the Murfreesboro City School System's required and actual contributions.

The required contribution was determined as a part of the July 1, 2005 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Murfreesboro City School System's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Fiscal Year Ending	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/05	\$ 475,083	100.00%	\$ -0-
6/30/06	526,455	100.00%	-0-
6/30/07	726,872	100.00%	-0-

**Schedule of Funding Progress for the Murfreesboro City School System -**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
06/30/01	\$ 9,158,000	\$9,173,000	\$15,000	99.84%	\$4,324,000	0.35%
07/01/03	10,204,000	10,204,000	- 0 -	100.00%	4,694,000	0.00%
07/01/05	11,427,000	11,427,000	- 0 -	100.00%	5,284,000	0.00%

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

---

**Note I - EMPLOYEE PENSION PLANS (continued)**

**Teachers' Plan**

**Plan Description** - The Murfreesboro City School System contributes to the State Employees, Teachers, and Higher Education Employees Pension plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). 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. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage of change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHPEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in a PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/schools/>. Separate pension information pertaining solely to the Murfreesboro City School System is not available.

**Funding Policy** - Most teachers are required by state statutes to contribute five percent of salary to the plan. The employer contribution rate for Murfreesboro City Schools is established at an actuarially determined rate. The rate for the fiscal year ending June 30, 2007 was 6.13% of annual covered payroll. The employer contribution requirement for Murfreesboro City Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2007, 2006, and 2005 were, \$1,511,625, \$1,275,894, and \$1,178,845, respectively, and were equal to the required contributions for each year.

**Note J - DEFERRED COMPENSATION PLANS**

The City of Murfreesboro and the Murfreesboro Electric Department offer employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City and Department employees, permit them to defer a portion of their salary until future years.

As of July 1, 1998, the City and the Murfreesboro Electric Department implemented a new standard requiring changes to the accounting and financial reporting for the deferred compensation plans created in accordance with Internal Revenue Code 457. The plans are administered by an independent plan administrator. The City's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions.

Amendments to the laws governing Section 457 plans require that plan assets are held in trust for the benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. Therefore, the financial activity of these plans is no longer reported in the City's financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note K – OTHER POST-EMPLOYMENT BENEFITS**

In addition to pension benefits, the City of Murfreesboro and the Murfreesboro Electric Department, provides certain health care and life insurance benefits for retired employees. Substantially all of the City's and the Department's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Currently, one hundred fifty-two City retirees and twenty-two Electric Department retirees are receiving benefits. The cost of retiree health care and life insurance benefits is recognized as expense as paid. For the year ended June 30, 2007, those costs totaled approximately \$590,275 for the City and \$169,000 for the Electric Department. Provisions related to other post-employment benefits are established or amended by the City Council and the Board of the Murfreesboro Electric Department.

**Note L – INFORMATION ON INDIVIDUAL PENSION PLAN**

Fiduciary funds as reported in the basic financial statements include a single column for the City's two pension trust funds. A separately issued report is available for the Murfreesboro Electric Department Pension Trust. Separate financial information related to the Murfreesboro Employees' Pension Plan is presented below:

**STATEMENT OF NET ASSETS**

Assets -	
Cash and cash equivalents	\$ 858,970
Investments, at fair value	72,076,108
Contributions receivable	325,013
	<u>\$ 73,260,091</u>
Net Assets -	
Held in trust for pension benefits	\$ <u>73,260,091</u>

**STATEMENT OF CHANGES IN NET ASSETS**

Additions -	
Employer contributions	\$ 3,856,157
Investment income	8,933,533
	<u>\$ 12,789,690</u>
Deductions -	
Benefits to participants	\$ 1,994,779
Insurance premiums	468,897
	<u>\$ 2,463,676</u>
Net Increase	\$ 10,326,014
Net Assets Held in Trust for Pension Benefits -	
Beginning of year	<u>62,934,077</u>
End of year	<u>\$ 73,260,091</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note M - COMMITMENTS AND CONTINGENCIES**

Guarantee of Indebtedness - Waterworks and sewer improvement bonds, and the interest thereon, are payable primarily from the revenue of the water and sewer system, subject to prior pledges in favor of certain outstanding obligations. In the event of a deficiency in such revenues, the bonds and the interest thereon will be payable from ad valorem taxes to be levied on all taxable property within the City, irrevocably pledging the full faith and credit of the City.

Landfill Closure - The City has been notified by the State of Tennessee that certain tests and closure are necessary in connection with a landfill that was operated by the City during the period of 1968 through 1974. The City has also been notified that another site used as a waste dump by the City between 1940 and 1965 has been investigated by the Tennessee Superfund and was found to contain toxic waste. The City is currently performing required cleanup operations on these sites.

Additionally, there was no increase in this estimated liability from the previous year. The City's engineer estimates that additional costs required will approximate \$370,000. Accordingly, this amount has been accrued as a liability on the government-wide statement of net assets.

Construction - The City has entered into agreements for construction as follows:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>
Old Lascassas Pike	\$ 3,539,011	\$ 3,362,061	\$ 176,950
Middle TN Boulevard	6,274,593	5,468,211	806,382
Greenland Drive Improvements	3,048,263	1,824,888	1,223,375
Florence Road Reconstruction	7,290,792	2,706,405	4,584,387
John Pittard Elementary School	15,924,090	15,481,390	442,700
Fleet Maintenance Facility Phase III	8,294,686	7,837,205	457,481
Pitts Lane, Phase I	2,188,091	1,779,609	408,482
Rutherford Boulevard Widening	2,767,332	556,247	2,211,085
South Rutherford Boulevard Widening	6,724,586		6,724,586
MTSU Track and Baseball Stadium Improvements	4,640,000	2,609,648	2,030,352
Southwest Loop Road, Phase I	5,789,868	2,926,790	2,863,078
DeJarnette Lane	7,637,420	3,050,289	4,587,131
Robert Rose Drive, Phase I	1,886,463	162,107	1,724,356
Medical Center Parkway Signilization	1,006,333	525,634	480,699
Greshampark Drive	472,230	296,679	175,551
Middle TN Boulevard Landscaping	330,000	152,589	177,411
Airport T- Hangar Project	3,910,014	3,338,649	571,365
	<u>\$ 81,723,772</u>	<u>\$ 52,078,401</u>	<u>\$ 29,645,371</u>

Also, the Murfreesboro City School System has contracted a janitorial service company to provide the custodial services for certain school facilities. Total commitments for the fiscal year ending June 30, 2008 approximate \$542,000. In the event of non-performance under the contract, the School System is only liable for the amount of services rendered.

Allocation of State Funds - The State of Tennessee in response to a lawsuit brought by rural Tennessee school systems is considering changes in the methodology of how State education funds are distributed among Tennessee school districts in order to equalize funding. One model under consideration, the district-level fiscal capacity model, would have a substantial negative impact upon Murfreesboro City Schools and most other municipal school districts. Other funding equalization solutions are also being considered. As of the date of this report, the specific changes that the State will make in education funding, if any, and the timing of such changes, are unknown.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

---

**Note M - COMMITMENTS AND CONTINGENCIES (continued)**

**Eminent Domain** – The City has pending multiple lawsuits involving the acquisition of real property. Interests being acquired include temporary construction easements, permanent easements, fee simple title to portions of improved and unimproved land, and fee simple title to entire parcels of improved and unimproved land. Land is being acquired for current and future projects. In each case the City has tendered into Court the amount it reasonably believes the interest in land being acquired is worth and for which it can reasonably determine a value. Payments of additional material amounts may result from negotiated settlements or the award of additional amounts. While the City intends to vigorously litigate these cases, management believes there is a reasonable possibility that the City may pay an estimated additional amount of \$696,000.

**Grantor Agencies** - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The City is working with the Department of Justice regarding an audit of prior Community Oriented Policing Services (COPS) grants. The City believes that the outcome of the audit will not result in a material additional amount due back to the federal government. The City has accrued \$55,833 as an amount due back to the federal government. Disallowed costs, if any, resulting from this audit over the \$55,833 would have to be absorbed by the City.

**Pending Lawsuits** - The City is a party to various lawsuits claiming damages for personal injury and property damage in automobile and general liability cases, as well as miscellaneous other litigation. Some amounts in these matters are substantial. In the opinion of the City attorney, the City should prevail in most of the litigation that is not fully insured or barred by the statute of limitations. In any event, the likelihood that the City would incur aggregate liability arising from such litigation in an amount that would be material in relation to its financial position is remote.

**Note N - LEASES**

The City receives rental income principally for real property from various agencies. Future minimum rental commitments under these leases are insignificant. Rental income from these sources totaled approximately \$239,462 for the year ended June 30, 2007.

**Note O – PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2007, management became aware of payroll amounts earned but not accrued at June 30, 2006 in the amount of \$454,580 as well as an over accrual of certain expenses related to capital outlay at June 30, 2007 in the amount of \$371,668. A prior period adjustment of \$82,912 to net capital assets has been recorded on the government-wide financial statements and the governmental fund financial statements.

**Note P - INTERFUND TRANSACTIONS**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary fund financial statements generally reflect such transactions as transfers.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note P - INTERFUND TRANSACTIONS (continued)**

Interfund receivable and payable balances at June 30, 2007, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
2006 TML Fund	\$ 7,054,975	
Debt Service Fund		\$ 939
Water and Sewer Fund	194,280	
Electric Fund	53,371	
Nonmajor governmental funds	4,668,334	301,000
Nonmajor enterprise funds		32,412
Internal service funds	7,083	
	<u>\$ 11,978,043</u>	<u>\$ 334,351</u>
General Purpose School Fund		
Nonmajor governmental funds	\$ 1,329,955	\$ 259,320
Fiduciary fund	28,511	
	<u>\$ 1,358,466</u>	<u>\$ 259,320</u>
Fiduciary fund		
General Purpose School Fund		\$ 28,511
2006 TML Fund		
General fund		\$ 7,054,975
Debt Service Fund		
General Fund	\$ 939	
Nonmajor Governmental Funds		
General fund	\$ 301,000	\$ 4,668,334
General purpose school fund	259,320	1,329,955
Nonmajor governmental funds	25,643	25,643
Internal service funds	44	2,500,387
	<u>\$ 586,007</u>	<u>\$ 8,524,319</u>
Water and Sewer Fund		
General fund		\$ 194,280
Internal service funds		11,770
		<u>\$ 206,050</u>
Electric Department Fund		
General fund		\$ 53,371
Nonmajor Enterprise Funds		
General fund	\$ 32,412	
Internal Service Funds		
General fund		\$ 7,083
Water and Sewer fund	\$ 11,770	
Nonmajor governmental funds	2,500,387	44
Internal service funds	5,444	5,444
	<u>\$ 2,517,601</u>	<u>\$ 12,571</u>
	<u>\$ 16,473,468</u>	<u>\$ 16,473,468</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note P - INTERFUND TRANSACTIONS (continued)**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) the payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

Interfund transfers during the year ended June 30, 2007 were as follows:

	Transfer From		
	General Fund	Nonmajor Governmental Funds	Total
Transfer To			
General purpose school fund	\$ 4,810,103	\$ 30,000	\$ 4,840,103
Debt service fund	17,025,577	4,546,411	21,571,988
Nonmajor governmental funds	11,980,802	69,150	12,049,952
Nonmajor enterprise fund		53,948	53,948
	<u>\$ 33,816,482</u>	<u>\$ 4,699,509</u>	<u>\$ 38,515,991</u>

Transfers among funds are provided for as part of the annual budget process. Transfers are used to move revenues from the fund required to collect the revenue to the fund required or authorized to expend them. All interfund transfers for the fiscal year were routine in nature.

**Note Q - RISK MANAGEMENT PROGRAM**

General, Workers' Compensation, and Auto Liability - The City established a self-insurance program for general liability and workers' compensation during the fiscal year ended June 30, 1986. The automobile liability was added to the self-insurance program during the fiscal year ended June 30, 1988. Premiums are paid into the Risk Management Fund by all City funds requiring insurance and the public library and are available to pay claims, claim reserves, and administrative costs of the program. Claims for the fiscal year ended June 30, 2007 were \$2,088,467. Claims for fire and extended coverage in excess of \$100,000 are covered through commercial insurance. Claims for law enforcement liability in excess of \$10,000 are also covered through commercial insurance. There are no other excess coverage insurance policies. Amounts reserved in the fund are designated for future claims not yet made and not accrued.

Group Health - The City provides medical insurance through a group self-insurance program plan. Blue Cross/Blue Shield of Tennessee acts as the administrator of the plan. Insurance premiums are paid into the Insurance Fund from the General Fund and the Water and Sewer Department. In addition, employees and retired employees pay for a portion of the total premiums paid into the fund. Claims are paid to Blue Cross/Blue Shield from the Insurance Fund up to a maximum of \$125,000 for each medical claim. A rider policy covers claims for certain transplant surgery (heart, heart and lung, liver and pancreas). Administrative costs and claims for the fiscal year ended June 30, 2007 were \$8,193,496.

As of February 1, 1998, the City no longer provided medical coverage for employees of the City School System. The City is responsible for any City Schools' claims dated prior to February 1, 1998.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2007**

**Note Q - RISK MANAGEMENT PROGRAM (continued)**

Claims Liability - The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Funds' claims liability amounts during the year ended June 30, 2007 were as follows:

<u>Fiscal Year</u>	<u>Liability at Beginning</u>	<u>Current Year Claims and Change in Estimate</u>	<u>Claim Payments</u>	<u>Liability at End</u>
Risk Management Fund -				
2006	\$ 3,200,000	\$ 2,749,637	\$ 2,049,137	\$ 3,900,500
2007	3,900,500	2,088,467	1,885,467	4,103,500
Insurance Fund -				
2006	353,120	7,113,824	7,143,935	323,009
2007	323,009	8,193,496	8,017,758	498,747

The City had no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

**Note R - DEFICIT FUND BALANCES**

The 2006 TML fund and the 2008 TML fund had deficit fund balances of \$10,766,218 and \$3,061,882, respectively, as of June 30, 2007. The 2006 TML fund and the 2008 TML fund incurred expenditures related to various capital projects, specifically, streets, schools and the new mulching facility. The monies have been currently funded by the General Fund to be reimbursed from the issuance of debt. The Gateway Project fund had a deficit fund balance of \$2,540,920 as of June 30, 2007. The Gateway Project fund incurred expenditures related to the development of the Gateway Project, specifically, streets such as Medical Center Parkway and the Manson Pike Interchange. The monies have currently been funded by the General Fund to be reimbursed by the Gateway Project Fund upon the sale of land acquired by the fund. At June 30, 2007, the Extended School Program Fund had a deficit balance of \$79,277. Future charges for services revenue will offset this deficit.

**Note S - NEW ACCOUNTING AND REPORTING STANDARDS**

The GASB has issued Statement #45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, which is required to be implemented during fiscal year 2008. This pronouncement will be implemented during the required year of implementation.

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**  
**Pension Trust Funds**

**Schedule of Funding Progress**

**June 30, 2007**

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value</u> <u>of Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((b-a)/c)</u>
<b>City of Murfreesboro Employees' Pension Plan -</b>						
7/1/98	\$ 33,278,248	\$ 34,593,235	\$ 1,314,987	96.2 %	18,076,609	7.3 %
7/1/99	37,229,437	37,874,813	645,376	98.3	19,735,090	3.3
7/1/00	40,957,607	41,386,756	429,149	99.0	21,946,101	2.0
7/1/01	43,201,827	48,522,986	5,321,159	89.0	25,165,651	21.1
7/1/02	48,643,679	52,688,816	4,045,137	92.3	26,004,236	15.6
7/1/03	51,498,359	57,550,714	6,052,355	89.5	27,312,169	22.2
7/1/04	54,574,289	62,648,615	8,074,326	87.1	29,361,363	27.5
7/1/05	58,134,958	69,207,197	11,072,239	84.0	31,949,042	34.7
7/1/06	62,774,796	75,869,525	13,094,729	82.7	33,533,397	39.1
7/1/07	69,675,720	84,477,610	14,801,890	82.5	35,467,822	41.7
<b>Murfreesboro Electric Department Employee Pension Plan -</b>						
8/1/98	\$ 7,286,432	\$ 7,771,345	\$ 484,913	93.8 %	\$ 2,508,302	19.3 %
8/1/99	8,189,914	8,588,992	399,078	95.4	2,630,079	15.2
8/1/00	9,412,742	9,412,742	-0-	100.0	2,834,305	0.0
8/1/01	8,599,659	8,599,659	-0-	100.0	2,939,605	0.0
8/1/02	7,940,195	8,435,574	495,379	94.1	2,872,520	17.3
8/1/03	8,549,258	9,032,554	483,296	94.6	2,861,365	16.9
8/1/04	9,343,485	9,814,993	471,508	95.2	3,126,722	15.1
8/1/05	10,275,202	10,735,207	460,005	95.7	3,337,003	13.8
8/1/06	10,711,935	11,529,863	817,928	92.9	3,314,820	24.7
8/1/07	11,731,118	13,038,280	1,307,162	90.0	3,400,782	38.4

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information  
Pension Trust Funds

Schedule of Employer Contributions

June 30, 2007

<u>Fiscal Year</u>	<u>Murfreesboro Employees' Pension</u>		<u>Electric Department Pension</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1998	\$ 1,489,619	100 %	\$ 221,626	100 %
1999	1,471,683	100	207,274	100
2000	1,473,113	147	180,847	100
2001	1,835,308	125	152,664	100
2002	2,459,161	100	316,692	100
2003	2,424,202	107	486,839	101
2004	2,721,331	98	478,354	101
2005	3,045,036	97	545,068	101
2006	3,531,820	93	544,038	101
2007	3,852,817	97	596,170	102

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and special purpose funds established by the City Council.

### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for the acquisition or construction of capital projects, other than those financed by Enterprise Funds or Internal Service Funds. Revenues are derived primarily from the sale of general obligation bonds and notes, intergovernmental revenues, lease of City property, and earnings on investments.

### **PERMANENT FUND**

Permanent Funds are used to account for funds that are legally restricted to the extent that only earnings (and not principal) may be used for purposes that support the City or its citizenry.

The *Perpetual Care Cemetery Fund* accounts for the portion of cemetery lot sale proceeds required by law to be deposited into a perpetual care fund. Earnings on the funds may be used for the maintenance of the Evergreen Cemetery grounds.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

**June 30, 2007**

	Total Special Revenue Funds	Total Capital Projects Funds	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 6,306,455	\$ 11,594,050		\$ 17,900,505
Due from other funds	351,989	234,018		586,007
Due from other governments	2,250,966	305,684		2,556,650
Accounts receivable, net	74,096		\$ 31,451	105,547
Due from others	288,690			288,690
Other accounts receivable	7,108		15,662	22,770
Prepaid items and deposits	4,600	4,143		8,743
Inventory	171,762			171,762
Restricted assets -				
Cash and cash equivalents			71,019	71,019
Investments, at fair value			1,396,093	1,396,093
	<u>\$ 9,455,666</u>	<u>\$ 12,137,895</u>	<u>\$ 1,514,225</u>	<u>\$ 23,107,786</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities-				
Accounts payable	\$ 373,988	\$ 308,829		\$ 682,817
Accrued liabilities	327,062			327,062
Due to other funds	1,620,397	6,903,922		8,524,319
Due to other governments	103,111			103,111
Due to others		446,212		446,212
Deferred revenue	1,560,167	1,292,858		2,853,025
Other deposits	31,660	10,000		41,660
	<u>\$ 4,016,385</u>	<u>\$ 8,961,821</u>		<u>\$ 12,978,206</u>
Fund Balance-				
Reserved for inventory	\$ 114,432			\$ 114,432
Reserved for perpetual care			\$ 1,423,279	1,423,279
Unreserved -				
Designated for repairs and replacement	290,361			290,361
Designated for contingencies	134,135			134,135
Undesignated	4,900,353	\$ 3,176,074	90,946	8,167,373
	<u>\$ 5,439,281</u>	<u>\$ 3,176,074</u>	<u>\$ 1,514,225</u>	<u>\$ 10,129,580</u>
	<u>\$ 9,455,666</u>	<u>\$ 12,137,895</u>	<u>\$ 1,514,225</u>	<u>\$ 23,107,786</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds**

**Year Ended June 30, 2007**

	<u>Total Special Revenue Funds</u>	<u>Total Capital Projects Funds</u>	<u>Permanent Fund Perpetual Care Cemetery Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues-				
Taxes	\$ 1,099,466			\$ 1,099,466
Intergovernmental	9,632,867	\$ 354,158		9,987,025
Charges for services	6,943,056			6,943,056
Interest and investment earnings	253,815	324,327	\$ 132,901	711,043
Program income		91,879		91,879
Miscellaneous	1,046,153	637,508		1,683,661
	<u>\$ 18,975,357</u>	<u>\$ 1,407,872</u>	<u>\$ 132,901</u>	<u>\$ 20,516,130</u>
Expenditures -				
Current-				
Police	\$ 274,044			\$ 274,044
Streets	2,616,601			2,616,601
Sanitation	3,832,817			3,832,817
Community services	2,217,320			2,217,320
Recreation	8,691,484			8,691,484
Community development		\$ 441,826		441,826
Education	6,962,123			6,962,123
Food service	2,969,999			2,969,999
Capital outlay	2,104,730	6,810,641		8,915,371
	<u>\$ 29,669,118</u>	<u>\$ 7,252,467</u>		<u>\$ 36,921,585</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (10,693,761)</u>	<u>\$ (5,844,595)</u>	<u>\$ 132,901</u>	<u>\$ (16,405,455)</u>
Other Sources (Uses) -				
Issuance of debt		\$ 3,611,114		\$ 3,611,114
Proceeds from sale of land		4,877,586		4,877,586
Transfers in	\$ 11,988,802	61,150		12,049,952
Transfers out	(1,090,664)	(3,554,897)	\$ (53,948)	(4,699,509)
	<u>\$ 10,898,138</u>	<u>\$ 4,994,953</u>	<u>\$ (53,948)</u>	<u>\$ 15,839,143</u>
Net change in fund balances	<u>\$ 204,377</u>	<u>\$ (849,642)</u>	<u>\$ 78,953</u>	<u>\$ (566,312)</u>
Fund Balances at beginning of year, as previously stated	\$ 5,330,591	\$ 3,549,979	\$ 1,435,272	\$ 10,315,842
Prior period adjustment	(95,687)	475,737		380,050
Fund Balance at beginning of year, as restated	<u>\$ 5,234,904</u>	<u>\$ 4,025,716</u>	<u>\$ 1,435,272</u>	<u>\$ 10,695,892</u>
Fund Balances at end of year	<u>\$ 5,439,281</u>	<u>\$ 3,176,074</u>	<u>\$ 1,514,225</u>	<u>\$ 10,129,580</u>

### NONMAJOR SPECIAL REVENUE FUNDS

*State Street Aid Fund* accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets.

*City Recreation Fund* accounts for revenues and expenditures related to the operation of City parks and recreational facilities.

*Senior Citizens Fund* accounts for revenues from various grants received for the purpose of operating a senior citizens center and the expenditures related to the center.

*Old Fort Golf Course Fund* accounts for revenues and expenditures related to the operation of the City golf courses.

*Television Fund* accounts for revenue from the cable franchise tax and for the expenditures related to broadcast of city council meetings and other events of community interest over the government access television channel.

*Solid Waste Fund* accounts for expenditures related to the removal and disposal of solid waste.

*Airport Fund* accounts for revenues and expenditures related to the operation of the municipal airport.

*Drug Enforcement Fund* accounts for revenue from drug fines and confiscated property and the use of those funds in the City's drug enforcement and education programs.

*Mass Transit Fund* accounts for revenues and expenditures associated with the development and operations of a transit system for the City of Murfreesboro.

*Extended School Program Fund* accounts for revenues and expenditures associated with the operation of the School System's before and after school program.

*School Cafeteria Fund* accounts for the revenues and expenditures of the cafeteria operations for all of the schools.

*School Federal and State Projects Funds* accounts for revenues and expenditures associated with state and federally financed school programs.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**

**June 30, 2007**

	<u>State Street Aid</u>	<u>City Recreation</u>	<u>Senior Citizens</u>	<u>Old Fort Golf Course</u>	<u>Television</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 212,833	\$ 598,167	\$ 299,512	\$ 384,138	\$ 3,105,352
Due from other funds		44			
Due from other governments	425,076	248,325			
Accounts receivable, net		1,588			
Due from others			4,390		284,300
Other accounts receivable			21	7,087	
Prepaid items and deposits					
Inventory				86,057	
	<u>\$ 637,909</u>	<u>\$ 848,124</u>	<u>\$ 303,923</u>	<u>\$ 477,282</u>	<u>\$ 3,389,652</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities-					
Accounts payable	\$ 9,550	\$ 82,156	\$ 16,356	\$ 83,592	\$ 3,271
Accrued liabilities		78,355	3,784	11,377	
Due to other funds		223,925	21	7,311	1,303
Due to other governments		18,631			
Deferred revenue		13,171		64,441	750,000
Deposits		1,525	7,111		
	<u>\$ 9,550</u>	<u>\$ 417,763</u>	<u>\$ 27,272</u>	<u>\$ 166,721</u>	<u>\$ 754,574</u>
Fund Balance-					
Reserved for inventory				\$ 86,057	
Unreserved -					
Designated for repairs and replacement		\$ 84,813		205,548	
Designated for contingencies				134,135	
Undesignated	<u>\$ 628,359</u>	<u>345,548</u>	<u>\$ 276,651</u>	<u>(115,179)</u>	<u>\$ 2,635,078</u>
	<u>\$ 628,359</u>	<u>\$ 430,361</u>	<u>\$ 276,651</u>	<u>\$ 310,561</u>	<u>\$ 2,635,078</u>
	<u>\$ 637,909</u>	<u>\$ 848,124</u>	<u>\$ 303,923</u>	<u>\$ 477,282</u>	<u>\$ 3,389,652</u>

Solid Waste	Airport	Drug Enforcement	Mass Transit	Extended School Program	School Cafeteria	Federal and State Program Funds	Total Nonmajor Special Revenue
\$ 111,004	\$ 76,671	\$ 121,542		\$ 663,949	\$ 700,328	\$ 32,959	\$ 6,306,455
	84,080	4,189		29,334		234,342	351,989
	69,236	12,752	\$ 25,310	25,353	265,207	1,179,707	2,250,966
	42,238	10		30,260			74,096
							288,690
		4,600					7,108
	28,375				57,330		4,600
\$ 111,004	\$ 300,600	\$ 143,093	\$ 25,310	\$ 748,896	\$ 1,022,865	\$ 1,447,008	\$ 171,762
							\$ 9,455,666
\$ 60,242	\$ 62,592	\$ 5,775		\$ 4,280	\$ 44,597	\$ 1,577	\$ 373,988
384	2,506			182,147	40,606	7,903	327,062
	21,645	6,572	\$ 25,310	60,569	8,237	1,265,504	1,620,397
				84,480			103,111
		63,834		496,697		172,024	1,560,167
	23,024						31,660
\$ 60,626	\$ 109,767	\$ 76,181	\$ 25,310	\$ 828,173	\$ 93,440	\$ 1,447,008	\$ 4,016,385
	\$ 28,375						\$ 114,432
							290,361
\$ 50,378	162,458	\$ 66,912	\$ -0-	\$ (79,277)	\$ 929,425		134,135
\$ 50,378	\$ 190,833	\$ 66,912	\$ -0-	\$ (79,277)	\$ 929,425		4,900,353
\$ 111,004	\$ 300,600	\$ 143,093	\$ 25,310	\$ 748,896	\$ 1,022,865	\$ 1,447,008	\$ 5,439,281
							\$ 9,455,666

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Nonmajor Special Revenue Funds**

**Year Ended June 30, 2007**

	<u>State Street Aid</u>	<u>City Recreation</u>	<u>Senior Citizens</u>	<u>Old Fort Golf Course</u>	<u>Television</u>	<u>Solid Waste</u>
<b>Revenues-</b>						
Intergovernmental	\$ 2,301,665	\$ 341,961	\$ 169,980	\$ 244		\$ 26,470
Charges for services		980,470	104,709	1,797,897		3,750
Interest	35,248	6,370	17,102	36,300	\$ 148,608	3,406
Franchise tax					1,099,466	
Miscellaneous	17,733	58,209	66,959	13,543	1,805	41,261
	<u>\$ 2,354,646</u>	<u>\$ 1,387,010</u>	<u>\$ 358,750</u>	<u>\$ 1,847,984</u>	<u>\$ 1,249,879</u>	<u>\$ 74,887</u>
<b>Expenditures-</b>						
Education						
Recreation		\$ 6,993,183		\$ 1,698,301		
Streets	\$ 2,616,601					
Sanitation						\$ 3,832,817
Police						
Community services			\$ 713,196		\$ 375,619	
Food service						
Capital outlay		311,928	22,893	19,436	97,842	28,625
	<u>\$ 2,616,601</u>	<u>\$ 7,305,111</u>	<u>\$ 736,089</u>	<u>\$ 1,717,737</u>	<u>\$ 473,461</u>	<u>\$ 3,861,442</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (261,955)</u>	<u>\$ (5,918,101)</u>	<u>\$ (377,339)</u>	<u>\$ 130,247</u>	<u>\$ 776,418</u>	<u>\$ (3,786,555)</u>
<b>Other Sources (Uses)-</b>						
Transfers in		\$ 6,436,574	\$ 416,221			\$ 4,030,756
Transfers out	\$ (600,000)			\$ (158,164)		(250,000)
	<u>\$ (600,000)</u>	<u>\$ 6,436,574</u>	<u>\$ 416,221</u>	<u>\$ (158,164)</u>		<u>\$ 3,780,756</u>
Net change in fund balances	<u>\$ (861,955)</u>	<u>\$ 518,473</u>	<u>\$ 38,882</u>	<u>\$ (27,917)</u>	<u>\$ 776,418</u>	<u>\$ (5,799)</u>
Fund Balance at beginning of year, as previously stated	\$ 1,490,314	\$ (10,287)	\$ 240,932	\$ 350,671	\$ 1,858,660	\$ 56,514
Prior period adjustment		(77,825)	(3,163)	(12,193)		(337)
Fund Balance at beginning of year, as restated	<u>\$ 1,490,314</u>	<u>\$ (88,112)</u>	<u>\$ 237,769</u>	<u>\$ 338,478</u>	<u>\$ 1,858,660</u>	<u>\$ 56,177</u>
Fund Balance at end of year	<u>\$ 628,359</u>	<u>\$ 430,361</u>	<u>\$ 276,651</u>	<u>\$ 310,561</u>	<u>\$ 2,635,078</u>	<u>\$ 50,378</u>

<u>Airport</u>	<u>Drug Enforcement</u>	<u>Mass Transit Fund</u>	<u>Extended School Program</u>	<u>School Cafeteria Fund</u>	<u>Federal and State Program Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 859,559		\$ 25,310	\$ 68,801	\$ 1,717,245	\$ 4,121,632	\$ 9,632,867
236,253		7,867	2,469,234	1,342,876		6,943,056
5,463	\$ 1,318					253,815
<u>665,497</u>	<u>144,995</u>		<u>36,151</u>			<u>1,099,466</u>
\$ <u>1,766,772</u>	\$ <u>146,313</u>	\$ <u>33,177</u>	\$ <u>2,574,186</u>	\$ <u>3,060,121</u>	\$ <u>4,121,632</u>	\$ <u>18,975,357</u>
			\$ 2,840,491		\$ 4,121,632	\$ 6,962,123
						8,691,484
						2,616,601
						3,832,817
	\$ 274,044					274,044
\$ 840,868		\$ 287,637		\$ 2,969,999		2,217,320
						2,969,999
<u>851,414</u>	<u>857</u>	<u>771,735</u>				<u>2,104,730</u>
\$ <u>1,692,282</u>	\$ <u>274,901</u>	\$ <u>1,059,372</u>	\$ <u>2,840,491</u>	\$ <u>2,969,999</u>	\$ <u>4,121,632</u>	\$ <u>29,669,118</u>
\$ <u>74,490</u>	\$ <u>(128,588)</u>	\$ <u>(1,026,195)</u>	\$ <u>(266,305)</u>	\$ <u>90,122</u>	\$ <u>-0-</u>	\$ <u>(10,693,761)</u>
\$ 1,987	\$ 77,069	\$ 1,026,195				\$ 11,988,802
<u>(52,500)</u>			\$ <u>(30,000)</u>			<u>(1,090,664)</u>
\$ <u>(50,513)</u>	\$ <u>77,069</u>	\$ <u>1,026,195</u>	\$ <u>(30,000)</u>			\$ <u>10,898,138</u>
\$ <u>23,977</u>	\$ <u>(51,519)</u>	\$ <u>-0-</u>	\$ <u>(296,305)</u>	\$ <u>90,122</u>	\$ <u>-0-</u>	\$ <u>204,377</u>
\$ 169,025	\$ 118,431	\$ -0-	\$ 217,028	\$ 839,303	\$ -0-	\$ 5,330,591
<u>(2,169)</u>						<u>(95,687)</u>
\$ <u>166,856</u>	\$ <u>118,431</u>	\$ <u>-0-</u>	\$ <u>217,028</u>	\$ <u>839,303</u>	\$ <u>-0-</u>	\$ <u>5,234,904</u>
\$ <u>190,833</u>	\$ <u>66,912</u>	\$ <u>-0-</u>	\$ <u>(79,277)</u>	\$ <u>929,425</u>	\$ <u>-0-</u>	\$ <u>5,439,281</u>

CITY OF MURFREESBORO, TENNESSEE

State Street Aid Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Tennessee state gasoline tax apportionment	\$ 2,338,554	\$ 2,338,554	\$ 2,301,665	\$ (36,889)
Interest	30,000	30,000	35,248	5,248
Miscellaneous			17,733	17,733
	<u>\$ 2,368,554</u>	<u>\$ 2,368,554</u>	<u>\$ 2,354,646</u>	<u>\$ (13,908)</u>
Expenditures-				
Traffic signals	\$ 100,000	\$ 100,000	\$ 58,744	\$ 41,256
Curbs and gutters	140,000	140,000	59,492	80,508
Sidewalks	50,000	50,000	50,000	
Rights-of-way	100,000	100,000	40,897	59,103
Street paving	1,648,554	1,697,554	2,040,319	(342,765)
Street markings	170,000	170,000	213,077	(43,077)
Bridges			2,914	(2,914)
Storm drainage	140,000	140,000	7,741	132,259
Intersections	50,000	50,000	6,111	43,889
Traffic signal lighting	60,000	60,000	60,176	(176)
Contractual services	50,000	50,000		50,000
Surveys and engineering	60,000	60,000	77,130	(17,130)
	<u>\$ 2,568,554</u>	<u>\$ 2,617,554</u>	<u>\$ 2,616,601</u>	<u>\$ 953</u>
Excess of Revenues Over (Under) Expenditures	\$ (200,000)	\$ (249,000)	\$ (261,955)	\$ (12,955)
Other Financing Uses -				
Transfer to debt service fund	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-0-</u>
Net change in fund balance	<u>\$ (800,000)</u>	<u>\$ (849,000)</u>	<u>\$ (861,955)</u>	<u>\$ (12,955)</u>
Fund Balance at beginning of year			<u>1,490,314</u>	
Fund Balance at end of year			<u>\$ 628,359</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**City Recreation Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues -</b>				
Interest	\$ 1,500	\$ 1,500	\$ 6,370	\$ 4,870
Federal funds	88,500	256,500	256,683	183
State funds			1,001	1,001
County funds	69,000	69,000	84,277	15,277
Charges for recreational activities	930,850	930,850	980,470	49,620
Donations received			13,043	13,043
Miscellaneous	35,000	35,000	45,166	10,166
	<u>\$ 1,124,850</u>	<u>\$ 1,292,850</u>	<u>\$ 1,387,010</u>	<u>\$ 94,160</u>
<b>Expenditures -</b>				
Labor	\$ 3,723,098	\$ 3,723,098	\$ 3,610,780	\$ 112,318
Park and ride police patrol	455,570	455,570	423,199	32,371
<b>Operation and Maintenance -</b>				
Machinery and equipment	92,942	92,942	91,899	1,043
Grounds	160,530	160,530	156,138	4,392
Building	155,781	155,781	248,853	(93,072)
Swimming pools	46,242	46,242	47,964	(1,722)
Supplies	242,246	242,246	232,044	10,202
Insurance	200,963	200,963	199,348	1,615
Social Security taxes	299,807	299,807	274,120	25,687
Group insurance	403,416	403,416	400,966	2,450
Retirement	265,843	265,843	252,264	13,579
Utilities	771,116	771,116	784,208	(13,092)
Travel and subsistence	64,200	64,200	64,070	130
Arts and humanities	50,775	50,775	52,352	(1,577)
Grant expenditures	3,370	3,370	1,358	2,012
Training personnel	10,000	10,000	9,629	371
Purchases for resale	91,000	91,000	91,364	(364)
Sales tax	17,300	17,300	21,711	(4,411)
Other miscellaneous	22,857	22,857	30,916	(8,059)
Capital outlay	135,655	303,655	311,928	(8,273)
	<u>\$ 7,212,711</u>	<u>\$ 7,380,711</u>	<u>\$ 7,305,111</u>	<u>\$ 75,600</u>
Excess of Revenues Over (Under) Expenditures	\$ (6,087,861)	\$ (6,087,861)	\$ (5,918,101)	\$ 169,760
<b>Other Financing Sources -</b>				
Transfer from general fund	6,087,861	6,087,861	6,436,574	348,713
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 518,473</u>	<u>\$ 518,473</u>
Fund Balance at beginning of year, as previously stated			\$ (10,287)	
Prior period adjustment			(77,825)	
Fund Balance at beginning of year, as restated			<u>\$ (88,112)</u>	
Fund Balance at end of year			<u>\$ 430,361</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Senior Citizens Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 6,000	\$ 6,000	\$ 17,102	\$ 11,102
County funds	132,308	132,308	132,420	112
State funds	8,500	8,500	13,060	4,560
Federal funds	24,500	24,500	24,500	
Revenue from other agencies	50,650	50,650	51,556	906
Program income	78,046	90,046	104,709	14,663
Donations received	10,232	10,232	11,839	1,607
Miscellaneous			3,564	3,564
	<u>\$ 310,236</u>	<u>\$ 322,236</u>	<u>\$ 358,750</u>	<u>\$ 36,514</u>
Expenditures -				
Labor	\$ 400,656	\$ 400,656	\$ 386,934	\$ 13,722
Operations and maintenance	20,200	20,200	13,627	6,573
Supplies	64,650	64,650	62,779	1,871
Insurance	22,113	22,113	22,023	90
Social Security taxes	30,650	30,650	29,384	1,266
Group insurance	45,631	45,631	56,071	(10,440)
Retirement	35,833	35,833	34,564	1,269
Utilities	48,080	48,080	50,449	(2,369)
Contractual services	17,400	17,400	17,200	200
Travel and subsistence	8,700	8,700	8,400	300
Training and instruction	17,700	17,700	17,996	(296)
Designated contributions	1,500	1,500	1,497	3
Other miscellaneous	6,200	6,200	12,272	(6,072)
Capital outlay	7,183	19,183	22,893	(3,710)
	<u>\$ 726,496</u>	<u>\$ 738,496</u>	<u>\$ 736,089</u>	<u>\$ 2,407</u>
Excess of Revenues Over (Under) Expenditures	\$ (416,260)	\$ (416,260)	\$ (377,339)	\$ 38,921
Other Financing Sources -				
Transfer from other funds	416,260	416,260	416,221	(39)
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 38,882</u>	<u>\$ 38,882</u>
Fund Balance at beginning of year, as previously stated			\$ 240,932	
Prior period adjustment			(3,163)	
Fund Balance at beginning of year, as restated			<u>\$ 237,769</u>	
Fund Balance at end of year			<u>\$ 276,651</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Old Fort Golf Course Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues-</b>				
<b>Old Fort Golf Course-</b>				
Green fees	\$ 800,000	\$ 800,000	\$ 820,785	\$ 20,785
Cart rentals and trail fees	230,550	230,550	242,830	12,280
Driving range	30,000	30,000	34,932	4,932
Concession and retail sales	454,452	454,452	500,130	45,678
Interest earned	10,000	10,000	36,300	26,300
State funds			244	244
Miscellaneous	10,500	10,500	13,543	3,043
	<u>\$ 1,535,502</u>	<u>\$ 1,535,502</u>	<u>\$ 1,648,764</u>	<u>\$ 113,262</u>
<b>Veteran's Administration Course-</b>				
Green fees	\$ 190,000	\$ 190,000	\$ 164,865	\$ (25,135)
Cart rentals and trail fees	11,500	11,500	10,943	(557)
Concession and retail sales	26,912	26,912	23,412	(3,500)
	<u>\$ 228,412</u>	<u>\$ 228,412</u>	<u>\$ 199,220</u>	<u>\$ (29,192)</u>
<b>Total Revenues</b>	<u>\$ 1,763,914</u>	<u>\$ 1,763,914</u>	<u>\$ 1,847,984</u>	<u>\$ 84,070</u>
<b>Expenditures-</b>				
<b>Old Fort Golf Course-</b>				
Labor	\$ 703,548	\$ 703,548	\$ 656,247	\$ 47,301
Operations and maintenance	39,200	39,200	42,144	(2,944)
Material	79,000	79,000	83,136	(4,136)
Supplies	62,850	62,850	52,027	10,823
Insurance	23,589	23,589	23,395	194
Social Security	53,821	53,821	48,973	4,848
Employee group insurance	92,702	92,702	88,484	4,218
Employee retirement	59,281	59,281	57,047	2,234
Utilities	49,600	49,600	46,300	3,300
Travel and subsistence	9,600	9,600	9,600	
Items for resale	280,000	280,000	285,487	(5,487)
Sales tax	64,452	64,452	67,594	(3,142)
Other miscellaneous expenses	38,100	38,100	47,177	(9,077)
Overhead allocation	(84,806)	(84,806)	(81,183)	(3,623)
Capital outlay	25,500	25,500	15,440	10,060
	<u>\$ 1,496,437</u>	<u>\$ 1,496,437</u>	<u>\$ 1,441,868</u>	<u>\$ 54,569</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Old Fort Golf Course Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures (continued) -				
Veteran's Administration Course-				
Labor	\$ 123,737	\$ 123,737	\$ 114,125	\$ 9,612
Operations and maintenance	8,000	8,000	5,749	2,251
Material	7,500	7,500	7,649	(149)
Supplies	15,150	15,150	6,654	8,496
General insurance	2,524	2,524	2,540	(16)
Social Security	9,466	9,466	8,758	708
Employee group insurance	12,255	12,255	12,255	
Employee retirement	8,346	8,346	8,346	
Utilities	9,050	9,050	8,463	587
Travel and subsistence	2,400	2,400	2,400	
Items for resale	12,500	12,500	10,341	2,159
Sales tax	3,412	3,412	2,961	451
Other miscellaneous expenses	650	650	449	201
Overhead allocation	84,806	84,806	81,183	3,623
Capital outlay	4,500	4,500	3,996	504
	<u>\$ 304,296</u>	<u>\$ 304,296</u>	<u>\$ 275,869</u>	<u>\$ 28,427</u>
Total Expenditures	<u>\$ 1,800,733</u>	<u>\$ 1,800,733</u>	<u>\$ 1,717,737</u>	<u>\$ 82,996</u>
Excess of Revenues Over (Under) Expenditures	\$ (36,819)	\$ (36,819)	\$ 130,247	\$ 167,066
Other Financing Uses -				
Transfer to debt service fund	<u>(158,164)</u>	<u>(158,164)</u>	<u>(158,164)</u>	
Net change in fund balance	<u>\$ (194,983)</u>	<u>\$ (194,983)</u>	<u>\$ (27,917)</u>	<u>\$ 167,066</u>
Fund Balance at beginning of year, as previously stated			\$ 350,671	
Prior period adjustment			<u>(12,193)</u>	
Fund Balance at beginning of year, as restated			<u>\$ 338,478</u>	
Fund Balance at end of year			<u>\$ 310,561</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Television Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Cable franchise tax	\$ 850,000	\$ 850,000	\$ 1,099,466	\$ 249,466
Interest	27,000	27,000	148,608	121,608
Miscellaneous	400	400	1,805	1,405
	<u>\$ 877,400</u>	<u>\$ 877,400</u>	<u>\$ 1,249,879</u>	<u>\$ 372,479</u>
Expenditures -				
Labor	\$ 227,970	\$ 227,970	\$ 211,362	\$ 16,608
Operation and maintenance	29,900	29,900	21,261	8,639
Supplies	2,500	2,500	1,550	950
Advertising supplies	15,000	15,000	10,332	4,668
Audio/video supplies	15,000	15,000	3,593	11,407
Insurance	3,938	3,938	3,608	330
Social security	16,981	16,981	16,536	445
Group insurance	24,932	24,932	17,901	7,031
Retirement	21,779	21,779	20,026	1,753
Utilities	9,100	9,100	8,943	157
Travel and subsistence	10,300	10,300	9,196	1,104
Association dues	2,000	2,000	1,500	500
Training personnel	7,000	7,000	3,290	3,710
Professional services	5,000	5,000	2,997	2,003
Other miscellaneous	50,500	50,500	43,524	6,976
Capital outlay	84,500	84,500	97,842	(13,342)
	<u>\$ 526,400</u>	<u>\$ 526,400</u>	<u>\$ 473,461</u>	<u>\$ 52,939</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 351,000</u>	<u>\$ 351,000</u>	\$ 776,418	<u>\$ 425,418</u>
Fund Balance at beginning of year			<u>1,858,660</u>	
Fund Balance at end of year			<u>\$ 2,635,078</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Solid Waste Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 1,700	\$ 1,700	\$ 3,406	\$ 1,706
State program revenue			26,470	26,470
Charges for services	12,500	12,500	3,750	(8,750)
Miscellaneous	11,000	11,000	41,261	30,261
	<u>\$ 25,200</u>	<u>\$ 25,200</u>	<u>\$ 74,887</u>	<u>\$ 49,687</u>
Expenditures -				
Labor	\$ 1,831,682	\$ 1,831,682	\$ 1,652,122	\$ 179,560
Operations and maintenance	603,370	603,370	590,167	13,203
Supplies	340,257	340,257	309,719	30,538
Insurance	390,969	390,969	379,958	11,011
Social Security	137,829	137,829	120,598	17,231
Group insurance	404,452	404,452	378,455	25,997
Retirement	203,027	203,027	184,820	18,207
Utilities	50,070	50,070	42,461	7,609
Travel and subsistence	6,000	6,000	6,000	
Training personnel	2,000	2,000	2,431	(431)
License fees	12,000	12,000	467	11,533
Disposal carts	175,000	175,000	160,055	14,945
Other miscellaneous	40,165	40,165	5,564	34,601
Capital outlay	7,000	7,000	28,625	(21,625)
	<u>\$ 4,203,821</u>	<u>\$ 4,203,821</u>	<u>\$ 3,861,442</u>	<u>\$ 342,379</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,178,621)</u>	<u>\$ (4,178,621)</u>	<u>\$ (3,786,555)</u>	<u>\$ 392,066</u>
Other Financing Sources (Uses)-				
Transfer from general fund	\$ 4,428,621	\$ 4,428,621	\$ 4,030,756	\$ (397,865)
Transfer to debt service fund	(250,000)	(250,000)	(250,000)	
	<u>\$ 4,178,621</u>	<u>\$ 4,178,621</u>	<u>\$ 3,780,756</u>	<u>\$ (397,865)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (5,799)</u>	<u>\$ (5,799)</u>
Fund Balance at beginning of year, as previously stated			\$ 56,514	
Prior period adjustment			(337)	
Fund Balance at beginning of year, as restated			<u>\$ 56,177</u>	
Fund Balance at end of year			<u>\$ 50,378</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Airport Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues -</b>				
State maintenance funds	\$ 10,000	\$ 10,000	\$ 10,000	
Federal funds		600,000	600,000	
State funds	87,500	240,740	249,559	\$ 8,819
Interest	2,500	2,500	5,463	2,963
Rental income	259,493	259,493	236,253	(23,240)
Fuel sales	556,000	656,000	664,521	8,521
Miscellaneous	500	500	976	476
	<u>\$ 915,993</u>	<u>\$ 1,769,233</u>	<u>\$ 1,766,772</u>	<u>\$ (2,461)</u>
<b>Expenditures -</b>				
Labor	\$ 117,120	\$ 121,120	\$ 121,550	\$ (430)
Operations and maintenance	30,100	47,100	47,749	(649)
Supplies	7,900	7,900	10,286	(2,386)
Insurance	11,922	11,922	11,050	872
Social Security	8,960	8,960	9,477	(517)
Group insurance	9,599	9,599	9,599	
Retirement	7,249	7,249	7,249	
Utilities	22,802	22,802	24,683	(1,881)
Travel and subsistence	6,000	6,000	6,519	(519)
Purchases for resale	414,260	532,000	535,403	(3,403)
Fuel rebates	48,000	48,000	40,893	7,107
Surveys and studies	200	3,200	3,225	(25)
Other miscellaneous	17,600	17,600	13,185	4,415
Capital outlay	137,500	849,000	851,414	(2,414)
	<u>\$ 839,212</u>	<u>\$ 1,692,452</u>	<u>\$ 1,692,282</u>	<u>\$ 170</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 76,781</u>	<u>\$ 76,781</u>	<u>\$ 74,490</u>	<u>\$ (2,291)</u>
<b>Other Financing Sources and (Uses) -</b>				
Transfer from general fund	\$ 6,000	\$ 6,000	\$ 1,987	\$ (4,013)
Transfer to debt service fund	(50,000)	(50,000)	(52,500)	(2,500)
	<u>\$ (44,000)</u>	<u>\$ (44,000)</u>	<u>\$ (50,513)</u>	<u>\$ (6,513)</u>
Net change in fund balance	<u>\$ 32,781</u>	<u>\$ 32,781</u>	<u>\$ 23,977</u>	<u>\$ (8,804)</u>
Fund Balance at beginning of year, as previously stated			\$ 169,025	
Prior period adjustment			<u>(2,169)</u>	
Fund Balance at beginning of year, as restated			\$ 166,856	
Fund Balance at end of year			<u>\$ 190,833</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Drug Enforcement Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Court fines	\$ 92,000	\$ 92,000	\$ 78,069	\$ (13,931)
Seizure awards	57,000	57,000	57,793	793
Interest	3,000	3,000	1,318	(1,682)
Miscellaneous	15,000	15,000	9,133	(5,867)
	<u>\$ 167,000</u>	<u>\$ 167,000</u>	<u>\$ 146,313</u>	<u>\$ (20,687)</u>
Expenditures -				
Labor	\$ 120,000	\$ 120,000	\$ 91,927	\$ 28,073
Operations and maintenance	23,700	23,700	25,713	(2,013)
Supplies	11,900	11,900	7,111	4,789
Utilities	34,600	34,600	24,751	9,849
Training	20,000	20,000	18,582	1,418
Rent	55,200	55,200	55,200	
Undercover operations	85,000	85,000	50,000	35,000
Other miscellaneous	4,500	4,500	760	3,740
Capital outlay	9,375	9,375	857	8,518
	<u>\$ 364,275</u>	<u>\$ 364,275</u>	<u>\$ 274,901</u>	<u>\$ 89,374</u>
Excess of Revenues Over (Under) Expenditures	\$ (197,275)	\$ (197,275)	\$ (128,588)	\$ 68,687
Other Financing Sources -				
Transfer from general fund	<u>92,000</u>	<u>92,000</u>	<u>77,069</u>	<u>(14,931)</u>
Net change in fund balance	<u>\$ (105,275)</u>	<u>\$ (105,275)</u>	<u>\$ (51,519)</u>	<u>\$ 53,756</u>
Fund Balance at beginning of year			<u>118,431</u>	
Fund Balance at end of year			<u>\$ 66,912</u>	

CITY OF MURFREESBORO, TENNESSEE

Mass Transit Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Federal funds	\$ 1,031,125	\$ 1,031,125	\$ 22,498	\$ (1,008,627)
State funds	245,331	245,331	2,812	(242,519)
Charges for services	25,000	25,000	7,867	(17,133)
	<u>\$ 1,301,456</u>	<u>\$ 1,301,456</u>	<u>\$ 33,177</u>	<u>\$ (1,268,279)</u>
Expenditures-				
Labor	\$ 303,478	\$ 303,478	\$ 135,701	\$ 167,777
Operations and maintenance	56,304	56,304	12,039	44,265
Supplies	10,700	10,700	6,718	3,982
Fuel	98,000	98,000	16,775	81,225
Insurance	85,000	85,000	37,184	47,816
Social Security taxes	22,054	22,054	10,747	11,307
Group insurance	43,311	43,311	8,889	34,422
Retirement	22,839	22,839	7,089	15,750
Utilities	13,300	13,300	4,306	8,994
Travel and subsistence	10,200	10,200	7,200	3,000
Training and instruction	4,000	4,000	465	3,535
Capital outlay	800,000	800,000	771,735	28,265
Other miscellaneous	64,888	64,888	40,524	24,364
	<u>\$ 1,534,074</u>	<u>\$ 1,534,074</u>	<u>\$ 1,059,372</u>	<u>\$ 474,702</u>
Excess of Revenues Over (Under) Expenditures	\$ (232,618)	\$ (232,618)	\$ (1,026,195)	\$ (793,577)
Other Financing Sources (Uses) -				
Transfer from general fund	<u>232,618</u>	<u>232,618</u>	<u>1,026,195</u>	<u>793,577</u>
Net change in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -0-</u>	<u>\$ 0</u>
Fund Balance at beginning of year			<u>-0-</u>	
Fund Balance at end of year			<u>\$ -0-</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Extended School Program Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 30,408	\$ 30,408	\$ 68,801	\$ 38,393
Charges for services	2,291,643	2,291,643	2,469,234	177,591
Other local revenues	62,700	62,700	36,151	(26,549)
	<u>\$ 2,384,751</u>	<u>\$ 2,384,751</u>	<u>\$ 2,574,186</u>	<u>\$ 189,435</u>
Expenditures -				
Community services	\$ 2,348,139	\$ 2,348,139	\$ 2,840,491	\$ (492,352)
Excess of Revenues Over (Under) Expenditures	\$ 36,612	\$ 36,612	\$ (266,305)	\$ (302,917)
Other Financing Uses -				
Transfer to other fund	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	
Excess of Revenues Over (Under) Expenditures and Other Financing Uses (Budgetary basis)	<u>\$ 6,612</u>	<u>\$ 6,612</u>	<u>\$ (296,305)</u>	<u>\$ (302,917)</u>
Adjustment for encumbrances			<u>-0-</u>	
Net change in fund balance (GAAP basis)			\$ (296,305)	
Fund Balance at beginning of year			<u>217,028</u>	
Fund Balance at end of year			<u>\$ (79,277)</u>	

CITY OF MURFREESBORO, TENNESSEE

School Cafeteria Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgeting Basis Variance with GAAP)

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 1,442,758	\$ 1,442,758	\$ 1,605,020	\$ 162,262
State of Tennessee	178,064	178,064	112,225	(65,839)
Charges for services	<u>1,278,768</u>	<u>1,278,768</u>	<u>1,342,876</u>	<u>64,108</u>
	<u>\$ 2,899,590</u>	<u>\$ 2,899,590</u>	<u>\$ 3,060,121</u>	<u>\$ 160,531</u>
Expenditures -				
Food service	<u>\$ 2,786,164</u>	<u>\$ 2,786,164</u>	<u>\$ 2,969,999</u>	<u>\$ (183,835)</u>
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	<u>\$ 113,426</u>	<u>\$ 113,426</u>	\$ 90,122	<u>\$ (23,304)</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			\$ 90,122	
Fund Balance at beginning of year			<u>839,303</u>	
Fund Balance at end of year			<u>\$ 929,425</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Federal and State Program Funds**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 4,376,613	\$ 4,376,613	\$ 3,739,145	\$ (637,468)
State of Tennessee	751,237	751,237	382,487	(368,750)
	<u>\$ 5,127,850</u>	<u>\$ 5,127,850</u>	<u>\$ 4,121,632</u>	<u>\$ (1,006,218)</u>
Expenditures -				
Regular instruction program	\$ 2,693,170	\$ 2,693,170	\$ 2,092,411	\$ 600,759
Special education program	942,621	942,621	979,178	(36,557)
Student support - health	48,350	48,350	47,191	1,159
Other student support	9,414	9,414		9,414
Regular instruction program - support	172,093	172,093		172,093
Special education program - support	1,251,202	1,251,202	108,797	1,142,405
Transportation	11,000	11,000		11,000
Community services			894,055	(894,055)
	<u>\$ 5,127,850</u>	<u>\$ 5,127,850</u>	<u>\$ 4,121,632</u>	<u>\$ 1,006,218</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ -0-	<u>\$ -0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ -0-	
Fund Balance at beginning of year				
Fund Balance at end of year			<u>\$ -0-</u>	

**NONMAJOR CAPITAL PROJECTS FUNDS**

***Capital Improvement and Contingency Fund*** accounts for revenues and expenditures associated with the acquisition or construction of various capital projects for general government activities.

***Community Development Fund*** accounts for Community Development Block grants and state grants received and the improvements and expenditures related to the programs.

***Battlefield River Trail Fund*** accounts for revenue from a federal grant and expenditures related to the construction of a recreational trail along the Stones River.

***Gateway Project Fund*** accounts for the City's development of land to be used in future projects.

***TML Loan Funds*** accounts for the proceeds of loans through the Tennessee Municipal League and the expenditures related to various projects funded by the loans. The funds included are, 1998 TML Loan, 1999 TML Loan, 2001 TML Loan, 2002 TML Loan, 2004 TML Loan, 2005 TML Loan, and 2008 TML Loan.

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet  
Nonmajor Capital Project Funds

June 30, 2007

	Capital Improvement and Contingency	Community Development	Battlefield River Trail	Gateway Project	1998 TML Loan	1999 TML Loan	2001 TML Loan	2002 TML Loan	2004 TML Loan	2005 TML Loan	2008 TML Loan	Total Nonmajor Capital Projects
<u>ASSETS</u>												
Cash and cash equivalents	\$ 7,633,549	\$ 83	\$ 657	\$ 437,090	\$ 111,282	\$ 98,428	\$ 2,214,736	\$ 4,403	\$ 442,205	\$ 651,617		\$ 11,594,050
Due from other funds	206,458	26,560					1,000					234,018
Due from other governments		129,709	172,675				3,300					305,684
Deposit	4,143											4,143
	<u>\$ 7,844,150</u>	<u>\$ 156,352</u>	<u>\$ 173,332</u>	<u>\$ 437,090</u>	<u>\$ 111,282</u>	<u>\$ 98,428</u>	<u>\$ 2,219,036</u>	<u>\$ 4,403</u>	<u>\$ 442,205</u>	<u>\$ 651,617</u>		<u>\$ 12,137,895</u>
<u>LIABILITIES AND FUND BALANCE</u>												
Liabilities-												
Accounts payable	\$ 308,829											\$ 308,829
Due to other funds	565,152	\$ 129,709	\$ 172,675	\$ 2,968,010			\$ 3,300			\$ 3,194	\$ 3,061,882	6,903,922
Deferred revenue	1,284,755	8,103										1,292,858
Due to others	446,212											446,212
Deposits				10,000								10,000
	<u>\$ 2,604,948</u>	<u>\$ 137,812</u>	<u>\$ 172,675</u>	<u>\$ 2,978,010</u>			<u>\$ 3,300</u>			<u>\$ 3,194</u>	<u>\$ 3,061,882</u>	<u>\$ 8,961,821</u>
Fund Balance -												
Unreserved -												
Undesignated	\$ 5,239,202	\$ 18,540	\$ 657	\$ (2,540,920)	\$ 111,282	\$ 98,428	\$ 2,215,736	\$ 4,403	\$ 442,205	\$ 648,423	\$ (3,061,882)	\$ 3,176,074
	<u>\$ 7,844,150</u>	<u>\$ 156,352</u>	<u>\$ 173,332</u>	<u>\$ 437,090</u>	<u>\$ 111,282</u>	<u>\$ 98,428</u>	<u>\$ 2,219,036</u>	<u>\$ 4,403</u>	<u>\$ 442,205</u>	<u>\$ 651,617</u>	<u>\$ -0-</u>	<u>\$ 12,137,895</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Capital Project Funds**

**Year Ended June 30, 2007**

	Capital Improvement and Contingency Fund	Community Development Fund	Battlefield River Trail Fund	Gateway Project Fund	1998 TML Loan Fund	1999 TML Loan Fund
<b>Revenue-</b>						
Revenue from federal government		\$ 354,158				
Interest income	\$ 182,355			\$ 1,728	\$ 6,011	\$ 4,939
Program income		91,879				
Miscellaneous	26,978			113,223		
	<u>\$ 209,333</u>	<u>\$ 446,037</u>		<u>\$ 114,951</u>	<u>\$ 6,011</u>	<u>\$ 4,939</u>
<b>Expenditures-</b>						
Community development -						
Administration		\$ 109,577				
Housing rehabilitation		99,165				
Housing assistance		123,686				
Other		109,398				
Capital outlay -						
Street construction and drainage				\$ 370,003	\$ 12,247	
Battlefield River Trail			\$ 847			
Recreation projects						
Solid Waste projects						
Other projects and costs	\$ 2,751,745			269,465		
	<u>\$ 2,751,745</u>	<u>\$ 441,826</u>	<u>\$ 847</u>	<u>\$ 639,468</u>	<u>\$ 12,247</u>	<u>\$ -0-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,542,412)</u>	<u>\$ 4,211</u>	<u>\$ (847)</u>	<u>\$ (524,517)</u>	<u>\$ (6,236)</u>	<u>\$ 4,939</u>
<b>Other Financing Sources (Uses)-</b>						
Issuance of debt	\$ 1,900,000					
Proceeds from sale of land				\$ 4,877,586		
Transfer from other funds					\$ 61,150	
Transfer to other funds	(2,100,000)	\$ (8,000)	\$ (61,150)	(1,324,597)	(61,150)	
	<u>\$ (200,000)</u>	<u>\$ (8,000)</u>	<u>\$ (61,150)</u>	<u>\$ 3,552,989</u>	<u>\$ -0-</u>	
Net change in fund balances	<u>\$ (2,742,412)</u>	<u>\$ (3,789)</u>	<u>\$ (61,997)</u>	<u>\$ 3,028,472</u>	<u>\$ (6,236)</u>	<u>\$ 4,939</u>
Fund Balance at beginning of year, as previously stated	\$ 7,981,614	\$ 22,329	\$ 62,654	\$ (5,569,392)	\$ 117,518	\$ 93,489
Prior period adjustment						
Fund Balance at beginning of year, as restated	<u>\$ 7,981,614</u>	<u>\$ 22,329</u>	<u>\$ 62,654</u>	<u>\$ (5,569,392)</u>	<u>\$ 117,518</u>	<u>\$ 93,489</u>
Fund Balance at end of year	<u>\$ 5,239,202</u>	<u>\$ 18,540</u>	<u>\$ 657</u>	<u>\$ (2,540,920)</u>	<u>\$ 111,282</u>	<u>\$ 98,428</u>

2001 TML Loan Fund	2002 TML Loan Fund	2004 TML Loan Fund	2005 TML Loan Fund	2008 TML Loan Fund	Total Nonmajor Capital Projects Funds
\$ 109,804	\$ 155	\$ 13,369	\$ 5,966		\$ 354,158
<u>206,309</u>		<u>74,845</u>	<u>216,153</u>		324,327
\$ <u>316,113</u>	\$ <u>155</u>	\$ <u>88,214</u>	\$ <u>222,119</u>		91,879
					637,508
					\$ <u>1,407,872</u>
					\$ 109,577
					99,165
					123,686
					109,398
\$ 172,890	\$ 250	\$ 61,542	\$ 17,829	\$ 1,996,023	2,630,784
			22,494		23,341
				298,385	298,385
			25,843		25,843
<u>1,163</u>		<u>15,830</u>	<u>26,611</u>	<u>767,474</u>	<u>3,832,288</u>
\$ <u>174,053</u>	\$ <u>250</u>	\$ <u>77,372</u>	\$ <u>92,777</u>	\$ <u>3,061,882</u>	\$ <u>7,252,467</u>
\$ <u>142,060</u>	\$ <u>(95)</u>	\$ <u>10,842</u>	\$ <u>129,342</u>	\$ <u>(3,061,882)</u>	\$ <u>(5,844,595)</u>
		\$ 142,703	\$ 1,568,411		\$ 3,611,114
					4,877,586
					61,150
					(3,554,897)
		<u>142,703</u>	<u>1,568,411</u>		\$ <u>4,994,953</u>
\$ <u>142,060</u>	\$ <u>(95)</u>	\$ <u>153,545</u>	\$ <u>1,697,753</u>	\$ <u>(3,061,882)</u>	\$ <u>(849,642)</u>
\$ 2,073,676	\$ 4,498	\$ 288,660	\$ (1,525,067)	\$ -0-	\$ 3,549,979
			475,737		475,737
\$ <u>2,073,676</u>	\$ <u>4,498</u>	\$ <u>288,660</u>	\$ <u>(1,049,330)</u>	\$ <u>-0-</u>	<u>4,025,716</u>
\$ <u>2,215,736</u>	\$ <u>4,403</u>	\$ <u>442,205</u>	\$ <u>648,423</u>	\$ <u>(3,061,882)</u>	\$ <u>3,176,074</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Capital Improvement and Contingency Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 60,000	\$ 183,000	\$ 182,355	\$ (645)
Miscellaneous		27,000	26,978	(22)
	<u>\$ 60,000</u>	<u>\$ 210,000</u>	<u>\$ 209,333</u>	<u>\$ (667)</u>
Expenditures-				
Capital outlay and other projects	<u>\$ 50,000</u>	<u>\$ 2,752,000</u>	<u>\$ 2,751,745</u>	<u>\$ 255</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 10,000</u>	<u>\$ (2,542,000)</u>	<u>\$ (2,542,412)</u>	<u>\$ (412)</u>
Other Financing Sources (Uses)-				
Issuance of debt		\$ 1,900,000	\$ 1,900,000	
Transfers to other funds	<u>\$ (2,100,000)</u>	<u>(2,100,000)</u>	<u>(2,100,000)</u>	
	<u>\$ (2,100,000)</u>	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	
Net change in fund balance	<u>\$ (2,090,000)</u>	<u>\$ (2,742,000)</u>	<u>\$ (2,742,412)</u>	<u>\$ (412)</u>
Fund Balance at beginning of year			<u>7,981,614</u>	
Fund Balance at end of year			<u>\$ 5,239,202</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Community Development Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Revenue from federal government	\$ 1,161,387	\$ 1,161,387	\$ 354,158	\$ (807,229)
Program income	40,000	40,000	91,879	51,879
	<u>\$ 1,201,387</u>	<u>\$ 1,201,387</u>	<u>\$ 446,037</u>	<u>\$ (755,350)</u>
Expenditures-				
Administration	\$ 133,334	\$ 133,334	\$ 109,577	\$ 23,757
Housing rehabilitation	514,925	514,925	99,165	415,760
Housing assistance	215,655	215,655	123,686	91,969
Street improvements	191,765	191,765	-	191,765
Other	137,708	137,708	109,398	28,310
	<u>\$ 1,193,387</u>	<u>\$ 1,193,387</u>	<u>\$ 441,826</u>	<u>\$ 751,561</u>
Excess of Revenues Over (Under) Expenditures	\$ 8,000	\$ 8,000	\$ 4,211	\$ 3,789
Other Financing Sources (Uses)				
Transfers to other Funds	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (3,789)</u>	<u>\$ 3,789</u>
Fund Balance at beginning of year			<u>22,329</u>	
Fund Balance at end of year			<u>\$ 18,540</u>	

CITY OF MURFREESBORO, TENNESSEE

Battlefield River Trail

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Expenditures-				
Battlefield river trail expense	<u>-0-</u>	<u>847</u>	<u>847</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ -0-	\$ (847)	\$ (847)	\$ -0-
Other Financing Sources (Uses)				
Transfers to other Funds	<u>-0-</u>	<u>-0-</u>	<u>(61,150)</u>	<u>(61,150)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ (847)</u>	<u>\$ (61,997)</u>	<u>\$ (61,150)</u>
Fund Balance at beginning of year			<u>62,654</u>	
Fund Balance at end of year			<u>\$ 657</u>	

CITY OF MURFREESBORO, TENNESSEE

Gateway Project

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 1,500	\$ 1,500	\$ 1,728	\$ 228
Miscellaneous			113,223	113,223
	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 114,951</u>	<u>\$ 113,451</u>
Expenditures-				
Capital outlay and other projects	<u>\$ 60,000</u>	<u>\$ 640,000</u>	<u>\$ 639,468</u>	<u>\$ 532</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (58,500)</u>	<u>\$ (638,500)</u>	<u>\$ (524,517)</u>	<u>\$ 113,983</u>
Other Financing Source (Use)-				
Proceeds from sale of land	\$ 5,952,692	\$ 5,952,692	\$ 4,877,586	\$ (1,075,106)
Transfer to other fund	(1,165,300)	(1,165,300)	(1,324,597)	(159,297)
	<u>\$ 4,787,392</u>	<u>\$ 4,787,392</u>	<u>\$ 3,552,989</u>	<u>\$ (1,234,403)</u>
Net change in fund balance	<u>\$ 4,728,892</u>	<u>\$ 4,148,892</u>	<u>\$ 3,028,472</u>	<u>\$ (1,120,420)</u>
Fund Balance at beginning of year			<u>(5,569,392)</u>	
Fund Balance at end of year			<u>\$ (2,540,920)</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**1998 TML Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ 6,011	\$ 6,011	\$ -0-
Expenditures-				
Capital Outlay	<u>-0-</u>	<u>12,247</u>	<u>12,247</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>(6,236)</u>	\$ <u>(6,236)</u>	\$ <u>-0-</u>
Other Financing Sources (Uses)				
Transfers from other Funds	\$ -0-	\$ -0-	\$ 61,150	\$ 61,150
Transfers to other Funds	<u>-0-</u>	<u>-0-</u>	<u>(61,150)</u>	<u>(61,150)</u>
	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>(6,236)</u>	\$ (6,236)	\$ <u>-0-</u>
Fund Balance at beginning of year			<u>117,518</u>	
Fund Balance at end of year			\$ <u>111,282</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**1999 TML Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 4,939	\$ 4,939
Expenditures-				
Capital outlay and other projects	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ 4,939	\$ <u>4,939</u>
Fund Balance at beginning of year			<u>93,489</u>	
Fund Balance at end of year			\$ <u>98,428</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**2001 TML Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ 22,000	\$ 109,804	\$ 87,804
Miscellaneous			206,309	206,309
	<u>\$ -0-</u>	<u>\$ 22,000</u>	<u>\$ 316,113</u>	<u>\$ 294,113</u>
Expenditures-				
Capital outlay and other projects	\$ 152,900	\$ 174,900	\$ 174,053	\$ 847
Excess of Revenues Over (Under) Expenditures	<u>\$ (152,900)</u>	<u>\$ (152,900)</u>	\$ 142,060	<u>\$ 294,960</u>
Fund Balance at the beginning of year			2,073,676	
Fund Balance at end of year			<u>\$ 2,215,736</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**2002 TML Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 155	\$ 155
Expenditures-				
Capital outlay	<u>105,171</u>	<u>105,171</u>	<u>250</u>	<u>104,921</u>
Excess of Revenues Over (Under) Expenditures	\$ (105,171)	\$ (105,171)	\$ (95)	\$ 105,076
Other Financing Sources (Uses)-				
Issuance of debt	<u>105,171</u>	<u>105,171</u>	<u>-0-</u>	<u>(105,171)</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ (95)	\$ <u>(95)</u>
Fund Balance at the beginning of year			<u>4,498</u>	
Fund Balance at end of year			\$ <u><u>4,403</u></u>	

**CITY OF MURFREESBORO, TENNESSEE**

**2004 TML Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest revenue	\$ -0-	\$ -0-	\$ 13,369	\$ 13,369
Miscellaneous income			74,845	74,845
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 88,214</u>	<u>\$ 88,214</u>
Expenditures-				
Capital outlay and other projects	\$ 212,191	\$ 212,191	\$ 77,372	\$ 134,819
Excess of Revenues Over (Under) Expenditures	\$ (212,191)	\$ (212,191)	\$ 10,842	\$ 223,033
Other Financing Sources (Uses)-				
Issuance of debt	212,191	212,191	142,703	(69,488)
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ 153,545	<u>\$ 153,545</u>
Fund Balance at beginning of year			288,660	
Fund Balance at end of year			<u>\$ 442,205</u>	

CITY OF MURFREESBORO, TENNESSEE

2005 TML Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 5,966	\$ 5,966
Miscellaneous income			216,153	216,153
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 222,119</u>	<u>\$ 222,119</u>
Expenditures-				
Capital outlay and other projects	<u>\$ 289,100</u>	<u>\$ 289,100</u>	<u>\$ 92,777</u>	<u>\$ 196,323</u>
Excess of Revenues Over (Under) Expenditures	\$ (289,100)	\$ (289,100)	\$ 129,342	\$ 418,442
Other Financing Sources (Uses)-				
Issuance of debt	<u>289,100</u>	<u>289,100</u>	<u>1,568,411</u>	<u>1,279,311</u>
Net change in fund balance	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1,697,753</u></u>	<u><u>\$ 1,697,753</u></u>
Fund Balance at beginning of year, as previously stated			\$ (1,525,067)	
Prior period adjustment			<u>475,737</u>	
Fund Balance at beginning of year, as restated			<u>\$ (1,049,330)</u>	
Fund Balance at end of year			<u><u>\$ 648,423</u></u>	

CITY OF MURFREESBORO, TENNESSEE

2008 TML Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2007

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Expenditures-				
Capital outlay and other projects	<u>-0-</u>	<u>3,061,882</u>	<u>3,061,882</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>(3,061,882)</u>	\$ (3,061,882)	\$ <u>-0-</u>
Fund Balance at beginning of year			<u>-0-</u>	
Fund Balance at end of year			\$ <u>(3,061,882)</u>	

---

**MAJOR CAPITAL PROJECTS FUND**

The City has one capital projects fund which it considers to be a major fund.

***2006 TML Fund*** accounts for the proceeds of a loan through the Tennessee Municipal League and the expenditures related to various projects funded by the loan.

**CITY OF MURFREESBORO, TENNESSEE**

**2006 TML Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 500	\$ 1,600	\$ 1,588	\$ (12)
Miscellaneous income		100,000	100,000	
	<u>\$ 500</u>	<u>\$ 101,600</u>	<u>\$ 101,588</u>	<u>\$ (12)</u>
Expenditures-				
Community services - MTSU project			\$ 2,483,751	\$ (2,483,751)
Capital outlay	\$ 42,000,138	\$ 50,345,100	47,757,203	2,587,897
	<u>\$ 42,000,138</u>	<u>\$ 50,345,100</u>	<u>\$ 50,240,954</u>	<u>\$ 104,146</u>
Excess of Revenues Over (Under) Expenditures	\$ (41,999,638)	\$ (50,243,500)	\$ (50,139,366)	\$ 104,134
Other Financing Sources (Uses)-				
Issuance of debt	<u>40,000,000</u>	<u>43,192,500</u>	<u>43,192,487</u>	<u>(13)</u>
Net change in fund balance	<u>\$ (1,999,638)</u>	<u>\$ (7,051,000)</u>	<u>\$ (6,946,879)</u>	<u>\$ 104,121</u>
Fund Balance at beginning of year, as previously stated			\$ (3,715,271)	
Prior period adjustment			<u>(104,068)</u>	
Fund Balance at beginning of year, as restated			<u>\$ (3,819,339)</u>	
Fund Balance at end of year			<u>\$ (10,766,218)</u>	

**DEBT SERVICE FUND**

The *Debt Service Fund* accounts for the accumulation of resources for, and payment of, general long-term obligations.

**CITY OF MURFREESBORO, TENNESSEE**

**Debt Service Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Revenue from others	\$ 3,782	\$ 3,782	\$ 3,818	\$ 36
Interest earned			135,831	135,831
	<u>\$ 3,782</u>	<u>\$ 3,782</u>	<u>\$ 139,649</u>	<u>\$ 135,867</u>
Expenditures -				
Principal retirement	\$ 14,871,746	\$ 14,871,746	\$ 15,066,722	\$ (194,976)
Interest	7,423,063	7,423,063	6,265,007	1,158,056
Bond issuance cost and fiscal agent fees	137,500	137,500	178,981	(41,481)
	<u>\$ 22,432,309</u>	<u>\$ 22,432,309</u>	<u>\$ 21,510,710</u>	<u>\$ 921,599</u>
Excess of Revenues Over (Under) Expenditures	\$ (22,428,527)	\$ (22,428,527)	\$ (21,371,061)	\$ 1,057,466
Other Financing Sources -				
Transfers in	<u>21,428,527</u>	<u>21,428,527</u>	<u>21,571,988</u>	<u>143,461</u>
Net change in fund balance	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	\$ 200,927	<u>\$ 1,200,927</u>
Fund Balance at beginning of year			<u>3,604,560</u>	
Fund Balance at end of year			<u>\$ 3,805,487</u>	

### **NONMAJOR ENTERPRISE FUNDS**

Enterprise Funds are used to account for the operation of self-sustaining agencies rendering services to the general public on a user-charge basis. Activities necessary to provide these services are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

***Industrial Building Funds*** account for land and buildings owned by the City, which were formerly leased to Foremost Dairies, Inc. and Alton Box Board Company. These funds are generally inactive.

***Evergreen Cemetery Fund*** accounts for the operation and maintenance of the Evergreen Cemetery. Revenues are derived primarily from sales of lots, charges for services, and investment earnings.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**  
**Nonmajor Enterprise Funds**

**June 30, 2007**

	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Current Assets -				
Cash and cash equivalents			\$ 117,568	\$ 117,568
Accounts receivable			95,271	95,271
Due from other funds	\$ 21,910	\$ 10,502		32,412
Inventories			38,012	38,012
Prepaid items			6,452	6,452
Total Current Assets	<u>\$ 21,910</u>	<u>\$ 10,502</u>	<u>\$ 257,303</u>	<u>\$ 289,715</u>
Noncurrent Assets -				
Land	\$ 12,492	\$ 11,000	\$ 935	\$ 24,427
Other capital assets, net of depreciation			164,011	164,011
Total Noncurrent Assets	<u>\$ 12,492</u>	<u>\$ 11,000</u>	<u>\$ 164,946</u>	<u>\$ 188,438</u>
Total Assets	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 422,249</u>	<u>\$ 478,153</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities -				
Accrued and withheld liabilities			\$ 3,676	\$ 3,676
Total Current Liabilities			<u>\$ 3,676</u>	<u>\$ 3,676</u>
Net Assets -				
Invested in capital assets			\$ 164,946	\$ 164,946
Unrestricted	\$ 34,402	\$ 21,502	253,627	309,531
Total Net Assets	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 418,573</u>	<u>\$ 474,477</u>
Total Liabilities and Net Assets	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 422,249</u>	<u>\$ 478,153</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Nonmajor Enterprise Funds**

**Year Ended June 30, 2007**

	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
Operating Revenues -				
Charges for services			\$ 319,566	\$ 319,566
Operating Expenses -				
Operating expenses			\$ 385,459	\$ 385,459
Depreciation and amortization expense			24,142	24,142
			\$ 409,601	\$ 409,601
Operating Income (Loss)			\$ (90,035)	\$ (90,035)
Nonoperating Revenue (Expenses) -				
Interest			\$ 1,649	\$ 1,649
Income (Loss) Before Transfers			\$ (88,386)	\$ (88,386)
Transfers in			53,948	53,948
Change in Net Assets			\$ (34,438)	\$ (34,438)
Net Assets at beginning of year	\$ 34,402	\$ 21,502	453,011	508,915
Net Assets at end of year	\$ 34,402	\$ 21,502	\$ 418,573	\$ 474,477

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**

**Year Ended June 30, 2007**

	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
Cash Flows from Operating Activities -				
Cash received from customers			\$ 312,393	\$ 312,393
Cash payments to suppliers			(144,047)	(144,047)
Cash payments to employees			(248,792)	(248,792)
Net Cash Used by Operating Activities			<u>\$ (80,446)</u>	<u>\$ (80,446)</u>
Cash Flows from Noncapital Financing Activities -				
Transfers in			\$ 53,948	\$ 53,948
Net Cash Provided by Noncapital Financing Activities			<u>\$ 53,948</u>	<u>\$ 53,948</u>
Cash Flows From Capital and Related Financing Activities -				
Acquisition and construction of fixed assets			\$ (40,619)	\$ (40,619)
Net Cash Used by Capital and Related Financing Activities			<u>\$ (40,619)</u>	<u>\$ (40,619)</u>
Cash Flows From Investing Activities -				
Interest received			\$ 1,649	\$ 1,649
Net Cash Provided by Investing Activities			<u>\$ 1,649</u>	<u>\$ 1,649</u>
Net Decrease in Cash and Cash Equivalents	\$ -0-	\$ -0-	\$ (65,468)	\$ (65,468)
Cash and Cash Equivalents at beginning of year	-0-	-0-	183,036	183,036
Cash and Cash Equivalents at end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 117,568</u>	<u>\$ 117,568</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating loss			\$ (90,035)	\$ (90,035)
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation			24,142	24,142
Changes in assets and liabilities -				
Accounts receivable			(7,173)	(7,173)
Inventory			817	817
Prepaid expenses			(354)	(354)
Accounts payable			(1,761)	(1,761)
Accrued and withheld liabilities			(6,082)	(6,082)
Net Cash Used by Operating Activities			<u>\$ (80,446)</u>	<u>\$ (80,446)</u>

### **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to provide goods and services to other governmental operating units such as departments or agencies on a cost reimbursement basis.

***Insurance Fund*** accounts for revenues and costs associated with the City's self-funded group health insurance plan. Revenues are derived from premiums collected from the various City departments. Costs include medical claims and administrative expenses.

***Risk Management Fund*** accounts for revenues and costs associated with the City's self-funded liability and worker's compensation insurance programs.

***Fleet Services Fund*** accounts for fleet and equipment management to other departments or agencies of the City on a cost reimbursement basis.

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet  
Internal Service Funds

June 30, 2007

	<u>Insurance</u>	<u>Risk Mangement</u>	<u>Fleet Services</u>	<u>Totals</u>
<u>ASSETS</u>				
Current Assets -				
Cash and cash equivalents	\$ 1,456,669	\$ 4,491,743		\$ 5,948,412
Accrued interest receivable		17,399		17,399
Due from other funds		2,500,000	\$ 17,601	2,517,601
Due from others	107,858	67,575	270	175,703
Prepaid items	70,794			70,794
Inventory			100,838	100,838
Total current assets	<u>\$ 1,635,321</u>	<u>\$ 7,076,717</u>	<u>\$ 118,709</u>	<u>\$ 8,830,747</u>
Total Assets	<u>\$ 1,635,321</u>	<u>\$ 7,076,717</u>	<u>\$ 118,709</u>	<u>\$ 8,830,747</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities -				
Accounts payable	\$ 498,747	\$ 140,557		\$ 639,304
Due to other funds		10,846	\$ 1,725	12,571
Claims and judgments payable		1,627,820		1,627,820
Total Current Liabilities	<u>\$ 498,747</u>	<u>\$ 1,779,223</u>	<u>\$ 1,725</u>	<u>\$ 2,279,695</u>
Noncurrent Liabilities -				
Claims and judgments payable		\$ 2,475,680		\$ 2,475,680
Total Liabilities	<u>\$ 498,747</u>	<u>\$ 4,254,903</u>		<u>\$ 4,755,375</u>
Net Assets -				
Unrestricted	\$ 1,136,574	\$ 2,821,814	\$ 116,984	\$ 4,075,372
Total Net Assets	<u>\$ 1,136,574</u>	<u>\$ 2,821,814</u>	<u>\$ 118,709</u>	<u>\$ 4,075,372</u>
Total Liabilities and Net Assets	<u>\$ 1,635,321</u>	<u>\$ 7,076,717</u>	<u>\$ 118,709</u>	<u>\$ 8,830,747</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**

**Year Ended June 30, 2007**

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
<b>Operating Revenues -</b>				
Premiums from City departments	\$ 6,575,100	\$ 3,318,679		\$ 9,893,779
Premiums from others	1,402,419	1,975		1,404,394
State funds		6,250		6,250
Charges for services			\$ 1,494,273	1,494,273
Miscellaneous	87,241	550	6,443	94,234
	<u>\$ 8,064,760</u>	<u>\$ 3,327,454</u>	<u>\$ 1,500,716</u>	<u>\$ 12,892,930</u>
<b>Operating Expenses -</b>				
Claims and administrative expense	\$ 8,193,496	\$ 2,144,536		\$ 10,338,032
Labor expense		183,340	\$ 522,718	706,058
Parts and lubricants			659,986	659,986
Operation and maintenance		585	24,260	24,845
Supplies		5,667	20,354	26,021
Insurance			13,709	13,709
Social Security		14,498	38,952	53,450
Group insurance		9,599	72,773	82,372
Retirement		21,129	59,147	80,276
Utilities		1,539	25,534	27,073
Travel		9,987	4,800	14,787
Training personnel		714	2,620	3,334
Professional fees	2,000	34,336		36,336
Miscellaneous		488,960	5,755	494,715
Capital outlay		4,674	33,932	38,606
	<u>\$ 8,195,496</u>	<u>\$ 2,919,564</u>	<u>\$ 1,484,540</u>	<u>\$ 12,599,600</u>
Operating Income (Loss)	\$ (130,736)	\$ 407,890	\$ 16,176	\$ 293,330
<b>Nonoperating Revenue -</b>				
Interest earned	50,712	188,405	-0-	239,117
Net Income (Loss)	\$ (80,024)	\$ 596,295	\$ 16,176	\$ 532,447
Net Assets at beginning of year	1,216,599	2,225,519	100,807	3,542,925
Net Assets at end of year	<u>\$ 1,136,575</u>	<u>\$ 2,821,814</u>	<u>\$ 116,983</u>	<u>\$ 4,075,372</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Cash Flows**  
**Internal Service Funds**

**Year Ended June 30, 2007**

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
<b>Cash Flows From Operating Activities-</b>				
Cash received from interfund services provided	\$ 7,977,518	\$ 3,318,679	\$ 1,489,568	\$ 12,785,765
Cash payments to suppliers			(973,023)	(973,023)
Cash payments to employees		(183,340)	(522,718)	(706,058)
Cash payments of claims and administrative expenses	(8,108,619)	(2,023,606)		(10,132,225)
Other receipts	87,241	8,775	6,173	102,189
Other payments	(2,000)	(585,676)		(587,676)
Net Cash Provided (Used) by Operating Activities	<u>\$ (45,860)</u>	<u>\$ 534,832</u>	<u>\$ -0-</u>	<u>\$ 488,972</u>
<b>Cash Flows From Investing Activities-</b>				
Interest received	\$ 50,713	\$ 171,006		\$ 221,719
Net Cash Provided by Investing Activities	<u>\$ 50,713</u>	<u>\$ 171,006</u>		<u>\$ 221,719</u>
Net Increase in Cash and Cash Equivalents	\$ 4,853	\$ 705,838	\$ -0-	\$ 710,691
Cash and Cash Equivalents at beginning of year	1,451,816	3,785,905		5,237,721
Cash and Cash Equivalents at end of year	<u>\$ 1,456,669</u>	<u>\$ 4,491,743</u>	<u>\$ -0-</u>	<u>\$ 5,948,412</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (130,736)	\$ 407,890	\$ 16,176	\$ 293,330
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>				
<b>Changes in assets and liabilities -</b>				
Due from other funds			(4,705)	(4,705)
Due from others	(81,882)	(50,561)	(270)	(132,713)
Prepaid items	(8,980)			(8,980)
Inventory			(12,926)	(12,926)
Accounts payable	175,738	171,491		347,229
Due to other funds		6,012	1,725	7,737
Net Cash Provided (Used) by Operating Activities	<u>\$ (45,860)</u>	<u>\$ 534,832</u>	<u>\$ -0-</u>	<u>\$ 488,972</u>

### **PENSION TRUST FUNDS**

Pension Trust Funds account for assets held in trust on behalf of City employees. The funds are accounted for in the same manner as proprietary funds.

***Employees' Pension Trust Fund*** accounts for revenues and expenses associated with the City's defined benefit employee pension plan. Revenues are derived primarily from contributions made by the City, employees, and earnings on investments.

***Electric Department Employee Pension Fund*** accounts for revenues and expenses associated with the administration of the pension plan on behalf of the employees of the Murfreesboro Electric Department. Revenues are derived primarily from contributions made by the employer, employees, and investment earnings.

### **AGENCY FUND**

The ***Agency Fund*** accounts for the assets held by the schools in an agency capacity on behalf of various student, teacher and parent organizations.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Net Assets**  
**Pension Trust Funds**

**June 30, 2007**

---

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Pension</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 858,970	\$ 62,234	\$ 921,204
Investments, at fair value			
Mutual funds	22,960,964	1,344,884	24,305,848
U.S. Government notes and bonds	24,905,507	4,676,492	29,581,999
Corporate notes and bonds	7,854,557	1,193,306	9,047,863
Common stock	16,355,080	3,763,226	20,118,306
Accrued interest receivable		82,288	82,288
Contributions receivable	325,013	608,688	933,701
	<u>\$ 73,260,091</u>	<u>\$ 11,731,118</u>	<u>\$ 84,991,209</u>
<b><u>NET ASSETS</u></b>			
Net Assets -			
Held in trust for pension benefits	<u>\$ 73,260,091</u>	<u>\$ 11,731,118</u>	<u>\$ 84,991,209</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**

**Year Ended June 30, 2007**

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Pension</u>	<u>Totals</u>
Additions -			
Contributions -			
Employer	\$ <u>3,856,157</u>	\$ <u>608,688</u>	\$ <u>4,464,845</u>
Investment income-			
Net appreciation in fair value of investments	\$ <u>6,645,669</u>	\$ <u>634,224</u>	\$ <u>7,279,893</u>
Interest	<u>1,599,595</u>	<u>270,315</u>	<u>1,869,910</u>
Dividends	<u>688,270</u>	<u>118,157</u>	<u>806,427</u>
Total investment income	\$ <u>8,933,534</u>	\$ <u>1,022,696</u>	\$ <u>9,956,230</u>
Less investment fees		<u>(35,125)</u>	<u>(35,125)</u>
Net investment income	\$ <u>8,933,534</u>	\$ <u>987,571</u>	\$ <u>9,921,105</u>
Total additions	\$ <u>12,789,691</u>	\$ <u>1,596,259</u>	\$ <u>14,385,950</u>
Deductions -			
Benefits to participants	\$ <u>1,994,779</u>	\$ <u>577,076</u>	\$ <u>2,571,855</u>
Insurance premiums	<u>468,896</u>		<u>468,896</u>
Total deductions	\$ <u>2,463,675</u>	\$ <u>577,076</u>	\$ <u>3,040,751</u>
Net Increase (Decrease)	\$ <u>10,326,016</u>	\$ <u>1,019,183</u>	\$ <u>11,345,199</u>
Net Assets Held in Trust for Pension Benefits -			
Beginning of year	<u>62,934,077</u>	<u>10,711,935</u>	<u>73,646,012</u>
End of year	\$ <u>73,260,093</u>	\$ <u>11,731,118</u>	\$ <u>84,991,211</u>

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Assets and Liabilities  
School Activity Agency Fund

Year Ended June 30, 2007

---

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 497,575	\$ 1,572,453	\$ 1,575,218	\$ 494,810
Other receivables	3,901	1,900	3,901	1,900
Inventory	26,612	23,843	26,612	23,843
Total Assets	<u>\$ 528,088</u>	<u>\$ 1,598,196</u>	<u>\$ 1,605,731</u>	<u>\$ 520,553</u>
<u>LIABILITIES</u>				
Due to others	\$ 528,088	\$ 1,465,087	\$ 1,472,622	\$ 520,553
Total Liabilities	<u>\$ 528,088</u>	<u>\$ 1,465,087</u>	<u>\$ 1,472,622</u>	<u>\$ 520,553</u>

## **FINANCIAL SCHEDULES**

Financial Schedules are presented to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements, and present other information deemed useful.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Certificates of Deposit by Fund**

**June 30, 2007**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Enterprise Funds -			
Murfreeseboro Electric Department -			
First Tennessee Bank	5.16 %	07-10-2007	\$ <u>387,527</u>
Evergreen Cemetery Commission -			
Pinnacle National Bank	4.80 %	10-04-2008	\$ 18,126
Pinnacle National Bank	3.45	09-26-2007	17,676
Pinnacle National Bank	3.20	01-04-2008	6,784
			\$ <u>42,586</u>
Internal Service Funds -			
Risk Management Fund -			
Midsouth Bank, Murfreeseboro	4.42 %	09-23-07	\$ <u>500,000</u>
Total Certificates of Deposit			\$ <u>930,113</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund**

**June 30, 2007**

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund -				
United States Treasury Notes	5.625 %		05-15-08	\$ 638,175
United States Treasury Notes	4.375		08-15-12	635,323
United States Treasury Notes	3.500		08-15-09	898,841
United States Treasury Notes	4.250		10-13-07	179,620
United States Treasury Notes	4.250		11-30-07	44,880
United States Treasury Notes	4.625		10-31-11	448,715
United States Treasury Notes	4.625		11-15-16	646,416
United States Treasury Notes	4.750		02-15-10	2,597,432
United States Treasury Notes	4.500		05-15-17	292,419
United States Treasury Notes	4.750		05-31-12	96,242
United States Treasury Notes	6.000		08-15-09	229,851
Federal Farm Credit Bank	5.200		12-06-10	495,650
Federal Farm Credit Bank	5.400		04-26-11	197,880
Federal Farm Credit Bank	5.550		03-17-11	149,390
Federal Farm Credit Bank	5.600		03-02-15	741,203
Federal Home Loan Bank	4.000		10-15-08	491,815
Federal Home Loan Bank	4.000		09-10-08	246,205
Federal Home Loan Bank	4.020		09-24-07	99,684
Federal Home Loan Bank	4.150		11-17-08	246,463
Federal Home Loan Bank	4.660		10-17-08	297,189
Federal Home Loan Bank	4.720		02-08-08	149,380
Federal Home Loan Bank	5.000		12-28-09	991,460
Federal Home Loan Bank	5.000		10-26-09	277,743
Federal Home Loan Bank	5.000		08-28-07	99,909
Federal Home Loan Bank	5.040		12-08-08	497,725
Federal Home Loan Bank	5.050		05-28-08	249,108
Federal Home Loan Bank	5.125		11-30-09	248,615
Federal Home Loan Bank	5.150		01-26-09	124,585
Federal Home Loan Bank	5.250		02-06-12	742,869
Federal Home Loan Bank	5.250		09-28-10	993,150
Federal Home Loan Bank	5.350		12-30-08	299,529
Federal Home Loan Bank	5.500		05-05-11	247,847
Federal Home Loan Bank	5.625		03-23-11	496,225
Federal Home Loan Bank	5.650		10-25-13	495,710
Federal Home Loan Bank	5.800		06-21-10	249,965
Federal Home Loan Bank	4.000		01-21-09	196,382
Federal Home Loan Mortgage Corp	6.000		08-01-36	107,623
Federal Home Loan Mortgage Corp	variable		02-01-36	228,027
Federal Home Loan Mortgage Corp	6.500		07-05-16	299,997
Federal Home Loan Mortgage Corp	5.000		12-29-09	743,588
Federal Home Loan Mortgage Corp	6.000		06-15-17	495,534
Federal National Mortgage Assn	5.000		06-01-33	576,010
Federal National Mortgage Assn	5.000		03-01-34	91,095
Federal National Mortgage Assn	6.000		08-01-34	1,008,659

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2007**

	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Fair</u> <u>Value</u>
Employees' Pension Trust Fund (continued) -			
Federal National Mortgage Assn	variable	11-01-36	\$ 228,148
Federal National Mortgage Assn	5.000 %	11-01-33	321,089
Federal National Mortgage Assn	5.500	11-01-33	1,579,997
Federal National Mortgage Assn	6.000	12-01-33	182,445
Federal National Mortgage Assn	6.500	08-01-36	374,972
Federal National Mortgage Assn	5.000	12-01-33	845,620
Government National Mortgage Assn II	6.500	04-20-29	16,313
Government National Mortgage Assn II	7.000	09-15-11	20,516
FNMA TBA	5.500	N/A	882,408
FHLMC Gold TBA	5.500	N/A	869,871
Union Electric Co	5.400	02-01-16	16,197
American Intl Group Inc.	5.600	10-18-16	59,120
Anadarko Pete Corp	5.950	09-15-16	24,411
Bank Amer Corp	5.125	11-15-14	38,445
Barrick Gold Fin Co	4.875	11-15-14	43,205
Boeing Co	5.125	02-15-13	38,397
CIT Group Inc	5.600	04-27-11	39,682
Carolina Power and Light	5.250	12-15-15	48,134
Caterpillar Inc.	5.700	08-15-16	6,955
CISCO Systems Inc	5.500	02-22-16	58,549
Citigroup Inc	5.125	05-05-14	43,535
Comcast Corp	4.950	06-15-16	22,017
Conocophillips	4.750	10-15-12	16,471
Credit Suisse First Boston USA	6.500	01-15-12	46,610
Daimlerchrysler North Amer Hldg	6.500	11-15-13	22,721
Devon Financing Corp ULC	6.875	09-30-11	62,636
Enterprise Prods Oper LP	5.600	10-15-14	63,188
Fund Amern Cos Inc	5.875	05-15-13	54,084
General Elec Co	5.000	02-01-13	19,391
General Elec Cap Corp	4.250	01-15-08	79,545
Goldman Sachs Group Inc	4.750	07-15-13	56,791
Household Fin Corp	4.125	12-15-08	127,661
Intl Lease Finance Corp	5.625	09-20-13	9,978
Intl Lease Finance Corp	5.250	01-10-13	19,551
Intuit Inc	5.750	03-15-17	7,700
JP Morgan Chase & Co	6.625	03-15-12	57,185
Janus Capital Group	5.875	09-15-11	18,033
Jefferies Group Inc	5.875	06-08-14	44,466
Lazard Group LLC	7.125	05-15-15	50,545
Lehman Brothers	5.250	02-06-12	26,539
Merck & Co Inc	5.125	11-15-11	24,646
Merrill Lynch Co Inc	5.770	07-25-11	49,465
Metlife Inc	5.000	06-15-15	18,883
Midamerican Energy Hldgs Co	5.000	02-15-14	67,012

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2007**

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund (continued) -				
Morgan Stanley	5.300 %		03-01-13	\$ 48,028
Nevada Pwr Co	5.875		01-15-15	10,745
News Amer Hldgs Inc	9.250		02-01-13	34,715
Oncor Elec Delivery Co	6.375		01-15-15	48,685
Owens Corning Inc	6.500		12-01-16	19,259
JC Penney Corp	5.750		02-15-18	6,758
Qwest Communications Intl Inc	variable		02-15-11	11,083
SBC Communications Inc	5.100		09-15-14	47,692
SLM Corp	5.400		10-25-11	33,888
Southwest Aircls Co	5.125		03-01-17	13,607
TEVA Pharmaceutical Fin LLC	5.550		02-01-16	19,164
Time Warner Inc	5.500		11-15-11	19,778
Travelers Cos Inc	5.375		06-15-12	24,727
United Technologies Corporation	4.875		05-01-15	37,889
Valero Energy Corp	6.125		06-15-17	35,884
Verizon Communications Inc	5.550		02-15-16	23,382
Wachovia Corp	5.300		10-15-11	47,503
Wal Mart Stores Inc	4.500		07-01-15	12,917
Western Un Co	5.930		10-01-16	19,513
Williams Partners LP	7.250		02-01-17	11,055
Xerox Corp	5.500		05-15-12	18,674
Anheuser Busch Co Inc	7.125		07-01-17	386,393
Bank One Texas Bank	6.250		02-15-08	226,188
Bank Boston NA	6.375		03-25-08	151,116
Bellsouth Corp	6.000		10-15-11	253,650
CAT Financial	4.050		07-15-11	94,577
Citicorp	6.375		11-15-08	151,925
Goldman Sachs	6.650		05-15-09	204,500
JP Morgan	6.000		01-15-09	201,956
John Hancock	4.100		12-15-12	92,668
Merrill Lynch & Co Inc	4.200		12-22-10	143,789
Merrill Lynch & Co Inc	6.375		10-15-08	202,636
Merrill Lynch & Co Inc	6.500		05-16-16	248,625
Nations Bank	6.375		02-15-08	100,635
Nationsbank Corp	7.750		08-15-15	278,643
Northern States Power	6.875		08-01-09	231,370
Salomon Smith Barn	6.500		02-15-08	151,113
Sara Lee Corp	6.150		06-19-08	251,373
Suntrust Banks	6.250		06-01-08	402,996
Verizon Communications	5.550		02-15-16	243,965
Verizon Virginia Inc	4.625		03-15-13	235,175
Wachovia Corp	6.375		02-01-09	152,235
Wachovia Corp	6.150		03-15-09	96,171
Wachovia Corp	6.250		08-04-08	40,372

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2007**

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund (continued) -				
Banc Amer Coml Mtg Tr	5.634 %		07-10-46	\$ 78,546
Bear Stearns Coml Mtg Secs	5.713		06-11-40	89,381
Continental Airlines Inc	5.983		04-19-22	29,160
Credit Suisse First Boston Mtg Secs	6.300		11-11-30	80,936
Credit Suisse Mtg Cap Ctf	5.723		06-15-39	60,000
GMAC Coml Mtg Secs Inc	4.576		05-10-40	81,982
GS Mtg Secs Corp II	5.506		04-10-38	66,888
GS Mtg Secs Corp II	5.560		11-10-39	83,144
GS Mtg Secs Tr	5.993		08-10-45	78,000
GE Coml Mtg Corp	variable		03-10-44	82,529
J P Morgan Chase Coml Mtg	6.007		06-15-49	84,000
Morgan Stanley Capital I	5.558		11-12-41	81,757
Wachovia Bank Comm Mtg Tr	5.736		06-15-49	85,372
WAMU Mtg Passthr Ctf	variable		08-25-36	228,565
Lafarge Sa	6.150		07-15-11	25,417
Rogers Wireless Inc	7.500		03-15-15	22,495
Vodafone Group PLC	5.500		06-15-11	64,476
Weatherford Intl Ltd	4.950		10-15-13	50,019
Western Oil Sands Inc	8.375		05-01-12	13,125
Air Prods & Chems Inc common stock	N/A		N/A	160,740
Alltell Corp common stock	N/A		N/A	337,750
Altria Group Inc common stock	N/A		N/A	322,644
American Express Co common stock	N/A		N/A	458,850
Anadarko Pete Corp common stock	N/A		N/A	155,970
Analog Devices Incorporated common stock	N/A		N/A	282,300
Anheuser Busch Cos Inc common stock	N/A		N/A	312,960
Aon Corp common stock	N/A		N/A	532,625
Apache Corp common stock	N/A		N/A	277,406
Apple Inc common stock	N/A		N/A	244,080
Automatic Data Processing Inc common stock	N/A		N/A	334,443
Bank of America Corporation New common stock	N/A		N/A	244,450
Boeing Co common stock	N/A		N/A	211,552
Celgene Corporation common stock	N/A		N/A	257,985
Cisco Sys Inc common stock	N/A		N/A	459,525
Citigroup Inc common stock	N/A		N/A	266,708
Conocophillips common stock	N/A		N/A	471,000
Constellation Energy Group common stock	N/A		N/A	322,093
Costco Whsl Corp New common stock	N/A		N/A	351,120
E M C Corp Mass common stock	N/A		N/A	271,500
Eli Lilly & Co common stock	N/A		N/A	363,220
Exxon Mobil Corp common stock	N/A		N/A	461,340
FPL Group Inc common stock	N/A		N/A	221,286
General Elec Co common stock	N/A		N/A	574,200
Gilead Sciences common stock	N/A		N/A	349,199
Goldman Sachs Group Inc common stock	N/A		N/A	238,425

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2007**

	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Fair</u> <u>Value</u>
Employees' Pension Trust Fund (continued) -			
Goodrich Corporation common stock	N/A	N/A	\$ 476,480
Honeywell Intl Inc common stock	N/A	N/A	562,800
Intel Corp common stock	N/A	N/A	189,919
JP Morgan Chase & Company common stock	N/A	N/A	436,050
Johnson & Johnson common stock	N/A	N/A	431,340
L3 Communications Holdings common stock	N/A	N/A	730,425
Laboratory Corp common stock	N/A	N/A	303,258
Lauder Estee Cos Inc common stock	N/A	N/A	250,305
Medtronic Inc common stock	N/A	N/A	363,020
Microsoft Corp common stock	N/A	N/A	442,050
Motorola Inc common stock	N/A	N/A	177,000
National Semiconductor Corp common stock	N/A	N/A	101,772
Oracle Corporation common stock	N/A	N/A	197,100
Peabody Energy common stock	N/A	N/A	266,090
Pepsico Inc common stock	N/A	N/A	473,405
Pfizer Inc common stock	N/A	N/A	127,850
Procter & Gamble Co common stock	N/A	N/A	520,115
Qualcomm Incorporated common stock	N/A	N/A	234,306
Schlumberger Ltd common stock	N/A	N/A	93,434
Target Corp common stock	N/A	N/A	426,120
US Bancorp Del common stock	N/A	N/A	164,750
United Technologies Inc Cp common stock	N/A	N/A	354,650
Verizon Communications Inc common stock	N/A	N/A	205,850
Vulcan Materials Co common stock	N/A	N/A	343,620
STI Classic Fund - Small Cap Val Equity I Shares	N/A	N/A	3,495,680
STI Classic Fund - International Equity Index I Shares	N/A	N/A	16,017,523
Ishares Tr S&P Midcap Value Index Shares	N/A	N/A	433,050
Vangrd Sml-cap Grwt Shares	N/A	N/A	3,014,711
			<u>\$ 72,076,108</u>
Electric Department Employee Pension Fund -			
Federal Farm Credit Bank	5.500 %	01-24-12	\$ 349,584
Federal Farm Credit Bank	5.550	03-17-11	100,109
Federal Farm Credit Bank	5.600	03-02-15	100,024
Federal Home Loan Bank	4.000	10-15-08	246,952
Federal Home Loan Bank	4.000	09-10-08	153,261
Federal Home Loan Bank	4.000	08-17-07	99,949
Federal Home Loan Bank	4.150	12-30-08	74,186
Federal Home Loan Bank	4.200	11-23-09	99,702
Federal Home Loan Bank	5.000	12-22-11	147,962
Federal Home Loan Bank	5.000	08-15-08	149,727
Federal Home Loan Bank	5.000	08-28-07	99,976
Federal Home Loan Bank	5.050	05-28-08	249,722
Federal Home Loan Bank	5.125	11-30-09	99,994
Federal Home Loan Bank	5.150	01-16-09	250,043

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2007**

	<u>Interest</u> <u>Rate</u>		<u>Maturity</u> <u>Date</u>	<u>Fair</u> <u>Value</u>
Electric Department Employee Pension Fund (continued) -				
Federal Home Loan Bank	5.150 %		01-26-09	\$ 99,995
Federal Home Loan Bank	5.250		02-06-12	198,772
Federal Home Loan Bank	5.250		04-16-12	99,786
Federal Home Loan Bank	5.300		09-22-11	100,000
Federal Home Loan Bank	5.350		09-08-10	100,068
Federal Home Loan Bank	5.350		12-30-08	100,011
Federal Home Loan Bank	5.500		05-05-11	100,039
Federal Home Loan Bank	5.625		12-12-13	98,967
Federal Home Loan Bank	5.650		10-25-13	99,983
Federal Home Loan Bank	5.650		07-06-09	250,035
Federal Home Loan Bank	5.800		06-21-10	75,023
Federal Home Loan Bank	6.000		08-17-16	250,758
Federal Home Loan Bank Deb	4.010		04-07-10	136,517
Federal Home Loan Bank	4.000		01-21-09	197,332
Federal Home Loan Mortgage Corporation	5.000		12-29-09	498,855
Federal Home Loan Mortgage Corporation	5.000		12-31-12	49,161
CIT Group Incorporated Internotes	4.000		05-15-08	98,942
International Lease Finance Corporation Notes	4.100		10-15-09	97,394
International Lease Finance Corporation Notes	4.400		05-15-09	98,376
International Lease Finance Corporation Notes	4.000		08-15-08	49,445
Merrill Lynch & Company Notes	4.200		12-22-10	48,083
Merrill Lynch & Company Notes	6.375		10-15-08	101,288
Merrill Lynch Corporation Notes	4.000		10-15-07	199,270
Merrill Lynch Corporation Notes	6.000		02-17-09	101,066
Nations Bank	6.375		02-15-08	50,323
Suntrust Bank Notes	6.250		06-01-08	252,030
Verizon Communications	5.550		02-15-16	97,089
AGL Res Incorporated Common Stock	N/A		N/A	150,800
Abbott Labs Common Stock	N/A		N/A	88,707
Air Products and Chemicals Incorporated Common Stock	N/A		N/A	77,733
Altell Corporation Common Stock	N/A		N/A	65,950
Altria Group Incorporated Common Stock	N/A		N/A	47,460
Anheuser Busch Company Inc Common Stock	N/A		N/A	73,155
Aon Corporation Common Stock	N/A		N/A	150,150
Apple Incorporated Common Stock	N/A		N/A	59,292
Automatic Data Processing Incorporated Common Stock	N/A		N/A	92,840
Bank of America Corporation New Common Stock	N/A		N/A	189,680
Boeing Company Common Stock	N/A		N/A	41,372
CVS/Caremark Corporation Common Stock	N/A		N/A	158,355
Celgene Corporation Common Stock	N/A		N/A	54,504
Chevrontexaco Corporation Common Stock	N/A		N/A	63,945
Citigroup Incorporated Common Stock	N/A		N/A	93,140
Conocophillips Common Stock	N/A		N/A	161,114
Constellation Energy Group Common Stock	N/A		N/A	92,180
Costco Wholesale Corporation New Common Stock	N/A		N/A	47,840
Duke Energy Corporation Common Stock	N/A		N/A	68,120
Eli Lilly & Company Common Stock	N/A		N/A	81,135

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2007**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
<b>Electric Department Employee Pension Fund (continued) -</b>			
FPL Group Incorporated Common Stock	N/A	N/A	\$ 89,481
General Electric Company Common Stock	N/A	N/A	203,490
Gilead Sciences Common Stock	N/A	N/A	52,122
Goldman Sachs Group Incorporated Common Stock	N/A	N/A	37,668
Goodrich Corporation Common Stock	N/A	N/A	220,185
Honeywell International Incorporated Common Stock	N/A	N/A	143,775
Intel Corporation Common Stock	N/A	N/A	94,480
Ishares Tr MSCI EAFE Index Mutual Fund	N/A	N/A	585,586
Ishares TR S & P Midcap Value Mutual Fund	N/A	N/A	434,362
Ishares TR S & P Smallcap 600 Growth Mutual Fund	N/A	N/A	324,936
Johnson & Johnson Common Stock	N/A	N/A	75,625
L3 Communications Holdings Common Stock	N/A	N/A	121,950
Laboratory Corporation Common Stock	N/A	N/A	51,695
Lauder Estee Companies Incorporated Common Stock	N/A	N/A	45,020
Medtronic Incorporated Common Stock	N/A	N/A	63,338
Motorola Incorporated Common Stock	N/A	N/A	42,475
National Semiconductor Corporation Common Stock	N/A	N/A	46,782
Oracle Corporation Common Stock	N/A	N/A	76,480
Peabody Energy Common Stock	N/A	N/A	63,390
Pepsico Incorporated Common Stock	N/A	N/A	65,620
Pfizer Incorporated Common Stock	N/A	N/A	70,530
Procter & Gamble Company Incorporated Common Stock	N/A	N/A	154,650
Schlumberger Limited Common Stock	N/A	N/A	56,832
US Bancorp Del Common Stock	N/A	N/A	44,925
Verizon Communications Incorporated Common Stock	N/A	N/A	85,240
			<u>\$ 10,977,908</u>
<b>Evergreen Cemetery Commission -</b>			
Federal Farm Credit Bank	5.550 %	03-17-11	\$ 49,796
Federal Home Loan Bank	3.000	09-12-07	49,765
Federal Home Loan Bank	4.000	10-15-08	98,363
Federal Home Loan Bank	4.000	09-28-07	49,848
Federal Home Loan Bank	4.020	08-25-08	24,639
Federal Home Loan Bank	4.150	11-17-08	98,585
Federal Home Loan Bank	5.000	12-22-11	73,122
Federal Home Loan Bank	5.000	08-28-07	49,954
Federal Home Loan Bank	5.125	11-28-08	49,833
Federal Home Loan Bank	5.150	01-16-08	24,919
Federal Home Loan Bank	5.150	01-26-09	49,834
Federal Home Loan Bank	5.250	04-16-12	24,645
Federal Home Loan Bank	5.350	09-08-10	49,650
Federal Home Loan Bank	5.470	11-23-11	49,716
Federal Home Loan Bank	5.650	07-06-09	74,998
Federal Home Loan Bank	5.800	06-21-10	74,989
Federal Home Loan Bank	4.010	04-07-10	48,329
Federal Home Loan Bank	4.000	01-21-09	147,286
CIT Group Incorporated	4.100	05-15-08	49,389
Goldman Sachs Group Incorporated	5.150	01-15-14	24,006

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2007**

	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Fair</u> <u>Value</u>
Evergreen Cemetery Commission (continued) -			
International Lease Finance Corporation	4.100 %	10-15-09	\$ 48,638
International Lease Finance Corporation	4.400	05-15-09	49,142
JP Morgan & Chase & Company	5.125	09-15-14	24,015
Nations Bank	6.375	02-15-08	50,318
Wachovia Corporation	6.250	08-04-08	30,279
WAL Mart Stores	4.125	02-15-11	23,961
Federated Prime Obligation Fund	N/A	N/A	8,074
			<u>\$ 1,396,093</u>
Total Investments			<u>\$ 84,450,109</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year**

**June 30, 2007**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
<b>General Long-Term Debt -</b>					
2008	General Obligation Refunding Bonds, Series 2003	2.50	\$ 1,280,000	\$ 51,887	\$ 1,331,887
2009		2.75	1,305,000	17,944	1,322,944
			<u>\$ 2,585,000</u>	<u>\$ 69,831</u>	<u>\$ 2,654,831</u>
2008	Tennessee Municipal Bond Fund Loan (1)		\$ 449,400	\$ 35,710	\$ 485,110
2009			480,800	17,629	498,429
			<u>\$ 930,200</u>	<u>\$ 53,339</u>	<u>\$ 983,539</u>
2008	Tennessee Municipal Bond Fund Loan (1)		\$ 2,010,000	\$ 313,100	\$ 2,323,100
2009			2,120,000	232,333	2,352,333
2010			2,235,000	147,150	2,382,150
2011			1,630,000	65,200	1,695,200
			<u>\$ 7,995,000</u>	<u>\$ 757,783</u>	<u>\$ 8,752,783</u>
2008	Tennessee Municipal Bond Fund Loan (2)		\$ 310,000	\$ 38,887	\$ 348,887
2009			325,000	26,281	351,281
2010			342,000	13,061	355,061
2011			9,000	334	9,334
			<u>\$ 986,000</u>	<u>\$ 78,563</u>	<u>\$ 1,064,563</u>
2008	Tennessee Municipal Bond Fund Loan (2)		\$ 1,531,551	\$ 480,241	\$ 2,011,792
2009			1,608,156	417,954	2,026,110
2010			1,688,628	352,552	2,041,180
2011			1,773,026	283,878	2,056,904
2012			1,861,656	211,771	2,073,427
2013			1,954,715	136,060	2,090,775
2014			1,567,686	58,200	1,625,886
				<u>\$ 11,985,418</u>	<u>\$ 1,940,656</u>
2008	Tennessee Municipal Bond Fund Loan (3)		\$ 2,285,311	\$ 709,027	\$ 2,994,338
2009			2,376,724	617,998	2,994,722
2010			2,471,793	523,327	2,995,120
2011			2,570,664	424,870	2,995,534
2012			2,673,491	322,474	2,995,965
2013			2,780,430	215,983	2,996,413
2014			2,891,648	105,232	2,996,880
			<u>\$ 18,050,061</u>	<u>\$ 2,918,911</u>	<u>\$ 20,968,972</u>
2008	Tennessee Municipal Bond Fund Loan (1)		\$ 2,081,660	\$ 867,830	\$ 2,949,490
2009			2,164,710	784,287	2,948,997
2010			2,251,090	697,411	2,948,501
2011			2,340,900	607,068	2,947,968
2012			2,434,310	513,120	2,947,430
2013			2,531,440	415,424	2,946,864
2014			2,632,440	313,830	2,946,270
2015			2,737,480	208,182	2,945,662
2016			2,695,200	98,824	2,794,024
			<u>\$ 21,869,230</u>	<u>\$ 4,505,976</u>	<u>\$ 26,375,206</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2007**

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt (continued) -					
2008	Tennessee Municipal Bond Fund		\$ 614,000	\$ 140,298	\$ 754,298
2009	Loan (4)		634,000	114,747	748,747
2010			654,000	88,367	742,367
2011			238,000	62,665	300,665
2012			245,000	52,764	297,764
2013			253,000	42,568	295,568
2014			262,000	32,038	294,038
2015			270,000	21,137	291,137
2016			261,829	9,960	271,789
			<u>\$ 3,431,829</u>	<u>\$ 564,544</u>	<u>\$ 3,996,373</u>
2008	Tennessee Municipal Bond Fund		\$ 1,879,000	\$ 846,957	\$ 2,725,957
2009	Loan (1)		1,930,000	771,627	2,701,627
2010			1,982,000	694,254	2,676,254
2011			2,035,000	614,797	2,649,797
2012			1,542,000	535,040	2,077,040
2013			1,583,000	473,224	2,056,224
2014			1,626,000	409,760	2,035,760
2015			1,670,000	344,574	2,014,574
2016			1,715,000	277,624	1,992,624
2017			1,761,000	208,870	1,969,870
2018			1,808,000	138,274	1,946,274
2019			1,799,512	65,982	1,865,494
			<u>\$ 21,330,512</u>	<u>\$ 5,380,983</u>	<u>\$ 26,711,495</u>
2008	Tennessee Municipal Bond Fund		\$ 2,465,000	\$ 1,374,246	\$ 3,839,246
2009	Loan (1)		2,551,000	1,275,360	3,826,360
2010			2,641,000	1,173,020	3,814,020
2011			2,732,000	1,067,077	3,799,077
2012			2,828,000	957,476	3,785,476
2013			2,364,000	845,903	3,209,903
2014			2,447,000	751,066	3,198,066
2015			2,533,000	652,900	3,185,900
2016			2,622,000	551,283	3,173,283
2017			2,713,000	446,100	3,159,100
2018			2,808,000	337,263	3,145,263
2019			2,906,000	224,616	3,130,616
2020			2,951,578	118,063	3,069,641
			<u>\$ 34,561,578</u>	<u>\$ 9,774,373</u>	<u>\$ 44,335,951</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2007**

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
<b>General Long-Term Debt (continued) -</b>					
2008	Tennessee Municipal Bond Fund		\$ 4,013,000	\$ 1,698,948	\$ 5,711,948
2009	Loan (1)		4,154,000	1,537,958	5,691,958
2010			4,300,000	1,371,311	5,671,311
2011			4,450,000	1,198,811	5,648,811
2012			4,606,000	1,020,291	5,626,291
2013			4,545,000	836,254	5,381,254
2014			4,704,000	653,924	5,357,924
2015			4,869,000	465,214	5,334,214
2016			5,040,000	269,884	5,309,884
2017			2,127,106	77,994	2,205,100
			<u>\$ 42,808,106</u>	<u>\$ 9,130,589</u>	<u>\$ 51,938,695</u>
2008	Tennessee Municipal Bond Fund		\$ 254,000	\$ 101,315	\$ 355,315
2009	Loan (1)		264,000	91,122	355,122
2010			274,000	80,528	354,528
2011			285,000	69,532	354,532
2012			297,000	58,092	355,092
2013			309,000	46,172	355,172
2014			321,000	33,772	354,772
2015			334,000	20,888	354,888
2016			216,047	7,922	223,969
			<u>\$ 2,554,047</u>	<u>\$ 509,343</u>	<u>\$ 3,063,390</u>
2008	Capital Outlay Note	6.55	\$ 109,000	\$ 120,880	\$ 229,880
2009			116,000	113,512	229,512
2010			124,000	105,651	229,651
2011			132,000	97,268	229,268
2012			140,000	88,360	228,360
2013			150,000	78,862	228,862
2014			160,000	68,710	228,710
2015			170,000	57,902	227,902
2016			181,000	46,406	227,406
2017			193,000	34,158	227,158
2018			206,000	21,091	227,091
2019			219,000	7,172	226,172
			<u>\$ 1,900,000</u>	<u>\$ 839,972</u>	<u>\$ 2,739,972</u>
<b>Total General Long-Term Debt</b>			<u>\$ 170,986,981</u>	<u>\$ 36,524,863</u>	<u>\$ 207,511,844</u>
<b>Murfreesboro Water and Sewer -</b>					
2008	Water and Sewer System Revenue	2.25	\$ 170,000	\$ 6,038	\$ 176,038
2009	and Tax Bonds, Series 2003	2.50	165,000	2,062	167,062
			<u>\$ 335,000</u>	<u>\$ 8,100</u>	<u>\$ 343,100</u>
2008	Tennessee Municipal Bond Fund (5)		\$ 395,175	\$ 108,307	\$ 503,482
2009			410,982	94,594	505,576
2010			427,421	80,333	507,754
2011			444,518	65,502	510,020
2012			462,298	50,077	512,375
2013			480,790	34,035	514,825
2014			500,047	17,352	517,399
			<u>\$ 3,121,231</u>	<u>\$ 450,200</u>	<u>\$ 3,571,431</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2007**

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2008	Tennessee Municipal Bond Fund (6)		\$ 343,000	\$ 192,128	\$ 535,128
2009			354,000	182,044	536,044
2010			365,000	171,636	536,636
2011			377,000	160,905	537,905
2012			389,000	149,821	538,821
2013			402,000	138,385	540,385
2014			415,000	126,566	541,566
2015			428,000	114,365	542,365
2016			442,000	101,782	543,782
2017			456,000	88,787	544,787
2018			471,000	75,380	546,380
2019			486,000	61,533	547,533
2020			502,000	47,245	549,245
2021			518,000	32,486	550,486
2022			534,000	17,257	551,257
2023			52,957	1,554	54,511
			<u>\$ 6,534,957</u>	<u>\$ 1,661,874</u>	<u>\$ 8,196,831</u>
2008	Tennessee Municipal Bond Fund (7)		\$ 902,000	\$ 541,548	\$ 1,443,548
2009			927,000	516,292	1,443,292
2010			953,000	490,336	1,443,336
2011			980,000	463,652	1,443,652
2012			1,008,000	436,212	1,444,212
2013			1,037,000	407,988	1,444,988
2014			1,066,000	378,952	1,444,952
2015			1,096,000	349,104	1,445,104
2016			1,127,000	318,416	1,445,416
2017			1,159,000	286,860	1,445,860
2018			1,192,000	254,408	1,446,408
2019			1,226,000	221,032	1,447,032
2020			1,260,000	186,704	1,446,704
2021			1,296,000	151,424	1,447,424
2022			1,333,000	115,136	1,448,136
2023			1,370,000	77,812	1,447,812
2024			1,409,000	39,452	1,448,452
			<u>\$ 19,341,000</u>	<u>\$ 5,235,328</u>	<u>\$ 24,576,328</u>
2008	Tennessee Municipal Bond Fund (8)		\$ 968,000	\$ 602,089	\$ 1,570,089
2009			1,001,000	568,209	1,569,209
2010			1,036,000	533,174	1,569,174
2011			1,073,000	496,914	1,569,914
2012			1,110,000	459,359	1,569,359
2013			1,149,000	420,509	1,569,509
2014			1,189,000	380,294	1,569,294
2015			1,231,000	338,679	1,569,679
2016			1,274,000	295,594	1,569,594
2017			1,319,000	251,004	1,570,004
2018			1,365,000	204,839	1,569,839
2019			1,412,000	157,064	1,569,064
2020			1,462,000	107,644	1,569,644
2021			1,513,000	56,474	1,569,474
2022			100,532	3,515	104,047
			<u>\$ 17,202,532</u>	<u>\$ 4,875,361</u>	<u>\$ 22,077,893</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2007**

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest	
Murfreesboro Water and Sewer (continued) -						
2008	Tennessee Municipal Bond Fund (9)		\$ 1,321,000	\$ 134,693	\$ 1,455,693	
2009			1,380,000	75,248	1,455,248	
2010			292,185	13,148	305,333	
			<u>\$ 2,993,185</u>	<u>\$ 223,089</u>	<u>\$ 3,216,274</u>	
2008	State Revolving Loan	4.24 %	\$ 2,337,096	\$ 1,808,268	\$ 4,145,364	
2009			2,438,136	1,707,228	4,145,364	
2010			2,543,544	1,601,808	4,145,352	
2011			2,653,512	1,491,840	4,145,352	
2012			2,768,232	1,377,120	4,145,352	
2013			2,887,920	1,257,444	4,145,364	
2014			3,012,768	1,132,584	4,145,352	
2015			3,143,028	1,002,336	4,145,364	
2016			3,278,904	866,448	4,145,352	
2017			3,420,672	724,692	4,145,364	
2018			3,568,560	576,804	4,145,364	
2019			3,722,844	422,520	4,145,364	
2020			3,883,788	261,564	4,145,352	
2021			4,051,709	93,660	4,145,369	
	<u>\$ 43,710,713</u>		<u>\$ 14,324,316</u>	<u>\$ 58,035,029</u>		
2008	State Revolving Loan	4.28 %	\$ 43,464	\$ 26,196	\$ 69,660	
2009			45,360	24,300	69,660	
2010			47,340	22,320	69,660	
2011			49,404	20,244	69,648	
2012			51,564	18,096	69,660	
2013			53,808	15,840	69,648	
2014			56,160	13,488	69,648	
2015			58,608	11,040	69,648	
2016			61,164	8,484	69,648	
2017			63,840	5,808	69,648	
2018			66,624	3,024	69,648	
2019			34,390	432	34,822	
			<u>\$ 631,726</u>		<u>\$ 169,272</u>	<u>\$ 800,998</u>
2008			State Revolving Loan	3.71 %	\$ 73,488	\$ 62,124
2009	76,260	59,352			135,612	
2010	79,140	56,472			135,612	
2011	82,128	53,496			135,624	
2012	85,224	50,388			135,612	
2013	88,440	47,172			135,612	
2014	91,776	43,836			135,612	
2015	95,244	40,368			135,612	
2016	98,844	36,780			135,624	
2017	102,564	33,048			135,612	
2018	106,440	29,184			135,624	
2019	110,460	25,164			135,624	
2020	114,624	20,988			135,612	
2021	118,956	16,668			135,624	
2022	123,444	12,180	135,624			
2023	128,100	7,524	135,624			
2024	132,935	2,688	135,623			
	<u>\$ 1,708,067</u>		<u>\$ 597,432</u>	<u>\$ 2,305,499</u>		

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2007**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Total Murfreesboro Water and Sewer			\$ 95,578,411	\$ 27,544,972	\$ 123,123,383
Murfreesboro Electric Department -					
2008	Electric System Revenue Bonds	5.50	\$ 295,000	\$ 51,700	\$ 346,700
2009	Series 1995	5.50	315,000	35,475	350,475
2010		5.50	330,000	18,150	348,150
			<u>\$ 940,000</u>	<u>\$ 105,325</u>	<u>\$ 1,045,325</u>
2008	Electric System Revenue Bonds	4.50	\$ 285,000	\$ 112,668	\$ 397,668
2009	Series 1999	4.60	300,000	99,558	399,558
2010		4.70	315,000	85,458	400,458
2011		4.80	330,000	70,338	400,338
2012		4.88	345,000	54,250	399,250
2013		5.00	360,000	37,000	397,000
2014		5.00	380,000	19,000	399,000
			<u>\$ 2,315,000</u>	<u>\$ 478,272</u>	<u>\$ 2,793,272</u>
2008	Tennessee Municipal Bond Fund (10)		\$ 358,000	\$ 98,850	\$ 456,850
2009			376,000	80,950	456,950
2010			394,000	62,150	456,150
2011			414,000	42,450	456,450
2012			435,000	21,750	456,750
			<u>\$ 1,977,000</u>	<u>\$ 306,150</u>	<u>\$ 2,283,150</u>
2008	Tennessee Municipal Bond Fund (10)		\$ 1,450,000	\$ 550,250	\$ 2,000,250
2009			1,489,000	477,750	1,966,750
2010			1,529,000	403,300	1,932,300
2011			1,570,000	326,850	1,896,850
2012			1,612,000	248,350	1,860,350
2013			1,655,000	167,750	1,822,750
2014			1,700,000	85,000	1,785,000
			<u>\$ 11,005,000</u>	<u>\$ 2,259,250</u>	<u>\$ 13,264,250</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2007**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
<b>Murfreesboro Electric Department (continued) -</b>					
2008	Tennessee Municipal Bond Fund (10)		\$ 283,000	\$ 250,000	\$ 533,000
2009			293,000	235,850	528,850
2010			303,000	221,200	524,200
2011			314,000	206,050	520,050
2012			325,000	190,350	515,350
2013			336,000	174,100	510,100
2014			348,000	157,300	505,300
2015			360,000	139,900	499,900
2016			372,000	121,900	493,900
2017			385,000	103,300	488,300
2018			399,000	84,050	483,050
2019			413,000	64,100	477,100
2020			427,000	43,450	470,450
2021			442,000	22,100	464,100
			<u>\$ 5,000,000</u>	<u>\$ 2,013,650</u>	<u>\$ 7,013,650</u>
<b>Total Murfreesboro Electric Department</b>			<u>\$ 21,237,000</u>	<u>\$ 5,162,647</u>	<u>\$ 26,399,647</u>
<b>Total Indebtedness</b>			<u>\$ 287,802,392</u>	<u>\$ 69,232,482</u>	<u>\$ 357,034,874</u>

- (1) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 4.00% was used which was the rate in effect at June 30, 2007.
- (2) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 4.05% was used which was the rate in effect at June 30, 2007.
- (3) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 3.97% was used which was the rate in effect at June 30, 2007.
- (4) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 4.15% was used which was the rate in effect at June 30, 2007.
- (5) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 3.47 % was used which was the rate in effect at June 30, 2007.
- (6) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 2.94% was used which was the rate in effect at June 30, 2007.
- (7) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 2.80% was used which was the rate in effect at June 30, 2007.
- (8) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 3.50% was used which was the rate in effect at June 30, 2007.
- (9) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 4.50% was used which was the rate in effect at June 30, 2007.
- (10) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 3.90 % was used which was the rate in effect at June 30, 2007.

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the City of Murfreesboro's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	135
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	143
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	147
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	152
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	154
<b>Utility Services Information</b> <i>These schedules contain information regarding the utility services provided by the City including its rate structure.</i>	157

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF MURFREESBORO, TENNESSEE**

**Net Assets by Component**

**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 64,817,590	\$ 103,037,574	\$ 130,951,307	\$ 175,428,453	\$ 380,452,965	\$ 426,343,309
Restricted	17,716,528	22,481,893	25,137,765	24,322,534	27,177,051	24,216,623
Unrestricted	48,059,269	45,734,887	45,201,963	2,820,969 *	14,128,705	1,179,169
<b>Total governmental activities net assets</b>	<b>\$ 130,593,387</b>	<b>\$ 171,254,354</b>	<b>\$ 201,291,035</b>	<b>\$ 202,571,956</b>	<b>\$ 421,758,721</b>	<b>\$ 451,739,101</b>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 180,697,510	\$ 195,102,675	\$ 215,897,440	\$ 236,151,787	\$ 253,510,019	\$ 278,420,182
Restricted	20,345,827	14,906,523	11,293,939	12,339,799	20,608,993	23,549,545
Unrestricted	6,287,687	7,352,672	4,657,462	5,286,813	7,268,772	7,354,573
<b>Total business-type activities net assets</b>	<b>\$ 207,331,024</b>	<b>\$ 217,361,870</b>	<b>\$ 231,848,841</b>	<b>\$ 253,778,399</b>	<b>\$ 281,387,784</b>	<b>\$ 309,324,300</b>
<b>Primary Government</b>						
Invested in capital assets, net of related debt	\$ 245,515,100	\$ 298,140,249	\$ 346,848,747	\$ 411,580,240	\$ 633,962,984	\$ 704,763,491
Restricted	38,062,355	37,388,416	36,431,704	36,662,333	47,786,044	47,766,168
Unrestricted	54,346,956	53,087,559	49,859,425	8,107,782	21,397,477	8,533,742
<b>Total primary government net assets</b>	<b>\$ 337,924,411</b>	<b>\$ 388,616,224</b>	<b>\$ 433,139,876</b>	<b>\$ 456,350,355</b>	<b>\$ 703,146,505</b>	<b>\$ 761,063,401</b>

(1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the above information is not available prior to June 30, 2002.

\* The large decrease in unrestricted net assets in 2005 is due to a prior period adjustment for property tax revenue in the amount of \$33,281,708.

\*\* The large increase in invested in capital assets, net of related debt for governmental activities is due to the retroactive reporting of infrastructure in 2006.

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Assets**

**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>						
<b>Governmental activities:</b>						
General government	\$ 9,466,318	\$ 9,740,938	\$ 10,480,078	\$ 3,441,920	\$ 4,160,902	\$ 11,609,689
Police	10,134,174	10,135,170	10,567,162	15,569,351	16,893,470	17,663,308
Fire protection	6,849,872	7,311,950	7,579,266	11,560,354	13,165,975	12,588,799
Judicial	258,396	265,194	265,559	383,250	470,194	413,187
Legal	480,855	384,252	396,578	470,674	605,026	656,445
Personnel	329,742	344,507	385,962	540,178	667,777	667,665
Streets	3,627,182	4,828,104	7,307,752	5,129,327	10,617,678	11,044,955
Planning and engineering	1,453,396	1,550,385	1,591,616	2,147,854	2,577,020	2,719,203
Building inspections	753,094	792,627	848,527	1,309,877	1,516,166	1,720,215
Sanitation	2,815,772	2,885,087	2,960,831	3,657,530	4,232,561	4,321,738
Urban environmental	340,057	360,213	401,802	690,795	746,291	653,438
Public health, education and welfare	1,627,425	1,235,539	1,304,758	1,413,132	1,572,061	1,576,043
Community services	3,248,602	4,199,885	4,398,285	3,633,490	5,862,872	5,216,227
Recreation	6,780,898	6,622,259	8,797,250	9,116,288	10,889,653	11,038,185
Community development	734,553	702,044	834,883	825,139	855,376	443,375
Education	38,314,527	38,878,101	42,437,962	46,031,454	50,508,912	52,820,118
Food service	2,006,462	2,026,104	2,083,432	2,261,382	2,604,851	2,969,999
Interest on long-term debt	2,579,226	2,214,072	1,716,071	2,498,568	4,518,117	6,503,457
<b>Total governmental activities expenses</b>	<b>\$ 91,800,551</b>	<b>\$ 94,476,431</b>	<b>\$ 104,357,774</b>	<b>\$ 110,680,563</b>	<b>\$ 132,464,902</b>	<b>\$ 144,626,046</b>
<b>Business-type activities:</b>						
Water and sewer	\$ 17,301,578	\$ 18,491,414	\$ 19,669,239	\$ 20,702,532	\$ 22,755,496	\$ 24,550,818
Electric	65,674,605	70,820,633	76,598,655	80,608,817	95,002,383	102,920,871
Cemetery	319,380	312,599	344,372	377,487	415,208	409,601
<b>Total business-type activities expenses</b>	<b>\$ 83,295,563</b>	<b>\$ 89,624,646</b>	<b>\$ 96,612,266</b>	<b>\$ 101,688,836</b>	<b>\$ 118,173,087</b>	<b>\$ 127,881,290</b>
<b>Total primary government expenses</b>	<b>\$ 175,096,114</b>	<b>\$ 184,101,077</b>	<b>\$ 200,970,040</b>	<b>\$ 212,369,399</b>	<b>\$ 250,637,989</b>	<b>\$ 272,507,336</b>

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Assets (continued)**

**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General government	\$ 157,521	\$ 276,038	\$ 219,347	\$ 154,249	\$ 203,514	\$ 187,806
Police	368,771	301,597	293,093	251,479	201,209	206,978
Fire protection	239,617	373,627	366,113	372,120	385,833	389,146
Judicial	1,983,892	1,786,322	1,746,298	1,594,058	1,659,996	1,640,284
Streets	9,607	14,382	25,666	12,726	20,508	42,776
Planning and engineering	19,659	26,781	27,074	69,549	59,094	72,543
Building inspections	1,666,083	1,914,342	2,680,715	2,920,015	3,342,738	3,513,589
Sanitation	15,529	47,209	49,441	41,568	28,502	45,011
Urban environmental						4,635
Community services	1,421,814	1,258,406	1,763,362	1,591,030	1,953,102	2,127,197
Recreation	2,410,568	1,921,342	2,026,364	2,694,653	2,719,500	2,824,577
Community development	224	96,044	63,593	102,094	91,528	91,879
Education	1,529,442	1,660,386	2,013,851	2,160,500	2,157,619	2,497,306
Food service	1,047,967	1,073,184	1,118,259	1,156,877	1,225,607	1,342,876
Interest on long-term debt	83,973	32,110	36,053	28,161	23,416	3,818
Operating grants and contributions	36,035,340	38,795,216	41,163,018	42,948,523	46,551,338	49,527,119
Capital grants and contributions	17,491,210	19,385,562	14,642,477	22,108,525	17,774,729	30,178,990
Total governmental activities program revenues	\$ <u>64,481,217</u>	\$ <u>68,962,548</u>	\$ <u>68,234,724</u>	\$ <u>78,206,127</u>	\$ <u>78,398,233</u>	\$ <u>94,696,530</u>
Business-type activities:						
Charges for services:						
Water and sewer	\$ 17,011,842	\$ 17,875,337	\$ 18,501,861	\$ 20,913,599	\$ 23,164,912	\$ 24,845,239
Electric	67,698,553	72,951,488	80,121,947	83,693,947	99,549,498	110,253,090
Cemetery	255,088	312,331	332,604	377,258	354,435	319,566
Operating grants and contributions	85,815	68,341	14,931	43,458	15,413	76,203
Capital grants and contributions	7,856,270	7,726,149	11,866,450	18,274,459	21,864,924	18,831,734
Total business-type activities program revenues	\$ <u>92,907,568</u>	\$ <u>98,933,646</u>	\$ <u>110,837,793</u>	\$ <u>123,302,721</u>	\$ <u>144,949,182</u>	\$ <u>154,325,832</u>
Total primary government program revenues	\$ <u>157,388,785</u>	\$ <u>167,896,194</u>	\$ <u>179,072,517</u>	\$ <u>201,508,848</u>	\$ <u>223,347,415</u>	\$ <u>249,022,362</u>
Net (expense)/revenue						
Governmental activities	\$ (27,319,334)	\$ (25,513,883)	\$ (36,123,050)	\$ (32,474,436)	\$ (54,066,669)	\$ (49,929,516)
Business-type activities	9,612,005	9,309,000	14,225,527	21,613,885	26,776,095	26,444,542
Total primary government net expense	\$ <u>(17,707,329)</u>	\$ <u>(16,204,883)</u>	\$ <u>(21,897,523)</u>	\$ <u>(10,860,551)</u>	\$ <u>(27,290,574)</u>	\$ <u>(23,484,974)</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Net Assets (continued)**

**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes	\$ 27,838,214	\$ 27,185,759	\$ 27,636,039	\$ 28,344,042	\$ 30,642,673	\$ 31,059,681
Sales taxes	16,785,657	17,620,360	20,456,883	21,550,526	24,094,087	26,265,473
Other taxes	4,679,961	5,098,675	5,825,859	6,172,046	6,926,688	7,196,182
Grants and contributions not restricted to specific programs	6,988,901	6,720,868	7,746,526	7,373,394	8,256,056	8,625,079
Unrestricted investment earnings	758,707	514,639	425,609	702,202	1,826,865	2,486,355
Miscellaneous	249,017	282,589	340,537	75,353	232,735	70,211
Gain on sale of assets		4,378,279	274,956	2,214,818	8,946,150	4,210,874
Reduction in estimated landfill post-closure programs		565,000	802,000	80,000		
Transfers	64,185	63,552	17,370	75,933	23,747	78,953
Total governmental activities	\$ <u>57,364,642</u>	\$ <u>62,429,721</u>	\$ <u>63,525,779</u>	\$ <u>66,588,314</u>	\$ <u>80,949,001</u>	\$ <u>79,992,808</u>
Business-type activities:						
Unrestricted investment earnings	\$ 1,207,586	\$ 732,573	\$ 227,051	\$ 310,815	\$ 792,812	\$ 1,514,229
Miscellaneous	4,813					
Contributions to permanent funds	37,300	52,825	51,763	80,791	64,225	56,698
Transfers	(64,185)	(63,552)	(17,370)	(75,933)	(23,747)	(78,953)
Total business-type activities	\$ <u>1,185,514</u>	\$ <u>721,846</u>	\$ <u>261,444</u>	\$ <u>315,673</u>	\$ <u>833,290</u>	\$ <u>1,491,974</u>
Total primary government	\$ <u>58,550,156</u>	\$ <u>63,151,567</u>	\$ <u>63,787,223</u>	\$ <u>66,903,987</u>	\$ <u>81,782,291</u>	\$ <u>81,484,782</u>
<b>Change in Net Assets</b>						
Governmental activities	\$ 30,045,308	\$ 36,915,838	\$ 27,402,729	\$ 34,113,878	\$ 26,882,332	\$ 30,063,292
Business-type activities	10,797,519	10,030,846	14,486,971	21,929,558	27,609,385	27,936,516
Total primary government	\$ <u>40,842,827</u>	\$ <u>46,946,684</u>	\$ <u>41,889,700</u>	\$ <u>56,043,436</u>	\$ <u>54,491,717</u>	\$ <u>57,999,808</u>

(1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the above information is not available prior to June 30, 2002.

**CITY OF MURFREESBORO, TENNESSEE**

**Governmental Activities Tax Revenue By Source**

**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

<u>Fiscal Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2002	\$ 27,838,214	\$ 16,785,657	\$ 4,679,961	\$ 49,303,832
2003	27,185,759	17,620,360	5,098,675	49,904,794
2004	27,636,039	20,456,883	5,825,859	53,918,781
2005	28,344,042	21,550,526	6,172,046	56,066,614
2006	30,642,673	24,094,087	6,926,688	61,663,448
2007	31,059,681	26,265,473	7,196,182	64,521,336

- (1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the above information is not available prior to June 30, 2002.

**CITY OF MURFREESBORO, TENNESSEE**

**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund										
Reserved	\$ 10,349	\$ 9,988	\$ 21,518	\$ 44,727	\$ 86,277	\$ 104,570	\$ 141,536	\$ 264,004	\$ 2,866,482	\$ 2,251,222
Unreserved	<u>12,960,676</u>	<u>15,860,938</u>	<u>17,269,783</u>	<u>22,088,692</u>	<u>22,685,686</u>	<u>22,086,973</u>	<u>27,379,072</u>	<u>30,912,311</u>	<u>32,596,314</u>	<u>28,461,940</u>
Total general fund	<u>\$ 12,971,025</u>	<u>\$ 15,870,926</u>	<u>\$ 17,291,301</u>	<u>\$ 22,133,419</u>	<u>\$ 22,771,963</u>	<u>\$ 22,191,543</u>	<u>\$ 27,520,608</u>	<u>\$ 31,176,315</u>	<u>\$ 35,462,796</u>	<u>\$ 30,713,162</u>
All other governmental funds										
Reserved	\$ 321,664	\$ 1,533,774	\$ 700,133	\$ 1,185,442	\$ 2,711,084	\$ 2,643,769	\$ 3,145,398	\$ 2,901,392	\$ 1,940,854	\$ 2,355,315
Unreserved, reported in:										
Special revenue funds	6,709,617	7,332,299	7,071,742	7,382,019	7,764,893	8,914,132	10,108,544	10,797,880	8,696,080	7,911,903
Debt service fund	201,047	392,101	1,637,060	1,940,948	3,048,805	3,101,068	2,538,936	2,573,675	3,604,560	3,805,487
Capital projects funds	(6,372,732)	(3,075,403)	(1,360,968)	(1,061,620)	3,666,483	3,043,521	(5,469,262)	(15,072,098)	(165,292)	(7,590,144)
Permanent funds					137,692	148,419	114,026	109,169	68,691	90,946
Total all other governmental funds	<u>\$ 859,596</u>	<u>\$ 6,182,771</u>	<u>\$ 8,047,967</u>	<u>\$ 9,446,789</u>	<u>\$ 17,328,957</u>	<u>\$ 17,850,909</u>	<u>\$ 10,437,642</u>	<u>\$ 1,310,018</u>	<u>\$ 14,144,893</u>	<u>\$ 6,573,507</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues -</b>										
Taxes	\$ 33,573,697	\$ 37,099,942	\$ 40,183,215	\$ 44,110,406	\$ 45,440,633	\$ 47,724,128	\$ 53,270,607	\$ 55,756,343	\$ 60,863,834	\$ 64,556,511
Intergovernmental	34,360,719	36,820,271	42,037,924	44,456,365	43,131,242	44,206,914	48,507,093	55,825,684	58,780,055	58,715,084
Charges for services	4,258,889	4,419,553	4,574,013	4,365,681	5,554,663	5,397,770	5,907,855	6,842,495	6,966,806	7,587,841
Interest and investment earnings	231,787	746,365	1,172,562	1,461,883	809,012	587,604	446,717	741,017	1,710,245	2,380,139
Licenses and permits	2,070,388	2,178,165	2,626,750	3,039,720	3,697,069	3,887,346	4,599,889	4,631,835	5,155,404	5,289,916
Miscellaneous	3,698,316	3,534,200	6,496,196	4,528,696	7,630,870	4,072,410	7,836,385	6,099,685	6,131,933	4,969,123
	<u>\$ 78,193,796</u>	<u>\$ 84,798,496</u>	<u>\$ 97,090,660</u>	<u>\$ 101,962,751</u>	<u>\$ 106,263,489</u>	<u>\$ 105,876,172</u>	<u>\$ 120,568,546</u>	<u>\$ 129,897,059</u>	<u>\$ 139,608,277</u>	<u>\$ 143,498,614</u>
<b>Expenditures -</b>										
General government	\$ 6,361,390	\$ 6,756,381	\$ 7,463,250	\$ 8,368,317	\$ 9,168,864	\$ 10,101,354	\$ 10,492,519	\$ 3,021,553 **	\$ 3,332,008	\$ 11,414,689
Police	7,020,671	7,714,057	8,484,783	8,763,731	9,200,399	9,539,903	9,700,595	15,596,243	15,568,305	17,755,914
Fire protection	4,682,775	5,255,908	6,180,248	6,355,455	6,544,473	6,983,588	7,260,949	11,236,417	11,953,554	12,604,596
Judicial	158,338	197,215	222,435	218,323	240,725	253,961	265,283	377,283	424,378	412,307
Legal	372,593	351,333	378,836	421,166	482,339	381,265	392,291	477,862	594,253	649,162
Personnel	253,695	255,346	286,638	341,265	316,453	350,039	377,661	527,178	574,204	643,941
Streets	5,943,592	3,960,722	7,334,591	6,737,738	3,315,588	4,052,180	5,189,850	4,170,663	6,443,037	6,168,437
Planning and engineering	797,774	875,060	902,440	1,076,856	1,397,471	1,522,269	1,589,272	2,133,009	2,575,185	2,712,370
Building inspections	521,958	542,620	636,280	716,417	750,636	789,533	856,370	1,290,743	1,513,775	1,705,737
Sanitation	1,828,397	1,895,068	2,118,620	2,300,637	2,516,470	2,773,945	2,688,687	3,324,471	3,743,192	3,832,817
Urban environmental	259,863	256,096	279,041	309,603	311,391	337,918	398,062	666,182	771,954	645,641
Public health, education and welfare	617,059	777,479	850,438	879,799	996,071	1,062,603	1,179,909	1,308,056	1,469,631	1,473,700
Community services	2,466,947	2,250,307	2,152,009	2,124,200	3,044,017	3,950,816	4,302,808	3,339,475	5,230,313	4,701,071
Recreation	4,752,308	5,175,392	5,230,224	5,552,647	5,907,853	5,902,100	6,684,636	7,601,274	8,138,001	8,691,484
Community development	1,290,448	592,782	671,462	1,042,530	732,989	700,350	852,389	866,010	885,812	441,826
Education	27,814,264	30,434,359	32,542,947	35,468,288	36,782,935	37,854,844	40,827,158	44,139,617	49,680,734	51,587,295
Food service					2,006,462	2,026,104	2,083,432	2,261,382	2,604,851	2,969,999
Capital outlay	13,374,190	22,949,255	16,207,145	13,851,250	22,807,323	21,495,444	30,714,965	53,632,139	38,176,379	57,442,265
Debt service										
Principal	5,868,500	7,125,100	10,653,165	10,360,836	11,460,767	16,402,262	20,167,365	12,555,106	14,316,952	15,066,722
Interest	2,892,744	3,199,568	3,739,847	3,740,561	2,454,062	2,092,591	1,607,220	2,384,025	4,361,936	6,265,007
Bond issuance cost					125,164	121,481	163,453	106,543	128,064	178,981
Total expenditures	<u>\$ 87,277,506</u>	<u>\$ 100,564,048</u>	<u>\$ 106,334,399</u>	<u>\$ 108,629,619</u>	<u>\$ 120,562,452</u>	<u>\$ 128,694,550</u>	<u>\$ 147,794,874</u>	<u>\$ 171,015,231</u>	<u>\$ 172,486,518</u>	<u>\$ 207,363,961</u>
Excess of revenues over (under) expenditures	<u>\$ (9,083,710)</u>	<u>\$ (15,765,552)</u>	<u>\$ (9,243,739)</u>	<u>\$ (6,666,868)</u>	<u>\$ (14,298,963)</u>	<u>\$ (22,818,378)</u>	<u>\$ (27,226,328)</u>	<u>\$ (41,118,172)</u>	<u>\$ (32,878,241)</u>	<u>\$ (63,865,347)</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Changes in Fund Balances of Governmental Funds (continued)**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Other financing sources (uses) -</b>										
Issuance of debt	\$ 6,638,750	\$ 23,581,563	\$ 12,529,310	\$ 12,886,126	\$ 21,132,500	\$ 14,888,135	\$ 23,705,100	\$ 32,993,275	\$ 39,412,060	\$ 46,803,601
Proceeds from sale of land						7,929,389	1,104,250	2,817,980	10,643,428	4,877,586
Transfers in	16,321,132	23,186,897	24,527,566	24,910,428	28,591,755	31,024,120	28,037,773	30,110,222	34,590,206	38,462,043
Transfers out	(16,121,132)	(23,186,897)	(24,527,566)	(24,910,428)	(28,951,358)	(31,081,734)	(28,087,097)	(30,158,538)	(34,646,097)	(38,515,991)
	\$ 6,838,750	\$ 23,581,563	\$ 12,529,310	\$ 12,886,126	\$ 20,772,897	\$ 22,759,910	\$ 24,760,026	\$ 35,762,939	\$ 49,999,597	\$ 51,627,239
Net change in fund balances	\$ (2,244,960)	\$ 7,816,011	\$ 3,285,571	\$ 6,219,258	\$ 6,473,934	\$ (58,468)	\$ (2,466,302)	\$ (5,355,233)	\$ 17,121,356	\$ (12,238,108)
Debt service as a percentage of noncapital expenditures	11.86%	13.30%	15.97%	14.88%	14.36%	17.37%	18.74%	12.82%	14.00%	14.35%

\*\* In 2005, the City began allocating employee benefits to other departments. Prior to this date, all employee benefits were included in administrative and general.

**General Governmental Tax Revenues By Source**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Beer Tax	Liquor Tax	Gross Receipts Tax	Beer Privilege Tax	Liquor Privilege Tax	Hotel/Motel Tax	Cable TV Franchise Tax	Total Tax Revenue
1998	\$ 18,431,102	\$ 11,713,303	\$ 1,623,080	\$ 263,344	\$ 873,843	\$ 14,150	\$ 31,382	\$ 407,126	\$ 216,367	\$ 33,573,697
1999	20,165,648	13,136,970	1,720,851	302,825	1,035,570	15,132	30,005	427,779	265,162	37,099,942
2000	21,922,224	14,163,329	1,776,458	352,962	1,145,073	17,708	28,163	459,848	317,450	40,183,215
2001	22,793,606	16,748,313	1,866,021	389,591	1,217,401	17,358	32,192	529,993	515,931	44,110,406
2002	24,355,979	16,785,657	1,756,813	379,216	1,192,999	23,506	34,769	472,073	439,621	45,440,633
2003	25,478,328	17,620,360	1,806,197	412,543	1,221,734	18,375	38,512	487,494	640,585	47,724,128
2004	27,076,804	20,456,883	2,063,053	486,880	1,481,835	18,558	37,503	544,874	1,104,217	53,270,607
2005	28,503,582	21,550,526	2,293,265	528,073	1,426,313	17,967	38,047	537,141	861,429	55,756,343
2006	30,434,528	24,094,087	2,434,181	585,620	1,745,143	18,550	37,810	584,877	929,038	60,863,834
2007	31,302,662	26,265,473	2,612,015	640,231	1,917,224	20,800	45,999	652,641	1,099,466	64,556,511

**CITY OF MURFREESBORO, TENNESSEE**

**Assessed Value and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

Year Ended June 30,	Tax Rate (1)	Assessed Valuation			Total Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value
		Property	Public Utilities	Total		
1998	2.260	719,584,419	23,251,665	742,836,084	2,350,747,101	31.6%
1999	1.900	947,477,835	28,926,341	976,404,176	3,089,886,633	31.6%
2000	1.900	1,024,583,966	31,149,479	1,055,733,445	3,379,155,672	31.2%
2001	1.900	1,087,344,584	33,371,877	1,120,716,461	3,623,256,503	30.9%
2002	1.900	1,137,883,832	34,117,576	1,172,001,408	3,804,249,039	30.8%
2003	1.720	1,322,192,474	40,258,926	1,362,451,400	4,385,931,670	31.1%
2004	1.720	1,386,515,720	37,606,092	1,424,121,812	4,577,797,298	31.1%
2005	1.720	1,466,352,090	38,743,254	1,505,095,344	4,889,014,858	30.8%
2006	1.720	1,562,310,570	41,092,628	1,603,403,198	5,241,331,422	30.6%
2007	1.407	1,951,335,404	46,340,126	1,997,675,530	6,561,383,347	30.4%

(1) Per \$100 of assessed value.

Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

**Property Tax Rates and Levies - Direct and Overlapping Governments**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Tax Rate Per \$100 Assessed Value			Tax Levies		
	City	County	Total	City	County	Total
1998	\$ 2.260	\$ 3.370	\$ 5.630	\$ 16,788,141	\$ 25,033,576	\$ 41,821,717
1999	1.900	2.780	4.680	18,612,068	27,144,036	45,756,104
2000	1.900	2.780	4.680	19,654,282	29,349,390	49,003,672
2001	1.900	2.780	4.680	21,294,122	31,155,918	52,450,040
2002	1.900	2.780	4.680	22,268,457	32,581,639	54,850,096
2003	1.720	2.510	4.230	23,434,512	34,197,530	57,632,042
2004	1.720	2.800	4.520	24,495,265	39,875,411	64,370,676
2005	1.720	2.800	4.520	25,888,134	42,142,670	68,030,804
2006	1.720	2.800	4.520	27,579,046	44,895,290	72,474,336
2007	1.407	2.440	3.847	28,107,445	48,743,283	76,850,728

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Principal Taxpayers

June 30, 2007

<u>Taxpayer</u>	<u>2006 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>1997 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
General Mills / Pillsbury Company	\$ 49,035,634	1	2.45 %	\$ 18,171,266	1	2.45 %
Transwestern Stones River (Mall)	17,735,440	2	0.89	8,803,720	5	1.19
Tennex Industries, Inc.	15,398,878	3	0.77	7,164,874	6	0.96
Bellsouth Telecommunications	13,640,534	4	0.68	10,621,668	4	1.43
Rich Products	11,446,424	5	0.57	6,350,920	7	0.85
Middle Tennessee Electric Membership	11,420,373	6	0.57			
State Farm Mutual Auto Insurance	11,385,868	7	0.57	11,545,223	3	1.55
Wal-Mart Stores	10,113,191	8	0.51	6,078,665	9	0.82
Buford C. Throneberry	9,474,965	9	0.47	12,767,135	2	1.72
Atmos Energy Corporation/United Cities Gas	8,650,203	10	0.43	6,185,818	8	0.83
Tennessee Trust Company				5,610,200	10	0.76
	<u>\$ 158,301,510</u>		<u>7.91 %</u>	<u>\$ 93,299,489</u>		<u>12.56 %</u>

Source: City of Murfreesboro tax department.

**CITY OF MURFREESBORO, TENNESSEE**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections To Date</u>	<u>Total Collections as Percent of Current Levy</u>
1998	\$ 16,788,141	\$ 16,419,460	97.80 %	\$ 340,089	\$ 16,759,549	99.83 %
1999	18,612,068	18,128,639	97.40	464,673	18,593,312	99.90
2000	19,654,282	18,903,348	96.18	728,192	19,631,540	99.88
2001	21,294,122	20,430,427	95.94	844,331	21,274,758	99.91
2002	22,268,457	21,462,617	96.38	763,552	22,226,169	99.81
2003	23,434,512	22,591,740	96.40	797,470	23,389,210	99.81
2004	24,495,262	23,783,417	97.09	652,919	24,436,336	99.76
2005	25,888,134	25,199,793	97.34	625,602	25,825,395	99.76
2006	27,579,046	26,659,470	96.67	695,132	27,354,602	99.19
2007	28,107,445	27,444,825	97.64		27,444,825	97.64

Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	TML Loans	Capital Outlay Note	Capital Leases	General Obligation Bonds	Matured Bonds	TML Loans	Revenue Bonds	State and Other Loans			
2002	\$ 16,770,000	\$ 73,085,532			\$ 1,585,000	\$ 36,002	\$ 4,281,741	\$ 7,500,000	\$ 54,475,283	\$ 157,733,558	7.82 %	\$ 2,075
2003	12,670,000	75,671,405			1,340,000	36,002	9,629,310	6,725,000	53,583,628	159,655,345	7.89	2,126
2004	8,930,000	82,926,540			1,095,000	36,000	19,310,256	5,915,000	53,647,160	171,859,956	7.60	2,046
2005	5,900,000	106,394,710			805,000	36,000	32,719,429	5,065,000	51,417,220	202,337,359	8.91	2,486
2006	3,845,000	133,544,818		\$ 921,969	500,000	36,000	50,076,719	4,180,000	49,072,989	242,177,495	9.74	2,790
2007	2,585,000	164,641,697	\$ 1,900,000	473,400	335,000	36,000	69,035,189	3,255,000	46,717,955	288,979,241	10.15	3,122

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 150 for personal income and population data.

**CITY OF MURFREESBORO, TENNESSEE**

**Ratios of General Bonded Debt Outstanding**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Estimated Population (1)</u>	<u>Total Estimated Actual Value</u>	<u>General Bonded Debt</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
1998	59,506	\$ 2,350,747,101	\$ 58,983,400	2.51 %	\$ 991.22
1999	62,000	3,089,886,633	75,592,364	2.45	1,219.23
2000	68,816	3,379,155,672	77,658,509	2.30	1,128.49
2001	72,414	3,623,256,503	80,183,799	2.21	1,107.30
2002	76,012	3,804,249,039	89,855,532	2.36	1,182.12
2003	75,083	4,385,931,670	88,341,405	2.01	1,176.58
2004	84,000	4,577,797,298	91,856,540	2.01	1,093.53
2005	81,393	4,889,014,858	112,294,710	2.30	1,379.66
2006	86,793	5,241,331,422	137,389,818	2.62	1,582.96
2007	92,559	6,561,383,347	167,226,697	2.55	1,806.70

Note:

(1) Special Census conducted 1998 , 2003, and 2005 and federal census conducted 2000, others are estimated.

**CITY OF MURFREESBORO, TENNESSEE**

**Direct and Overlapping Governmental Activities Debt**

**June 30, 2007**

<u>Taxing Jurisdiction</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (5)</u>	<u>Direct and Overlapping Debt</u>
City of Murfreesboro direct debt			\$ 169,600,097
Rutherford County (2)	\$ 338,875,000	42.40%	<u>143,683,000</u>
Total direct and overlapping debt			<u>\$ 313,283,097</u>
Ratio of direct and estimated overlapping debt to 2006 assessed valuation (3)			<u>15.68%</u>
Per capita direct and estimated overlapping debt (4)			<u>\$ 3,385</u>

(1) As of June 30, 2007.

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2007, Table 12.

(3) Based upon 2006 Taxable Assessed Valuation of \$1,997,675,530

(4) Based upon estimated population of 92,559

(5) The percentage of overlapping debt applicable is estimated using the city's population as a percentage of the county's population.

**CITY OF MURFREESBORO, TENNESSEE**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 111,425,413	\$ 146,460,626	\$ 158,360,017	\$ 168,104,281	\$ 175,800,211	\$ 204,367,710	\$ 213,618,272	\$ 225,764,302	\$ 240,510,480	\$ 292,700,311
Total net debt applicable to limit	<u>58,782,353</u>	<u>75,200,263</u>	<u>76,021,449</u>	<u>78,242,851</u>	<u>86,806,727</u>	<u>85,240,337</u>	<u>89,317,604</u>	<u>109,721,035</u>	<u>134,707,227</u>	<u>165,794,609</u>
Legal debt margin	\$ <u>52,643,060</u>	\$ <u>71,260,363</u>	\$ <u>82,338,568</u>	\$ <u>89,861,430</u>	\$ <u>88,993,484</u>	\$ <u>119,127,373</u>	\$ <u>124,300,668</u>	\$ <u>116,043,267</u>	\$ <u>105,803,253</u>	\$ <u>126,905,702</u>
Total net debt applicable to the limit as a percentage of the debt limit	52.75%	51.35%	48.01%	46.54%	49.38%	41.71%	41.81%	48.60%	56.01%	56.64%

**Legal Debt Margin Calculation for Fiscal Year 2007**

Assessed Value	\$ <u>1,951,335,404</u>
Debt limit (15% of assessed value)	\$ <u>292,700,311</u>
Debt applicable to limit:	
General obligation bonds	\$ 2,585,000
Capital Outlay Notes	1,900,000
Tennessee Municipal Bond Fund Loans	164,641,696
Less: debt service fund	<u>(3,805,487)</u>
Net general obligation debt	\$ 165,321,209
Capital leases	473,400
Total debt applicable to limit	\$ <u>165,794,609</u>
Legal debt margin	\$ <u>126,905,702</u>

Note: Under the City of Murfreesboro's charter, the City's general obligation debt should not exceed 15% of total assessed property value.

**CITY OF MURFREESBORO, TENNESSEE**

**Revenue Bond Coverage**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Gross Revenues (1)	Net Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service (3)		Times Coverage
				Principal	Interest	
<b>Water and Sewer -</b>						
1998	\$ 15,735,084	\$ 7,978,516	\$ 7,756,568	\$ 1,410,000	\$ 472,840	4.12
1999	17,008,794	8,534,714	8,474,080	1,500,000	387,761	4.49
2000	17,615,689	9,320,737	8,294,952	1,595,000	296,020	4.39
2001	17,497,224	9,875,658	7,621,566	220,000	111,933	22.96
2002	17,934,536	9,899,664	8,034,872	235,000	98,785	24.07
2003	18,421,275	10,901,787	7,519,488	245,000	85,061	22.78
2004	18,619,918	11,743,101	6,876,817	260,000	70,370	20.82
2005	21,220,250	12,219,404	9,000,846	290,000	30,556	28.08
2006	23,969,200	13,430,712	10,538,488	305,000	17,816	32.65
2007	26,101,023	14,550,503	11,550,520	165,000	9,600	66.15
<b>Electric Department -</b>						
1998	\$ 59,111,205	\$ 54,794,789	\$ 4,316,416	\$ 410,000	\$ 343,990	5.72
1999	62,671,072	58,040,874	4,630,198	430,000	322,902	6.15
2000	64,378,477	59,625,745	4,752,732	690,000	591,571	3.71
2001	68,260,667	62,610,100	5,650,567	710,000	556,556	4.46
2002	67,984,679	62,924,428	5,060,251	745,000	398,371	4.43
2003	73,136,230	67,912,598	5,223,632	775,000	363,770	4.59
2004	80,229,784	73,500,606	6,729,178	810,000	327,770	5.91
2005	83,838,324	76,804,735	7,033,589	850,000	289,760	6.17
2006	99,782,994	90,957,776	8,825,218	885,000	249,636	7.78
2007	110,516,205	98,281,799	12,234,406	925,000	208,443	10.79

Source: Current year and prior years combined financial statements.

Notes:

- (1) Includes operating and nonoperating revenues.
- (2) Includes operating expenses minus depreciation and amortization.
- (3) Includes principal and interest of revenue bonds only.

**CITY OF MURFREESBORO, TENNESSEE**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>City School Enrollment</u>	<u>Unemployment Rate (2)</u>
1998	59,506	\$ 1,447,245,426	\$ 24,321	29.8	5,567	3.30 %
1999	62,000	1,563,144,000	25,212	29.8	5,650	2.90
2000	68,816	1,769,672,256	25,716	29.8	5,672	2.90
2001	72,414	1,928,384,820	26,630	31.2	5,729	3.40
2002	76,012	2,016,826,396	26,533	31.2	5,789	4.40
2003	75,083	2,023,186,518	26,946	31.2	5,850	4.40
2004	84,000	2,262,540,000	26,935	31.2	6,062	4.50
2005	81,393	2,271,678,630	27,910	31.2	6,260	4.40
2006	86,793	2,486,098,692	28,644	31.2	6,600	4.20
2007	92,559	2,845,819,014	30,746	31.2	6,720	4.20

Notes:

- (1) Special Census conducted 1998, 2003, and 2005, and Federal Census conducted 2000, others are estimated.
- (2) Source: University of Tennessee, Center for Business & Economic Research, Tennessee Department of Education, Bureau of Economic Analysis and Business and Economic Research Center. These figures represent the entire County of which Murfreesboro is a part.
- (3) The Census Bureau determines the median age for local areas each decade. The last determination was during the 2000 census and will be determined again after the 2010 census. These figures represent the entire County of which Murfreesboro is a part.

**CITY OF MURFREESBORO, TENNESSEE**

**Principal Employers**

**June 30, 2007**

<u>Employer</u>	<u>2007</u>		<u>% of Total County Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Nissan Motor Manufacturing Corp. USA	6,700	1	5.72 %
Rutherford County Government and Board of Education	4,223	2	3.60
Middle Tennessee State University	2,006	3	1.71
Bridgestone/Firestone, Inc.	1,850	4	1.58
Ingram Book Company	1,658	5	1.42
State Farm Insurance	1,550	6	1.32
Alvin C. York Veterans Administration Medical Center	1,150	7	0.98
Middle Tennessee Medical Center	1,100	8	0.94
Asurion	1,137	9	0.97
Cinram	1,083	10	0.92
			<u>19.16 %</u>

Note: The above information is for Rutherford County of which the City of Murfreesboro is a part. Data for 1998 is not available.

Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2007, Table 14

**CITY OF MURFREESBORO, TENNESSEE**

**Full-time Equivalent City Government Employees by Function**

**Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government -										
Administrative and General	19	20	20	21	21	21	21	20	20	21
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Police -										
Officers	132	161	161	161	162	161	161	163	182	187
Civilians	34	34	34	42	41	41	41	42	48	48
Fire -										
Firefighters and Officers	137	150	150	166	166	165	167	176	176	188
Civilians	3	3	3	3	3	3	3	3	3	3
Judicial	4	5	5	5	5	6	6	6	6	6
Legal and Risk Management	6	6	6	8	9	9	9	9	9	10
Personnel	6	6	6	7	7	7	7	8	8	9
Streets	23	23	26	25	25	25	25	27	28	28
Planning and Engineering	16	16	17	22	22	22	22	26	27	29
Building Inspections	14	14	17	17	17	17	19	20	23	26
Sanitation	40	43	44	48	48	45	45	57	58	58
Urban Environmental	5	8	8	9	9	9	10	12	13	13
Community Services -										
Fleet Services	-	-	-	-	2	11	11	11	11	12
Senior Citizens	7	7	9	8	9	9	9	9	9	9
Airport	1	1	1	1	1	1	1	1	1	1
Cable Television	2	3	3	3	4	4	4	4	4	4
Mass Transit	-	-	-	-	-	-	-	-	1	12
Recreation and Golf	62	66	69	77	79	80	78	78	81	84
Community Development	3	3	3	3	3	3	3	3	3	3
Education	560	593	628	648	652	696	684	715	775	801
Food Service	40	37	35	35	30	31	29	29	25	25
Water and Sewer	114	120	126	121	119	128	130	127	135	143
Electric	71	70	70	70	68	73	74	73	73	73
Cemetery	7	7	7	7	6	6	6	7	7	8
Total	<u>1,307</u>	<u>1,397</u>	<u>1,449</u>	<u>1,508</u>	<u>1,509</u>	<u>1,574</u>	<u>1,566</u>	<u>1,627</u>	<u>1,727</u>	<u>1,802</u>

Sources: Various city departments

**CITY OF MURFREESBORO, TENNESSEE**

**Operating Indicators by Function**

**Last Ten Fiscal Years**

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police -										
Arrests	6,756	7,031	7,947	8,208	7,187	7,562	7,213	7,553	7,741	11,613
911 calls	24,592	28,674	28,250	33,112	30,089	22,737	31,197	33,509	25,922	35,785
Traffic violations	NA	NA	15,190	26,730	20,408	20,043	17,002	16,242	13,424	23,360
Fire -										
Emergency responses	1,484	1,668	1,587	1,480	1,798	2,300	5,535	5,577	6,104	8,063
Fire safety inspections (a)	5,262	5,012	4,292	4,715	5,348	4,770	5,484	5,012	4,555	5,426
Fire training hours (a)	36,414	45,599	49,521	55,367	54,874	61,993	60,184	62,578	63,627	65,729
Personnel -										
Full time positions/applications	NA	NA	NA	NA	55 / 2,036	NA	56 / 2,285	NA	80 / 3,277	83/3,879
Part time positions/applications	NA	NA	NA	NA	93 / 1,371	NA	115 / 1,881	NA	102 / 1,590	113/1,604
Streets (a) -										
Street repaving (lane miles)	47.17	57.23	69.64	87.40	28.11	113.82	64.08	43.08	53.72	59.60
Planning and Engineering (a) -										
Preliminary plats reviewed	42	44	38	35	49	48	83	73	57	55
Final plats reviewed	147	140	128	111	111	89	133	156	128	144
Site plans reviewed	140	139	124	106	107	111	139	134	131	161
Annexations studied	9	19	17	11	13	22	30	35	20	19
Building Inspections -										
Single family home permits issued	784	1,001	1,058	1,110	1,053	1,514	1,689	1,814	1,922	1,391
Total building permits issued	1,472	1,775	1,888	1,824	1,696	2,149	2,398	2,582	2,511	2,707
Substandard and property maintenance complaint notices	865	862	942	1,329	1,201	1,131	1,405	2,113	2,102	3,458
Sanitation (a) -										
Refuse collected (tons per year)	23,123	23,700	24,024	25,788	29,350	32,247	31,087	32,265	34,321	37,412
Community services -										
Airport										
Gallons of fuel sold	132,237	162,809	163,594	142,508	166,037	155,895	195,512	208,875	195,244	182,641
Education -										
K-6 Enrollment	5,567	5,650	5,672	5,729	5,789	5,850	6,062	6,260	6,600	6,720
Water and Sewer -										
Water sold annually in 100 cubic feet	3,202,390	3,395,060	6,514,560	3,409,400	3,325,765	3,350,118	3,333,846	3,411,762	3,690,312	4,338,296
Sewer sold annually in 100 cubic feet	NA	3,340,140	3,463,070	3,317,490	3,078,940	3,175,410	3,265,520	3,431,040	3,685,630	4,771,612
Electric -										
Number of customers	29,815	31,625	33,354	35,537	37,299	38,604	40,298	43,525	46,985	47,858
Kilowatt hours sold (in thousands)	1,038,562	1,074,684	1,097,397	1,159,949	1,149,358	1,236,829	1,282,229	1,321,732	1,455,524	1,485,484

Sources: Various city departments

Note: Operating indicators are not available for Administrative and General, Judicial, Legal (& Risk Management), Urban Environmental, Other operations (Civic Plaza, Senior Citizens, and Cable Television), Mass Transit, Recreation, Community Development, Food Service, and Cemetery Functions.

(a) Calendar year information  
 NA Information is not available

CITY OF MURFREESBORO, TENNESSEE

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police -										
Patrol Units	71	86	86	105	112	112	113	119	124	125
Fire -										
Fire engines	10	11	13	14	15	15	15	15	15	15
Rescue vehicles	-	-	-	-	-	2	2	3	3	3
Fire stations	6	6	7	7	9	9	9	9	9	9
Streets -										
Streets (miles)	371	381	398	406	417	429	458	467	485	503
Traffic signals	84	84	84	88	94	97	103	106	106	110
Sanitation -										
Collection trucks	17	19	22	24	24	28	27	34	36	36
Community Services -										
Airport										
Tie-downs	66	66	66	66	66	66	66	85	85	80
Hangers	59	59	59	59	59	59	59	59	59	59
Mass transit										
Buses										9
Recreation -										
Park acreage	506.75	506.75	806.75	928.86	951.29	1,059.11	1,059.11	1,075.07	1,202.31	1,202.31
Greenway trails (miles)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.1	5.1
Education -										
Elementary schools	9	10	10	10	10	10	10	11	11	11
Water and Sewer -										
Water pipe (miles)	NA	NA	NA	NA	NA	NA	402	406	414	422
Water storage capacity (millions of gallons)	9.0	9.0	9.0	9.0	9.0	10.5	10.5	12.0	12.0	12.0
Water treatment capacity (millions of gallons per day)	11.75	11.75	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70
Sewer pipe (miles)	NA	193.00	NA	NA	354.00	NA	456.00	469.00	494.00	524.00
Wastewater treatment capacity (millions of gallons per day)	10	16	16	16	16	16	16	16	16	16
Sewage pumping stations	27	27	31	31	32	35	35	35	38	42
Public fire hydrants	2,217	2,320	2,401	2,512	2,592	2,660	2,751	2,948	3,037	3,122
Electric -										
Overhead and underground primary and secondary cable (miles)	428.94	448.44	461.96	480.17	495.07	510.99	514.47	534.17	572.92	611.67
Poles	9,740	9,981	10,477	10,835	11,002	11,425	11,814	12,079	13,054	13,693
Transformers	8,267	8,842	9,388	9,735	9,896	10,205	10,804	11,320	11,954	12,594
Substations	7	7	7	7	8	8	9	9	10	10

Sources: Various city departments

Note: Capital asset statistics are not available for Administrative and General, Judicial, Legal (& Risk Management), Personnel, Planning and Engineering, Building Inspections, Urban Environmental, Other Operations (Civic Plaza, Fleet Services, Senior Citizens, and Cable Television), Mass Transit, Community Development, Food Service, and Cemetery Functions.

NA Information is not available

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Customers and Rate Structure**

**Year Ended June 30, 2007**

---

**Murfreesboro Water and Sewer Department**

As of June 30, 2007, Murfreesboro Water and Sewer Department serves approximately 24,545 water customers and 34,314 sewer customers. The following rate structure was in place during 2006/2007 fiscal year:

Water:

\$2.61 per 100 cubic feet of consumption (\$.0261 per cubic foot)

The following minimum monthly water charges apply:

<u>Meter Size</u>	<u>Charge</u>	<u>Allowance</u>
5/8"	\$ 7.83	300 cubic feet
1"	18.27	700 cubic feet
1-1/2"	39.15	1,500 cubic feet
2"	62.64	2,400 cubic feet
3"	156.60	6,000 cubic feet
4"	313.20	12,000 cubic feet
6"	652.50	25,000 cubic feet

Sewer:

100% of the above water rates is charged for sewerage service fee plus \$.0070 per cubic foot is charged for operation and maintenance fee.

**Murfreesboro Electric Department**

As of June 30, 2007, Murfreesboro Electric Department serves approximately 47,858 customers and had the following rate structure in place:

Residential:

Customer Charge - \$9.36 per month (also minimum bill)

Energy Charge - \$.07303 per KWH up to 800 KWH, \$.06657 over 800 KWH

Commercial:

General Power (GSA)

(1) Not more than 50 KWD (KWH not over 15,000)

Customer Charge	\$14.40
Energy Charge	\$.07785 per KWH

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Customers and Rate Structure (continued)**

**Year Ended June 30, 2007**

---

**Murfreesboro Electric Department (continued)**

**Commercial (continued):**

(2) Greater than 50 KWD but not more than 1,000 KWD or less than 50 KWD with KWH over 15,000

Customer Charge	\$35.00
Energy Charge	
1st 15,000	\$ .07891 per KWH
over 15,000	\$ .04155 per KWH
Demand Charge	
1st 50	No Charge
over 50	\$11.02 per KWH

(3) Greater than 1,000 KWD but not more than 5000 KWD

Customer Charge	\$100.00
Energy Charge	\$ .04208 per KWH
Demand Charge	
1st 1,000 KWD	\$10.61 per KW
over 1,000 KWH	\$12.29 per KW

**General Power (GSB)**

Greater than 5,000 KWD but not more than 15,000 KWD

Customer Charge	\$1,500.00
Energy Charge	
Up to 620 hrs. use of metered demand per month	\$ .03427 per KWH
Additional KWH	\$ .02796 per KWH
Demand Charge	\$12.95 per KW

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Unaccounted for Water Percentage Information**

**Year Ended June 30, 2007**

---

Amount of Water Pumped	550,682,754
Accounted for Water:	
Water Sold	401,182,054
Water Used for Flushing	2,599,572
Water to City of Smyrna	<u>14,740,642</u>
	<u>418,522,268</u>
Unaccounted for Water	<u>132,160,486</u>
% of Unaccounted for Water	<u>24.00%</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2006 (Receivable)/Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2007 (Receivable)/Deferred Revenue</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Passed through the Tennessee Department of Education -							
National School Breakfast Program	10.553	N/A	\$ (47,273)	\$ 404,998	\$ 409,280		\$ (51,555)
National School Lunch Program	10.555	N/A	(136,671)	1,186,630	1,195,739		(145,780)
Emergency Food Assistance Program (Food Commodities)	10.569	N/A		145,611	145,611		
Summer Food Service Program	10.559	N/A	(54,092)	157,738	73,158		30,488
Child Care Food Program	10.558	D60001571	(3,326)	46,775	43,449		
			<u>\$ (241,362)</u>	<u>\$ 1,941,752</u>	<u>\$ 1,867,237</u>		<u>\$ (166,847)</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
Community Development Block Grant	14.218	B-05-MC-47-0009	\$ (226,633)	\$ 414,221	\$ 285,434	\$ (23,286) (1)	\$ (121,132)
Passed through the Tennessee Department of Human Services -							
Emergency Shelter Grant	14.231	Z-06026085	(11,428)	11,428			
Emergency Shelter Grant	14.231	Z-07031500		36,862	45,438		(8,576)
Passed through the Tennessee Housing Development Agency -							
HOME Program	14.239	DA0400070	(64,343)	41,057		23,286 (1)	
Passed through the Murfreesboro Housing Authority -							
Capital Fund Program	14.872	TN43P02050106	(7,669)	82,791	81,906		(6,784)
			<u>\$ (310,073)</u>	<u>\$ 586,359</u>	<u>\$ 412,778</u>	<u>\$ -0-</u>	<u>\$ (136,492)</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>							
Stones River National Battlefield Trail	15.916	CA-5590-2-9001	\$ (4,689)	\$ 4,689			
			<u>\$ (4,689)</u>	<u>\$ 4,689</u>			
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Edward Byrne Memorial Justice Assistance Grant	16.579	2005-DJ-BX-1235	\$ 38,421	\$ 1,387			\$ 39,808
Edward Byrne Memorial Justice Assistance Grant	16.579	2006-DJ-BX-0702		22,657			22,657
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0975	214		\$ 214		
Bulletproof Vest Program	16.607	N/A		5,156	9,242		(4,086)
C.O.P.S. Universal Hiring (Parks)	16.710	96-UM-WX-1299	18,631				18,631
C.O.P.S. MORE 2000	16.710	00-CM-WX-0476	57,693			\$ (1,860) (2)	55,833
Passed through the Tennessee Department of Finance and Administration							
STOP Violence Against Women Grant Program	16.588	Z000143901	(3,614)	36,056	42,295		(9,853)
			<u>\$ 111,345</u>	<u>\$ 65,256</u>	<u>\$ 51,751</u>	<u>(1,860)</u>	<u>\$ 122,990</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2007

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2006 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2007 (Receivable)/ Deferred Revenue</u>
<b>DEPARTMENT OF TRANSPORTATION</b>							
Passed through the Tennessee Department of Transportation -							
Airport Safety Improvement Project	20.106	Z-06-02-9467-00		\$ 173,218	\$ 600,000	\$ (66,667) (3)	\$ (493,449)
TEA-21 Highway Planning and Construction	20.205	132-97	\$ (178,319)			5,644 (4)	(172,675)
TEA-21 Highway Planning and Construction	20.205	1999879	(33,644)		89,978		(123,622)
TEA-21 Highway Planning and Construction	20.205	040145	(98,601)	83,098	84,800		(100,303)
Section 5303 Transit Planning	20.500	GG-06-12559			22,498		(22,498)
			\$ (310,564)	\$ 256,316	\$ 797,276	\$ (61,023)	\$ (912,547)
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>							
Passed through the Tennessee Emergency Management Agency -							
Public Assistance Grant	83.544	Z-03-017941-00	\$ (24,709)	\$ 24,709			
			\$ (24,709)	\$ 24,709			
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Passed through Tennessee Department of Education -							
Title I 05.01	84.010	N/A	\$ (137,366)	\$ 1,469,586	\$ 1,237,431		\$ 94,789
IDEA, Part B Program	84.027	N/A	(120,543)	790,654	1,099,416		(429,305)
Preschool Grant Program 05.01	84.173	N/A		28,468	35,751		(7,283)
Drug Abuse Resistance Education (DARE)	84.186	Z-0401952700	(2,125)	2,125			
Even Start Program MC 05.01	84.213	Z-0301310100	(96,307)	96,307			
Even Start Program FH 05.01	84.213	Z-0301310200	(180,000)	180,000			
FIE Earmark Grant	84.215	U-215K050028	(99,200)	99,200			
Title IV 21st Century ATLAS	84.287	Z-0401592800	(192,905)	235,814	124,325		(81,416)
Title IV 21st Century Odyssey	84.287	Z-019011009	(108,858)	141,493	99,743		(67,108)
Title IV 21st Century Project Eagle	84.287	Z-0401594700	(125,000)	154,210	95,554		(66,344)
Title IV 21st Century Triton	84.287	Z-0410154700	(144,283)	189,558	111,769		(66,494)
Title V Program 05.01	84.298	N/A	(21,599)	26,755	10,832		(5,676)
Title II Part D 05.01	84.318	N/A	(7,927)	18,721	10,201		593
Title III ELL Program 05.01	84.365	N/A	(40,632)	66,459	58,557		(32,730)
Title II Part A 05.01	84.367	N/A	(159)	84,209	231,861		(147,811)
Title IVA					9,930		(9,930)
Hurricane Relief Funds	84.938	N/A	(70,759)	159,266	88,507		
			\$ (1,347,663)	\$ 3,742,825	\$ 3,213,877		\$ (818,715)

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2007

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2006 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2007 (Receivable)/ Deferred Revenue</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through the Greater Nashville Regional Council							
Aging Services - Title IIID	93.043	2006-23		\$ 2,291	\$ 2,500		\$ (209)
Aging Services - Title IIIB	93.044	2006-23		20,166	22,000		(1,834)
Passed through Tennessee Department of Education -							
Early Childhood Education	93.558	Z-02-007193-00	\$ (15,874)	15,874			
Families First	93.558	Z-05-022342-00	(56,274)	49,680	(6,594)		
			<u>\$ (72,148)</u>	<u>\$ 88,011</u>	<u>\$ 17,906</u>		<u>\$ (2,043)</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Assistance to Firefighters Grant Program	97.044	EMW-2005-FG-17479		\$ 88,000	\$ 88,000		
Assistance to Firefighters Grant Program	97.044	EMW -2005-FP-02548		60,000	60,000		
				<u>\$ 148,000</u>	<u>\$ 148,000</u>		
			<u>\$ (2,199,863)</u>	<u>\$ 6,857,917</u>	<u>\$ 6,508,825</u>	<u>\$ (62,883)</u>	<u>\$ (1,913,654)</u>

Notes -

- (1) Certain housing rehabilitation costs were recorded as expenditures of the THDA Home Program and a receivable in the prior fiscal year. In the current fiscal year, the expenditures were applied for under the Community Development Block Grant. The expenditures qualify for either program.
- (2) During the current fiscal year the City of Murfreesboro reimbursed the US Department of Justice \$1,860 in unallowable costs.
- (3) The state required the City to pay a 10% local match to the Tennessee Department of Transportation for this project.
- (4) The final reimbursement request for this project was adjusted for unallowable costs of \$5,644.

Information in this schedule is presented on the accrual basis of accounting.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Expenditures of State Awards**

**Year Ended June 30, 2007**

<u>Program Name</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2006 (Receivable)/Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2007 (Receivable)/Deferred Revenue</u>
<b>TENNESSEE COMMISSION ON AGING</b>						
Passed through the Greater Nashville Regional Council - Aging Services	GR 0214294-00		\$ 10,120	\$ 11,040		\$ (920)
			\$ 10,120	\$ 11,040		\$ (920)
<b>TENNESSEE DEPARTMENT OF EDUCATION</b>						
Basic Education Program	N/A	\$ (690,500)	\$ 21,958,600	\$ 21,764,100		\$ (496,000)
School Food Service	N/A	35,170	39,067	74,237		
Career Ladder Program	N/A	9,270	332,568	331,310		10,528
Career Ladder Extended Contract	N/A	68,728	130,789	134,260		65,257
Lottery PreSchool	N/A	303,603	576,214	382,487		497,330
Family Resource Center	N/A	(9,995)	9,995	33,300		(33,300)
ESP Safe Schools Grant	N/A	(27,816)	27,816	25,353		(25,353)
Nutrition Grant	N/A			66,458		(66,458)
Bradley Arts Grant	N/A		36,090	35,234		856
Pilot Lottery (BCB)	N/A		170,947	231,975		(61,028)
Lottery	N/A		200,439	279,593		(79,154)
		\$ (311,540)	\$ 23,482,525	\$ 23,358,307		\$ (187,322)
<b>TENNESSEE DEPARTMENT OF TRANSPORTATION</b>						
Airport Maintenance	Z-06-02-8740-00	\$ (10,000)	\$ 10,000			
Airport Maintenance	Z-07-03-5614-00			\$ 10,000		\$ (10,000)
Airport T-Hangars - Engineering and Design	Z-06-02-9464-00		100,574	95,730		4,844
Install Fillet for Taxiway	Z-06-02-9523-00		3,178	55,416	\$ (6,157) (1)	(58,395)
Strengthen Haul Road	Z-07-03-7623-00			66,467		(66,467)
Aircraft Wash Area	Z-07-03-7536-00			26,999		(26,999)
		\$ (10,000)	\$ 113,752	\$ 254,612	\$ (6,157)	\$ (157,017)
<b>TENNESSEE ARTS COMMISSION</b>						
ABC Matching Grant	2602785		\$ 2,020	\$ 2,020		
			\$ 2,020	\$ 2,020		
<b>TENNESSEE EMERGENCY MANAGEMENT AGENCY</b>						
Disaster matching funds	FEMA-1464-DR-TN		\$ 54,473		\$ (54,473) (2)	
			\$ 54,473		\$ (54,473)	
		\$ (321,540)	\$ 23,662,890	\$ 23,625,979	\$ (60,630)	\$ (345,259)

(1) The state required the City to pay a 10% local match to the Tennessee Department of Transportation for this project.

(2) Current receipt of state assistance offered on a retroactive basis to help alleviate damage caused by a declared disaster that occurred in May of 2003. Expenditures were incurred in prior fiscal years.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

Honorable Mayor and City Council  
City of Murfreesboro, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2007 which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2007. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission as described in our report on the City of Murfreesboro's financial statements. This report does include our consideration of the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Murfreesboro, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Murfreesboro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Murfreesboro's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Murfreesboro's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Murfreesboro's financial statements that is more than inconsequential will not be prevented or detected by the City of Murfreesboro's internal control over financial reporting. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. (2007-1, 2007-2, 2007-3)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Murfreesboro's internal control.

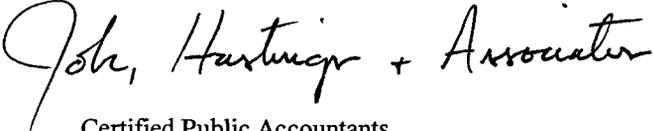
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Murfreesboro, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to management of the City of Murfreesboro in a separate letter dated December 17, 2007.

This report is intended solely for the information and use of management, the City Council, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

Murfreesboro, Tennessee  
December 17, 2007

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council  
City of Murfreesboro, Tennessee

Compliance

We and other auditors have audited the compliance of the City of Murfreesboro, Tennessee, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Murfreesboro, Tennessee's management. Our responsibility and the responsibility of the other auditors is to express an opinion on the City of Murfreesboro, Tennessee's compliance based on our audit.

We and the other auditors conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Murfreesboro, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the audit of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Murfreesboro, Tennessee's compliance with those requirements.

In our opinion and that of the other auditors, the City of Murfreesboro, Tennessee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

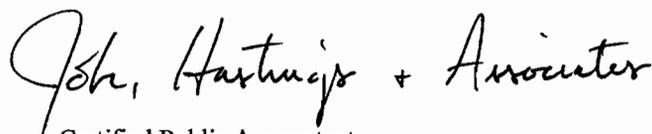
The management of the City of Murfreesboro, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Murfreesboro, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

Murfreesboro, Tennessee  
December 17, 2007

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2007**

---

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Murfreesboro, Tennessee.
2. Three significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*. All of the conditions are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of the City of Murfreesboro, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the City of Murfreesboro, Tennessee expresses an unqualified opinion on all major federal programs.
6. No audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 were disclosed during the audit.
7. The programs tested as major programs include the Community Development Block Grant, CFDA No. 14.218, Airport Safety Improvement Project, CFDA No. 20.106, Title 105.01, CFDA No. 84.010, Child Nutrition Cluster: National School Breakfast Program, CFDA No. 10.553, National School Lunch Program, CFDA No. 10.555, Summer Food Service Program, CFDA No. 10.559.
8. The threshold for distinguishing Types A and B programs as defined by *OMB Circular A-133* was \$300,000.
9. The City of Murfreesboro, Tennessee did not qualify as a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2007-1. Evergreen Cemetery Commission – Separation of Duties**

*Condition:* One employee is currently responsible for executing, recording and controlling all cash transactions.

*Criteria:* Proper separation of duties requires that no one employee be responsible for an entire transaction cycle from beginning to end.

*Effect:* An unauthorized cash transaction could be executed and not be promptly discovered by the Commission's internal controls.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Findings and Questioned Costs (continued)**

**Year Ended June 30, 2007**

---

**2007-1. Evergreen Cemetery Commission – Separation of Duties (continued)**

*Recommendation:* To the extent possible, Management should separate the duties of executing, recording and controlling cash transactions.

*Response:* Management believes the cost of maintaining this control would exceed its benefits.

**2007-2. Evergreen Cemetery Commission – Detailed Inventory**

*Condition:* The Cemetery's inventory is currently not subject to periodic inventory observations. The inventory is maintained on maps with colored lots representing lots sold, which could result in errors in available lots which make up the Cemetery's inventory.

*Criteria:* Periodic physical inventory observations should be performed to insure the accuracy of the available lots which make up the Cemetery's inventory.

*Effect:* Cemetery inventory could be misstated due to lack of controls in this area.

*Recommendation:* Periodic physical inventory observations should be performed.

*Response:* Management concurs with the finding and purchased an inventory software package during the 2007 fiscal year to track the Cemetery's inventory. The software package is expected to be operational for the year ended June 30, 2008.

**2007-3 Overpayment of Engineering Invoices**

*Condition:* Engineering invoices are not being checked by appropriate personnel to make sure that all progress billings have been applied to the invoice prior to payment of the current amount due per the invoice.

*Criteria:* Progress billings for engineering services should be checked for accuracy prior to payment.

*Effect:* Overpayment of invoices and early payment for services did occur.

*Recommendation:* Invoices should be checked to ensure that all prior progress billings are reflected on the invoice prior to payment.

*Response:* Management concurs with the finding and has assigned the fixed asset manager/accountant to approve invoices to be sure progress billings have been applied correctly after the engineering department has approved the invoice for payment.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

***NONE -***

CITY OF MURFREESBORO, TENNESSEE

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2007

---

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2006-4. Community Development Block Grant – CFDA No. 14.218 – Grant Nos.  
B-04-MC-47-0009 and B-05-MC-47-0009

*Condition:* The City’s policy for ranking applicants for the housing rehabilitation program is unclear. Page 5 of the City’s housing rehabilitation Policies and Procedures states “The awarding of rehabilitation assistance to eligible applicants will be based on priority according to which households are in greatest need for housing assistance.” It also states “Once a dwelling has been inspected and given a rating, the owner will be put on a waiting list by the dwelling points.” However, page 6 says “The rating is based on points. The most needy household will have the highest number of points.” It then proceeds to give a detailed explanation of how points are determined based on factors such as, income, family size, number of elderly and disabled, and ages of household members. The policy does not explain clearly how any of these points are used.

*Recommendation:* The City should clarify the ranking system used to determine the priority of applicants served.

*Current Status:* The housing rehabilitation policy was amended to clarify that rankings were based on financial needs. This revised policy was approved by the City Council on December 14, 2006.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2006-5. Community Development Block Grant – CFDA No. 14.218 – Grant Nos.  
B-04-MC-47-0009 and B-05-MC-47-0009

*Condition:* Documentation as to the selection of eligible applicants for the City’s housing rehabilitation program is weak. There is not good documentation of the procedures followed in the selection of applicants from the waiting lists.

*Recommendation:* Improvement is needed in the documentation and maintenance of the waiting list. Waiting lists should be maintained in a manner which clearly indicates applicant ranking. For example, the waiting list which currently includes the call-in date, name of applicant, address and dwelling points could be expanded to include information such as inspection date, date of eligibility, rating, work start date, date of withdrawal from the waiting list and comments. The waiting list should be maintained in an Excel format and no deletions should be made from it. Any changes in applicant status should be noted in the comment section of the waiting list.

*Current Status:* The new Community Development Director contacted all persons on the waiting list and requested updated information; currently there are no applicants on the waiting list.

CITY OF MURFREESBORO, TENNESSEE

Summary Schedule of Prior Audit Findings (continued)

Year Ended June 30, 2007

---

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2006-6. Community Development Block Grant – CFDA No. 14.218 – Grant Nos.  
B-04-MC-47-0009 and B-05-MC-47-0009

*Condition:* The Rehabilitation Specialist performed most of the procedures for the housing rehabilitation program from the receipt of the initial phone call from a potential applicant to the final inspection upon completion of the rehabilitation project. Other personnel within the Community Development department had little knowledge of the housing rehabilitation program.

*Recommendation:* Cross-training is needed in the Community Development Department so that more than one person has knowledge of each program. No one person should be responsible for program transactions from beginning to end.

*Current Status:* The new Community Development Director has taken steps to ensure adequate cross-training within the department.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2006-7. Community Development Block Grant – CFDA No. 14.218 – Grant Nos.  
B-04-MC-47-0009 and B-05-MC-47-0009

*Condition:* A contractor performing rehabilitation work in excess of \$25,000 for the City has a home improvement license only. A home improvement license only enables a contractor to perform work up to a contract amount of \$25,000. The original bid on one job submitted by this contractor was less than \$25,000; however, the project cost was greater than \$25,000 after change orders.

*Recommendation:* All contractors performing work on housing rehabilitation jobs should have a valid contractor's license due to the potential for change orders on these types of jobs.

*Current Status:* The revised housing rehabilitation policy, adopted by council on December 14, 2006, requires a contractor's license for all projects.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2006-8. Community Development Block Grant – CFDA No. 14.218 – Grant Nos.  
B-04-MC-47-0009 and B-05-MC-47-0009

*Condition:* The Policies and Procedures for the housing rehabilitation program regarding approval of change orders do not reflect management's understanding of the approval for change orders. Page 18 of the policy states "This contingency amount is 10% of the contract amount approved by the City Council, may be used at the discretion of the Community Development Director upon the recommendation of the Rehab Inspector and with the approval of the homeowner. If the change order exceeds the 10% contingency, the Housing Rehab Specialist will poll a simple majority of the City Council and get THDA approval. It will then be placed on the next City Council meeting agenda." Per the Community Development Director and other members of management, the total amount of all change orders must be approved by Council. The 10% contingency is in place so that the Rehab Specialist has authority to grant approval to the contractor for minor change orders without stopping work until Council meets to approve it.

**CITY OF MURFREESBORO, TENNESSEE**

**Summary Schedule of Prior Audit Findings (continued)**

**Year Ended June 30, 2007**

---

FINDING 2006-8. Community Development Block Grant – CFDA No. 14.218 – Grant Nos. B-04-MC-47-0009 and B-05-MC-47-0009 (continued)

*Recommendation:* Clarification is needed in the City’s policy as it relates to Council approval of change orders to housing rehabilitation contracts.

*Current Status:* The revised housing rehabilitation policy requires that all change orders be approved by City Council.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2006-9. Community Development Block Grant – CFDA No. 14.218 – Grant Nos. B-04-MC-47-0009 and B-05-MC-47-0009

*Condition:* Bids were accepted which did not meet the high and low criteria as communicated in the Policies and Procedures for housing rehabilitation projects. Prior to the bid process, the Rehabilitation Specialist prepares an estimate of the costs of the repairs. The City’s policy is to accept bids that are within 10% of the high and low of the estimate prepared by the Rehabilitation Specialist. The 10% low criteria was being miscalculated, therefore, many of the bids accepted by the City for rehabilitation projects did not meet the criteria.

*Recommendation:* Consistency is needed in the acceptance or rejection of bids that do not fall within the City’s previously established limits as they relate to the City’s cost estimate for housing rehabilitation projects. Care should be taken in preparing the calculation of the limits.

*Current Status:* The above requirement to accept only those bids that are within 10% of the high and low of the estimate prepared by the Rehabilitation Specialist is not included in the new housing rehabilitation policy. The City will award a contract to the lowest responsive and responsible bidder.

FEDERAL HIGHWAY ADMINISTRATION

FINDING 2006-10 - TEA-21 Stones River Battlefield Trail – CFDA No. 20.205 – Grant No. 040145

*Condition:* The City did not obtain weekly, for each week in which any contract work was performed on the above project, certified payrolls from the contractor and subcontractors as required by the Davis-Bacon Act.

*Recommendation:* The City should designate specific personnel to monitor the receipt of weekly certified payrolls when a contract falls under the requirements of the Davis-Bacon Act.

*Current Status:* The City did not have any expenditures under this CFDA # in the current fiscal year to which the Davis-Bacon act applied; however, in the future management will designate personnel to monitor the receipt of weekly certified payrolls when a contract falls under the requirements of the Davis-Bacon Act.