

CITY OF MURFREESBORO, TENNESSEE

Comprehensive Annual Financial Report

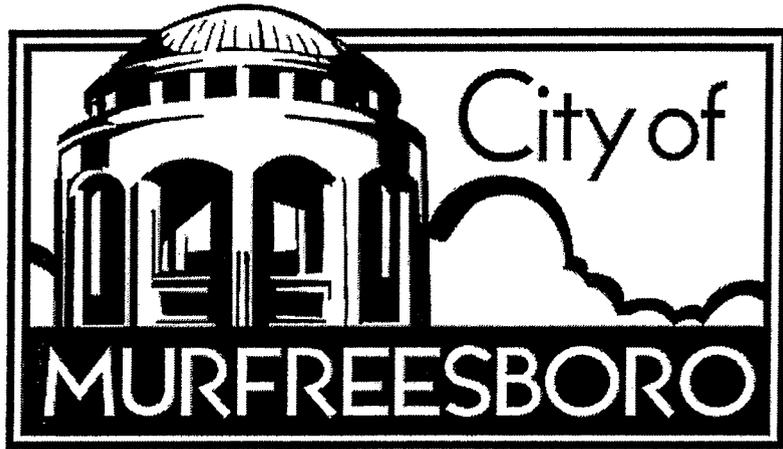
For the Fiscal Year Ended June 30, 2010



CITY OF MURFREESBORO, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2010**

**MELISSA B. WRIGHT
CITY RECORDER/FINANCE DIRECTOR**



T E N N E S S E E

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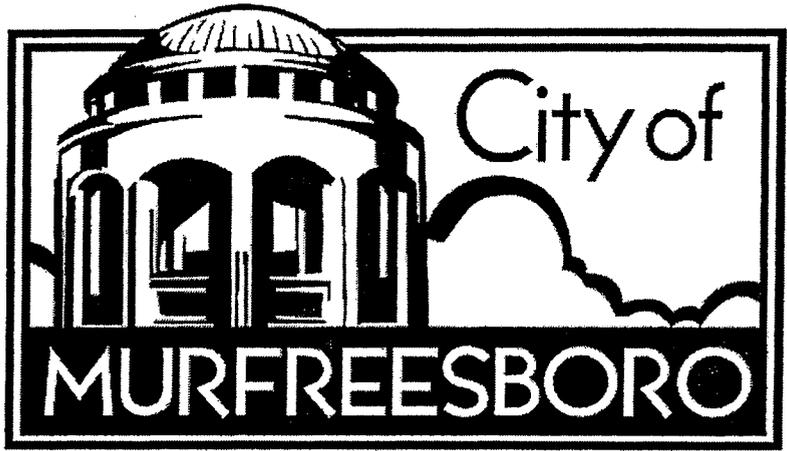
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T E N N E S S E E



... creating a better quality of life

January 28, 2011

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, 2010, 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, 2010.

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, 2010. 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 a Mayor and six 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 2008 certified a population of 100,525. Population has been estimated at 105,209 at www.census.gov for 2009.

The City's strong economy attracts a growing population, with in-migration at twice the national average. In 2010, msn.com ranked Murfreesboro 12th in the top 15 fastest growing cities in the country. Money Magazine ranked Murfreesboro 20th for most affordable housing market in 2010, as well. Income levels have also risen steadily since the 2000 Census with average household income of \$68,000 per year.

Administration Department

111 West Vine Street * P. O. Box 1139 * Murfreesboro, Tennessee 37133-1139 Phone 615 849 2629 * Fax 615 849 2679
TDD 615 849 2689 www.murfreesborotn.gov

Murfreesboro and Middle Tennessee have experienced the economic slowdown in a similar fashion to the rest of the nation. The unemployment rate rose from a low of 5.7 percent in July of 2008, peaked at 11.1 percent at June 30, 2009 and stands at 9.3% at June 30, 2010. This figure is well below the state average and lower than the national rates. The local option sales tax makes up nearly 33 percent of the General Fund budget. Tennessee cities rely on sales tax, as does Murfreesboro, due to the absence of state or local income taxes. The falling economy caused sales tax collections to steadily drop throughout the fiscal year. Local option sales tax decreased \$467,000 from FY 09. Our FY 10 budget shortfall for sales tax collections was \$1.3 million or 4.4 percent.

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 25,000. The City's Gateway Project has created opportunities for Class A office and retail. The Embassy Suites and its adjacent conference center were completed during the summer of 2009. The conferences and training opportunities provided at this facility continue to enhance the image of the Gateway as a premier destination for jobs, retail and office use in Middle Tennessee.

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 \$39,408,819 million, which is equal to 44.3 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 Finance Department's accounting systems and city management have provided strong oversight. The City Council's outstanding stewardship of the City's dollars has enabled the aggressive funding of capital projects to serve the rapidly growing population of the City and region without needing to increase the property tax rate.

During Fiscal Year 2010, the City Council adopted comprehensive financial policies to establish the framework for the overall fiscal planning and management of City government. The financial policies help City officials plan fiscal strategy with a consistent approach. Adherence to the adopted financial policies will promote sound fiscal management, which can improve City bond ratings, lower the cost of capital, manage interest rate risk exposure, and preserve financial flexibility.

ACCOMPLISHMENTS

GATEWAY DISTRICT

At June 30, 2010, the new Middle Tennessee Medical Center (MTMC) was near completion. MTMC is a \$267 million facility that replaces the aging hospital in the center of Murfreesboro. The hospital is licensed for 286 beds (a 61 bed increase from the previous facility) that will house patients in two towers, one seven story wing and one five story structure. The new building measures 556,000 square feet and was constructed in a manner that expansion can occur as required.

The new hospital is an anchor component of the City's Gateway District. The leadership of Murfreesboro saw an opportunity to spur development with the construction of a connector street (Medical Center Parkway) and the purchase of real estate to create new retail, hospitality, medical and office development along the new northern entrance corridor from Interstate-24 to the center of Murfreesboro. The Gateway Fund was created as a mechanism to manage and report the financial activities related to the infrastructure and real estate expenditures and the offsetting land sales in the target area.

The project has proven to be a resounding success. Using 2009 property tax assessments, to date, \$132,576,600 in private investment stemming from the City's Gateway Initiative has taken place. Developments include The Avenue retail area, Middle Tennessee Medical Center's medical office building, the Stonegate office development, The Oaks retail center and the Murfreesboro Medical Clinic in addition to over 60 smaller projects. The new development in the Gateway makes up over 4% of all taxable property in Murfreesboro and nearly 2% of all taxable property in Rutherford County. These totals do not include the non-taxable investment of the new Middle Tennessee Medical Center (valued at \$276 million) or the 283 room Embassy Suite and its attached 80,000 square feet of convention space (covered by an In-Lieu-of Tax agreement).

Also in the Gateway, the new Rutherford County Visitors Center and Chamber of Commerce was nearing completion on Medical Center Parkway. This 33,000 square foot facility also houses the small business center of Middle Tennessee State University (MTSU). Total investment in the building is approximately \$6.6 million.

Two additional projects broke ground during the year on city-owned property in the Gateway. An as yet unnamed mixed use office building of approximately 40,000 square feet broke ground in the Waterstone section of the area. The design is for approximately two-thirds medical and one-third general office use.

The First National Bank of McMinnville broke ground on their first office in Murfreesboro. The 3,300 square foot bank is also in the Waterstone portion of the development on Gateway Boulevard.

ROAD IMPROVEMENTS

Work continues to progress on Veterans Parkway. The new 5-lane road will eventually link State Route 840 on the northwest side of Murfreesboro to Interstate 24 on the south side of the City. Total investment in the project is approximately \$35 million.

Work continues on Joe B. Jackson Parkway to construct a 3 and 5 lane roadway connects that industrial area from I-24 to the west and US 231 (South Church Street). Total investment in this project is \$12 million.

To relieve congestion and provide capacity for future developments, the contract for widening and realigning Manson Pike, Fortress Boulevard and Gresham Lane was awarded to DeWeese Construction at a cost of \$4.6 million. The widening of Fortress Boulevard from 3 to 5 lanes is also underway. This \$2.8 million project is scheduled to be complete in summer 2011.

The Transportation Department let for bid and initiated the resurfacing of Thompson Lane as an American Recovery and Reinvestment Act (ARRA) project. The Transportation Department also let for bid an ARRA funded traffic signal interconnect replacement and expansion project.

MANAGEMENT INITIATIVES

The City shifted all new employees hired on or after July 1, 2010 from the defined benefit pension plan to a new defined contribution retirement plan. The change in plan structure was needed to control the cost of retirement benefits in future years. Significant effort was made in designing the new retirement plan, preparing a Request for Proposal (RFP) to select an administrator for a 401(a) and a 457 plan for new employees and testing systems of the new administrator.

Murfreesboro successfully refinanced \$128,923,619 of variable rate loans to fixed rate bonds at rates ranging from 2.44% – 3.99% for both governmental and business-type activities. The range of the fixed rates is based on dates of maturity. The City recognizes the value of variable rate debt obligations (VRDO's) and has greatly benefitted from the use of these bonds in the financing of needed infrastructure. However, the changing economic climate, the failure of bond insurance companies to retain their AAA credit ratings, the difficulty of obtaining letters of credit and other liquidity features and the failure of auction-rate variable instruments has required all municipal issuers to reassess the role that variables play in debt financing. This refinancing lowers the VRDO exposure for the City from 100% to 68% for governmental activities. Additional conversions of debt from variable to fixed are planned for FY 2011.

The City planned for the employment of a benefits consultant during Fiscal Year 2010 to assist in the planning and design of the self-funded health insurance program and other employee benefits. In a difficult economic time, the cost of health insurance and other employee benefits is now approximately 10% of the General Fund budget. Through future design, holding costs stable with the lowest impact to employees is the goal for the program.

Management created two employee teams to examine aspects of the organization and make recommendations on improvements. The Communications Team was charged with looking at the content of information distributed to citizens, other customers and employees of the City. The customer service initiative, the restart of the City employee newsletter and other projects were planned during Fiscal Year 2010 and budgeted for Fiscal Year 2011. Likewise, the Technology Team was asked to explore better uses of existing equipment and new opportunities for the use of technology in the City's operation. Some technology upgrades to copiers, radio communications and emergency communications were implemented during Fiscal Year 2010. Other initiatives are budgeted in Fiscal Year 2011.

OTHER CAPITAL INVESTMENT

The outdoor pool at Sports*Com received a complete renovation, converting a typical outdoor pool into an attractive water park with slides, play structures and a children's area. The renovated pool opened in July 2010 and attendance at the outdoor pool increased by over 70%. The indoor pool renovation began as soon as the outdoor pool opened. The 23 year old pool was in poor condition and also received a total mechanical overhaul of filters, pumps and plumbing. Total cost of both renovation projects is \$3.6 million.

In a joint project with Rutherford County, the Parks and Recreation Department opened 16 new tennis courts at Old Fort Park. Total cost to the City for the project was \$675,000.

Planning continued on Phases III and IV of the Stones River Greenway. The two sections total 3.9 miles of new multi-purpose path connecting Barfield-Crescent Park with the current end of the system at State Route 99. The projected cost is \$8.5 million with 80% of the funding coming from Federal grants. Completion of these two Greenway segments will bring the total system in Murfreesboro to approximately 15 miles of paved paths for walking, skating and cycling.

Two 75-foot aerial fire trucks at a cost of approximately \$1.4 million were ordered to replace a 1988 pumper and a 1990 Tele-Squirt fire engine. The Murfreesboro Fire Department maintains an Insurance Service Organization (ISO) Class 2 rating, placing them in the top 2% of fire departments in the country.

OPERATING IMPROVEMENTS

Annual reports of crime to the police decreased by 1% for the 2009 calendar year. Seven new police officers, eight dispatchers and clerical support positions were added to the Police Department during the fiscal year to match increased work load requirements. The Police Department launched Project Teleserve on January 20, 2010 which enables citizens to file certain police reports by phone, expediting service to residents who are reporting low level property and other crimes, while reducing call loads for zone cars and saving fuel and wear and tear on police vehicles.

The Police Department completed renovations to a special operations building. This City owned structure was modified at a cost of \$500,000 to enable the Police Department to discontinue the renting of space for the vice section and provide improved space for the special operations unit. The new Murfreesboro-Rutherford County Law Enforcement Firing Range, located at the Rutherford County Sheriff's Department was dedicated on March 9, 2010. The project was jointly funded by the City and County

The Murfreesboro Fire Department fully implemented urban search and rescue teams and swift water rescue teams.

The Planning and Engineering Department, with the assistance from other City departments, completed drafting and adoption of updated subdivision regulations and street specifications. The Engineering Department also completed a landfill gas extraction system at the closed City landfill site, removing odor issues at the Gateway Island area.

The Street Department oversaw the resurfacing of over 34 linear miles of streets and roads.

Parks and Recreation hosted the Spring Fling, the spring sports championships of all Tennessee high schools, bringing over 5,000 student athletes plus their families to Murfreesboro. Richard Siegel Park was selected as the location for the President's Cup soccer tournament in 2010, and was also awarded the Region 3 national tournament for 2011. Each tournament is estimated to have an economic impact of approximately \$10 million for the community. Parks and Recreation opened a new greenway trailhead at Cason Trail.

Channel 3, the City's cable television channel, began providing web streaming of public meetings and videos on the City's website, achieving over 8,000 views/hits in the first year. Channel 3 received one national award and two honorable mentions for locally developed programming from the National Association of Telecommunications Officers and Advisors (NATOA).

Murfreesboro's Community Development Department strongly participated in the use of federal Neighborhood Stabilization Program (NSP) funds for the purchase of eight foreclosed homes and their reuse as single family dwellings. Community Development also completed an analysis of impediments to fair housing choice during the year.

WATER AND SEWER

The Stones River Water Treatment Plant expansion, occurring over a three year period, was officially accepted on January 18, 2010. In addition to capacity and membrane technology micro filters, the existing mixed media filters were converted to activated carbon contactors. Other improvements included on site chlorine generation for disinfection, auxiliary power supply, an additional one million gallons of clearwell storage and bulk chemical storage and feed. The Lytle Creek Sanitary Sewer replacement is presently under contract. This \$3,500,000 project was required to remove excessive infiltration and inflow and to add capacity to an older, deteriorating portion of the system.

The repurified water system will add a 1.5 million gallon elevated storage tank to the system. The tank has been designed and is ready to bid. Continuing demand for repurified water for irrigation and lakes necessitated the new storage tank.

AWARDS AND ACKNOWLEDGEMENTS

Additionally, 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, 2009. This is the twelfth 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.

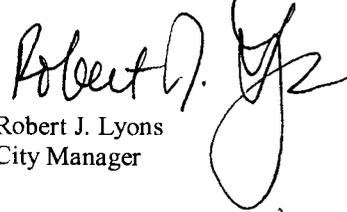
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

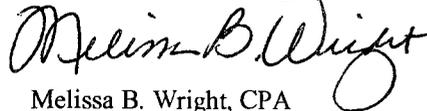
We are also grateful for the outstanding work performed by City employees every day. Without their efforts, Murfreesboro would not be a community focused on the livability of its citizens.

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,



Robert J. Lyons
City Manager



Melissa B. Wright, CPA
City Recorder/Finance Director



Erin E. Tucker, CPA
Assistant City Recorder/Chief Accountant

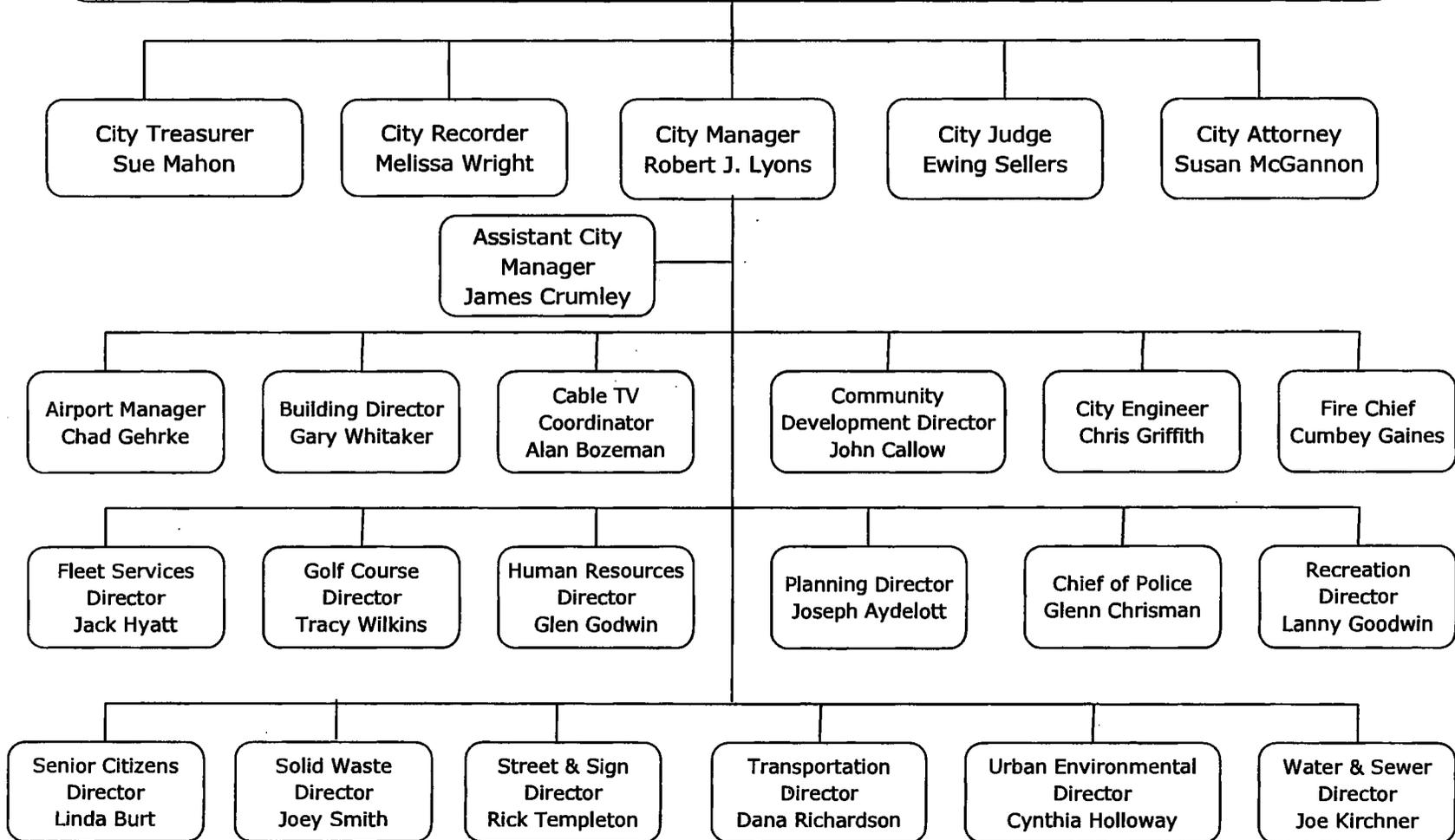
CITY OF MURFREESBORO, TENNESSEE
CITY OFFICIALS
JUNE 30, 2010

MAYOR	Tommy Bragg
CITY COUNCIL	Chris Bratcher Doug Young Madelyn Scales Harris Tolbert Gilley, III Ronald Washington Shane McFarland
CITY MANAGER	Robert J. Lyons
ASSISTANT CITY MANAGER	James Crumley
CITY RECORDER/FINANCE DIRECTOR	Melissa B. Wright
CITY ATTORNEY	Susan McGannon
CITY TREASURER	Sue Mahon
HUMAN RESOURCE DIRECTOR	Glen Godwin
SUPERINTENDENT OF SCHOOLS	Linda Gilbert
PLANNING DIRECTOR	Joseph Aydelott
DIRECTOR OF BUILDING DEPARTMENT	Gary Whitaker
POLICE CHIEF	Glenn Chrisman
RECREATION DIRECTOR	Lanny Goodwin
GOLF COURSE DIRECTOR	Tracy Wilkins
CITY ENGINEER	Chris Griffith
COMMUNITY DEVELOPMENT COORDINATOR	John Callow
FIRE CHIEF	Cumbey Gaines, Jr.
SOLID WASTE DIRECTOR	Joey Smith
WATER AND SEWER DIRECTOR	Joe Kirchner
ELECTRIC DEPARTMENT DIRECTOR	Steve Sax
SENIOR CITIZENS CENTER DIRECTOR	Linda Burt
DIRECTOR OF URBAN ENVIRONMENT	Cynthia Holloway
CITY JUDGE	Ewing Sellers
CABLE TELEVISION COORDINATOR	Alan Bozeman
AIRPORT MANAGER	Chad Gehrke
DIRECTOR OF STREET AND SIGN DEPARTMENT	Rick Templeton
DIRECTOR OF FLEET SERVICES	Jack Hyatt
TRANSPORTATION DIRECTOR	Dana Richardson

City of Murfreesboro—Organization Chart

Legislative Body

Tommy Bragg, Mayor; Chris Bratcher, Vice Mayor; Toby Gilley, Madelyn Scales Harris
Shane McFarland, Ron Washington, Doug Young



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Murfreesboro
Tennessee

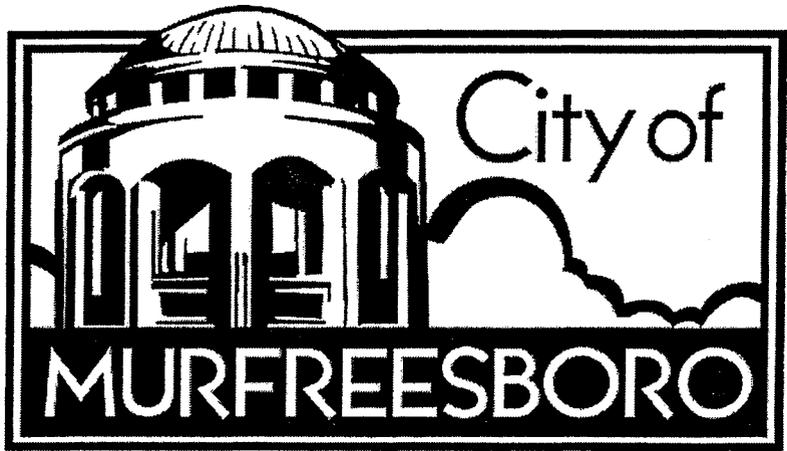
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



President

Executive Director



T E N N E S S E E



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET • BELMONT PARK
P.O. BOX 1175 • MURFREESBORO, TN 37133-1175
615-893-7777 • FAX 615-896-5990
www.jobehastings.com

Donna K. Hastings, CPA, CSEP

James R. Jobe, CPA

Joel H. Jobe (1944 - 2006)

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, 2010, 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 as supplementary information in the accompanying combining statements and individual fund statements and schedules as of and for the year ended June 30, 2010 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, the Stormwater Fund 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 Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission whose statements reflect total assets of \$82,832,886, \$137,090,429, \$408,129,876, \$7,805,889, \$12,205,440, and \$2,118,681 respectively, and total revenues of \$58,581,120, \$133,987,859, \$29,886,176, \$2,352,889, \$2,542,941, and \$596,710 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 Stormwater Fund, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission, is based on 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.

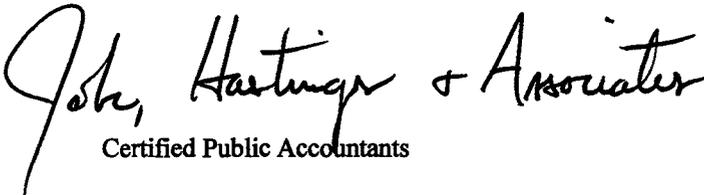
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund 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, 2010, and the respective changes in financial position, and cash flows, where applicable, 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, 2010, and the respective

changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons as listed in 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 January 28, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension trend data, and post-employment benefit data, on pages three (3) through twenty-two (22) and eighty-four (84) through eighty-six (86) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro's financial statements as a whole. 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 purposes of 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 financial statements. The financial schedules as listed in the supplemental section and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.


Certified Public Accountants

Murfreesboro, Tennessee
January 28, 2011

CITY OF MURFREESBORO

Management's Discussion and Analysis

June 30, 2010

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, 2010. 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 – vi of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Murfreesboro exceeded its liabilities at June 30, 2010 by \$886,964,408. Of this amount \$23,276,383 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 \$32,605,200 (3.8 percent) during the year. The governmental net assets increased by \$13,440,448 (2.7 percent) and the business-type net assets increased by \$19,164,752 (5.3 percent).
- As of June 30, 2010 the City's governmental funds reported combined fund balances of \$56,242,171, a decrease of \$7,923,415 (12.4 percent) in comparison with the prior year. The 2008 TML and 2010 TML fund balances realized a combined decrease of \$9,479,857 from the prior year due to FY 10 expenses that are covered by loan proceeds that will be recognized in FY 11. Labor costs continued to be controlled by a hiring freeze which was extended for FY 10 for open positions with a few exceptions such as those affecting public safety. The unreserved, undesignated portion of the governmental fund combined fund balance is \$53,541,593 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 \$39,408,819, or 73.4 percent of the total general fund expenditures.
- The City of Murfreesboro's total debt decreased by \$10,298,719 (2.8 percent) during the year ended June 30, 2010. A selection of some of the City's variable rate debt was refinanced with a fixed interest rate, and a premium was recognized upon issuance of debt. While only refunding bonds were issued in FY 10, new loans were issued November 2011 for the City's capital projects.

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 and economic development, education, and food service. Business-type activities are supported through user fees and charges and include a water and sewer operation, a stormwater fund, an electrical distribution operation, and a cemetery. The government-wide financial statements can be found on pages 23-25 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, and debt service fund which are considered to be major funds. Data from the other twenty-four (24) 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 26 - 30 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 40 – 43 of this report. The City's other four (4) 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 40 - 43 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 44 - 45 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 46 - 83 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 84 - 85 of this report. In compliance with GASB 45, the City adopted the reporting requirements for post-employment benefits. Required supplementary information can be found on page 86 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 as supplementary information. Combining statements and individual fund schedules can be found on pages 87 - 130 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 \$886,964,408 at June 30, 2010. The largest part of the City of Murfreesboro's net assets (91.5 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. Another significant change in the governmental activities is the increase in year-end payables on the 2008 TML and 2010 TML Funds which increased the deficit in net assets for those funds by \$9,331,701. This deficit will be funded by proceeds from our loan funds through the Tennessee Municipal Bond Fund.

The largest change in business-type activities net assets is the portion invested in business-type activities capital assets, net of related debt. The electric department added \$8,874,569 in net capital assets, which included new station equipment and land, line transformers and meters, and distribution system expansion and improvements. The water and sewer department added \$6,812,939 in net capital assets. The majority of this growth was in additions or improvements to transmission and distribution mains. The following table focuses on the net assets of the City's governmental and business-type activities:

NET ASSETS
June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)
Current and other assets	\$ 131,619,057	\$ 138,607,199	\$ 65,093,384	\$ 57,780,935	\$ 196,712,441	\$ 196,388,134
Capital assets	654,362,091	640,720,201	479,900,991	468,096,070	1,134,263,082	1,108,816,271
Total assets	785,981,148	779,327,400	544,994,375	525,877,005	1,330,975,523	1,305,204,405
Long-term liabilities outstanding	218,477,013	226,290,439	143,203,224	145,688,617	361,680,237	371,979,056
Other liabilities	61,284,472	60,257,746	21,046,406	18,608,395	82,330,878	78,866,141
Total liabilities	279,761,485	286,548,185	164,249,630	164,297,012	444,011,115	450,845,197
Net assets:						
Invested in capital assets,						
net of related debt	469,146,233	448,408,774	342,586,135	326,924,482	811,732,368	775,333,256
Restricted	27,475,344	28,375,564	24,480,313	23,665,932	51,955,657	52,041,496
Unrestricted	9,598,086	15,994,877	13,678,297	10,989,579	23,276,383	26,984,456
Total net assets	\$ 506,219,663	\$ 492,779,215	\$ 380,744,745	\$ 361,579,993	\$ 886,964,406	\$ 854,359,208

5.9 percent of the City's net assets are subject to restrictions on how they may be used. Debt service funds and capital project activity comprise \$35,358,122 or 67.9 percent of the total restricted net assets. Unrestricted net assets of \$23,276,383 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 reports a positive balance of \$9,598,086 for governmental activities unrestricted net assets. This is a decrease of \$6,396,791 from the prior year due to expenditures in the 2008 TML and 2010 TML Funds in FY 10 that is to be reimbursed by loan proceeds in FY 11. All categories for governmental activities as well as all categories for business-type activities report a positive balance.

Governmental Activities

Governmental activities increased the City of Murfreesboro's net assets by \$13,440,448 thereby accounting for 41.2 percent of the total growth in the net assets. Key elements of this increase are displayed on the Changes in Net Assets table.

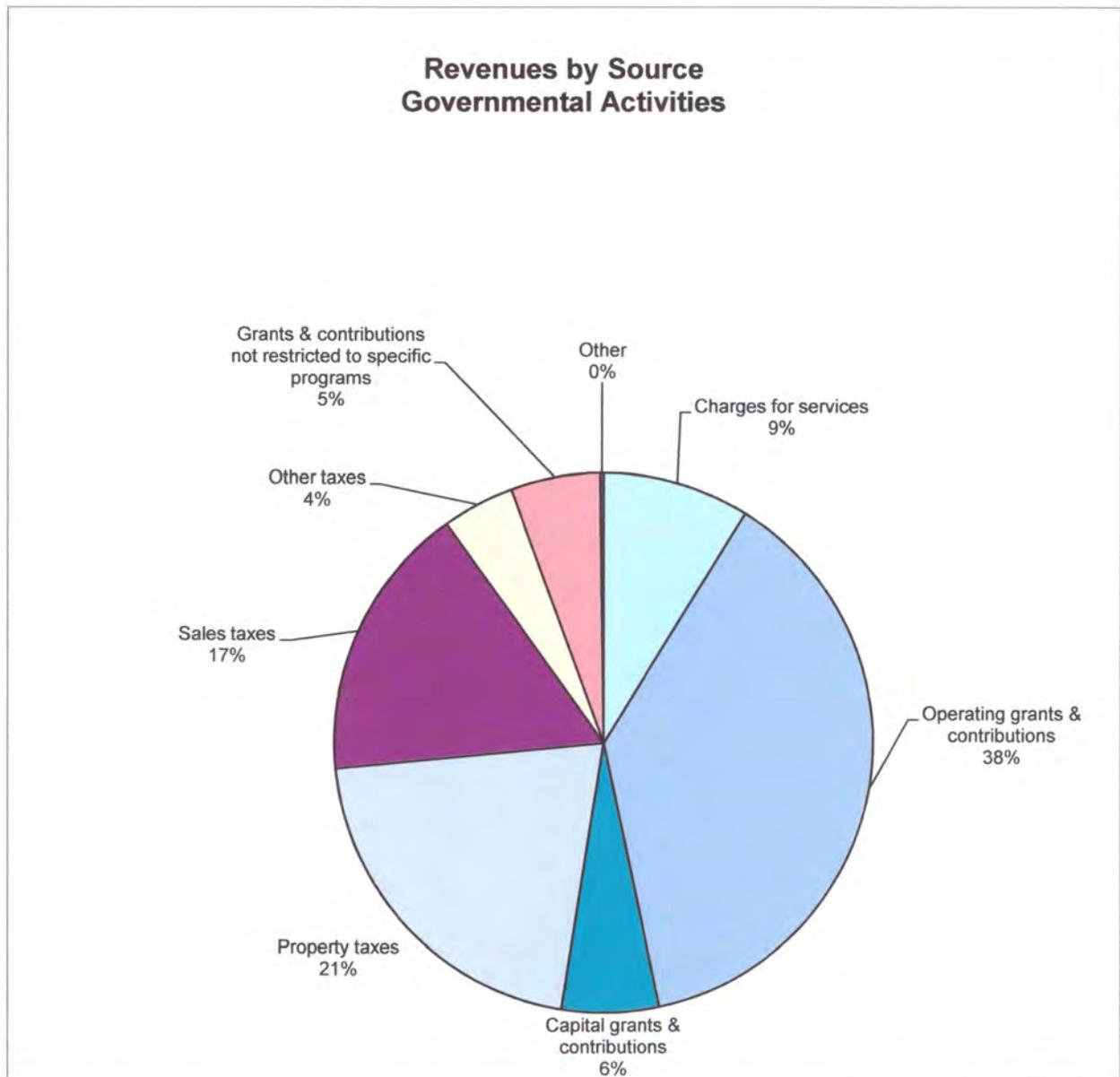
Governmental charges for services decreased \$3,487,474 from the previous fiscal year, of which \$2,661,474 is a decrease in city court charges. Most of the decrease in judicial charges relates to the GASB 33 accrual made in FY 09, much of which related to the automated red light camera system implemented for the first time that year. Operating grants and contributions revenue has a decrease of \$3,839,596 from the prior year. Of this decrease, \$2,587,358 relates to the decrease of FEMA/TEMA grants earned for the FY 09 tornado damage net of the FEMA/TEMA grants earned for the FY 10 flood damage. Capital grants and contributions for the governmental activities of the City was \$9,795,709 which is a decrease of \$6,067,566 from the previous year. Most of the decrease relates to a decrease of capital and non-cash donations of streets totaling \$6,952,103. In FY 09 contributions from the State of Tennessee were recognized for two large city street projects and in FY 10 the

City did not have any neighborhood streets donated from developers. In FY 10 a total of \$1,876,446 was recognized from contributions from Rutherford County towards a joint tennis court project and for the donation of a building previously owned and occupied by the County built on City property. The City's general tax revenue decreased \$940,658, and about half of this amount was a decrease in sales tax. Additionally, state shared taxes have decreased \$298,480 from the previous year accounting for most of the decrease in grants and contributions not restricted to specific programs. Interest rates continued to decline causing unrestricted investment earnings to decrease by \$243,819. Gain on sale of assets decreased because the City sold some of their land holdings in the Gateway Project in FY 09, but did not complete any sales in FY 10. City engineers are managing stormwater improvements on City streets and the cost is passed through to the Stormwater Fund.

CHANGES IN NET ASSETS June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 14,775,612	\$ 18,263,088	\$ 166,208,592	\$ 175,499,852	\$ 180,984,204	\$ 193,762,938
Operating grants & contributions	63,622,478	67,462,074	146,238	88,994	63,768,716	67,531,068
Capital grants & contributions	9,795,709	15,863,275	8,042,948	8,119,244	17,838,657	23,982,519
General revenues:						
Property taxes	35,205,314	35,334,174			35,205,314	35,334,174
Other taxes	35,175,640	33,669,751			35,175,640	33,669,751
Grants & contributions not restricted to specific programs	9,024,361	9,503,830			9,024,361	9,503,830
Other	374,460	630,166	371,857	404,669	746,317	1,034,835
Total revenues	\$ 167,973,574	\$ 180,926,356	\$ 174,769,635	\$ 184,092,759	\$ 342,743,209	\$ 385,019,115
Expenses:						
General government	\$ 10,935,799	\$ 11,649,426			\$ 10,935,799	\$ 11,649,426
Police	21,357,988	22,692,847			21,357,988	22,692,847
Fire protection	13,879,753	14,331,112			13,879,753	14,331,112
Judicial	392,199	435,877			392,199	435,877
Legal	708,421	770,951			708,421	770,951
Personnel	691,601	641,827			691,601	641,827
Streets	13,146,938	13,538,620			13,146,938	13,538,620
Planning and engineering	1,710,957	2,626,364			1,710,957	2,626,364
Building inspections	1,712,753	1,725,111			1,712,753	1,725,111
Sanitation	4,657,751	6,135,988			4,657,751	6,135,988
Transportation	3,264,921				3,264,921	
Urban environmental	964,579	902,288			964,579	902,288
Public health, educ. and welfare	1,664,492	2,124,575			1,664,492	2,124,575
Community services	6,288,522	8,213,989			6,288,522	8,213,989
Recreation	11,255,539	12,161,486			11,255,539	12,161,486
Community/economic develop.	2,325,940	1,113,234			2,325,940	1,113,234
Education	55,979,544	56,067,967			55,979,544	56,067,967
Food service	3,263,223	3,424,389			3,263,223	3,424,389
Interest on long-term debt	2,956,845	3,620,010			2,956,845	3,620,010
Water and sewer			\$ 28,950,257	\$ 28,206,394	28,950,257	28,206,394
Electric			123,401,884	132,425,424	123,401,884	132,425,424
Cemetery			592,384	446,550	592,384	446,550
Total expenses	\$ 157,157,765	\$ 162,176,061	\$ 152,944,525	\$ 161,078,368	\$ 310,102,280	\$ 323,254,429
Increase in net assets before contributions and transfers	\$ 10,815,809	\$ 18,750,295	\$ 21,825,110	\$ 23,014,391	\$ 32,640,919	\$ 41,764,686
Contributions to permanent funds			65,138	89,150	65,138	69,150
Gain/Loss on sale of assets	(100,857)	1,775,902			(100,857)	1,775,902
Reduction in estimated landfill post-closure costs						
Transfers	2,725,496	2,172,944	(2,725,496)	(2,172,944)		
Increase in net assets	\$ 13,440,448	\$ 22,699,141	\$ 19,164,752	\$ 20,910,597	\$ 32,605,200	\$ 43,609,738
Net assets - beginning, as previously reported	\$ 491,705,415	\$ 466,425,094	\$ 361,579,993	\$ 340,669,396	\$ 853,285,408	\$ 807,094,490
Prior period adjustment	1,073,800	2,581,180			1,073,800	
Net assets - beginning, as restated	\$ 492,779,215	\$ 469,006,274	\$ 361,579,993	\$ 340,669,396	\$ 854,359,208	\$ 809,675,670
Net assets at end of year	\$ 506,219,663	\$ 491,705,415	\$ 380,744,745	\$ 361,579,993	\$ 886,964,408	\$ 853,285,408

The cost of all governmental activities was \$157,157,765. However, as shown in the Changes in Net Assets table, 56.12 percent (\$88,193,799) 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 page 10.



In comparison to the previous year, the percentages noted above have only changed slightly. Sales tax and property taxes have increased 2 percent, capital grants and contributions have decreased 3 percent and the other categories have had a 1 percent or less change from the prior year. The following table displays program costs to the taxpayers.

**Net Program Cost to
Taxpayers**

	<u>Revenue</u>	<u>Expense</u>	<u>Revenue</u>
General government	\$ 288,413	\$ 10,935,799	\$ (10,647,386)
Police	620,347	21,357,988	(20,737,641)
Fire protection	818,336	13,879,753	(13,061,417)
Judicial	2,167,575	392,199	1,775,376
Legal		708,421	(708,421)
Personnel		691,601	(691,601)
Streets	6,647,714	13,146,938	(6,499,224)
Planning and engineering	98,592	1,710,957	(1,612,365)
Building inspections	1,817,128	1,712,753	104,375
Sanitation	35,058	4,657,751	(4,622,693)
Transportation	2,342,597	3,264,921	(922,324)
Urban environmental	5,603	964,579	(958,976)
Public health, educ. and welfare	33,904	1,664,492	(1,630,588)
Community services	7,007,591	6,288,522	719,069
Recreation	5,649,991	11,255,539	(5,605,548)
Community development	6,027,484	2,325,940	3,701,544
Education	51,138,688	55,979,544	(4,840,856)
Food service	3,494,778	3,263,223	231,555
Interest on long-term debt		2,956,845	(2,956,845)
Total governmental activities	\$ 88,193,799	\$ 157,157,765	\$ (68,963,966)

Governmental net assets for fiscal year 2010 increased by \$13,440,448 after payment of governmental activities expenses of \$157,157,765 with program revenues of \$88,193,799, general revenues of \$79,779,775, and a loss on sale of assets of \$100,857. There were also transfers from other funds of \$2,725,496. Governmental net assets at June 30, 2010 were \$506,219,663.

**Program Expenses
Governmental Activities**

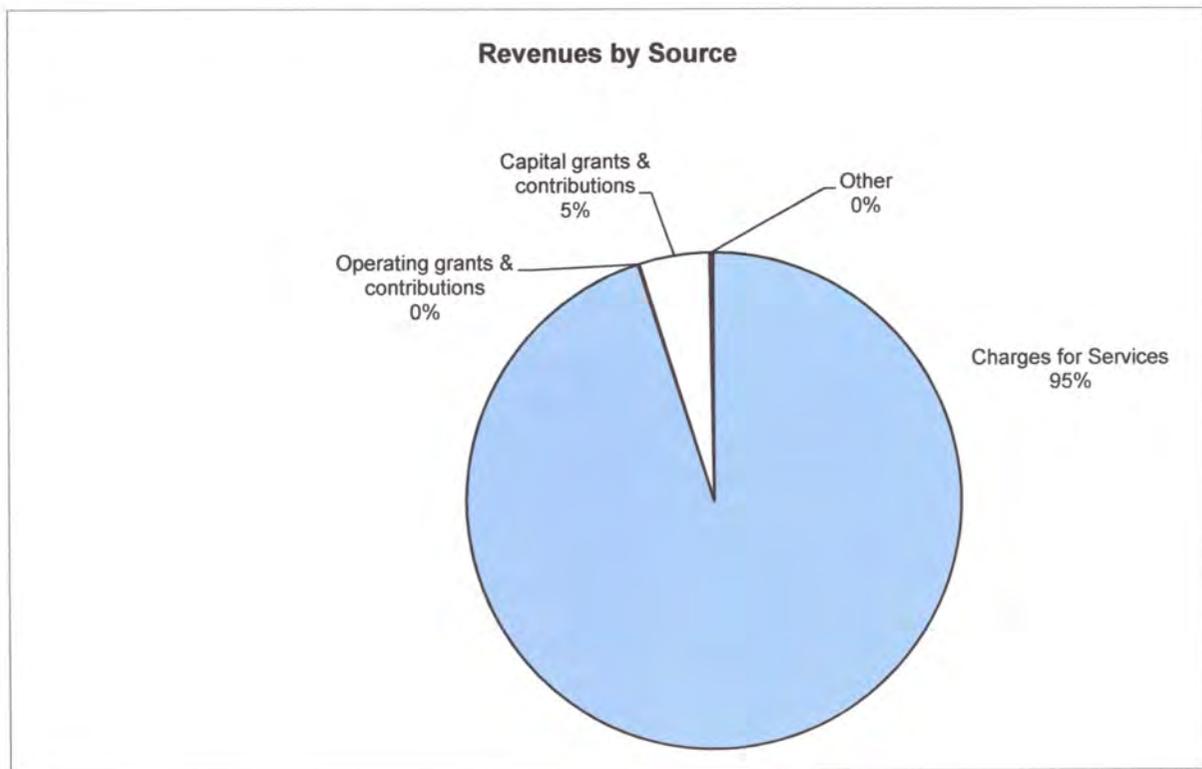
Governmental activities:	<u>Expense</u>	<u>of Total</u>		<u>Expense</u>	<u>of Total</u>
General government	\$ 10,935,799	7%	Transportation	3,264,921	2%
Police	21,357,988	14%	Urban environmental	964,579	1%
Fire protection	13,879,753	9%	Public health, educ. and welfare	1,664,492	1%
Judicial	392,199	0%	Community services	6,288,522	4%
Legal	708,421	1%	Recreation	11,255,539	7%
Personnel	691,601	0%	Community/economic development	2,325,940	2%
Streets	13,146,938	8%	Education	55,979,544	36%
Planning and engineering	1,710,957	1%	Food service	3,263,223	2%
Building inspections	1,712,753	1%	Interest on long-term debt	2,956,845	2%
Sanitation	4,657,751	3%	Total governmental activities	\$ 157,157,765	100%

Business-type Activities

The business-type activities increased the City of Murfreesboro’s net assets by \$19,164,752, accounting for 58.8 percent of the total growth of the City’s net assets. The business-type activities include a water and sewer operation, a stormwater operation, an electrical distribution operation and a cemetery. The cost of all business-type activities this year was \$152,944,525. As shown in the Statement of Activities, the amounts paid by users of the operations were \$166,208,592. The additional revenue sources included operating grants and contributions of \$146,238, capital grants and contributions of \$8,042,948, unrestricted investment earnings of \$371,857, and contributions to permanent funds of \$65,138. There were also transfers to governmental funds of \$2,725,496.

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

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Expense as a Percent of Revenue</u>
Water & Sewer	\$ 28,950,257	\$ 39,910,152	73%
Electric	123,401,884	133,956,469	92%
Cemetery	592,384	531,157	112%
	<u>\$ 152,944,525</u>	<u>\$ 174,397,778</u>	88%



The Water and Sewer Department experienced a \$1,853,587 (6.7 percent) growth in operating revenues due to a rate increase for water and sewer services. Operating and maintenance expenses decreased \$589,804 (3.5 percent) from the prior year as the department experienced savings in labor costs. The capital contributions from developers, which include the tap fees less the tap fee expense and the contributions in aid of construction, totaled \$8,042,948, remaining relatively flat compared to last year's total of \$8,119,244. The Stormwater Fund has now completed its third year of operations. Established in 2008 in accordance with federal mandates, the fund is primarily financed from charges to the Water & Sewer customer base for the study and management of stormwater runoff in the City of Murfreesboro. The charges collected by the Stormwater Fund were \$2,352,889, a decrease of 8.28 percent from last year. Management attributes this decrease to less development occurring in the City as well as existing developments now taking advantage of stormwater fee credit opportunities. Operating and maintenance expenses totaled \$1,208,797, an increase of 181.80 percent. Consulting fees of \$665,081 which were recognized in 2010, made up the majority of this increase.

Water and Sewer and Stormwater department employees participate in the City of Murfreesboro Pension Plan which is discussed in the Financial Analysis of Governmental Funds.

The Electric Department experienced a \$10,930,818 (7.54 percent) decrease in operating revenue. This decrease is due primarily to quarterly fuel cost adjustment (FCA) decreases by TVA of \$20 million this fiscal year offset by a retail rate increase (to pass through an 8 percent wholesale increase by TVA). In addition, the Electric Department also took a guideline rate increase of 0.45 percent which kept purchased power from increasing as significantly as operating revenue. While purchased power expense of \$106,158,606 reflects a decrease of 9.43 percent in 2010, other operating expenses increased. Health insurance and pension benefit increases was the primary driver in the 27.2 percent increase of general and administrative expenses. Additionally, property taxes and depreciation expenses increased by 12.23 and 10.23 percent respectively as a result of increased plant assets. The Electric Department experienced moderate customer growth during 2010. The customer base increased by 1,445 customers, or 2.86 percent. This trend is expected to continue through June 30, 2011.

The Electric Department contributes to a single-employer defined pension plan separate from the City of Murfreesboro's pension plan. The plan's net assets increased by \$1,939,619 or 18.9 percent during FY 10 compared to a FY 09 decrease of \$1,299,980. The primary reason of this increase can be attributed to the improved stock market conditions during FY 10. Benefit payments increased by \$76,896 or 14.61 percent during the year. The plan's actuary recommends the advised retirement contribution amount based on the annual actuary report. All contributions to the plan are made by the employer. Additional information regarding the Murfreesboro Electric Department Employee Pension Plan can be found in footnote I.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of June 30, 2010 the City of Murfreesboro's governmental funds reported combined ending fund balances of \$56,242,171, a decrease of \$7,923,415 in comparison with the prior year.

The general fund is the chief operating fund of the City of Murfreesboro. At June 30, 2010, the fund balance was \$39,895,480, an increase of \$1,301,891. While the past year continued to present difficult economic challenges, management worked to control expenditures as necessary to meet revenue shortages. While most revenue line items are less than they were for FY 09, many of them are more than budgeted for FY 10. Notable exceptions are the local option sales tax (budgeted shortfall of \$1,296,707), court fines (budgeted shortfall of \$1,296,736), state shared sales tax (budgeted shortfall of \$208,385) and state shared income tax allocation (budgeted shortfall of \$194,548). The sales tax numbers continue to be low as many consumers have not yet gained confidence in the national economy and are still not spending in accordance with past trends. Court fines are down from budgeted amounts, which could be tied to economic conditions and ability to pay, but the City has begun efforts to select a collection agency as the efforts to collect with in-house staff were not considered satisfactory. Tennessee cities rely on sales tax, as does Murfreesboro, due to the absence of income taxes. The falling economy caused sales tax collections to steadily drop or go flat across the state throughout the fiscal year. Property tax and related accounts increased \$2,166,155 (6.6 percent) over the previous year. About 60% of the property tax base increase is related to commercial and industrial projects, which were in progress before the slowing of the economy. As we are a service based organization, our largest expense is for wages and related benefits, which equaled 72.5 percent of our FY 10 expenditures. In the general fund, labor and related accounts totaled \$38,951,290 for FY 10, versus \$39,000,718 for FY 09. This equated to a decrease of \$49,428 or 0.1 percent. While labor and related taxes decreased by \$724,920, health insurance costs increased by \$561,013 and retirement contributions increased by \$114,479. FY 09 labor included more than \$470,000 in overtime labor costs as a result of the Good Friday EF-4 tornado. The absence of such a major event in 2010 contributed to the decrease in labor costs for the City in FY 10. In addition, the police department implemented new technologies and services that enabled officers work to more efficiently without sacrificing public safety. Management also continued a hiring freeze and a capital purchasing freeze that had been implemented in the previous fiscal year. The City did not fill all new positions budgeted and left many vacancies unfilled as they occurred in an effort to control costs. Generally, all departments were asked to search for budget cuts that would not affect basic service to our citizens and we were able to realize a savings throughout all departments resulting in the increase to fund balance of \$1,301,891. We also recognized a savings in interest costs to our debt service cost which is discussed below.

The General Purpose School fund balance grew by \$1,601,143 due primarily to federal stimulus funding and better than anticipated Rutherford County property tax payments. Expenditures decreased overall by \$524,693 from FY 09 as most departments implemented reductions, with the exception of Instruction which implemented a previously negotiated

annual step increase for professional educators and the mandatory increase in the State retirement plan.

The Debt Service Fund experienced a small increase in fund balance of \$545,113. Scheduled principal payments were \$1,126,986 (6.6 percent increase) more in FY 10, interest payments were \$198,248 less in FY 10 and debt issuance costs increased \$342,763 in FY 10. Financed debt has decreased \$14,088,420 for governmental activities debt, including school debt service. In September 2009 the City refinanced five variable rate loans (1996 TML, 1998 TML, 1999 TML, 2004 TML and 2005 TML) in exchange for fixed rate obligation bonds. The premium from this refunding had a balance of \$5,975,937 as of June 30, 2010 to be amortized over the remaining life of the debt. The refunding was done to take advantage of low fixed interest rates for future budget stabilization, and the life of the repayment was not extended. After the refunding, fixed rate debt was 31.4 percent of the financed debt portfolio. However, subsequent to the fiscal year-end additional new debt was financed in November 2010 through fixed rate loans bringing the balance to 45.5 percent fixed rate and 54.5 variable rate.

In accordance with guidance from the State and the AICPA, the city schools debt service and capital outlay paid for by the City of Murfreesboro is recorded on the schools department-wide report. On page 29, under Other Governmental Funds, \$3,921,195 is included for debt principal, interest and issuance costs, which is for funds paid out by the City of Murfreesboro on debt that was issued by the City of Murfreesboro and used on school buildings and equipment in addition to other city projects. The school report also includes the buildings (which are titled to the City of Murfreesboro) and equipment with their own asset and capital outlay information. The City has deleted these same numbers from the asset and capital outlay information. This information was booked through the use of transfers as seen in the Other Financing Sources (Uses) section of page 29.

The 2008 TML Fund is a capital project fund that expends loan proceeds from the Tennessee Municipal Bond Fund (TMBF). It has a deficit balance at June 30, 2010 of \$(2,640,793) which results from funds spent through the General Fund to be repaid through loan proceeds. The overwhelming majority of expenditures for FY 10 were for street projects. Some police capital outlay expenditures were made for technology advances and we continued to add to our greenway (20 percent match towards federal grant).

The City continued to expend funds for new projects that were reimbursed from a new loan through the TMBF issued in November 2010 after the June 30, 2010 fiscal year-end. At the time of issuance, funds had been spent on two major road projects, an upgrade to a recreational outdoor pool facility, a tennis court facility project shared with Rutherford County, an upgrade to a building to be used by the police department and we purchased two 75' aerial fire trucks. Collectively, all TML Funds (1998-2010) had a deficit fund balance of \$(10,094,778) of which the 2010 TML represented \$(9,053,772). Inactive TML Funds have a positive fund balance as a result of funds held in escrow for state match on road projects.

The Recreation Fund had a decrease in intergovernmental funding of \$3,554,021 as well as a decrease of \$3,703,019 in capital outlay expense due to less greenway extension activity from

FY 09. For the year ended June 30, 2010, the department received 25.8 percent of its funding from sources other than the General Fund.

The Television Fund is for our municipal cable television channel run by city employees. The programming is composed of meetings of our Council, and other boards or commissions, original programming done by city employees as well as programming provided by other agencies such as the Chamber of Commerce to provide information for our citizens as well as our visitors. This channel is supported through cable franchise fees and the current fund balance is \$5,134,150. Legislation by the State of Tennessee changed how this franchise fee is calculated as new competitors are allowed into our market. Comcast has provided service to our citizens in the past and now AT&T has entered the market as a competitor under the new legislation, but as of June 30, 2010 there was not a noticeable financial impact.

The Public Transportation Fund was closed as a separate fund and combined with the transportation section of our planning and engineering department into a new transportation department in the general fund as of July 1, 2009.

The City's Pension Fund, a defined benefit plan, had an increase of \$8,551,249 in net assets held in trust through June 30, 2010. This is a 12.7 percent increase from the previous year. The pension committee has been working with third-party consultants and our investment managers to closely monitor the stock market and to mitigate future asset decreases by ensuring the plan is properly diversified and that investment managers are meeting set benchmarks. The City's actuary recommends the advised retirement contribution rate based on the annual actuary report. The City receives this rate after the budget has been set for the following year, so the rate is implemented one year later in the next budget year, causing a timing difference for implementation. If the advised contribution rate increases, this can cause a temporary underfunding of the pension obligation, which can also be affected by the actuarial assumptions and activity within the plan. The plan was closed to new participants as of June 30, 2010, and a new defined contribution plan was implemented for new hires beginning July 1, 2010. Additional information regarding the pension plans can be found in note I on pages 64 - 71, including the pension plan information for the city schools which is administered by the State of Tennessee and a separate fund defined benefit plan for the Murfreesboro Electric Department.

Proprietary Funds

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

Net assets of the Water and Sewer Department at June 30, 2010 were \$275,036,609, which is an increase of \$9,994,170. The Electric Department had net assets of \$99,485,100 at June 30, 2010, which is an increase of \$7,866,299. Net assets for the other proprietary funds at June 30, 2010 were \$3,814,112, which is an increase of \$1,100,598. The Stormwater Fund is responsible for \$1,144,092 of this increase while the Cemetery Fund is responsible for a decrease in net assets of \$43,494.

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

No budget amendments were necessary for the General Fund during the fiscal year ended June 30, 2010.

Overall, budget exceeded general fund revenues by \$958,067 and expenditures were less than budget by \$1,367,621. Additionally, transfers from the general fund to other funds were less than anticipated by \$4,904,143. The budget anticipated a \$4,011,806 shortfall to be funded from available fund balance, but instead the actual amount was an increase to fund balance of \$1,301,891.

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, 2010 amounted to \$1,134,263,082 (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 2.3 percent (a 2.1 percent increase for governmental activities and a 2.5 percent increase for business-type activities).

Governmental activities:

Land increased by \$1,179,839 in FY 10 of which \$818,280 (69.4 percent) was for right-of-way increases for road construction and drainage easements.

Construction in progress at June 30, 2010 is composed largely of road projects (70.8 percent), the recreation greenway extension (3.6 percent), a recreational pool facility (10.5 percent), a police precinct and the new office building/visitor's center (12.9 percent), which will be the future site for our Chamber of Commerce.

Government buildings decreased \$93,556, net of depreciation, in FY 10. A new fire station was transferred from construction in progress totaling \$958,607, renovations of \$489,179 were made to a city owned building for use by the police department, a building was donated to the city by Rutherford County valued at \$675,000, and restroom facilities were constructed on a greenway trailhead at a cost of \$273,590.

Government improvements other than buildings increased \$2,491,946 net of depreciation. Greenway extension additions of \$3,475,323 were added as well as a tennis court facility constructed with participation of Rutherford County costing \$1,763,397.

Equipment decreased \$1,981,254 net of depreciation. The City school programs added \$1,470,299 in new equipment net of disposals in FY10, and there was an additional \$298,105 added in other governmental types of equipment.

Computer software was retroactively added in accordance with GASB 51. The net change in FY 10 is \$16,714 net of depreciation.

Infrastructure had net additions of \$17,051,977 relating to road projects, curb and gutter, sidewalks, traffic signals and landscaping. Depreciation for FY 10 infrastructure was \$6,269,007, leaving a net \$10,782,970 increase for the year.

Business-type activities:

As a result of maintained population growth, the utility operations continued additions and improvements of the water and sewer facilities and infrastructure and the electric plant for a net increase in utility assets of \$11,804,921. Construction in process for water and sewer capital activities increased \$7,411,946 (11.17 percent) while depreciable assets decreased \$1,873,519 (0.7 percent). The electric plant has increased \$8,316,027 (12.1 percent).

**Capital Assets
Net of Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)
Non-Depreciable Assets:						
Land	\$ 241,332,693	\$ 240,152,854	\$ 21,657,733	\$ 20,809,509	\$ 262,990,426	\$ 260,982,363
Construction in progress	31,988,842	30,710,183	86,466,884	79,148,681	118,455,726	109,858,864
Other Capital Assets:						
Buildings	94,283,064	94,376,620	56,366,432	57,510,405	150,649,496	151,887,025
Improvements other than buildings	39,074,412	36,582,466			39,074,412	36,582,466
Transmission & distribution mains			200,835,469	199,481,024	200,835,469	199,481,024
Electric plants			98,897,317	93,909,509	98,897,317	93,909,509
Equipment	18,297,174	20,278,428	15,677,156	17,236,942	33,974,330	37,515,370
Computer Software	875,645	892,359			875,645	892,359
Infrastructure	228,510,261	217,727,291			228,510,261	217,727,291
Total	\$ 654,362,091	\$ 640,720,201	\$ 479,900,991	\$ 468,096,070	\$ 1,134,263,082	\$ 1,108,816,271

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 58 - 60 of this report.

Long-term Debt

Total long-term debt for the City of Murfreesboro decreased \$10,298,719 during the year ended June 30, 2010. Debt from governmental activities decreased \$7,813,426 (3.5 percent) and business-type activities debt has decreased \$2,485,293 (1.7 percent).

The City has 45.9 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, 2010 ranged from 0.39 percent to .47 percent. These loans are drawn down periodically as the money is needed for reimbursement.

Street construction and improvements are the dominant governmental uses of the current loan in process. The next new debt issuance occurred in November 2010 for \$47,600,000 and over 78 percent of the budget is for street projects and engineering, and approximately 16 percent is for recreational projects. Many of the projects budgeted in the new loan began with money fronted by the general fund and reimbursed upon debt issuance.

The Water and Sewer Department drew down \$9,174,083 from TMBF loans during FY 10 for funding of several capital improvement projects including construction of water plant process expansion and upgrade (Phase II) which was completed in early 2010, planning for the expansion of the wastewater treatment plant and water and sewer system expansion and improvements. The majority of the funds drawn down were for water plant construction. The Electric Department incurred \$386,628 in additional utility acquisition debt in FY 10 as part of their purchase of certain customers and utility plant from Middle Tennessee Electric Membership Corporation.

During the year, the Water and Sewer and Electric Departments participated in the refinancing of a portion of their variable rate debts. Water and Sewer issued \$40,860,000 with a premium of \$2,873,793 for a total par value of \$43,733,793. These bonds were used to prepay the 1996, 2005 and 2008 (1) and 2008 (2) Series of the Tennessee Municipal Bond Fund. The Electric Department issued \$15,445,000 in bonds to prepay and refund the outstanding 1999 Bond Series and the 2001, 2004, and 2006 Series of the Tennessee Municipal Bond Fund loans. These issuances gave the departments the opportunity to guarantee low interest rates without increasing or decreasing the original maturities.

Additional information on the City of Murfreesboro's long-term debt can be found in note G on pages 60 - 64 of this report.

The City adopted the requirements of GASB Statement No. 45 in FY 08 regarding post-employment benefits which recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Prior year liabilities are being recognized over a 30 year period and, together with current benefits earned, the liability recognized through June 30, 2010 is \$18,479,401, an increase of \$6,313,679 (51.9 percent) from the previous year. The benefits offered to the governmental and water and sewer employees are on an annual basis, with an option to cancel, modify or reduce benefits by authority of the City Council and are currently funded on current benefits only. The electric department has its own administered plan and only current benefits are being funded under that plan as well. The city schools plan is administered by the State of Tennessee. Additional information on the City of Murfreesboro's post-employment benefits can be found in note K on pages 71 - 76 of this report

The table on the following page has comparative information for governmental and business-type activities.

Long-term Debt Outstanding June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 54,851,875		\$ 363,125		\$ 55,215,000	
Add: Premium on refunding	5,975,937				5,975,937	
Tennessee Municipal Bond Fund loans	126,243,230	\$ 200,127,211	42,903,203	\$ 96,728,807	169,146,433	\$ 296,856,018
Revenue bonds			51,270,000	2,060,000	51,270,000	2,060,000
Add: Premium on refunding			2,878,792		2,878,792	
Matured bonds payable			36,000	36,000	36,000	36,000
Less: Deferred amounts			(104,576)	(62,416)	(104,576)	(62,416)
Capital outlay note	2,578,350	2,994,000			2,578,350	2,994,000
State revolving loan			38,366,654	41,036,702	38,366,654	41,036,702
Estimated landfill closure costs	1,425,000	1,825,000			1,425,000	1,825,000
Compensated absences	6,668,923	6,302,919	2,901,893	2,780,147	9,570,816	9,083,066
Post-employment benefit obligation	14,854,698	9,865,309	3,624,703	2,300,413	18,479,401	12,165,722
Loans payable - Utility plant acquisition			963,430	808,864	963,430	808,864
Claims and judgements	5,879,000	5,176,000			5,879,000	5,176,000
	<u>\$ 218,477,013</u>	<u>\$ 226,290,439</u>	<u>\$ 143,203,224</u>	<u>\$ 145,688,517</u>	<u>\$ 361,680,237</u>	<u>\$ 371,978,956</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. Murfreesboro is the home of Middle Tennessee State University which is the largest undergraduate school in the state of Tennessee. The City continues to make street improvements leading to and around the University campus. The 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. Their athletic facilities are used to draw tourism dollars to Murfreesboro when the City hosts high school tournaments through a contract with Tennessee Secondary School Athletic Association and the Chamber of Commerce. These events have a significant impact on the local economy.

In December 2009, the U.S. Youth Soccer announced that Murfreesboro has been chosen to host the 2011 regional championships. Local restaurants, hotels, retail stores and other businesses in the community are expected to benefit from the more than 10,000 players, coaches, teams and tournament officials and their families at this six day tournament. The expected economic impact of this tournament to our area is \$7.2 million. The investment in quality recreational facilities, including the City's 15 field soccer complex, continues to bring outside interest to our area. The President's Cup soccer tournament, national girls' softball qualifying tournament, and the Tennessee state baseball tournament were all held in Murfreesboro during the summer of 2010, bringing new visitors to our area and adding to the economic impact.

In September 2009, the City of Murfreesboro received an AA- rating from Standard & Poor's Rating Service and an Aa2 rating from Moody's Rating Service. These ratings reflect our consistently strong general fund performance, good wealth and income levels, a sound local economy centered in retail, medical services, and tourism, and proximity to Nashville, TN, an

economic and employment center. These ratings were instrumental in securing a low interest rate on the bonds issued for FY 10. Our new debt loan issued in November 2010 was secured with the assistance of the Tennessee Municipal Bond Fund and the 2.89 percent rate was privately negotiated.

Our engineers have been heavily involved in major road projects in and around the city. Street projects of \$17,609,987 were completed and capitalized in FY 10. Major construction-in-progress projects include a re-alignment of area streets and roads near the interstate exit at Medical Center Parkway to alleviate problems associated with the increased load of traffic being realized in this area. The City is constructing new phases of the road project named Veteran's Parkway which will connect roads near interstate exits and State Route 840. This loop on the southwest side of Murfreesboro is expected to increase development in this area of Murfreesboro because of the access it will afford to commercial and local traffic. The Joe B. Jackson Parkway is a road project being developed to connect Interstate 24 to Highway 231. This project is currently in the planning phase including purchasing right-of-way, and upon completion this project should help manage traffic that is causing congestion on Highway 231. Additionally, the city engineers are working with staff of the stormwater fund to manage drainage problems in our city, including work in progress on a large residential project in one of our older neighborhoods as of June 30, 2010.

In conjunction with federal grants (80 percent funding) the City has also continued work on its greenway system. The City opened Phase II of the Stones River greenway extension in the fall of 2009. Phase 3 of the greenway extension is now in planning with our architects and the city has begun acquiring right-of-way. The City and County also joined forces to construct a new tennis court facility. The land was already owned by the City and the County contributed funds to build 16 courts, 8 with lights, for use by the area high school tennis teams, as well as the general public. In FY 10 the City completed and capitalized a new fire hall that was planned before the recession slowed development. The facility was neither opened nor staffed as a firehall, but is being used as a training facility until development increases in the area requiring the City to staff it as originally planned. The City contributed funds to the County to construct a new firing range, which was nearing completion at June 30, 2010. This facility was constructed on County owned land and will enable our police officers to gain their firearm training in Murfreesboro.

During FY 10, the City was awarded several American Recovery and Reinvestment Act (ARRA) grants both directly and indirectly from the federal government. These grants are intended to stimulate local economies and improve job creation and retention. The City's General Fund was awarded more than \$4 million in ARRA grants during FY 10 although the majority of the grants will be spent and therefore earned in FY 11 and FY 12. These grants are aimed at public safety, transportation, and energy efficiency. In addition, the Community Development Fund was awarded two ARRA grants: one through its community development program and another grant through a partnership with the Murfreesboro Housing Authority to aid residents who are homeless and those in danger of becoming homeless. The City's State Street Aid Fund was also awarded funds to widen and repave Thompson Lane, a major Murfreesboro roadway.

In October 2009, the City broke ground on the new visitor's center located in the Gateway area. The Chamber moved into the facility in December 2010 as the construction neared completion. The 33,744 square foot center is estimated to cost \$6.6 million to construct. It will house both the visitor's center and the Rutherford County Chamber of Commerce. Federal grants of \$3.36 million and a \$2 million donation from the Christy-Houston Foundation will finance the majority of the project. The City of Murfreesboro has agreed to finance the remaining costs of construction with the Chamber of Commerce repaying the note over a 25 year lease. The visitor's center is expected to bring in tourism revenues to the area and tout the impressive historical, educational and retail amenities that the City of Murfreesboro has to offer.

The economy appeared to have finally begun to slow its decline at the time the planning began for the 2011 fiscal year budget. Staff re-evaluated departmental projects and their expected timelines. As in the year before, employee vacancies were evaluated carefully to determine if they could be deleted and responsibilities redistributed. It was decided some departments could operate with fewer employees and as many employees as possible were redistributed to other departmental vacancies in order to layoff as few as possible. Budget cuts were analyzed to provide savings yet still provide quality service to the citizens. The City Manager continues to closely monitor large purchases and projects as well as all hiring decisions. During the first five months of the 2010-2011 fiscal year, our local option sales tax dollars are approximately \$0.5 million more than last year and approximately \$0.25 million than budgeted. Our position in middle Tennessee has helped insulate our community from many of the problems that those counties that border our state have experienced as a result of residents going across the state-line to buy their goods. In this uncertain economy, many residents continue to be careful with spending their discretionary dollars.

Our Community Development staff accepted new federal funds to assist with needed repairs to foreclosed homes and then working with non-profit groups to get those homes occupied.

During FY 10 the City's pension committee worked with consultants to develop a new retirement plan for employees hired on or after July 1, 2010. The new plan is a defined contribution plan that has both mandatory and voluntary contributions which are matched by the City. This new plan will aid the City budget process as we will not contribute based on our investment strategy, nor on longevity of our retirees. Unlike the define benefit plan, this plan will be something an employee can take with them if they leave employment of the City, based on when they leave.

The new Middle Tennessee Medical Center campus opened October, 2010. The new facility in our Gateway area should assist our residents in getting excellent healthcare services without having to go to other cities. The Gateway Project near the Medical Center Parkway/I-24 interchange continues to develop and occupancy continues to grow. Development in this area is ongoing due to the new retail development and the hospital. Near the Gateway are three shopping venues: Stones River Mall, the Oaks and The Avenue. Each venue has national retailers and restaurants and are in close proximity to the new hotel/conference center and the new medical facilities which will generate a large positive economic impact for the community. Stones River Mall recently completed its renovations and expansions

which have attracted new restaurants and businesses to the area. New commercial projects continue to be brought before our planning commission and we believe growth will continue to broaden our sales tax base as the economy recovers.

With Water and Sewer revenues lower than projected and operating expenses increasing, the department maintained a hiring and wage freeze for the 2011 budget year. In addition, fee schedules for water and sewer connections, cross connection inspection, and customer service fees were increased. Management also intends to reduce the usage allowance for a minimum bill with the hopes that, eventually, each customer will be charged a flat customer service charge regardless of usage and a volume based charge based on usage as recommended by the department's 2007 Cost of Service Study.

A consulting group, Hazen and Sawyer, has been retained to assist the Water & Sewer Department with a study on the best methods for adding overall wastewater treatment capacity to the system and the best solution for disposal of additional effluent from the system. This will determine a capital improvement program to increase wastewater treatment and disposal capacity.

TVA has initiated a wholesale rate redesign which is driving the market towards a seasonal, time of use, rate structure that will become effective April 1, 2011. In addition, TVA is moving towards a demand and energy wholesale structure rather than the current set-up which account for sales under the wholesale methodology. This change will likely equate to the Electric Department assuming more financial risk and the possibility of negative net income a couple of months out of each fiscal year is highly likely. This restructuring is intended to more accurately charge customers for their usage. Customers will see the highest charges in the summer, mid-level charges in the winter, and the lowest charges should be in the spring and fall. This approach will give customers the opportunity to shift their usage patterns to lower their overall bill.

The Electric Department is conducting a Cost of Service study which is intended to determine if the current rates are adequate to cover the total system costs over a five year period and to determine whether the current rates properly cover the cost incurred in serving a particular class of customers. In other words, the study will point out if one class of customer is subsidizing another. The results of the study will be used to recommend whether an overall rate adjustment is needed as well as realigning the rates to more adequately reflect the true cost of serving the customer class.

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, 2010

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 57,829,582	\$ 23,459,375	\$ 81,288,957
Certificates of deposit	363,924		363,924
Receivables, net of allowance for uncollectibles	69,151,072	10,173,939	79,325,011
Internal balances	(1,671,761)	1,671,761	-
Inventories	368,441	2,983,815	3,352,256
Prepaid pension costs	537,975		537,975
Prepaid items and other assets	76,951	973,570	1,050,521
Deferred charges	1,359,492	1,350,611	2,710,103
Restricted assets -			
Cash and cash equivalents	1,446,277	24,480,313	25,926,590
Certificate of deposit	500,000		500,000
Investments, at fair value	1,657,104		1,657,104
Capital assets -			
Land and construction in progress	273,321,535	108,124,617	381,446,152
Other capital assets, net of depreciation	381,040,556	371,776,374	752,816,930
Total Assets	\$ <u>785,981,148</u>	\$ <u>544,994,375</u>	\$ <u>1,330,975,523</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 10,813,106	\$ 14,215,893	\$ 25,028,999
Contracts payable		79,036	79,036
Unearned revenue	48,539,017		48,539,017
Deposits held	1,832,082	5,580,951	7,413,033
Other deposits	45,392		45,392
Matured bond interest payable	806		806
Other liabilities	54,069	1,170,526	1,224,595
Long-term liabilities -			
Due within one year	23,913,074	11,567,074	35,480,148
Due in more than one year	194,563,939	131,636,150	326,200,089
Total Liabilities	\$ <u>279,761,485</u>	\$ <u>164,249,630</u>	\$ <u>444,011,115</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 469,146,233	\$ 342,586,135	\$ 811,732,368
Restricted for -			
Education	7,107,101		7,107,101
Capital activity and debt service	10,877,809	24,480,313	35,358,122
Highways and streets	1,465,288		1,465,288
Community services	5,134,150		5,134,150
Other purposes	1,180,211		1,180,211
Perpetual care -			
Expendable	102,466		102,466
Nonexpendable	1,608,319		1,608,319
Unrestricted	9,598,086	13,678,297	23,276,383
Total Net Assets	\$ <u>506,219,663</u>	\$ <u>380,744,745</u>	\$ <u>886,964,408</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Activities

Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities -				
General government	\$ 10,935,799	\$ 238,822	\$ 42,921	\$ 6,670
Police	21,357,988	217,038	195,434	207,875
Fire protection	13,879,753	767,033	1,359	49,944
Judicial	392,199	2,167,575		
Legal	708,421			
Personnel	691,601			
Streets	13,146,938	38,813	3,818,486	2,790,415
Planning and engineering	1,710,957	29,778	68,814	
Building inspections	1,712,753	1,817,128		
Sanitation	4,657,751	35,058		
Transportation	3,264,921	86,498	2,249,102	6,997
Urban environmental	964,579	3,335	2,268	
Public health, education and welfare	1,664,492		33,904	
Community services	6,288,522	5,243,992	1,613,599	150,000
Recreation	11,255,539	2,863,486	146,416	2,640,089
Community/economic development	2,325,940	35,199	2,274,485	3,717,800
Education	55,979,544	22,425	50,890,344	225,919
Food service	3,263,223	1,209,432	2,285,346	
Interest on long-term debt	2,956,845			
Total governmental activities	\$ 157,157,765	\$ 14,775,612	\$ 63,622,478	\$ 9,795,709
Business-type activities -				
Water, sewer and stormwater	\$ 28,950,257	\$ 31,867,204		\$ 8,042,948
Electric	123,401,884	133,956,469		
Cemetery	592,384	384,919	\$ 146,238	
Total business-type activities	\$ 152,944,525	\$ 166,208,592	\$ 146,238	\$ 8,042,948
Total primary government	\$ 310,102,290	\$ 180,984,204	\$ 63,768,716	\$ 17,838,657
General Revenues -				
Taxes -				
Property taxes				
Sales taxes				
Beer and liquor taxes				
Gross receipts tax				
Hotel/motel tax				
Gas franchise tax				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Contributions to permanent funds				
Gain/(loss) on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as previously reported				
Prior period adjustment				
Net assets - beginning, as restated				
Net assets - ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business- type Activities	Total
----------------------------	---------------------------------	-------

\$ (10,647,386)		\$ (10,647,386)
(20,737,641)		(20,737,641)
(13,061,417)		(13,061,417)
1,775,376		1,775,376
(708,421)		(708,421)
(691,601)		(691,601)
(6,499,224)		(6,499,224)
(1,612,365)		(1,612,365)
104,375		104,375
(4,622,693)		(4,622,693)
(922,324)		(922,324)
(958,976)		(958,976)
(1,630,588)		(1,630,588)
719,069		719,069
(5,605,548)		(5,605,548)
3,701,544		3,701,544
(4,840,856)		(4,840,856)
231,555		231,555
<u>(2,956,845)</u>		<u>(2,956,845)</u>
\$ <u>(68,963,966)</u>		\$ <u>(68,963,966)</u>

	\$ 10,959,895	\$ 10,959,895
	10,554,585	10,554,585
	<u>(61,227)</u>	<u>(61,227)</u>
	\$ <u>21,453,253</u>	\$ <u>21,453,253</u>
\$ <u>(68,963,966)</u>	\$ <u>21,453,253</u>	\$ <u>(47,510,713)</u>

\$ 35,205,314		\$ 35,205,314
27,903,293		27,903,293
3,593,730		3,593,730
1,784,284		1,784,284
747,523		747,523
1,146,810		1,146,810
9,024,361		9,024,361
261,512	\$ 371,857	633,369
112,948		112,948
	65,138	65,138
(100,857)		(100,857)
<u>2,725,496</u>	<u>(2,725,496)</u>	
\$ <u>82,404,414</u>	\$ <u>(2,288,501)</u>	\$ <u>80,115,913</u>
\$ <u>13,440,448</u>	\$ <u>19,164,752</u>	\$ <u>32,605,200</u>

\$ 491,705,415	\$ 361,579,993	\$ 853,285,408
<u>1,073,800</u>		<u>1,073,800</u>
\$ <u>492,779,215</u>	\$ <u>361,579,993</u>	\$ <u>854,359,208</u>
\$ <u>506,219,663</u>	\$ <u>380,744,745</u>	\$ <u>886,964,408</u>



T E N N E S S E E



CITY OF MURFREESBORO, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2010

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 20,319,353	\$ 5,197,670	\$ 4,791,573	\$ 15,781,069	\$ 46,089,665
Certificates of deposit				363,924	363,924
Receivables, net of allowance for uncollectibles -					
Taxes	35,267,620				35,267,620
Accounts		14,070		160,794	174,864
Other	3,987,389			55,887	4,043,276
Due from others				603,127	603,127
Due from other funds	15,179,584	1,512,905		420,652	17,113,141
Due from other governments	11,424,188	11,929,163		5,417,543	28,770,894
Prepaid items and deposits	72,351			4,600	76,951
Inventories				226,462	226,462
Restricted assets -					
Cash and cash equivalents	628,144			818,133	1,446,277
Investments, at fair value				1,657,104	1,657,104
Total Assets	<u>\$ 86,878,629</u>	<u>\$ 18,653,808</u>	<u>\$ 4,791,573</u>	<u>\$ 25,509,295</u>	<u>\$ 135,833,305</u>
<u>LIABILITIES</u>					
Bank overdraft				\$ 112,340	\$ 112,340
Accounts payable	\$ 5,704,699	\$ 494,114		2,471,650	8,670,463
Accrued liabilities	512,853	134,986		235,246	883,085
Deposits held	1,832,082				1,832,082
Matured bond interest payable			\$ 806		806
Due to other funds	174,617	110,714		16,098,787	16,384,118
Due to other governments	19,900			106,411	126,311
Deferred revenue	38,684,929	10,632,919		2,164,620	51,482,468
Other deposits				45,392	45,392
Other liabilities	54,069				54,069
Total Liabilities	<u>\$ 46,983,149</u>	<u>\$ 11,372,733</u>	<u>\$ 806</u>	<u>\$ 21,234,446</u>	<u>\$ 79,591,134</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Balance Sheet (continued)
Governmental Funds

June 30, 2010

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>FUND BALANCES</u>					
Reserved for -					
Inventories				\$ 129,159	\$ 129,159
Encumbrances		\$ 81,971			81,971
Perpetual care				1,608,319	1,608,319
Capital projects	\$ 212,776				212,776
Indigent children		14,637			14,637
Equitable sharing	273,885				273,885
Technology		379,831			379,831
Unreserved, reported in -					
General Fund					
Undesignated	39,408,819				39,408,819
Special Revenue Funds					
Designated					
Repairs and replacement				425,839	425,839
Contingencies				16,313	16,313
Undesignated		6,804,636		9,079,221	15,883,857
Debt Service			\$ 4,790,767		4,790,767
Capital projects				(7,086,468)	(7,086,468)
Permanent fund				102,466	102,466
Total Fund Balances	<u>\$ 39,895,480</u>	<u>\$ 7,281,075</u>	<u>\$ 4,790,767</u>	<u>\$ 4,274,849</u>	<u>\$ 56,242,171</u>
Total Liabilities and Fund Balances	<u>\$ 86,878,629</u>	<u>\$ 18,653,808</u>	<u>\$ 4,791,573</u>	<u>\$ 25,509,295</u>	<u>\$ 135,833,305</u>

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2010

Total Governmental Fund Balances	\$ 56,242,171
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.	654,362,091
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.	5,828,442
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.	(2,455,934)
Prepaid pension costs are not available for current-period expenditures and, therefore, are not reported in the funds.	537,975
Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.	4,302,931
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.	(212,598,013)
Net Assets of Governmental Activities	<u>\$ 506,219,663</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, 2010

	General Fund	General Purpose School	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues-					
Taxes	\$ 69,016,901			\$ 1,275,655	\$ 70,292,556
Intergovernmental	12,171,470	\$ 46,095,119		17,630,077	75,896,666
Charges for services	995,505	22,425		7,225,548	8,243,478
Donations				1,941,617	1,941,617
Interest and investment earnings	115,912		\$ 15,666	307,596	439,174
Licenses and permits	4,407,336				4,407,336
Miscellaneous	2,188,814	425,720		2,021,845	4,636,379
	<u>\$ 88,895,938</u>	<u>\$ 46,543,264</u>	<u>\$ 15,666</u>	<u>\$ 30,402,338</u>	<u>\$ 165,857,206</u>
Expenditures-					
Current -					
General government	\$ 5,547,009				\$ 5,547,009
Police	20,336,182			\$ 217,425	20,553,607
Fire protection	13,316,531				13,316,531
Judicial	351,734				351,734
Legal	681,668				681,668
Personnel	646,870				646,870
Streets	3,853,160			2,985,300	6,838,460
Planning and engineering	1,705,063				1,705,063
Building inspections	1,700,106				1,700,106
Sanitation				4,289,255	4,289,255
Transportation	3,135,125				3,135,125
Urban Environmental	909,214				909,214
Public health, education and welfare	1,528,240				1,528,240
Community services				5,799,104	5,799,104
Recreation				8,399,731	8,399,731
Community development				2,322,141	2,322,141
Education		\$ 49,183,214		4,369,505	53,552,719
Food Service				3,263,223	3,263,223
Capital outlay		569,010		24,376,781	24,945,791
Debt service -					
Principal			\$ 18,275,160	3,396,765	21,671,925
Interest			2,723,665	436,278	3,159,943
Debt issuance costs			537,431	88,152	625,583
	<u>\$ 53,710,902</u>	<u>\$ 49,752,224</u>	<u>\$ 21,536,256</u>	<u>\$ 59,943,660</u>	<u>\$ 184,943,042</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 35,185,036</u>	<u>\$ (3,208,960)</u>	<u>\$ (21,520,590)</u>	<u>\$ (29,541,322)</u>	<u>\$ (19,085,836)</u>
Other Financing Sources (Uses)-					
Tennessee Municipal Bond Fund Loans				\$ 8,146,753	\$ 8,146,753
Refunding bonds issued			\$ 53,280,128	11,650,131	64,930,259
Premium on refunding			5,305,469	1,118,663	6,424,132
Payments on refunded debt			(58,172,776)	(12,680,067)	(70,852,843)
Transfers in	\$ 2,677,676	\$ 4,810,103	25,485,350	14,953,339	47,926,468
Transfers out	(36,560,821)		(3,832,468)	(5,019,059)	(45,412,348)
	<u>\$ (33,883,145)</u>	<u>\$ 4,810,103</u>	<u>\$ 22,065,703</u>	<u>\$ 18,169,760</u>	<u>\$ 11,162,421</u>
Net change in fund balances	<u>\$ 1,301,891</u>	<u>\$ 1,601,143</u>	<u>\$ 545,113</u>	<u>\$ (11,371,562)</u>	<u>\$ (7,923,415)</u>
Fund Balance at beginning of year, as previously stated	\$ 38,593,589	\$ 5,679,932	\$ 4,245,654	\$ 15,464,970	\$ 63,984,145
Prior period adjustment				181,441	181,441
Fund Balance at beginning of year, as restated	<u>\$ 38,593,589</u>	<u>5,679,932</u>	<u>4,245,654</u>	<u>15,646,411</u>	<u>64,165,586</u>
Fund Balance at end of year	<u>\$ 39,895,480</u>	<u>\$ 7,281,075</u>	<u>\$ 4,790,767</u>	<u>\$ 4,274,849</u>	<u>\$ 56,242,171</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, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ (7,923,415)
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.	10,462,410
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets.	3,179,478
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(131,740)
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.	9,262,916
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.	(924,916)
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.	(233,591)
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.	(250,694)
Change in Net Assets of Governmental Activities	<u>\$ 13,440,448</u>



T E N N E S S E E

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Taxes -				
Property	\$ 32,429,121	\$ 32,429,121	\$ 32,562,064	\$ 132,943
Property in lieu of taxes -				
Public utilities	721,480	721,480	743,233	21,753
Murfreesboro Housing Authority	65,000	65,000	80,014	15,014
Other tax equivalents	550,000	550,000	868,805	318,805
Recovery of taxes deemed uncollectible	450,000	450,000	537,466	87,466
Penalty and interest on taxes	150,000	150,000	246,355	96,355
Other local taxes -				
Sales tax	29,200,000	29,200,000	27,903,293	(1,296,707)
Beer tax	2,750,000	2,750,000	2,770,148	20,148
Liquor tax	712,000	712,000	735,816	23,816
Gross receipts tax	1,875,000	1,875,000	1,734,418	(140,582)
Beer privilege tax	21,000	21,000	29,705	8,705
Liquor privilege tax	50,000	50,000	58,061	8,061
Hotel/motel tax	696,250	696,250	747,523	51,273
	<u>\$ 69,669,851</u>	<u>\$ 69,669,851</u>	<u>\$ 69,016,901</u>	<u>\$ (652,950)</u>
Licenses, Permits and Fines -				
Electrical licenses	\$ 63,000	\$ 63,000	\$ 70,430	\$ 7,430
Gas and mechanical licenses	4,350	4,350	5,690	1,340
Building permits	974,000	974,000	1,185,579	211,579
Plumbing permits	115,000	115,000	97,964	(17,036)
Electrical permits	160,000	160,000	229,400	69,400
Mechanical permits	132,000	132,000	125,625	(6,375)
Gas permits	13,000	13,000	15,315	2,315
Land disturbance permits	36,000	36,000	18,350	(17,650)
Fireworks permits	1,500	1,500	8,500	7,000
Beer application fees	11,000	11,000	16,880	5,880
Burglar alarm permits	40,000	40,000	53,315	13,315
Plat review fee	76,000	76,000	37,357	(38,643)
Other fees	1,000	1,000	1,685	685
Attorney tax fees	15,000	15,000	26,818	11,818
Court fines	2,600,000	2,600,000	1,620,133	(979,867)
Red light cameras	1,053,000	1,053,000	736,131	(316,869)
Burglar false alarm fees	10,000	10,000	27,989	17,989
Other fines and fees	114,000	114,000	130,175	16,175
	<u>\$ 5,418,850</u>	<u>\$ 5,418,850</u>	<u>\$ 4,407,336</u>	<u>\$ (1,011,514)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Intergovernmental Revenues -				
Rutherford County	\$ 61,950	\$ 61,950	\$ 67,963	\$ 6,013
State sales tax allocation	6,651,500	6,651,500	6,443,115	(208,385)
State beer tax allocation	50,000	50,000	49,841	(159)
State gasoline tax allocation	180,000	180,000	215,951	35,951
State mixed drink tax	525,000	525,000	588,972	63,972
State gross receipts tax	950,000	950,000	1,107,309	157,309
State income tax allocation	775,000	775,000	580,452	(194,548)
State excise tax	125,000	125,000	83,185	(41,815)
State maintenance of streets	260,766	260,766	277,288	16,522
State grant funds	249,515	249,515	279,098	29,583
Federal funds	1,281,460	1,281,460	2,478,296	1,196,836
	<u>\$ 11,110,191</u>	<u>\$ 11,110,191</u>	<u>\$ 12,171,470</u>	<u>\$ 1,061,279</u>
Charges for services				
Office	\$ 150	\$ 150	\$ 278	\$ 128
Planning department	27,750	27,750	29,778	2,028
Police department	15,000	15,000	13,270	(1,730)
Fire department	828,000	828,000	767,033	(60,967)
Street department	16,500	16,500	38,813	22,313
Building department	33,000	33,000	31,418	(1,582)
Urban Environmental department	500	500	3,335	2,835
Sex offender fee			82	82
G.I.S. maintenance	25,000	25,000	25,000	
Public Transit fares	90,000	90,000	86,498	(3,502)
	<u>\$ 1,035,900</u>	<u>\$ 1,035,900</u>	<u>\$ 995,505</u>	<u>\$ (40,395)</u>
Miscellaneous Revenue -				
Interest	\$ 115,000	\$ 115,000	\$ 115,912	\$ 912
Gas franchise revenue	1,225,000	1,225,000	1,146,810	(78,190)
Contribution - active funds	1,164,152	1,164,152	854,565	(309,587)
Miscellaneous revenue	115,061	115,061	166,390	51,329
Donations received			21,049	21,049
	<u>\$ 2,619,213</u>	<u>\$ 2,619,213</u>	<u>\$ 2,304,726</u>	<u>\$ (314,487)</u>
TOTAL REVENUES	<u>\$ 89,854,005</u>	<u>\$ 89,854,005</u>	<u>\$ 88,895,938</u>	<u>\$ (958,067)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures -				
General Government -				
General and Administrative -				
Labor	\$ 1,707,603	\$ 1,707,603	\$ 1,709,471	\$ (1,868)
Operation and maintenance	186,492	186,492	195,977	(9,485)
Supplies	170,500	170,500	102,479	68,021
Insurance	278,428	278,428	274,900	3,528
Social Security taxes	128,796	128,796	122,720	6,076
Group insurance	918,413	918,413	893,424	24,989
Retirement	493,634	493,634	522,410	(28,776)
Unemployment insurance	76,500	76,500	67,338	9,162
Utilities	198,000	198,000	199,045	(1,045)
Travel and subsistence	33,200	33,200	23,151	10,049
Association dues	60,500	60,500	59,612	888
Professional fees	168,300	168,300	171,800	(3,500)
Training personnel	15,000	15,000	10,087	4,913
Additions to fixed assets	27,500	27,500	16,738	10,762
Mixed drink tax allocation	262,500	262,500	289,157	(26,657)
Other miscellaneous	244,500	244,500	173,471	71,029
	<u>\$ 4,969,866</u>	<u>\$ 4,969,866</u>	<u>\$ 4,831,780</u>	<u>\$ 138,086</u>
Other General Government -				
Civic plaza	\$ 56,754	\$ 56,754	\$ 55,526	\$ 1,228
Parking garage	96,500	96,500	110,049	(13,549)
Disaster response			58,820	(58,820)
Unforeseen miscellaneous and contingencies	933,415	933,415	461,771	471,644
Property tax adjustments	100,000	100,000	29,063	70,937
	<u>\$ 1,186,669</u>	<u>\$ 1,186,669</u>	<u>\$ 715,229</u>	<u>\$ 471,440</u>
	<u>\$ 6,156,535</u>	<u>\$ 6,156,535</u>	<u>\$ 5,547,009</u>	<u>\$ 609,526</u>
Police Department -				
Labor	\$ 12,180,885	\$ 12,180,885	\$ 11,655,484	\$ 525,401
Operation and maintenance	671,564	671,564	704,853	(33,289)
Supplies	628,785	628,785	594,215	34,570
Uniforms and cleaning	235,000	235,000	210,348	24,652
Insurance	1,259,837	1,259,837	1,191,387	68,450
Social Security taxes	931,838	931,838	866,807	65,031
Group insurance	2,229,457	2,229,457	2,142,132	87,325
Retirement	1,316,068	1,316,068	1,262,383	53,685
Utilities	438,000	438,000	409,294	28,706
Training personnel	90,000	90,000	63,629	26,371
Jail fees and state cost	225,000	225,000	222,131	2,869
Drug programs	1,500	1,500	1,502	(2)
D.A.R.E. program	10,000	10,000	16,433	(6,433)
Additions to fixed assets	116,210	116,210	192,563	(76,353)
Red light camera program	600,000	600,000	556,054	43,946
Other miscellaneous	88,300	88,300	246,967	(158,667)
	<u>\$ 21,022,444</u>	<u>\$ 21,022,444</u>	<u>\$ 20,336,182</u>	<u>\$ 686,262</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fire Department -				
Labor	\$ 8,999,008	\$ 8,999,008	\$ 8,732,925	\$ 266,083
Operation and maintenance	285,341	285,341	276,707	8,634
Supplies	206,275	206,275	195,470	10,805
Uniforms and cleaning	175,000	175,000	142,219	32,781
Insurance	263,988	263,988	263,381	607
Social Security taxes	688,424	688,424	650,426	37,998
Group insurance	1,674,460	1,674,460	1,644,001	30,459
Retirement	981,011	981,011	989,822	(8,811)
Utilities	217,800	217,800	197,076	20,724
Association dues	1,600	1,600	1,700	(100)
Training personnel	65,000	65,000	50,632	14,368
Internship programs	16,000	16,000	14,977	1,023
Additions to fixed assets	170,000	170,000	152,408	17,592
Other miscellaneous	12,050	12,050	4,787	7,263
	<u>\$ 13,755,957</u>	<u>\$ 13,755,957</u>	<u>\$ 13,316,531</u>	<u>\$ 439,426</u>
Judicial Department -				
Labor	\$ 245,519	\$ 245,519	\$ 230,274	\$ 15,245
Operation and maintenance	5,000	5,000	1,628	3,372
Supplies	24,500	24,500	14,735	9,765
Insurance	885	885	885	
Social Security taxes	18,782	18,782	16,771	2,011
Group insurance	30,344	30,344	41,010	(10,666)
Retirement	26,806	26,806	26,343	463
Utilities	1,500	1,500	1,486	14
Association dues	350	350	405	(55)
Training personnel	2,500	2,500	818	1,682
Outside services	10,000	10,000	11,746	(1,746)
Additions to fixed assets	2,000	2,000	2,578	(578)
Other miscellaneous	9,000	9,000	3,055	5,945
	<u>\$ 377,186</u>	<u>\$ 377,186</u>	<u>\$ 351,734</u>	<u>\$ 25,452</u>
Legal Department -				
Labor	\$ 505,675	\$ 505,675	\$ 491,818	\$ 13,857
Operation and maintenance	2,750	2,750	2,989	(239)
Supplies	29,500	29,500	24,194	5,306
Insurance	274	274	274	
Social Security taxes	37,215	37,215	34,958	2,257
Group insurance	49,706	49,706	48,411	1,295
Retirement	59,782	59,782	57,667	2,115
Utilities	2,000	2,000	1,479	521
Travel and subsistence	500	500	74	426
Association dues	4,000	4,000	3,430	570
Training personnel	2,500	2,500	5,198	(2,698)
Legal expense	26,000	26,000	8,105	17,895
Additions to fixed assets	5,500	5,500	1,842	3,658
Other miscellaneous	5,750	5,750	1,229	4,521
	<u>\$ 731,152</u>	<u>\$ 731,152</u>	<u>\$ 681,668</u>	<u>\$ 49,484</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Personnel Department -				
Labor	\$ 417,292	\$ 417,292	\$ 404,653	\$ 12,639
Operation and maintenance	11,300	11,300	10,645	655
Supplies	16,215	16,215	14,231	1,984
Advertising	25,000	25,000	7,390	17,610
Insurance	3,861	3,861	3,936	(75)
Social Security taxes	31,464	31,464	29,093	2,371
Group insurance	78,047	78,047	83,109	(5,062)
Retirement	48,467	48,467	45,275	3,192
Utilities	1,850	1,850	1,546	304
Travel and subsistence	500	500	48	452
Association dues	180	180	145	35
Drug programs	40,000	40,000	35,870	4,130
Additions to fixed assets	2,230	2,230	3,827	(1,597)
Other miscellaneous	12,550	12,550	7,102	5,448
	<u>\$ 688,956</u>	<u>\$ 688,956</u>	<u>\$ 646,870</u>	<u>\$ 42,086</u>
Streets -				
Labor	\$ 1,151,922	\$ 1,151,922	\$ 1,087,207	\$ 64,715
Operation and maintenance	208,488	208,488	233,512	(25,024)
Curb, storm sewer, and right-of-way maintenance	50,000	50,000		50,000
Materials and supplies	227,100	227,100	250,015	(22,915)
Traffic control devices	60,000	60,000	30,732	29,268
Insurance	49,263	49,263	49,355	(92)
Social Security taxes	85,062	85,062	78,933	6,129
Group insurance	247,599	247,599	243,284	4,315
Retirement	119,987	119,987	119,013	974
Utilities	43,500	43,500	36,500	7,000
Utility service - street lighting	1,500,000	1,500,000	1,561,959	(61,959)
Street improvements and maintenance	77,000	77,000	151,547	(74,547)
Travel and subsistence	10,000	10,000	6,737	3,263
Training personnel	4,000	4,000		4,000
Additions to fixed assets	1,000	1,000	3,133	(2,133)
Other miscellaneous	2,100	2,100	1,233	867
	<u>\$ 3,837,021</u>	<u>\$ 3,837,021</u>	<u>\$ 3,853,160</u>	<u>\$ (16,139)</u>
Planning and Engineering -				
Labor	\$ 1,114,860	\$ 1,114,860	\$ 1,095,747	\$ 19,113
Operation and maintenance	7,000	7,000	5,324	1,676
Supplies	48,500	48,500	35,805	12,695
Insurance	8,616	8,616	8,617	(1)
Social Security taxes	82,074	82,074	80,935	1,139
Group insurance	157,770	157,770	150,237	7,533
Retirement	123,133	123,133	123,196	(63)
Utilities	21,675	21,675	18,383	3,292
Sampling and testing	20,000	20,000	54,383	(34,383)
Storm drainage	30,000	30,000	53,658	(23,658)
Travel and subsistence	67,500	67,500	50,638	16,862
Association dues	6,500	6,500	3,131	3,369
Surveys	25,000	25,000	17,529	7,471
Training personnel	12,000	12,000	2,598	9,402
Additions to fixed assets	5,000	5,000	1,155	3,845
Other miscellaneous	7,500	7,500	3,727	3,773
	<u>\$ 1,737,128</u>	<u>\$ 1,737,128</u>	<u>\$ 1,705,063</u>	<u>\$ 32,065</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Building Inspections -				
Labor	\$ 1,207,700	\$ 1,207,700	\$ 1,153,396	\$ 54,304
Operation and maintenance	10,000	10,000	10,334	(334)
Supplies	27,500	27,500	23,653	3,847
Insurance	3,013	3,013	3,013	
Social Security taxes	92,389	92,389	84,169	8,220
Group insurance	206,265	206,265	207,743	(1,478)
Retirement	142,197	142,197	131,225	10,972
Utilities	19,600	19,600	15,082	4,518
Travel and subsistence	78,200	78,200	62,505	15,695
Association dues	1,100	1,100	1,389	(289)
Training personnel	7,500	7,500	4,598	2,902
Additions to fixed assets	3,500	3,500	2,398	1,102
Other miscellaneous	1,700	1,700	601	1,099
	<u>\$ 1,800,664</u>	<u>\$ 1,800,664</u>	<u>\$ 1,700,106</u>	<u>\$ 100,558</u>
Transportation -				
Labor	\$ 701,325	\$ 701,325	\$ 716,647	\$ (15,322)
Operation and maintenance	312,784	312,784	311,854	930
Supplies	30,250	30,250	15,998	14,252
Fuel	122,775	122,775	81,153	41,622
Insurance	50,892	50,892	50,424	468
Social Security taxes	52,733	52,733	52,606	127
Group insurance	142,024	142,024	116,071	25,953
Retirement	76,909	76,909	67,179	9,730
Utilities	14,075	14,075	15,204	(1,129)
Travel and subsistence	12,500	12,500	3,723	8,777
Association and regional dues	27,613	27,613	11,885	15,728
Training and instruction	4,000	4,000	1,778	2,222
Contract services	276,094	276,094	274,698	1,396
Capital outlay	674,000	674,000	73,161	600,839
ARRA grant expenditures			1,321,897	(1,321,897)
Marketing	20,000	20,000	16,305	3,695
Other miscellaneous	12,600	12,600	4,542	8,058
	<u>\$ 2,530,574</u>	<u>\$ 2,530,574</u>	<u>\$ 3,135,125</u>	<u>\$ (604,551)</u>
Urban Environmental -				
Labor	\$ 487,881	\$ 487,881	\$ 486,363	\$ 1,518
Operation and maintenance	50,332	50,332	47,591	2,741
Agricultural materials	52,000	52,000	39,556	12,444
Supplies	38,900	38,900	33,128	5,772
Insurance	52,538	52,538	52,532	6
Social Security taxes	37,323	37,323	34,798	2,525
Group insurance	106,540	106,540	124,613	(18,073)
Retirement	57,460	57,460	55,347	2,113
Utilities	29,200	29,200	33,633	(4,433)
Travel and subsistence	2,400	2,400		2,400
Training personnel	2,000	2,000	25	1,975
Additions to fixed assets	1,000	1,000	841	159
Other miscellaneous	1,150	1,150	787	363
	<u>\$ 918,724</u>	<u>\$ 918,724</u>	<u>\$ 909,214</u>	<u>\$ 9,510</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Health, Education and Welfare				
Cash budget payments -				
Linebaugh Public Library	\$ 681,832	\$ 681,832	\$ 681,832	
Rutherford County Chamber of Commerce	476,125	476,125	487,127	\$ (11,002)
Rutherford County Paws	65,000	65,000	65,000	
Job Vocation Training Center	41,500	41,500	41,500	
Main Street Program	37,500	37,500	37,500	
Center for the Arts	25,000	25,000	25,000	
Discovery House	20,000	20,000	20,000	
Child Advocacy Center	17,375	17,375	15,596	1,779
Rutherford County Rescue Squad	15,000	15,000	15,000	
Oaklands Association	15,000	15,000	15,000	
Domestic Violence Program	12,500	12,500	12,500	
Rutherford County Health Department	11,000	11,000	11,000	
Primary Care Clinic	10,000	10,000	10,000	
Middle Tennessee Symphony	10,000	10,000	10,000	
Special Kids Incorporated	10,000	10,000	10,000	
Meals on Wheels	8,000	8,000	8,000	
Bradley Academy	7,500	7,500	7,685	(185)
Murfreesboro Youth Orchestra	7,500	7,500	7,500	
Exchange Club Center	6,000	6,000	6,000	
Crime Stoppers	5,000	5,000	5,000	
Uncle Dave Macon Days	5,000	5,000	5,000	
CASA of Rutherford County	5,000	5,000	5,000	
Read to Succeed	4,000	4,000	4,000	
Pregnancy Support	3,500	3,500	3,500	
Boys and Girls Club	2,500	2,500	2,500	
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	
Martin Luther King Scholarship	2,000	2,000	2,000	
2nd Harvest Food Bank	2,000	2,000	2,000	
Special Olympics	2,000	2,000	2,000	
Beesley Animal Foundation	2,000	2,000	2,000	
Leadership Rutherford	1,500	1,500	1,500	
League of Women Voters	3,350	3,350		3,350
	<u>\$ 1,522,182</u>	<u>\$ 1,522,182</u>	<u>\$ 1,528,240</u>	<u>\$ (6,058)</u>
TOTAL EXPENDITURES	<u>\$ 55,078,523</u>	<u>\$ 55,078,523</u>	<u>\$ 53,710,902</u>	<u>\$ 1,367,621</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 34,775,482</u>	<u>\$ 34,775,482</u>	<u>\$ 35,185,036</u>	<u>\$ 409,554</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Sources (Uses) -				
Transfers in (out) -				
Murfreesboro Electric Department	\$ 2,483,000	\$ 2,483,000	\$ 2,677,676	\$ 194,676
Debt service fund	(24,319,625)	(24,319,625)	(20,534,723)	3,784,902
Murfreesboro City School System	(4,810,103)	(4,810,103)	(4,810,103)	
Solid waste fund	(5,293,618)	(5,293,618)	(5,003,726)	289,892
City recreation fund	(6,024,222)	(6,024,222)	(5,517,125)	507,097
Senior citizens fund	(474,720)	(474,720)	(474,550)	170
Drug fund	(95,000)	(95,000)	(113,428)	(18,428)
Public transportation fund			(4,081)	(4,081)
Evergreen Cemetery fund	(250,000)	(250,000)	(101,124)	148,876
Airport improvement fund	(3,000)	(3,000)	(1,961)	1,039
	<u>\$ (38,787,288)</u>	<u>\$ (38,787,288)</u>	<u>\$ (33,883,145)</u>	<u>\$ 4,904,143</u>
Net change in fund balance	<u>\$ (4,011,806)</u>	<u>\$ (4,011,806)</u>	\$ 1,301,891	<u>\$ 5,313,697</u>
Fund Balance at beginning of year,			38,593,589	
Fund Balances at end of year			<u>\$ 39,895,480</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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Local intergovernmental revenues	\$ 17,636,580	\$ 17,636,580	\$ 18,244,034	\$ 607,454
State program revenues	27,698,838	27,698,838	26,256,161	(1,442,677)
Federal program revenues	7,000	7,000	1,594,924	1,587,924
Charges for services	29,000	29,000	22,425	(6,575)
Indigent children revenues			22,536	22,536
Other local revenues	225,800	225,800	403,184	177,384
	<u>\$ 45,597,218</u>	<u>\$ 45,597,218</u>	<u>\$ 46,543,264</u>	<u>\$ 946,046</u>
Expenditures -				
Regular instruction program	\$ 30,500,170	\$ 30,500,170	\$ 29,686,463	\$ 813,707
Special education program	3,343,953	3,343,953	2,941,921	402,032
Other student support	1,048,840	1,048,840	935,162	113,678
Board of education	1,117,670	1,117,670	1,091,812	25,858
Office of the superintendent	291,174	291,174	250,761	40,413
Office of the principal	2,452,086	2,452,086	2,481,357	(29,271)
Personnel services	302,118	302,118	299,807	2,311
Fiscal services	510,341	510,341	480,068	30,273
Operation of plant	5,193,257	5,193,257	4,464,891	728,366
Regular instruction program - support	1,471,036	1,471,036	1,476,904	(5,868)
Special education program - support	648,154	648,154	629,615	18,539
Maintenance of plant	1,268,582	1,268,582	1,211,936	56,646
Transportation	1,550,166	1,550,166	1,397,139	153,027
Information technology	344,004	344,004	693,247	(349,243)
Community services	160,092	160,092		160,092
Attendance	60,739	60,739	73,173	(12,434)
Health services	288,496	288,496	326,553	(38,057)
Early childhood education	731,866	731,866	726,452	5,414
Indigent children			12,200	(12,200)
Capital outlay	250,000	250,000	574,010	(324,010)
	<u>\$ 51,532,744</u>	<u>\$ 51,532,744</u>	<u>\$ 49,753,471</u>	<u>\$ 1,779,273</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (5,935,526)</u>	<u>\$ (5,935,526)</u>	<u>\$ (3,210,207)</u>	<u>\$ 2,725,319</u>
Other Financing Sources and (Uses) -				
Transfers in	4,840,103	4,840,103	4,810,103	(30,000)
Excess of Revenues and Other Financing Sources				
Over (Under) Expenditures and Other				
Financing Uses (Budgetary basis)	<u>\$ (1,095,423)</u>	<u>\$ (1,095,423)</u>	\$ 1,599,896	<u>\$ 2,695,319</u>
Adjustment for encumbrances			1,247	
Net change in fund balance (GAAP basis)			\$ 1,601,143	
Fund Balance at beginning of year			5,679,932	
Fund Balance at end of year			<u>\$ 7,281,075</u>	

See notes to financial statements.



T E N N E S S E E

CITY OF MURFREESBORO, TENNESSEE

**Balance Sheet
Proprietary Funds**

June 30, 2010

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
ASSETS					
Current Assets -					
Cash and cash equivalents	\$ 13,743,061	\$ 9,696,822	\$ 19,492	\$ 23,459,375	\$ 11,739,917
Receivables -					
Accounts	1,848,426	6,992,647	120,200	8,961,273	
Other					286,268
Due from other governments	160,136			160,136	5,023
Due from other funds	3,709,857		6,457,522	10,167,379	14,918
Inventories	714,549	2,218,759	50,507	2,983,815	141,979
Prepaid items and other assets	115,983	113,549	744,039	973,571	
Total Current Assets	<u>\$ 20,292,012</u>	<u>\$ 19,021,777</u>	<u>\$ 7,391,760</u>	<u>\$ 46,705,549</u>	<u>\$ 12,188,105</u>
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	\$ 24,480,313			\$ 24,480,313	
Certificates of deposit					\$ 500,000
Conservation loans receivable		\$ 1,052,530		1,052,530	
Deferred charges	571,199	779,412		1,350,611	
Capital assets -					
Land and construction in progress	94,089,016	14,011,174	\$ 24,427	108,124,617	
Other capital assets, net of depreciation	268,697,336	102,225,536	853,502	371,776,374	
Total Noncurrent Assets	<u>\$ 387,837,864</u>	<u>\$ 118,068,652</u>	<u>\$ 877,929</u>	<u>\$ 506,784,445</u>	<u>\$ 500,000</u>
Total Assets	<u>\$ 408,129,876</u>	<u>\$ 137,090,429</u>	<u>\$ 8,269,689</u>	<u>\$ 553,489,994</u>	<u>\$ 12,688,105</u>
LIABILITIES AND NET ASSETS					
Current Liabilities -					
Accounts payable	\$ 1,602,553	\$ 10,962,268		\$ 12,564,821	\$ 1,015,614
Contracts payable	79,036			79,036	
Accrued and withheld liabilities	1,083	1,641,196	\$ 8,793	1,651,072	5,281
Due to other funds	6,452,280	5,479	4,446,784	10,904,543	6,777
Deposits held	210,299	5,370,652		5,580,951	
Compensated absences	852,527			852,527	
Claims and judgments payable					2,259,372
Bonds and loans payable	7,273,169	3,441,378		10,714,547	
Total Current Liabilities	<u>\$ 16,470,947</u>	<u>\$ 21,420,973</u>	<u>\$ 4,455,577</u>	<u>\$ 42,347,497</u>	<u>\$ 3,287,044</u>
Noncurrent Liabilities -					
Compensated absences	\$ 765,460	\$ 1,283,906		\$ 2,049,366	
Claims and judgments payable					\$ 3,619,628
Post-employment benefit obligation	2,396,766	1,227,937		3,624,703	
Bonds and loans payable	113,460,094	12,501,987		125,962,081	
Advances on conservation loans		1,085,125		1,085,125	
Other liabilities		85,401		85,401	
Total Noncurrent Liabilities	<u>\$ 116,622,320</u>	<u>\$ 16,184,356</u>		<u>\$ 132,806,676</u>	<u>\$ 3,619,628</u>
Total Liabilities	<u>\$ 133,093,267</u>	<u>\$ 37,605,329</u>	<u>\$ 4,455,577</u>	<u>\$ 175,154,173</u>	<u>\$ 6,906,672</u>
Net Assets -					
Invested in capital assets, net of related debt	\$ 242,053,089	\$ 100,293,345	\$ 239,701	\$ 342,586,135	
Restricted for capital activity	22,866,595			22,866,595	
Restricted for debt service	1,613,718			1,613,718	
Unrestricted	8,503,207	(808,245)	3,574,411	11,269,373	\$ 5,781,433
Total Net Assets	<u>\$ 275,036,609</u>	<u>\$ 99,485,100</u>	<u>\$ 3,814,112</u>	<u>\$ 378,335,821</u>	<u>\$ 5,781,433</u>
Total Liabilities and Net Assets	<u>\$ 408,129,876</u>	<u>\$ 137,090,429</u>	<u>\$ 8,269,689</u>	<u>\$ 553,489,994</u>	<u>\$ 12,688,105</u>
Total Net Assets				\$ 378,335,821	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				203,685	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,205,239	
Net Assets of Business-Type Activities				<u>\$ 380,744,745</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, 2010

	Business-Type Activities			Totals	Governmental
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds		Internal Service Funds
Operating Revenues -					
Charges for services	\$ 29,514,315	\$ 133,956,469	\$ 2,737,808	\$ 166,208,592	\$ 15,817,188
Intergovernmental revenues					4,330
Other revenues					372,908
	<u>\$ 29,514,315</u>	<u>\$ 133,956,469</u>	<u>\$ 2,737,808</u>	<u>\$ 166,208,592</u>	<u>\$ 16,194,426</u>
Operating Expenses -					
Power purchases		\$ 106,158,606		\$ 106,158,606	
Other operating expenses	\$ 15,375,459	7,765,611	\$ 1,682,445	24,823,515	\$ 2,581,665
Claims and administrative					13,927,075
Depreciation and amortization	8,322,146	5,073,119	118,736	13,514,001	
Maintenance and repairs	935,755	2,903,737		3,839,492	
Taxes and tax equivalents		1,094,643		1,094,643	
	<u>\$ 24,633,360</u>	<u>\$ 122,995,716</u>	<u>\$ 1,801,181</u>	<u>\$ 149,430,257</u>	<u>\$ 16,508,740</u>
Operating Income (Loss)	<u>\$ 4,880,955</u>	<u>\$ 10,960,753</u>	<u>\$ 936,627</u>	<u>\$ 16,778,335</u>	<u>\$ (314,314)</u>
Nonoperating Revenues -					
Interest	\$ 340,052	\$ 31,390	\$ 415	\$ 371,857	\$ 33,714
Gain on disposal of assets	31,809			31,809	
	<u>\$ 371,861</u>	<u>\$ 31,390</u>	<u>\$ 415</u>	<u>\$ 403,666</u>	<u>\$ 33,714</u>
Nonoperating Expenses -					
Interest	<u>\$ 3,301,594</u>	<u>\$ 448,168</u>		<u>\$ 3,749,762</u>	
Income (Loss) Before Capital					
Contributions and Transfers	<u>\$ 1,951,222</u>	<u>\$ 10,543,975</u>	<u>\$ 937,042</u>	<u>\$ 13,432,239</u>	<u>\$ (280,600)</u>
Capital contributions	\$ 8,042,948			\$ 8,042,948	
Transfers in			\$ 163,556	163,556	
Transfers out		<u>\$ (2,677,676)</u>		<u>(2,677,676)</u>	
	<u>\$ 8,042,948</u>	<u>\$ (2,677,676)</u>	<u>\$ 163,556</u>	<u>\$ 5,528,828</u>	
Change in Net Assets	\$ 9,994,170	\$ 7,866,299	\$ 1,100,598	\$ 18,961,067	\$ (280,600)
Net Assets at beginning of year	265,042,439	91,618,801	2,713,514	359,374,754	6,062,033
Net Assets at end of year	<u>\$ 275,036,609</u>	<u>\$ 99,485,100</u>	<u>\$ 3,814,112</u>	<u>\$ 378,335,821</u>	<u>\$ 5,781,433</u>
Change in Net Assets				\$ 18,961,067	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				250,694	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(47,009)	
Change in Net Assets of Business-Type Activities				<u>\$ 19,164,752</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

**Statement of Cash Flows
Proprietary Funds**

Year Ended June 30, 2010

	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	\$ 29,410,526	\$ 134,061,170	\$ 371,337	\$ 163,843,033	
Cash payments to suppliers	(7,825,496)	(2,053,707)	(154,815)	(10,034,018)	\$ (1,269,624)
Cash payments to employees	(6,359,536)	(6,626,032)	(303,341)	(13,288,909)	(745,074)
Cash payments to TVA for power		(105,928,440)		(105,928,440)	
Cash payments of property taxes		(777,390)		(777,390)	
Cash received from interfund services provided					15,827,168
Cash payments of claims and administrative expenses					(13,555,587)
Other receipts (payments)					(188,392)
Net Cash Provided (Used) by Operating Activities	\$ 15,225,494	\$ 18,675,601	\$ (86,819)	\$ 33,814,276	\$ 68,491
Cash Flows from Noncapital Financing Activities -					
Advances on TVA conservation loans		\$ 223,705		\$ 223,705	
Transfers in			\$ 62,432	62,432	
Transfers out		(2,677,676)		(2,677,676)	
Net Cash Provided (Used) by Noncapital Financing Activities		\$ (2,453,971)	\$ 62,432	\$ (2,391,539)	
Cash Flows from Capital and Related Financing Activities -					
Acquisition and construction of capital assets	\$ (6,668,293)	\$ (9,765,322)	\$ (5,306)	\$ (16,438,921)	
Net removal costs of capital assets		(539,622)		(539,622)	
Proceeds from sale of assets	49,384			49,384	
Proceeds from bonds and loans	9,537,208			9,537,208	
Proceeds from refunding bonds	40,860,000	15,445,000		56,305,000	
Bond premium received	2,873,793	139,999		3,013,792	
Principal payment on bonds and loans	(10,456,686)	(3,719,062)		(14,175,748)	
Principal payments on refunded debt	(43,358,049)	(15,463,000)		(58,821,049)	
Bond and debt issuance costs (payments)	(315,967)	(121,999)		(437,966)	
Interest paid on bonds and loans	(3,245,158)	(432,570)		(3,677,728)	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (10,723,768)	\$ (14,456,576)	\$ (5,306)	\$ (25,185,650)	
Cash Flows From Investing Activities -					
Interest received	\$ 340,052	\$ 31,390	\$ 415	\$ 371,857	\$ 39,988
Net Cash Provided (Used) by Investing Activities	\$ 340,052	\$ 31,390	\$ 415	\$ 371,857	\$ 39,988
Net Increase (Decrease) in cash and cash equivalents	\$ 4,841,778	\$ 1,796,444	\$ (29,278)	\$ 6,608,944	\$ 108,479
Cash and Cash Equivalents at beginning of year	33,381,596	7,900,378	48,770	41,330,744	11,631,437
Cash and Cash Equivalents at end of year	\$ 38,223,374	\$ 9,696,822	\$ 19,492	\$ 47,939,688	\$ 11,739,916

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows (continued)
Proprietary Funds

Year Ended June 30, 2010

	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)	\$ 4,880,955	\$ 10,960,753	\$ 1,037,751	\$ 16,879,459	\$ (314,314)
Adjustments to reconcile net earnings to net cash provided (used) by operating activities					
Depreciation and amortization	8,582,271	5,170,289	118,736	13,871,296	
Provision for doubtful accounts	49,289			49,289	
Gain on disposal of assets	(31,809)			(31,809)	
Changes in assets and liabilities -					
Accounts receivable	(153,078)	(137,230)	(13,582)	(303,890)	
Due from other funds	(2,259,297)		(2,352,888)	(4,612,185)	11,985
Due from other governments	81,616	608,540		690,156	1,424
Inventory	(45,567)	576,633	6,161	537,227	(592)
Prepaid items and other assets	30,336	(61,146)	(720,365)	(751,175)	(139,559)
Conservation loans receivable		(210,149)		(210,149)	
Deferred charges		104,513		104,513	
Accounts payable	1,355,541	370,716	(312,145)	1,414,112	506,707
Contracts and retainage payable	19,212			19,212	
Due to other funds	1,849,205	(53,049)	2,150,644	3,946,800	1,431
Accrued and withheld liabilities	(95,112)	458,291	(1,130)	362,049	1,409
Post-employment benefit obligation	856,847	467,443		1,324,290	
Other liabilities		(44,482)	(1)	(44,483)	
Deposits	(4,262)	452,080		447,818	
Accrued compensated absences	109,347	12,399		121,746	
Net Cash Provided (Used) by Operating Activities	\$ <u>15,225,494</u>	\$ <u>18,675,601</u>	\$ <u>(86,819)</u>	\$ <u>33,814,276</u>	\$ <u>68,491</u>
Non-Cash Capital and Related Financing Activities -					
Utility acquisition debt incurred		\$ 344,156		\$ 344,156	
Contributions in aid of construction	\$ 8,042,948			8,042,948	
Capital asset transfers and acquisitions from other funds			\$ 281,623	281,623	
	\$ <u>8,042,948</u>	\$ <u>344,156</u>	\$ <u>281,623</u>	\$ <u>8,668,727</u>	
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Assets -					
Cash and cash equivalents	\$ 13,743,061	\$ 9,696,822	\$ 19,492	\$ 23,459,375	\$ 11,739,916
Cash and cash equivalents - restricted	<u>24,480,313</u>			<u>24,480,313</u>	
Cash and cash equivalents at end of year	\$ <u>38,223,374</u>	\$ <u>9,696,822</u>	\$ <u>19,492</u>	\$ <u>47,939,688</u>	\$ <u>11,739,916</u>
Reconciliation of Depreciation and Amortization Expense per Statement of Revenues, Expenses, and Changes in Net Assets to Expense per Statement of Cash Flows -					
Depreciation and amortization expense per Statement of Revenues, Expenses, and Changes in Net Assets	\$ 8,322,146	\$ 5,073,119	\$ 118,736	\$ 13,514,001	
Depreciation and amortization expense charged to operations and maintenance expense on Statement of Revenues, Expenses, and Changes in Net Assets	<u>260,125</u>	<u>97,170</u>		<u>357,295</u>	
Depreciation and amortization expense per Statement of Cash Flows	\$ <u>8,582,271</u>	\$ <u>5,170,289</u>	\$ <u>118,736</u>	\$ <u>13,871,296</u>	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Assets
Fiduciary Funds

June 30, 2010

	<u>Pension</u> <u>Trust</u> <u>Funds</u>	<u>Extended School</u> <u>Program Private</u> <u>Purpose</u> <u>Trust Fund</u>	<u>School</u> <u>Activity</u> <u>Agency Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,706,057	\$ 2,936	\$ 463,036
Certificates of deposit		153,110	80,675
Investments, at fair value			
Mutual funds	37,020,409		
U.S. Government notes and bonds	13,064,228		
Corporate notes and bonds	15,967,055		
Common stock	15,755,936		
Accrued interest receivable	43,725		
Contributions receivable	1,513,060		
Other receivables			661
Inventory			19,876
	<u>\$ 88,070,470</u>	<u>\$ 156,046</u>	<u>\$ 564,248</u>
<u>LIABILITIES</u>			
Due to others	\$ 141,529		\$ 564,248
	<u>\$ 141,529</u>		<u>\$ 564,248</u>
<u>NET ASSETS</u>			
Net Assets -			
Held in trust for pension benefits and other purposes	<u>\$ 87,928,941</u>	<u>\$ 156,046</u>	<u>\$ - 0 -</u>

See notes to financial statements.

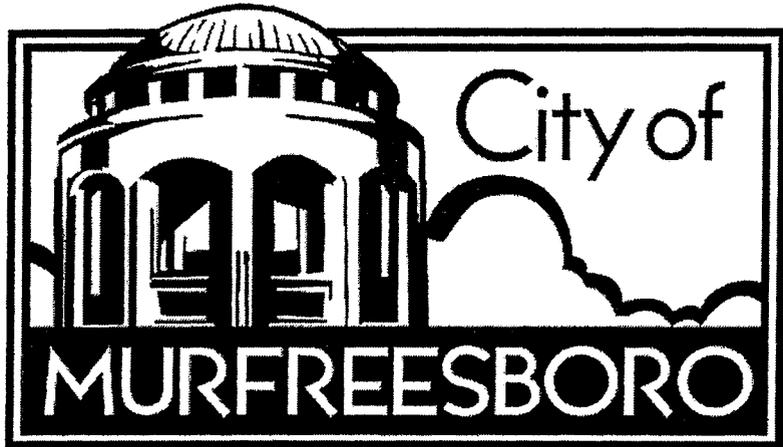
CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Net Assets
Fiduciary Funds

Year Ended June 30, 2010

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>
Additions -		
Contributions -		
Employer	\$ <u>5,659,670</u>	
Investment income-		
Net appreciation in fair value of investments	\$ 6,047,327	
Interest	1,511,228	\$ 7,732
Dividends	<u>1,178,000</u>	
Total investment income	\$ 8,736,555	\$ 7,732
Less investment fees	<u>(52,607)</u>	
Net investment income	\$ 8,683,948	\$ 7,732
Total additions	\$ <u>14,343,618</u>	\$ <u>7,732</u>
Deductions -		
Benefits to participants	\$ 3,320,514	
Insurance premiums	<u>532,236</u>	
Total deductions	\$ <u>3,852,750</u>	
Net Increase (Decrease)	\$ 10,490,868	\$ 7,732
Net Assets Held in Trust for Pension Benefits -		
Beginning of year	<u>77,438,073</u>	<u>148,314</u>
End of year	\$ <u><u>87,928,941</u></u>	\$ <u><u>156,046</u></u>

See notes to financial statements.



T E N N E S S E E

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements

June 30, 2010

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

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

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.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 workers' 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.

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 then budgeted, and then restricted resources as they are needed.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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>Fund</u>	<u>Governmental</u>	<u>Water and</u>	
		<u>Funds</u>	<u>Sewer</u>	<u>Total</u>
Restricted assets -				
Cash and cash equivalents	\$ 628,144	\$ 818,133	\$ 24,480,313	\$ 25,926,590
Investments		1,657,104		1,657,104
Total restricted assets	<u>\$ 628,144</u>	<u>\$ 2,475,237</u>	<u>\$ 24,480,313</u>	<u>\$ 27,583,694</u>

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, 125 plan contributions, 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, 2010 is \$628,144.

Amounts received from outside sources have been classified as restricted assets on the balance sheet of the capital improvement and contingency fund. These amounts are maintained in separate bank accounts and their use is limited by outside sources. At June 30, 2010, \$283,276 is restricted for payments to engineers for the reconstruction of Middle Tennessee Boulevard, and \$530,361 is restricted to help fund a multi-purpose facility which would be used by organizations to promote job creation, advancement and education.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$4,496 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2010. 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, 2010, \$62,432 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, 2010 is \$1,657,104.

Restricted Assets – Business-type Activities –

The Water and Sewer Department has restricted certain funds. At June 30, 2010, Water and Sewer connection fees in the amount of \$20,483,780 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 \$184,452. 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, 2010, \$2,198,363 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, 2010 is \$1,613,718.

Restricted Assets – Internal Service Funds –

As a self-insured employer for the City's workers' compensation obligation, the City of Murfreesboro is required to comply with Tennessee Code Annotated 50-6-405(b) and any applicable rules. As of January 1, 2005, all self-insured are required to maintain security in an amount not less than five hundred thousand (\$500,000) pursuant to Tennessee Code Annotated 50-6-405(b)(1). Accordingly at June 30, 2010, the City of Murfreesboro's Risk Management Fund has \$500,000 in a certificate of deposit which is restricted in this manner.

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 capitalizes assets using a \$5,000 capitalization threshold.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
Improvements other than buildings	20-50 years
Structures and improvements	5-50 years
Transmission and distribution mains	5-50 years
Electric Plant	5-40 years
Equipment	3-25 years
Computer software	3-15 years
Infrastructure	10-50 years

During the current fiscal year, the City implemented GASB 51, Accounting and Financial Reporting for Intangible Assets. This Statement establishes accounting and financial reporting requirements for intangible assets.

Total depreciation and amortization expense for proprietary funds amounted to \$13,871,296 for the year ended June 30, 2010. 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	\$ 13,871,296
Depreciation and amortization on statement of revenues, expenses, and changes in net assets	<u>13,514,001</u>
Difference (depreciation charged to other operating expense accounts)	\$ <u><u>357,295</u></u>

Interest cost incurred by the Murfreesboro Electric Department, during the construction of capital 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.

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2010 is as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Allowance for -		
Taxes Receivable	\$ 2,045,961	
Other	916,166	
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, 2010.

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. Also at June 30, 2010, 425,839 and \$16,313 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.

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 \$212,598,013 difference are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

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

General Government -	
General Obligation Refunding Bonds	\$ 54,851,875
Add: Unamortized Premium	5,975,937
TML Notes Payable	126,243,230
Capital Outlay Note	2,578,350
Compensated absences	6,494,949
Post-employment benefit obligation	14,854,698
Landfill post-closure costs	1,425,000
Murfreesboro City Schools	
Compensated absences	173,974
	<u>\$ 212,598,013</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 \$10,462,410 difference are as follows:

Capital outlay	\$ 26,416,823
Depreciation	(15,954,413)
Net adjustment	<u>\$ 10,462,410</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 \$3,179,478 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. \$ (125,632)

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.

Net adjustment \$ 3,305,110
\$ 3,179,478

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 \$9,262,916 difference are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

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

Debt issued or incurred	\$ (73,077,012)
Premium on refunding	(6,424,132)
Amortization of premium	448,195
Principal repayments	92,524,768
Loan costs on refunding	498,298
Amortization of loan costs	(117,812)
Decrease in landfill liability	400,000
Increase in OPEB liability	(4,989,389)
Net adjustment	\$ <u>9,262,916</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, General Purpose School 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, 2004 TML Fund, 2006 TML Fund, 2008 TML Fund, and 2010 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.

Funds without annual budgets are as follows:

Internal Service Funds

School Activity Agency Fund

Pension Trust Funds

Permanent Fund

Extended School Private Purpose Trust Fund

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

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.

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, 2010 is presented below:

	<u>General Purpose School Fund</u>
Excess of revenues and other sources over (under) expenditures and other uses (Budgetary Basis)	\$ 1,599,896
Adjustments:	
To adjust for net change in encumbrances	<u>1,247</u>
Net change in fund balance (GAAP Basis)	\$ <u>1,601,143</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, and the Linebaugh Public Library System.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note E - CASH AND INVESTMENTS

Investments – As of June 30, 2010, the City had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		<1	1-5	6-10	>10
Employee Pension Plan					
U.S. Treasury Notes	\$ 5,185,781	\$ 2,143,202	\$ 962,711	\$ 2,079,868	
Federal Home Loan Bank	1,893,716		863,431	1,030,285	
Federal Home Loan Mortgage Corp.	866,006			469,305	\$ 396,701
Federal National Mortgage Assoc.	2,077,863			279,043	1,798,820
Federal Farm Credit Bank	1,556,196		100,375	1,455,821	
Corporate Bonds & Notes	12,975,840	523,711	5,883,571	5,428,102	1,140,456
Total	\$ 24,555,402	\$ 2,666,913	\$ 7,810,088	\$ 10,742,424	\$ 3,335,977
Electric Department Pension Plan					
Federal Home Loan Bank	\$ 559,658		\$ 103,188	\$ 456,470	
Federal Farm Credit Bank	446,540		150,563	295,977	
Federal National Mortgage Assoc.	478,468			426,398	\$ 52,070
Corporate Bonds & Notes	2,991,214	\$ 101,359	1,570,672	1,319,183	
Total	\$ 4,475,880	\$ 101,359	\$ 1,824,423	\$ 2,498,028	\$ 52,070
Perpetual Care Cemetery Fund					
Federal Home Loan Bank	\$ 344,458	\$ 102,856	\$ 25,574	\$ 216,028	
Federal Farm Credit Bank	233,024		50,188	182,836	
Federal National Mortgage Assoc.	126,347			100,312	\$ 26,035
Corporate Bonds & Notes	556,971	25,500	248,283	283,188	
Total	\$ 1,260,800	\$ 128,356	\$ 324,045	\$ 782,364	\$ 26,035

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 - 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, 2010, 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. At June 30, 2010, 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, 2010

Note E - CASH AND INVESTMENTS (continued)

<u>Moody's Rating</u>	<u>City's Pension Plan</u>	<u>Electric Department Pension Plan</u>	<u>Perpetual Care Cemetery</u>
A1	\$ 1,872,425	\$ 217,420	\$ 80,748
A2	3,560,847	1,280,194	216,777
A3	1,121,251		28,000
AA1	164,650		
AA2	1,485,194	594,083	132,134
AA3	849,300	265,790	
AAA	717,881		
B3	311,895	101,309	58,483
BA2	49,500		
BA3			15,824
BAA1	979,719	261,387	25,005
BAA2	1,226,749	271,032	
BAA3	326,059		
NR	310,370		
	<u>\$ 12,975,840</u>	<u>\$ 2,991,215</u>	<u>\$ 556,971</u>

NR=not rated

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, 2010, 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, 2010.

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 and municipal bonds and notes, \$12,975,840, \$2,991,215 and \$556,971 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, 2010

Note F - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

<u>Governmental activities -</u>	<u>Restated Balance *</u>			<u>Balance</u>
	<u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Capital assets, not being depreciated -				
Land	\$ 240,152,854	\$ 1,179,839		\$ 241,332,693
Construction in progress	30,710,183	26,508,180	\$ 25,229,521	31,988,842
Subtotal	<u>\$ 270,863,037</u>	<u>\$ 27,688,019</u>	<u>\$ 25,229,521</u>	<u>\$ 273,321,535</u>
Capital assets, being depreciated -				
Buildings	\$ 121,876,786	\$ 2,476,712	\$ 37,786	\$ 124,315,712
Improvements other than buildings	55,886,488	5,333,779		61,220,267
Equipment	45,506,975	2,323,394	554,990	47,275,379
Computer software	1,230,697	58,575		1,289,272
Infrastructure	269,702,671	17,070,977	19,000	286,754,648
Subtotal	<u>\$ 494,203,617</u>	<u>\$ 27,263,437</u>	<u>\$ 611,776</u>	<u>\$ 520,855,278</u>
Less accumulated depreciation				
Buildings	\$ (27,500,166)	\$ (2,549,730)	\$ 17,248	\$ (30,032,648)
Improvements other than buildings	(19,304,022)	(2,841,833)		(22,145,855)
Equipment	(25,228,547)	(4,218,422)	468,764	(28,978,205)
Computer software	(338,338)	(75,289)		(413,627)
Infrastructure	(51,975,380)	(6,269,139)	132	(58,244,387)
Subtotal	<u>\$ (124,346,453)</u>	<u>\$ (15,954,413)</u>	<u>\$ 486,144</u>	<u>\$ (139,814,722)</u>
Capital assets, being depreciated, net	<u>\$ 369,857,164</u>	<u>\$ 11,309,024</u>	<u>\$ 125,632</u>	<u>\$ 381,040,556</u>
Capital assets, net	<u>\$ 640,720,201</u>	<u>\$ 38,997,043</u>	<u>\$ 25,355,153</u>	<u>\$ 654,362,091</u>

* The beginning balance of capital assets has been restated to reflect the retroactive restatement of intangible assets, namely computer software, in the amount of \$892,359 (cost of \$1,230,697 less accumulated depreciation of \$338,338). See Note P for further details.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note F - CAPITAL ASSETS (continued)

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

Governmental activities -

General government	\$	392,486
Police		826,843
Fire protection		481,318
Legal		1,821
Personnel		2,143
Streets		6,440,006
Planning and engineering		24,744
Building inspections		1,841
Sanitation		814,559
Transportation		133,688
Urban environmental		39,565
Public health, safety and other		102,343
Community services		536,923
Recreation		2,882,858
Education		<u>3,273,275</u>
Total governmental activities depreciation expense	\$	<u>15,954,413</u>

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
<u>Business-type activities -</u>				
Capital assets, not being depreciated	\$ 20,809,509	\$ 848,224		\$ 21,657,733
Land	79,148,681	14,330,192	\$ 7,011,989	86,466,884
Construction in progress	\$ 99,958,190	\$ 15,178,416	\$ 7,011,989	\$ 108,124,617
Subtotal				
Capital assets, being depreciated -				
Structures and improvements	\$ 68,146,995	\$ 411,777	\$ 16,981	\$ 68,541,791
Transmission and distribution mains	257,190,934	6,374,376	54,579	263,510,731
Electric plant	124,114,306	9,254,393	1,675,978	131,692,721
Equipment	35,362,616	919,752	459,877	35,822,491
Subtotal	\$ 484,814,851	\$ 16,960,298	\$ 2,207,415	\$ 499,567,734
Less: accumulated depreciation -				
Structures and improvements	\$ (10,636,590)	\$ (1,590,413)	\$ (51,644)	\$ (12,175,359)
Transmission and distribution main	(57,709,910)	(5,156,654)	(191,302)	(62,675,262)
Electric plant	(30,205,095)	(4,752,912)	(2,162,603)	(32,795,404)
Equipment	(18,125,376)	(2,301,830)	(281,871)	(20,145,335)
	\$ (116,676,971)	\$ (13,801,809)	\$ (2,687,420)	\$ (127,791,360)
Capital assets, being depreciated, net	\$ 368,137,880	\$ 3,158,489	\$ (480,005)	\$ 371,776,374
Capital assets, net	\$ 468,096,070	\$ 18,336,905	\$ 6,531,984	\$ 479,900,991

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note F - CAPITAL ASSETS (continued)

The Murfreesboro Electric Department follows the Federal Energy Regulatory Commission's unique system of accounting which is required for TVA distributors. Accordingly, when a plant asset is of a depreciable class the cost of removal shall be charged to the accumulated provision for depreciation applicable to such property. Removal costs charged to accumulated depreciation for the fiscal year ended June 30, 2010 are \$708,383.

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

Business-type activities:

Water and sewer	\$ 8,582,271
Electric	5,100,802
Cemetery	31,162
Stormwater fund	87,574
Total business-type activities depreciation expense	<u>\$ 13,801,809</u>

Note G - LONG-TERM LIABILITIES

General Obligation Bonds

General Obligation Refunding Bonds - During the year ended June 30, 2010, the City of Murfreesboro refinanced five of its Tennessee Municipal Bond Fund Loans by issuing \$65,855,000 in general obligation refunding bonds with a maturity date of June 1, 2020 and bearing fixed rates ranging from 2.00% to 5.00%. The Tennessee Municipal Bond Fund Loans were refinanced to reduce the risk of rising interest rates by converting variable rate debt to fixed rate debt. The net carrying amount of the old debt exceeded the reacquisition price, resulting in a premium of \$6,479,116. The premium will be amortized over the life of the new debt, which equates to the combined lives of the refunded debt. Due to the uncertainty of future variable rates on the refunded debt, an economic gain or loss and the difference in the cash flow requirements between the old debt and the new debt could not be determined.

<u>Year Ending</u> <u>June 30, 2010</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 9,341,875	\$ 2,735,591	\$ 363,125	\$ 25,159
2012	8,090,000	2,275,500		
2013	7,955,000	1,871,000		
2014	7,800,000	1,473,250		
2015	3,680,000	1,083,250		
2016-2020	17,985,000	2,497,000		
	<u>\$ 54,851,875</u>	<u>\$ 11,935,591</u>	<u>\$ 363,125</u>	<u>\$ 25,159</u>

Revenue Bonds

Revenue and Tax Refunding Bonds - During the year ended June 30, 2010 the Electric Department and the Water and Sewer Department refinanced several of their Tennessee Municipal Fund Bond Loans by issuing \$15,445,000 and \$40,860,000, respectively, in revenue and tax refunding bonds in conjunction with the City of Murfreesboro with maturity dates the same dates as the original Tennessee Municipal Fund Bonds. The maturities for the revenue and tax bonds for the Electric Department range from 2014-2021 and bear interest at a rates ranging from 2.00% to 3.375%. The maturities for the revenue and tax bonds for the Water and Sewer Department range from 2014-2026 and bear interest at rates ranging from 2.00% to 4.00%. The Tennessee Municipal Fund Bond Loans were refinanced to reduce the risk of rising interest rates by converting most of its variable rate debt to fixed rate debt. Due to the uncertainty of future variable rates on the refunded debt, an economic gain or loss and the difference in the cash flow requirements between the old debt and the new debt could not be determined.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note G - LONG-TERM LIABILITIES (continued)

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 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.

Water and Sewer System Revenue Bonds are collateralized by an irrevocable first lien on and pledge of the income and revenues derived and to be derived from the operation of the system after deducting them from the amount necessary to pay all operating, maintenance, replacement, and betterment charges of the system as required by the applicable bond ordinances. The system is also required to maintain rates sufficient (a) to pay all maintenance, replacement, betterments, and interest charges; (b) to establish and maintain bond funds; (c) to pay in addition to all outstanding debt against the system 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 2009	2.00-3.75%	\$ 12,775,000
Water and Sewer Department – Series 2009	2.00-5.00%	<u>38,495,000</u>
		\$ <u>51,270,000</u>

Maturities of the revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 4,980,000	\$ 1,945,838
2012	5,140,000	1,779,038
2013	4,840,000	1,605,738
2014	4,930,000	1,500,338
2015	2,440,000	1,314,212
2016-2020	13,640,000	5,013,950
2021-2025	13,540,000	1,870,424
2026	<u>1,760,000</u>	<u>70,400</u>
	\$ <u>51,270,000</u>	\$ <u>15,099,938</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	\$ 126,243,230
Business-type activities	Variable	<u>42,903,203</u>
		\$ <u>169,146,433</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note G - LONG-TERM LIABILITIES (continued)

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

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 10,939,900	\$ 786,907	\$ 2,396,000	\$ 1,804,803
2012	11,390,310	716,974	2,500,000	1,709,779
2013	11,636,440	644,340	2,611,000	1,612,138
2014	12,117,440	570,177	2,703,511	1,509,359
2015	11,463,480	493,517	2,226,000	1,402,703
2016-2020	49,241,345	1,484,855	12,634,000	5,527,571
2021-2024	19,454,315	175,596	17,832,692	1,965,428
	<u>\$ 126,243,230</u>	<u>\$ 4,872,366</u>	<u>\$ 42,903,203</u>	<u>\$ 15,531,781</u>

Capital Outlay Notes - In December 2006, and July 2007, the City of Murfreesboro issued a \$1,900,000 Taxable Airport Improvement Capital Outlay Note, Series 2006, and a \$1,400,000 Taxable Airport Improvement Capital Outlay Note, Series 2007, respectively, 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 remaining balance of the 1.9 million capital outlay note of \$1,675,000 matures on December 1 of each year through 2018, inclusive, and bears interest at a rate of 6.55%, payable semi-annually on June 1 and December 1 of each year. The remaining balance of the 1.4 million capital outlay note of \$1,319,000 matures on August 1 of each year through 2019, inclusive, and bears interest at a rate of 6.49%, payable semi-annually on February 1 and August 1 of each year.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2011	\$ 224,000	\$ 174,328
2012	237,000	159,284
2013	254,000	143,263
2014	270,000	126,164
2015	288,000	107,955
2016-2020	1,305,350	223,494
	<u>\$ 2,578,350</u>	<u>\$ 934,488</u>

Loans Payable - Utility Plant Acquisition - The Electric Department has periodically purchased certain customers and utility plant from the Middle Tennessee Electric Membership Corporation (MTEMC). During the year ended June 30, 2010, the Department made a purchase of \$703,293 representing \$120,583 in net plant allocated to specific plant accounts and \$582,710 in lost revenue allocated to plant acquisition adjustments. After paying a down payment on each of the transactions, the remaining balance of \$386,628 is payable annually in equal installments over a ten year period. Currently, the annual payments due on prior purchases total \$190,378.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note G - LONG-TERM LIABILITIES (continued)

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, 2010. 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:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,785,044	\$ 1,565,580
2012	2,905,020	1,445,604
2013	3,030,168	1,320,456
2014	3,160,704	1,189,908
2015	3,296,880	1,053,744
2016-2020	18,633,718	3,014,940
2020-2024	<u>4,555,120</u>	<u>132,720</u>
	<u>\$ 38,366,654</u>	<u>\$ 9,722,952</u>

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities -</i>					
General obligation refunding bonds		\$ 65,855,000	\$ 10,640,000	\$ 55,215,000	\$ 9,705,000
Add: Premium on refunding		6,424,132	448,195	5,975,937	
Capital outlay notes	\$ 2,994,000		415,650	2,578,350	224,000
Tennessee Municipal Bond Fund Loans	<u>201,106,937</u>	<u>8,146,753</u>	<u>83,010,460</u>	<u>126,243,230</u>	<u>10,939,900</u>
	\$ 204,100,937	\$ 80,425,885	\$ 94,514,305	\$ 190,012,517	\$ 20,868,900
Estimated landfill closure costs	1,825,000		400,000	1,425,000	255,000
Compensated absences	6,302,919	1,966,537	1,600,533	6,668,923	892,927
Post-employment benefit obligation	9,865,309	4,989,389		14,854,698	
Claims and judgments	5,176,000	2,694,694	1,991,694	5,879,000	2,259,372
Tennessee Municipal Bond Fund loan reported by Water and Sewer Fund (1)	(979,726)		(979,726)		
General obligation refunding bonds reported by Water and Sewer Fund (2)		(924,742)	(561,617)	(363,125)	(363,125)
Governmental activity - Long-term liabilities	<u>\$ 226,290,439</u>	<u>\$ 89,151,763</u>	<u>\$ 96,965,189</u>	<u>\$ 218,477,013</u>	<u>\$ 23,913,074</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note G - LONG-TERM LIABILITIES (continued)

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, \$5,879,000 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.

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2010</u>	<u>One Year</u>
<i>Business-type Activities -</i>					
Revenue Bonds	\$ 2,060,000	\$ 56,305,000	\$ 7,095,000	\$ 51,270,000	\$ 4,980,000
Matured bonds payable	36,000			36,000	
Add: premium on refunding		3,013,792	135,000	2,878,792	
Less: deferred amounts -					
For issuance discounts	(18,228)		(18,228)		
On refunding	<u>(44,188)</u>	<u>(121,999)</u>	<u>(61,611)</u>	<u>(104,576)</u>	
Total bonds payable	\$ 2,033,584	\$ 59,196,793	\$ 7,150,161	\$ 54,080,216	\$ 4,980,000
State revolving loan	41,036,702		2,670,048	38,366,654	2,785,044
Compensated absences	2,780,147	418,900	297,154	2,901,893	852,527
Post-employment benefit obligation	2,300,413	1,324,290		3,624,703	
Tennessee Municipal Bond Fund Loan	95,749,081	9,537,208	62,383,086	42,903,203	2,396,000
Loans payable - Utility plant acquisition	<u>808,964</u>	<u>386,628</u>	<u>232,162</u>	<u>963,430</u>	<u>190,378</u>
	\$ 144,708,891	\$ 70,863,819	\$ 72,732,611	\$ 142,840,099	\$ 11,203,949
Tennessee Municipal Bond Fund Loan (1)	979,726		979,726		
General Obligation Debt (2)		<u>924,742</u>	<u>561,617</u>	<u>363,125</u>	<u>363,125</u>
Business-type activity -					
Long-term liabilities	<u>\$ 145,688,617</u>	<u>\$ 71,788,561</u>	<u>\$ 74,273,954</u>	<u>\$ 143,203,224</u>	<u>\$ 11,567,074</u>

Note H - CONSERVATION PROGRAMS

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2010, outstanding funds advanced by TVA totaled \$1,085,125 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, 2010, the outstanding receivables for loans made from these funds amounted to \$1,052,530.

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, 2010

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 SunTrust Bank, Nashville, N.A. and Pinnacle National Financial who serve as co-trustees for the plan. Employees hired after June 30, 2010 will not be eligible to participate in this 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 who are regularly employed for at least 30 hours per week for at least six months of the year 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 current funding policy is to contribute 12.17% of covered salary. Over the years the actual contributions have exceeded the Annual Required Contributions developed under GASB 25/27 resulting in a cumulative negative Net Pension Obligation (NPO). The amount funded was less than the required amount for the fiscal year ending 2010 resulting in an increase to the NPO of \$558,912. 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 five years or more of service receive a refund of contributions with 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. The normal retirement age for a fire fighter or police officer is the member's 55th birthday. 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 has the right to further amend or terminate the plan.

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 were four investments in a mutual fund representing more than 5% of the net assets available for benefits as shown as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note I - EMPLOYEE PENSION PLANS (continued)

<u>Investment in Mutual Fund</u>	<u>Amount</u>	<u>Percentage of Net Assets</u>
Dodge & Cox International Stock Fund	\$ 6,345,553	8.93%
PIMCO Global Bond Fund Unhedged	\$ 5,852,654	8.24%
Legg Mason Global Opp Bond Fund	\$ 5,902,390	8.31%
Ridgworth Fund - Int'l Equity Index	\$ 4,526,577	6.37%

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. The plan does not cover employees that have attained age 60 on the date of hire. 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. The basic form of the retirement payments is a life annuity for single and a joint survivor annuity for married participants. Subject to the application plan conditions, a Participant may select an optional method of benefit payments which is actuarially equivalent to the basic benefit payment. 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. Benefit payments to participants are recorded upon distribution.

The plan was amended during the year to change the Plan year from the 12-month period ending July 31 of each year to the 12-month period ending June 30 of each year. The statement of changes in net assets includes eleven months for the year ending June 30, 2009. The statement of changes in net assets held in trust for pension benefits includes twelve months for the year ending June 30, 2010. The change in the plan year does not affect the benefit payments.

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
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 at June 30, 2010. There are no related party transactions involving the pension trust.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note I - EMPLOYEE PENSION PLANS (continued)

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	39	317
Active Participants	<u>71</u>	<u>921</u>
	<u>110</u>	<u>1,238</u>

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	\$ 1,145,337	\$ 5,007,182
Contributions made	\$ 1,145,337	\$ 4,448,270
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level dollar	Level dollar
Amortization period-open	30 years	30 years
Remaining amortization period	23 years	27 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

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note I - EMPLOYEE PENSION PLANS (continued)

	<u>Three-Year Trend Information</u>			Percentage of APC Contributed	Net Pension Obligation (Benefit)
	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>			
Murfreesboro Electric	07/31/08	\$ 637,785		100.00%	\$ -0-
Department Pension	06/30/09	\$ 793,813		100.00%	\$ -0-
	06/30/10	\$ 1,145,337		100.00%	\$ -0-
City of Murfreesboro	07/01/08	\$ 4,265,880		94.99%	\$ (1,053,899)
Employee's Pension	07/01/09	\$ 4,441,232		101.24%	\$ (1,096,887)
	07/01/10	\$ 4,993,579		89.08%	\$ (537,975)

<u>Actuarial Valuation Date</u>	<u>Schedule of Funding Progress</u>					
	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
Murfreesboro Electric Department Pension:						
08/01/08	\$ 11,565,801	\$ 12,834,516	\$ 1,268,715	90.1%	\$ 3,618,857	35.1%
07/01/09	\$ 10,265,821	\$ 11,482,378	\$ 1,216,557	89.4%	\$ 4,080,267	29.8%
07/01/10	\$ 12,205,440	\$ 13,378,372	\$ 1,172,932	91.2%	\$ 4,146,459	28.3%

City of Murfreesboro Employees' Pension

07/01/08	\$ 76,160,860	\$ 91,281,997	\$ 15,121,137	83.4%	\$ 37,555,620	40.3%
07/01/09	\$ 80,040,594	\$ 99,166,582	\$ 19,125,988	80.7%	\$ 40,384,320	47.4%
07/01/10	\$ 83,658,491	\$ 105,022,974	\$ 21,364,483	79.7%	\$ 39,994,629	53.4%

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

Annual Required Contribution	\$ 4,993,579
Interest on net pension obligation	(82,267)
Adjustment to annual required contribution	95,870
Annual pension cost	\$ 5,007,182
Contributions made	(4,448,270)
Increase in net pension obligation	\$ 558,912
Net pension obligation beginning of year	(1,096,887)
Net pension obligation end of year	\$ (537,975)

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note I - EMPLOYEE PENSION PLANS (continued)

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.

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, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/ps/.

Funding Policy – The Murfreesboro City School System plan 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, 2010 was 11.96% of annual covered payroll. The contribution requirement by plan members is set by state statute. The contribution requirement for the Murfreesboro City School System is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost – For the year ended June 30, 2010, the Murfreesboro City School System's annual pension cost of \$826,790 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, 2007 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 ten-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, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note I - EMPLOYEE PENSION PLANS (continued)

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/08	\$ 799,031	100.00%	\$ -0-
06/30/09	\$ 826,038	100.00%	\$ -0-
06/30/10	\$ 826,790	100.00%	\$ -0-

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.57% funded. The actuarial accrued liability for benefits was \$16.75 million, and the actuarial value of assets was \$14.67 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.08 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.84 million, and the ratio of the UAAL to the covered payroll was 30.44%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities (AALs) for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Actuarial Valuation Date	Actuarial Value of Plan 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)
07/01/09	\$ 14,666,000	\$ 16,748,000	\$ 2,082,000	87.57%	\$ 6,839,000	30.44%
07/01/07	\$ 13,412,000	\$ 14,634,000	\$ 1,222,000	91.65%	\$ 6,156,000	19.85%

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note I - EMPLOYEE PENSION PLANS (continued)

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

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 employer rate for the fiscal year ended June 30, 2010 was 6.42% 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 ended June 30, 2010, 2009, and 2008 were, \$1,773,939, \$1,753,721, and \$1,673,855, 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.

Note K - POST-EMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years which commenced with the 2008 liability.

The City offers benefits under two separate arrangements within the City and the Murfreesboro Electric Department. The City, including Water and Sewer, offers retirees post-employment healthcare benefits on an annual basis with the option to cancel, modify, or reduce benefits by authority of the Mayor and City Council.

The following is a summary of each of these plans:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note K – POST-EMPLOYMENT BENEFITS (continued)

City of Murfreesboro Administered Benefits

In addition to pension benefits described in Note I, the City provides certain healthcare benefits for retired employees. Plan benefits and any amendments are under the authority of City Council. The current retiree's share of premiums is 20%. Police and Firefighters are eligible to retire at age 55 without regard to years of service. General employees are eligible to retire at age 55 with 30 years of service, or at age 62 with twenty or more years of service with an actuarially reduced retirement benefit, or age 65 without regard to years of service. If an employee has met one of these standards and retired, and has 15 years of continuous service with the City with 5 years of continuous coverage in a City health insurance plan, the retired employee is currently eligible to continue such health insurance coverage until the retired employee is eligible for Medicare. As of June 30, 2010, there were 168 participants receiving these benefits.

Murfreesboro Electric Department Administered Plan

Plan Description -

In addition to the pension benefits described in Note I, the Murfreesboro Electric Department provides certain healthcare and life insurance benefits for retired employees. The current retiree's share of the premiums is 10%. Substantially all of the Department's employees may become eligible for those benefits if they reach normal retirement age (55) and have 10 years of service. Currently, 22 retirees are receiving benefits.

The number of participants of each plan as of July 1, 2009, the effective date of the biannual OPEB valuation, follows.

	<u>City Administered Plan</u>		<u>Murfreesboro Electric Department</u>
	<u>Water & Sewer</u>	<u>Other</u>	
Actives	133	729	84
Disableds		8	
Retirees/Beneficiaries	33	81	22
Total	<u>166</u>	<u>818</u>	<u>106</u>

Funding Policy and Annual OPEB Cost – Contribution requirements of the City and plan members are determined by the City Council under the City administered plan and by the Board of Directors of the Murfreesboro Electric Department for the Murfreesboro Electric Department's plan. Currently, only current benefits payable are being funded under the plans.

Both plans' other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a funding level that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The components of the annual required contribution and the net OPEB obligation are as follows:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note K – POST-EMPLOYMENT BENEFITS (continued)

	City Administered Plan		Murfreesboro Electric Department
	Water & Sewer	City	
Normal Cost	\$ 640,870	\$ 3,520,311	\$ 366,662
Amortization of Unfunded Accrued Liability	370,237	1,809,777	239,688
Interest	22,500	118,607	13,493
Annual Required Contribution	<u>\$ 1,033,607</u>	<u>\$ 5,448,695</u>	<u>\$ 619,843</u>
Contribution as a percentage of projected pay	18.56%	17.92%	13.20%

The following table shows the City's annual OPEB cost for the year, and the amount actually contributed:

	City Administered Plan		Murfreesboro Electric Department
	Water & Sewer	City	
Annual required contribution	\$ 1,033,607	\$ 5,448,695	\$ 619,843
Interest on net OPEB	69,296	421,794	34,222
Adjustment to annual required contribution	(48,922)	(297,780)	(27,756)
Annual OPEB cost	\$ 1,053,981	\$ 5,572,709	\$ 626,309
Contributions made	(197,134)	(615,119)	(158,866)
Increase in net OPEB obligation	\$ 856,847	\$ 4,957,590	\$ 467,443
Net OPEB obligation at beginning of year	1,539,919	9,373,194	760,494
Net OPEB obligation at end of year	<u>\$ 2,396,766</u>	<u>\$ 14,330,784</u>	<u>\$ 1,227,937</u>

Year End*	Plan	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation at Year-end
06/30/08	Water & Sewer	\$ 959,041	20.5%	\$ 762,277
06/30/09	Water & Sewer	\$ 969,436	19.8%	\$ 1,539,919
06/30/10	Water & Sewer	\$ 1,053,981	19.1%	\$ 2,396,766
06/30/08	City	\$ 5,147,879	9.6%	\$ 4,655,012
06/30/09	City	\$ 5,238,634	9.9%	\$ 9,373,194
06/30/10	City	\$ 5,572,709	11.0%	\$ 14,330,784
06/30/08	Electric Department	\$ 497,299	26.6%	\$ 365,111
06/30/09	Electric Department	\$ 538,146	26.5%	\$ 760,494
06/30/10	Electric Department	\$ 626,309	25.4%	\$ 1,227,937

* Data not available for the year prior to June 30, 2008.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note K – POST-EMPLOYMENT BENEFITS (continued)

As of July 1, 2009, the most recent actuarial valuation, both plans were 0% funded. The actuarial accrued unfunded liability (UAAL) for benefits at June 30, 2010 as well as actuarial methods and assumptions for both plans was as follows:

	City Administered Plan		Murfreesboro Electric Department
	Water & Sewer	City	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 11,913,264	\$ 58,233,840	\$ 6,713,346
Covered payroll	\$ 5,569,115	\$ 30,404,899	\$ 4,696,177
Ratio of UAAL to covered payroll	214%	192%	143%
Actuarial Valuation Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Period	30 yrs	30 yrs	30 yrs
Actuarial assumptions:			
Discount rate	4.50%	4.50%	4.50%
Projected salary increases	5.00%	5.00%	4.00%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and included the types of benefits provided at the time of each valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities.

The OPEB was set at \$-0- at the transition to GASB 45 for both plans. The actuarial method used was the entry age normal actuarial cost method. The plans were assumed to be unfunded. Health care cost trend rates are assumed to increase 8% to 10% in the first year and future increases are assumed to grade uniformly to 5% over a three to ten year period. Claims were adjusted downward 3% each year for aging until age 45, while claims were increased 3% per year until age 75 for the City, and claims were adjusted downward 3% from attained age 55 to 65, while claims were increased 3% each year from 65 to 75 for the Electric Department.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note K – POST-EMPLOYMENT BENEFITS (continued)

Murfreesboro City Schools

Plan Description

Murfreesboro City Schools participates in the state-administered Teacher Group Insurance Plan and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302 (teachers) or TCA 8-27-701 (Medicare Supplement). Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full-subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. For plan members electing family coverage, plan members contribute an average of 42.05% of premiums and Murfreesboro City Schools contributes on average 57.95% of premiums. For plan members electing single coverage, Murfreesboro City Schools contributes 100% of premiums.

<u>Annual OPEB cost and Net OPEB Obligation</u>	<u>Teacher Group Plan</u>
ARC	\$ 508,000
Interest on the net OPEB obligation	22,000
Adjustment to the ARC	<u>(21,000)</u>
Annual OPEB cost	\$ 509,000
Amount of contribution	<u>(473,580)</u>
Increase in net OPEB obligation	\$ 35,420
Net OPEB obligation - beginning of year	<u>488,494</u>
Net OPEB obligation - end of year	<u><u>\$ 523,914</u></u>

<u>Year End *</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year-end</u>
06/30/08	Teachers Group	\$ 566,000	60.6%	\$ 222,948
06/30/09	Teachers Group	\$ 571,000	53.5%	\$ 488,494
06/30/10	Teachers Group	\$ 509,000	93.0%	\$ 523,914

*Data not available for the year prior to 6/30/08.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note K – POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	<u>Teacher Group Plan</u>
Actuarial valuation date	July 1, 2009
Actuarial accrued liability (AAL)	\$3,511,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$3,511,000
Actuarial Value of Assets as a % of the AAL	0.00%
Covered payroll (active plan members)	\$37,384,000
UAAL as a percentage of covered payroll	9.39%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10 percent initially, reduced by 0.50 percent per year to an ultimate rate of 5.0 percent after ten years. Both rates include a 3.0 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

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 on the following page:

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note L – INFORMATION ON INDIVIDUAL PENSION PLAN (continued)

STATEMENT OF NET ASSETS

Assets -	
Cash and cash equivalents	\$ 4,449,790
Investments, at fair value	71,047,517
Contributions receivable	<u>367,723</u>
	\$ <u>75,865,030</u>
Liabilities -	
Due to others	\$ <u>141,529</u>
Net Assets -	
Held in trust for pension benefits	\$ <u><u>75,723,501</u></u>

STATEMENT OF CHANGES IN NET ASSETS

Additions -	
Employer contributions	\$ 4,514,333
Investment income	<u>7,286,344</u>
	\$ <u>11,800,677</u>
Deductions -	
Benefits to participants	\$ 2,717,192
Insurance premiums	<u>532,236</u>
	\$ <u>3,249,428</u>
Net decrease	\$ 8,551,249
Net Assets Held in Trust for Pension Benefits -	
Beginning of year	<u>67,172,252</u>
End of year	\$ <u><u>75,723,501</u></u>

Note M - COMMITMENTS AND CONTINGENCIES

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 a decrease in this estimated liability of \$400,000 from the previous year. The City's engineer estimates that additional costs required will approximate \$1,425,000. Accordingly, this amount has been accrued as a liability on the government-wide statement of net assets. A Contract in Lieu of Performance Bonds, dated December 18, 2008, was entered into between the City and the State of Tennessee in the amount of \$1,870,000.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note M - COMMITMENTS AND CONTINGENCIES (continued)

In the event the City fails to perform operation and maintenance of the closed dump site as part of the cleanup of the site, after giving the City notice and opportunity to cure the violation, the Commissioner of the Department of Environment and Conservation may collect any amount up to the total penal sum from any funds that would otherwise be disbursed from the State of Tennessee to the City and will be assigned any such forfeited funds from the City to the Tennessee Department of Environment and Conservation.

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

	Project Authorization	Expended To Date	Remaining Commitment
Chamber of Commerce Building	\$ 5,269,262	\$ 3,551,687	\$ 1,717,575
Fortress Blvd - Puckett to Blaze	2,351,339	225,492	2,125,847
Manson/Gresham/Fortress	6,399,775	1,658,307	4,741,468
Sports*Com Pool	3,296,589	3,102,769	193,820
Veterans Parkway Phase 3A and 3B	7,284,795	4,185,021	3,099,774
Veterans Parkway Phase 3C	4,684,139	2,079,235	2,604,904
	<u>\$ 29,285,899</u>	<u>\$ 14,802,511</u>	<u>\$ 14,483,388</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, 2010 approximate \$817,000. In the event of non-performance under the contract, the School System is only liable for the amount of services rendered.

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 \$2,848,900.

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.

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 \$451,219 for the year ended June 30, 2010.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note O - 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.

Interfund receivable and payable balances at June 30, 2010, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Water and Sewer Fund	\$ 18,327	
Electric Fund	5,479	
Nonmajor governmental funds	14,416,957	\$ 140,805
Nonmajor enterprise funds	736,927	32,412
Internal service funds	1,893	1,400
	<u>\$ 15,179,583</u>	<u>\$ 174,617</u>
General Purpose School Fund		
Nonmajor governmental funds	\$ 1,512,905	\$ 110,714
Nonmajor Governmental Funds		
General fund	\$ 140,805	\$ 14,416,957
General purpose school fund	110,714	1,512,905
Nonmajor governmental funds	168,247	168,247
Internal service funds	887	678
	<u>\$ 420,653</u>	<u>\$ 16,098,787</u>
Water and Sewer Fund		
General fund		\$ 18,327
Nonmajor enterprise funds	\$ 3,709,857	6,425,110
Internal service funds		8,843
	<u>\$ 3,709,857</u>	<u>\$ 6,452,280</u>
Electric Department Fund		
General fund		\$ 5,479
Nonmajor Enterprise Funds		
General fund	\$ 32,412	\$ 736,927
Water and Sewer fund	6,425,110	3,709,857
	<u>\$ 6,457,522</u>	<u>\$ 4,446,784</u>
Internal Service Funds		
General fund	\$ 1,400	\$ 1,893
Water and Sewer fund	8,843	
Nonmajor governmental funds	678	887
Internal service funds	3,997	3,997
	<u>\$ 14,918</u>	<u>\$ 6,777</u>
	<u>\$ 27,295,438</u>	<u>\$ 27,295,438</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note O - 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, 2010 were as follows:

	Transfer From				Total
	General Fund	Nonmajor Governmental Funds	Electric Department Fund	Debt Service Fund	
General Fund			\$ 2,677,676		\$ 2,677,676
General Purpose					
School Fund	\$ 4,810,103				4,810,103
Debt Service Fund	20,534,723	\$ 4,950,627			25,485,350
Nonmajor					
Governmental Funds	11,114,871	6,000		\$ 3,832,468	14,953,339
Nonmajor					
Enterprise Fund	101,124	62,432			163,556
	<u>\$ 36,560,821</u>	<u>\$ 5,019,059</u>	<u>\$ 2,677,676</u>	<u>\$ 3,832,468</u>	<u>\$ 48,090,024</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 P - PRIOR PERIOD ADJUSTMENT AND RETROACTIVE RESTATEMENT OF INFRASTRUCTURE ASSETS

During the year ended June 30, 2010, a prior period adjustment was made to reclassify prior year expenses from the 2010 TML fund to the 2008 TML fund in the amount of \$677,142. The adjustment was made to reflect a change in funding source from the 2010 Tennessee Municipal Bond Fund Loan to the 2008 Tennessee Municipal Bond Fund Loan. The net effect to the statement of activities is zero. Also during 2010, management became aware of several amounts included in street improvement deposits, that should have been recognized in a prior year. As a result a prior period adjustment of \$33,285 increasing state street aid fund balance was recorded, as well as an increase of \$148,156 to the 2008 TML Fund fund balance. The net effect to prior period net assets is an increase \$181,441. During the year ended June 30, 2010, the City retroactively recorded infrastructure in accordance with GASB 51 in the amount of \$892,359 (\$1,230,697 net of accumulated depreciation of \$338,338). The total prior period adjustment including the retroactive restatement of computer software is \$1,073,800.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

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. As of July 1, 2008, the City no longer provided workers' compensation coverage for Murfreesboro Electric Department. Claims for the fiscal year ended June 30, 2010 were \$2,694,694. 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 various City funds 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, 2010 were \$11,016,291.

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.

Claims Liability - The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2010 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. Claim liabilities do not include nonincremental claims adjustment expenses. Changes in the Funds' claims liability amounts during the year ended June 30, 2010 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 -				
2009	\$ 4,773,000	\$ 2,077,929	\$ 1,674,929	\$ 5,176,000
2010	\$ 5,176,000	\$ 2,694,694	\$ 1,991,694	\$ 5,879,000
Insurance Fund -				
2009	\$ 524,356	\$ 9,612,478	\$ 9,261,742	\$ 875,092
2010	\$ 875,092	\$ 11,016,291	\$ 11,131,648	\$ 759,735

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.

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note R - DEFICIT FUND BALANCES

Various nonmajor capital projects funds had deficit fund balances at June 30, 2010. The Gateway Project fund had a deficit fund balance of \$1,266,169 as of June 30, 2010. 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. In addition, the 2008 and 2010 TML Funds had a deficit fund balances of \$2,640,793 and \$9,053,772, respectively. The TML funds incurred expenditures related to various capital projects. The money has been funded by the General Fund to be reimbursed from future debt issuance. Also, one nonmajor special revenue fund had deficit fund balances at June 30, 2010. The Solid Waste Fund had a deficit balance of \$19,735. The Solid Waste Fund does not have a separate bank account and the deficit balance reflects amounts payable at June 30, 2010 for which general fund transfers have not been made.

Note S – FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis at June 30, 2010 are as follows:

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1 inputs)</u>
Employee Pension Plan	
Mututal funds	\$ 30,736,179
U.S. Government notes and bonds	11,579,562
Corporate notes and bonds	12,975,840
Common stock	15,755,936
	<u>\$ 71,047,517</u>
Electric Department Pension Plan	
Mututal funds	\$ 6,284,230
U.S. Government notes and bonds	1,484,666
Corporate notes and bonds	2,991,215
	<u>\$ 10,760,111</u>
Perpetual Care Cemetery Fund	
Mututal funds	\$ 396,305
U.S. Government notes and bonds	703,828
Corporate notes and bonds	556,971
	<u>\$ 1,657,104</u>

CITY OF MURFREESBORO, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2010

Note T – SUBSEQUENT EVENTS

In September of 2009, the City Council approved an agreement with the Rutherford County Chamber of Commerce in regards to the New Visitors Center and Chamber building which may title the land and building to the Chamber at the end of a 25 year commitment to operate the Visitors Center. The agreement also obligates the Chamber to repay the City, in the form of rent, for the City's final costs of the facility not to exceed \$1.5 million. The final cost shall be amortized over 15 years with interest compounded at an annual rate of 3%. The agreement becomes effective upon the completion or occupancy of the building, whichever comes first. The Rutherford County Chamber of Commerce building and Visitors Center was occupied in December of 2010.

Effective for all full-time employees hired on or after July 1, 2010, a defined contribution plan has been implemented for the City. The provisions for this plan involve a 3% mandatory employee contribution, with a maximum employee contribution set at 8%. The City will match the employee contribution up to 8%. Employees will become 100% vested in the plan after five years of full-time employment.

Note U – NEW ACCOUNTING AND REPORTING STANDARDS

The GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, required for fiscal period beginning after June 15, 2010. This Statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Funding Progress

June 30, 2010

<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>
City of Murfreesboro Employees' Pension Plan -						
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
7/1/08	76,160,860	91,281,997	15,121,137	83.4	37,555,620	40.3
7/1/09	80,040,594	99,166,582	19,125,988	80.7	40,384,320	47.4
7/1/10	83,658,491	105,022,974	21,364,483	79.7	39,994,629	53.4
Murfreesboro Electric Department Employee Pension Plan -						
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	9,343,486	9,814,993	471,507	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
8/1/08	11,565,801	12,834,516	1,268,715	90.1	3,618,857	35.1
7/1/09	10,265,822	11,482,378	1,216,556	89.4	4,080,267	29.8
7/1/10	12,205,440	13,378,372	1,172,932	91.2	4,146,459	28.3

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Employer Contributions

June 30, 2010

<u>Fiscal</u> <u>Year</u>	<u>Murfreesboro Employees' Pension</u>		<u>Electric Department Pension</u>	
	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2001	\$ 1,835,308	125 %	\$ 152,664	100 %
2002	2,459,161	100	316,692	100
2003	2,424,202	107	493,679	100
2004	2,721,331	98	485,027	100
2005	3,045,036	97	551,578	100
2006	3,531,820	93	550,390	100
2007	3,852,817	97	608,688	100
2008	4,265,880	95	637,785	100
2009	4,441,232	101	793,813	100
2010	4,993,579	89	1,145,337	100

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Post-Employment Benefits

Schedule of Funding Progress

June 30, 2010

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
City of Murfreesboro (excluding Water and Sewer employees)						
07/01/08	\$ -0-	\$ 53,704,061	\$ 53,704,061	0.0 %	\$ 27,152,899	197.8 %
07/01/09	-0-	58,897,953	58,897,953	0.0	28,201,253	208.8
07/01/10	-0-	58,233,849	58,233,849	0.0	30,404,899	191.5
Murfreesboro Water and Sewer Department						
07/01/08	\$ -0-	\$ 10,582,267	\$ 10,582,267	0.0 %	\$ 5,145,460	205.7 %
07/01/09	-0-	11,514,086	11,514,086	0.0	5,188,601	221.9
07/01/10	-0-	11,913,264	11,913,264	0.0	5,569,115	213.9
Murfreesboro Electric Department						
07/01/08	\$ -0-	\$ 6,308,938	\$ 6,308,938	0.0 %	\$ 3,954,739	159.5 %
07/01/09	-0-	6,755,215	6,755,215	0.0	3,954,739	170.8
07/01/10	-0-	6,713,346	6,713,346	0.0	4,696,177	143.0
Murfreesboro City Schools (1)						
6/30/2007	\$ -0-	\$ 4,260,000	\$ 4,260,000	0.0 %	\$ 37,546,000	11.4 %
6/30/2009	-0-	3,511,000	3,511,000	0.0	37,384,000	9.4

Note: Data is not available for the year prior to June 30, 2007.

(1) An additional year will be reported as data becomes available. The amount reported here for covered payroll relates to the fiscal year in which the valuation was performed.



T E N N E S S E E

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.

SCHOOL DEBT SERVICE FUND

The *School Debt Service Fund* accounts for the accumulation of resources for, and payment of, general long-term obligations specifically related to the financing for the Murfreesboro City Schools.

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, 2010

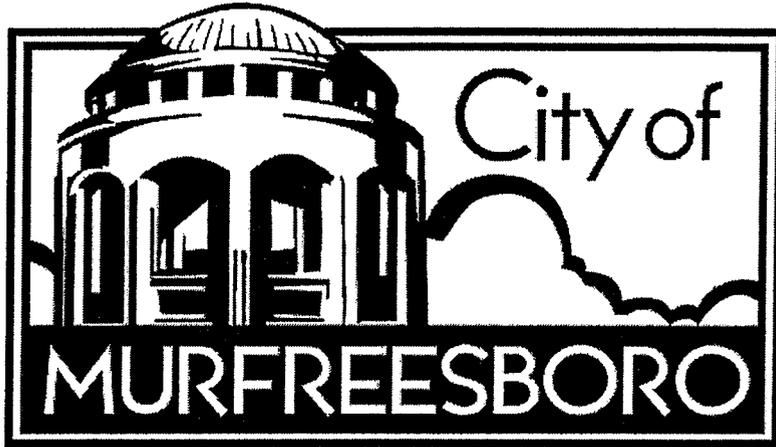
	Total Special Revenue Funds	Total Capital Projects Funds	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 9,837,714	\$ 5,943,355		\$ 15,781,069
Certificates of deposit	363,924			363,924
Due from other funds	420,652			420,652
Due from other governments	3,944,464	1,473,079		5,417,543
Accounts receivable, net	125,004		\$ 35,790	160,794
Due from others	344,449	258,678		603,127
Other accounts receivable	42,492		13,395	55,887
Prepaid items and deposits	4,600			4,600
Inventory	226,462			226,462
Restricted assets -				
Cash and cash equivalents		813,637	4,496	818,133
Investments, at fair value			1,657,104	1,657,104
	<u>\$ 15,309,761</u>	<u>\$ 8,488,749</u>	<u>\$ 1,710,785</u>	<u>\$ 25,509,295</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities-				
Bank overdraft	\$ 112,340			\$ 112,340
Accounts payable	390,610	\$ 2,081,040		2,471,650
Accrued liabilities	235,246			235,246
Due to other funds	2,997,513	13,101,274		16,098,787
Due to other governments	106,411			106,411
Deferred revenue	1,771,717	392,903		2,164,620
Other deposits	45,392			45,392
	<u>\$ 5,659,229</u>	<u>\$ 15,575,217</u>		<u>\$ 21,234,446</u>
Fund Balance-				
Reserved for inventory	\$ 129,159			\$ 129,159
Reserved for perpetual care			\$ 1,608,319	1,608,319
Unreserved -				
Designated for repairs and replacement	425,839			425,839
Designated for contingencies	16,313			16,313
Undesignated	9,079,221	<u>\$ (7,086,468)</u>	102,466	2,095,219
	<u>\$ 9,650,532</u>	<u>\$ (7,086,468)</u>	<u>\$ 1,710,785</u>	<u>\$ 4,274,849</u>
	<u>\$ 15,309,761</u>	<u>\$ 8,488,749</u>	<u>\$ 1,710,785</u>	<u>\$ 25,509,295</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2010

	Total Special Revenue Funds	Total Capital Projects Funds	School Debt Service Fund	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
Revenues-					
Taxes	\$ 1,275,655				\$ 1,275,655
Intergovernmental	12,522,017	\$ 5,108,060			17,630,077
Charges for services	7,225,548				7,225,548
Donations		1,941,617			1,941,617
Interest and investment earnings	22,119	74,101		\$ 211,376	307,596
Program income		35,199			35,199
Miscellaneous	1,150,354	836,292			1,986,646
	<u>\$ 22,195,693</u>	<u>\$ 7,995,269</u>		<u>\$ 211,376</u>	<u>\$ 30,402,338</u>
Expenditures -					
Current-					
Police	\$ 217,425				\$ 217,425
Streets	2,985,300				2,985,300
Sanitation	4,289,255				4,289,255
Community services	5,799,104				5,799,104
Recreation	8,399,731				8,399,731
Community development		\$ 2,322,141			2,322,141
Education	4,369,505				4,369,505
Food service	3,263,223				3,263,223
Capital outlay	1,025,224	23,351,557			24,376,781
Debt service -					
Principal			\$ 3,396,765		3,396,765
Interest			436,278		436,278
Debt issuance costs			88,152		88,152
	<u>\$ 30,348,767</u>	<u>\$ 25,673,698</u>	<u>\$ 3,921,195</u>		<u>\$ 59,943,660</u>
Excess of Revenues Over (Under)					
Expenditures	<u>\$ (8,153,074)</u>	<u>\$ (17,678,429)</u>	<u>\$ (3,921,195)</u>	<u>\$ 211,376</u>	<u>\$ (29,541,322)</u>
Other Sources (Uses) -					
Tennessee Municipal Bond Fund Loans		\$ 8,146,753			\$ 8,146,753
Refunding bonds issued			\$ 11,650,131		11,650,131
Premium on refunding			1,118,663		1,118,663
Payments on refunded debt			(12,680,067)		(12,680,067)
Transfers in	\$ 11,120,871		3,832,468		14,953,339
Transfers out	(1,122,978)	(3,833,649)		\$ (62,432)	(5,019,059)
	<u>\$ 9,997,893</u>	<u>\$ 4,313,104</u>	<u>\$ 3,921,195</u>	<u>\$ (62,432)</u>	<u>\$ 18,169,760</u>
Net change in fund balances	<u>\$ 1,844,819</u>	<u>\$ (13,365,325)</u>	<u>\$ -0-</u>	<u>\$ 148,944</u>	<u>\$ (11,371,562)</u>
Fund Balance at beginning of year,					
as previously stated	\$ 7,772,428	\$ 6,130,701	\$ -0-	\$ 1,561,841	\$ 15,464,970
Prior period adjustment	33,285	148,156			181,441
Fund Balance at beginning of year,					
as restated	<u>\$ 7,805,713</u>	<u>\$ 6,278,857</u>	<u>\$ -0-</u>	<u>\$ 1,561,841</u>	<u>\$ 15,646,411</u>
Fund Balances at end of year	<u><u>\$ 9,650,532</u></u>	<u><u>\$ (7,086,468)</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1,710,785</u></u>	<u><u>\$ 4,274,849</u></u>



T E N N E S S E E

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.

Public Transportation Fund accounts for revenues and expenditures associated with the development and operations of a transit system for the City of Murfreesboro. During the fiscal year ended June 30, 2010, Public Transportation became part of the newly formed Transportation Department of the General Fund of 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, 2010

	<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>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,050,036	\$ 417,742	\$ 341,104	\$ 508,605	\$ 5,554,938	
Certificates of deposit						
Due from other funds	33,285	7,226	53	33,949		
Due from other governments	989,614	688,632	49	3,210		\$ 190,782
Accounts receivable, net		160				
Due from others			1,413		332,303	
Other accounts receivable			42,492			
Prepaid items and deposits						
Inventory				93,108		
	<u>\$ 2,072,935</u>	<u>\$ 1,113,760</u>	<u>\$ 385,111</u>	<u>\$ 638,872</u>	<u>\$ 5,887,241</u>	<u>\$ 190,782</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities-						
Bank overdraft						
Accounts payable	\$ 148,982	\$ 116,943	\$ 13,633	\$ 63,186	\$ 1,829	
Accrued liabilities		65,643	4,473	12,947	1,216	\$ 19,735
Due to other funds	458,665	659,023	1,209	556	46	190,782
Due to other governments						
Deferred revenue		13,076	50,897	107,983	750,000	
Deposits		6,235				
	<u>\$ 607,647</u>	<u>\$ 860,920</u>	<u>\$ 70,212</u>	<u>\$ 184,672</u>	<u>\$ 753,091</u>	<u>\$ 210,517</u>
Fund Balance-						
Reserved for inventory				\$ 93,108		
Unreserved -						
Designated for repairs and replacement		\$ 85,258		340,581		
Designated for contingencies				16,313		
Undesignated	\$ 1,465,288	167,582	\$ 314,899	4,198	\$ 5,134,150	\$ (19,735)
	<u>\$ 1,465,288</u>	<u>\$ 252,840</u>	<u>\$ 314,899</u>	<u>\$ 454,200</u>	<u>\$ 5,134,150</u>	<u>\$ (19,735)</u>
	<u>\$ 2,072,935</u>	<u>\$ 1,113,760</u>	<u>\$ 385,111</u>	<u>\$ 638,872</u>	<u>\$ 5,887,241</u>	<u>\$ 190,782</u>

<u>Airport</u>	<u>Drug Enforcement</u>	<u>Extended School Program</u>	<u>School Cafeteria</u>	<u>School Federal and State Programs</u>	<u>Total Nonmajor Special Revenue</u>
\$ 207,084	\$ 344,580	\$ 550,538	\$ 863,087		\$ 9,837,714
		343,924	20,000		363,924
67,231		159,494	5,956	\$ 113,458	420,652
22,473	24,616	21,200	69,544	1,934,344	3,944,464
47,398		77,446			125,004
	10,733				344,449
					42,492
	4,600				4,600
36,023			97,331		226,462
<u>\$ 380,209</u>	<u>\$ 384,529</u>	<u>\$ 1,152,602</u>	<u>\$ 1,055,918</u>	<u>\$ 2,047,802</u>	<u>\$ 15,309,761</u>
\$ 39,348	\$ 42		\$ 300	\$ 112,340	\$ 112,340
2,389		\$ 99,345	5,865	6,347	390,610
205	5,928	85,034	931	23,633	235,246
		101,772		1,595,134	2,997,513
	10,208	514,607	19,237	4,639	106,411
39,157				305,709	1,771,717
<u>\$ 81,099</u>	<u>\$ 16,178</u>	<u>\$ 800,758</u>	<u>\$ 26,333</u>	<u>\$ 2,047,802</u>	<u>\$ 5,659,229</u>
\$ 36,051					\$ 129,159
					425,839
					16,313
263,059	\$ 368,351	\$ 351,844	\$ 1,029,585		9,079,221
<u>\$ 299,110</u>	<u>\$ 368,351</u>	<u>\$ 351,844</u>	<u>\$ 1,029,585</u>		<u>\$ 9,650,532</u>
<u>\$ 380,209</u>	<u>\$ 384,529</u>	<u>\$ 1,152,602</u>	<u>\$ 1,055,918</u>	<u>\$ 2,047,802</u>	<u>\$ 15,309,761</u>

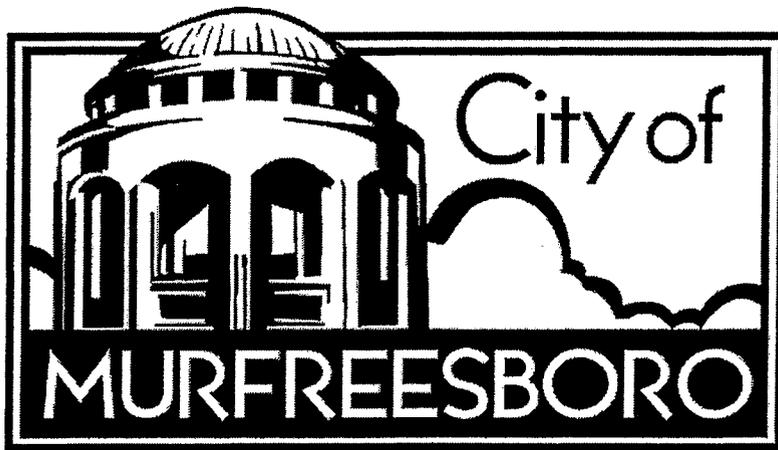
CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds

Year Ended June 30, 2010

	<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>
Revenues-						
Intergovernmental	\$ 3,129,985	\$ 844,751	\$ 190,400	\$ 2,402		
Charges for services		1,066,269	196,962	1,748,643		\$ 9,587
Interest	723	1,533	1,146	410	\$ 16,297	
Franchise tax					1,275,655	
Miscellaneous		51,458	54,378	12,839	708	31,161
	<u>\$ 3,130,708</u>	<u>\$ 1,964,011</u>	<u>\$ 442,886</u>	<u>\$ 1,764,294</u>	<u>\$ 1,292,660</u>	<u>\$ 40,748</u>
Expenditures-						
Education						
Recreation		\$ 6,697,122		\$ 1,702,609		
Streets	\$ 2,985,300					
Sanitation						\$ 4,289,255
Police						
Community services			\$ 870,591		\$ 405,050	
Food service						
Capital outlay		738,008	10,091	26,778	18,609	
	<u>\$ 2,985,300</u>	<u>\$ 7,435,130</u>	<u>\$ 880,682</u>	<u>\$ 1,729,387</u>	<u>\$ 423,659</u>	<u>\$ 4,289,255</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 145,408</u>	<u>\$ (5,471,119)</u>	<u>\$ (437,796)</u>	<u>\$ 34,907</u>	<u>\$ 869,001</u>	<u>\$ (4,248,507)</u>
Other Sources (Uses)-						
Transfers in		\$ 5,517,125	\$ 480,550			\$ 5,003,726
Transfers out						(800,000)
		<u>\$ 5,517,125</u>	<u>\$ 480,550</u>			<u>\$ 4,203,726</u>
Net change in fund balances	<u>\$ 145,408</u>	<u>\$ 46,006</u>	<u>\$ 42,754</u>	<u>\$ 34,907</u>	<u>\$ 869,001</u>	<u>\$ (44,781)</u>
Fund Balance at beginning of year, as previously stated	\$ 1,286,595	\$ 206,834	\$ 272,145	\$ 419,293	\$ 4,265,149	\$ 25,046
Prior period adjustment	33,285					
Fund Balance at beginning of year, as restated	<u>\$ 1,319,880</u>	<u>\$ 206,834</u>	<u>\$ 272,145</u>	<u>\$ 419,293</u>	<u>\$ 4,265,149</u>	<u>\$ 25,046</u>
Fund Balance at end of year	<u>\$ 1,465,288</u>	<u>\$ 252,840</u>	<u>\$ 314,899</u>	<u>\$ 454,200</u>	<u>\$ 5,134,150</u>	<u>\$ (19,735)</u>

<u>Airport</u>	<u>Drug Enforcement</u>	<u>Public Transportation</u>	<u>Extended School Program</u>	<u>School Cafeteria</u>	<u>School Federal and State Programs</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 192,159			\$ 71,949	\$ 2,285,346	\$ 5,805,025	\$ 12,522,017
381,395			2,613,260	1,209,432		7,225,548
1,124	\$ 886					22,119
<u>751,012</u>	<u>203,686</u>		<u>45,112</u>			<u>1,275,655</u>
\$ <u>1,325,690</u>	\$ <u>204,572</u>	\$ <u>-0-</u>	\$ <u>2,730,321</u>	\$ <u>3,494,778</u>	\$ <u>5,805,025</u>	\$ <u>22,195,693</u>
					\$ 4,369,505	\$ 4,369,505
						8,399,731
						2,985,300
						4,289,255
	\$ 217,425					217,425
\$ 955,350			\$ 2,358,512		1,209,601	5,799,104
				\$ 3,263,223		3,263,223
<u>150</u>	<u>5,669</u>				<u>225,919</u>	<u>1,025,224</u>
\$ <u>955,500</u>	\$ <u>223,094</u>	\$ <u>-0-</u>	\$ <u>2,358,512</u>	\$ <u>3,263,223</u>	\$ <u>5,805,025</u>	\$ <u>30,348,767</u>
\$ <u>370,190</u>	\$ <u>(18,522)</u>	\$ <u>-0-</u>	\$ <u>371,809</u>	\$ <u>231,555</u>	\$ <u>-0-</u>	\$ <u>(8,153,074)</u>
\$ 1,961	\$ 113,428	\$ 4,081				\$ 11,120,871
<u>(322,978)</u>						<u>(1,122,978)</u>
\$ <u>(321,017)</u>	\$ <u>113,428</u>	\$ <u>4,081</u>				\$ <u>9,997,893</u>
\$ <u>49,173</u>	\$ <u>94,906</u>	\$ <u>4,081</u>	\$ <u>371,809</u>	\$ <u>231,555</u>	\$ <u>-0-</u>	\$ <u>1,844,819</u>
\$ 249,937	\$ 273,445	\$ (4,081)	\$ (19,965)	\$ 798,030	\$ -0-	\$ 7,772,428
						33,285
\$ <u>249,937</u>	\$ <u>273,445</u>	\$ <u>(4,081)</u>	\$ <u>(19,965)</u>	\$ <u>798,030</u>	\$ <u>-0-</u>	\$ <u>7,805,713</u>
\$ <u>299,110</u>	\$ <u>368,351</u>	\$ <u>-0-</u>	\$ <u>351,844</u>	\$ <u>1,029,585</u>	\$ <u>-0-</u>	\$ <u>9,650,532</u>



T E N N E S S E E

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, 2010

	<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	\$ 2,620,697	\$ 2,620,697	\$ 2,671,320	\$ 50,623
Interest	600	600	723	123
Federal Funds		458,665	458,665	
	<u>\$ 2,621,297</u>	<u>\$ 3,079,962</u>	<u>\$ 3,130,708</u>	<u>\$ 50,746</u>
Expenditures-				
Traffic signals	\$ 100,000	\$ 100,000	\$ 70,500	\$ 29,500
Curbs and gutters	140,000	140,000	111,463	28,537
Sidewalks	50,000	50,000	121,010	(71,010)
Rights-of-way	100,000	100,000	64,832	35,168
Street paving	1,663,297	1,663,297	1,597,284	66,013
Street markings	170,000	170,000	154,671	15,329
Storm drainage	140,000	140,000	98,895	41,105
Intersections	50,000	50,000	50,000	
Traffic signal lighting	78,000	78,000	66,675	11,325
Street construction	50,000	50,000	138,743	(88,743)
Street project		458,665	458,665	
Surveys and engineering	80,000	80,000	52,562	27,438
	<u>\$ 2,621,297</u>	<u>\$ 3,079,962</u>	<u>\$ 2,985,300</u>	<u>\$ 94,662</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 145,408</u>	<u>\$ 145,408</u>
Fund Balance at beginning of year, as previously stated			\$ 1,286,595	
Prior period adjustment			33,285	
Fund Balance at beginning of year, as restated			<u>\$ 1,319,880</u>	
Fund Balance at end of year			<u>\$ 1,465,288</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 1,500	\$ 1,500	\$ 1,533	\$ 33
Federal funds	1,369,873	1,369,873	748,751	(621,122)
County funds	95,000	95,000	96,000	1,000
Charges for recreational activities	1,025,017	1,025,017	1,066,269	41,252
Donations received			14,470	14,470
Miscellaneous	35,300	35,300	36,988	1,688
	<u>\$ 2,526,690</u>	<u>\$ 2,526,690</u>	<u>\$ 1,964,011</u>	<u>\$ (562,679)</u>
Expenditures -				
Labor	\$ 3,810,784	\$ 3,810,784	\$ 3,587,794	\$ 222,990
Operation and Maintenance -				
Machinery and equipment	98,940	98,940	82,965	15,975
Grounds	182,780	182,780	183,506	(726)
Building	179,571	179,571	200,586	(21,015)
Swimming pools	70,657	70,657	41,151	29,506
Supplies	293,863	293,863	247,837	46,026
Insurance	187,797	187,797	188,526	(729)
Social Security taxes	306,992	306,992	266,840	40,152
Group insurance	510,787	510,787	480,538	30,249
Retirement	286,768	286,768	283,328	3,440
Utilities	1,013,135	1,013,135	942,094	71,041
Travel and subsistence	31,900	31,900	16,730	15,170
Arts and humanities	89,190	89,190	75,856	13,334
Grant expenditures	2,565	2,565	380	2,185
Training personnel	11,000	11,000	7,246	3,754
Purchases for resale	81,500	81,500	50,429	31,071
Sales tax	24,000	24,000	19,350	4,650
Other miscellaneous	15,340	15,340	21,966	(6,626)
Capital outlay	1,353,343	1,353,343	738,008	615,335
	<u>\$ 8,550,912</u>	<u>\$ 8,550,912</u>	<u>\$ 7,435,130</u>	<u>\$ 1,115,782</u>
Excess of Revenues Over (Under) Expenditures	\$ (6,024,222)	\$ (6,024,222)	\$ (5,471,119)	\$ 553,103
Other Financing Sources -				
Transfers in	6,024,222	6,024,222	5,517,125	(507,097)
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 46,006</u>	<u>\$ 46,006</u>
Fund Balance at beginning of year			206,834	
Fund Balance at end of year			<u>\$ 252,840</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 4,000	\$ 4,000	\$ 1,146	\$ (2,854)
County funds	155,000	155,000	155,000	
State funds	10,600	10,600	10,600	
Federal funds	24,500	24,500	24,800	300
Revenue from other agencies	46,000	46,000	45,637	(363)
Program income	165,000	165,000	196,962	31,962
Donations received	23,843	23,843	8,721	(15,122)
Miscellaneous			20	20
	<u>\$ 428,943</u>	<u>\$ 428,943</u>	<u>\$ 442,886</u>	<u>\$ 13,943</u>
Expenditures -				
Labor	\$ 454,586	\$ 454,586	\$ 414,818	\$ 39,768
Operations and maintenance	29,150	29,150	23,160	5,990
Supplies	93,200	93,200	77,638	15,562
Senior trip expense	60,000	60,000	105,120	(45,120)
Insurance	23,949	23,949	23,949	
Social Security taxes	34,776	34,776	30,695	4,081
Group insurance	70,826	70,826	66,091	4,735
Retirement	39,981	39,981	36,937	3,044
Utilities	60,600	60,600	52,801	7,799
Contractual services	2,400	2,400	2,400	
Travel and subsistence	1,400	1,400	1,162	238
Training and instruction	16,500	16,500	19,751	(3,251)
Designated contributions	3,000	3,000	8,270	(5,270)
Other miscellaneous	12,795	12,795	7,799	4,996
Capital outlay	6,500	6,500	10,091	(3,591)
	<u>\$ 909,663</u>	<u>\$ 909,663</u>	<u>\$ 880,682</u>	<u>\$ 28,981</u>
Excess of Revenues Over (Under) Expenditures	\$ (480,720)	\$ (480,720)	\$ (437,796)	\$ 42,924
Other Financing Sources -				
Transfers in	<u>480,720</u>	<u>480,720</u>	<u>480,550</u>	<u>(170)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ 42,754	<u>\$ 42,754</u>
Fund Balance at beginning of year			<u>272,145</u>	
Fund Balance at end of year			<u>\$ 314,899</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Old Fort Golf Course-				
Green fees	\$ 900,000	\$ 900,000	\$ 780,727	\$ (119,273)
Cart rentals and trail fees	303,400	303,400	295,038	(8,362)
Driving range	40,000	40,000	43,588	3,588
Concession and retail sales	478,944	478,944	430,770	(48,174)
Interest earned	7,800	7,800	410	(7,390)
Federal funds			2,276	2,276
State funds			126	126
Miscellaneous	10,000	10,000	12,839	2,839
	<u>\$ 1,740,144</u>	<u>\$ 1,740,144</u>	<u>\$ 1,565,774</u>	<u>\$ (174,370)</u>
Veteran's Administration Course-				
Green fees	\$ 160,000	\$ 160,000	\$ 164,501	\$ 4,501
Cart rentals and trail fees	12,000	12,000	12,922	922
Concession and retail sales	21,474	21,474	21,097	(377)
	<u>\$ 193,474</u>	<u>\$ 193,474</u>	<u>\$ 198,520</u>	<u>\$ 5,046</u>
Total Revenues	<u>\$ 1,933,618</u>	<u>\$ 1,933,618</u>	<u>\$ 1,764,294</u>	<u>\$ (169,324)</u>
Expenditures-				
Old Fort Golf Course-				
Labor	\$ 753,361	\$ 753,361	\$ 703,251	\$ 50,110
Operations and maintenance	46,200	46,200	45,603	597
Material	94,500	94,500	87,517	6,983
Supplies	64,800	64,800	49,969	14,831
Insurance	25,078	25,078	25,087	(9)
Social Security taxes	57,632	57,632	52,619	5,013
Group insurance	114,841	114,841	90,454	24,387
Retirement	64,817	64,817	64,829	(12)
Utilities	64,700	64,700	49,776	14,924
Travel and subsistence	3,000	3,000	1,563	1,437
Items for resale	333,944	333,944	302,003	31,941
Other miscellaneous expenses	43,600	43,600	35,404	8,196
Overhead allocation	(91,419)	(91,419)	(91,419)	
Capital outlay	12,100	12,100	15,863	(3,763)
	<u>\$ 1,587,154</u>	<u>\$ 1,587,154</u>	<u>\$ 1,432,519</u>	<u>\$ 154,635</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, 2010

	<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	\$ 125,005	\$ 125,005	\$ 117,885	\$ 7,120
Operations and maintenance	7,950	7,950	8,365	(415)
Material	8,500	8,500	5,827	2,673
Supplies	10,750	10,750	9,005	1,745
Insurance	2,769	2,769	2,769	
Social Security taxes	9,563	9,563	8,710	853
Group insurance	15,018	15,018	14,937	81
Retirement	9,127	9,127	9,116	11
Utilities	8,800	8,800	6,616	2,184
Travel and subsistence	500	500		500
Items for resale	12,925	12,925	10,780	2,145
Other miscellaneous expenses	700	700	524	176
Overhead allocation	91,419	91,419	91,419	
Capital outlay	41,500	41,500	10,915	30,585
	<u>\$ 344,526</u>	<u>\$ 344,526</u>	<u>\$ 296,868</u>	<u>\$ 47,658</u>
Total Expenditures	<u>\$ 1,931,680</u>	<u>\$ 1,931,680</u>	<u>\$ 1,729,387</u>	<u>\$ 202,293</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,938</u>	<u>\$ 1,938</u>	\$ 34,907	<u>\$ 32,969</u>
Fund Balance at beginning of year			419,293	
Fund Balance at end of year			<u>\$ 454,200</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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Cable franchise tax	\$ 1,100,000	\$ 1,100,000	\$ 1,275,655	\$ 175,655
Interest	50,000	50,000	16,297	(33,703)
Miscellaneous	400	400	708	308
	<u>\$ 1,150,400</u>	<u>\$ 1,150,400</u>	<u>\$ 1,292,660</u>	<u>\$ 142,260</u>
Expenditures -				
Labor	\$ 249,574	\$ 249,574	\$ 240,375	\$ 9,199
Operation and maintenance	34,800	34,800	16,291	18,509
Supplies	3,100	3,100	2,058	1,042
Advertising supplies	16,000	16,000	2,446	13,554
Audio/video supplies	16,000	16,000	8,671	7,329
Insurance	5,994	5,994	5,063	931
Social Security taxes	18,557	18,557	18,059	498
Group insurance	22,836	22,836	22,711	125
Retirement	24,781	24,781	24,781	
Utilities	9,100	9,100	8,840	260
Travel and subsistence	3,800	3,800	1,598	2,202
Association dues	2,100	2,100	1,125	975
Training personnel	8,000	8,000		8,000
Professional services	6,000	6,000		6,000
Other miscellaneous	61,000	61,000	53,032	7,968
Capital outlay	95,000	95,000	18,609	76,391
	<u>\$ 576,642</u>	<u>\$ 576,642</u>	<u>\$ 423,659</u>	<u>\$ 152,983</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 573,758</u>	<u>\$ 573,758</u>	<u>\$ 869,001</u>	<u>\$ 295,243</u>
Fund Balance at beginning of year			4,265,149	
Fund Balance at end of year			<u>\$ 5,134,150</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Charges for services	\$ 12,000	\$ 12,000	\$ 9,587	\$ (2,413)
Miscellaneous	8,500	8,500	31,161	22,661
	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 40,748</u>	<u>\$ 20,248</u>
Expenditures -				
Labor	\$ 1,832,260	\$ 1,832,260	\$ 1,736,395	\$ 95,865
Operations and maintenance	775,717	775,717	833,631	(57,914)
Supplies	454,200	454,200	347,095	107,105
Insurance	512,453	512,453	503,394	9,059
Social Security taxes	137,490	137,490	124,377	13,113
Group insurance	465,769	465,769	474,632	(8,863)
Retirement	208,538	208,538	191,191	17,347
Utilities	65,000	65,000	50,635	14,365
Travel and subsistence	5,000	5,000	7,005	(2,005)
Training personnel	2,000	2,000	65	1,935
License fees	500	500	4,994	(4,494)
Disposal carts	50,000	50,000	13,532	36,468
Other miscellaneous	3,191	3,191	2,309	882
Capital outlay	2,000	2,000		2,000
	<u>\$ 4,514,118</u>	<u>\$ 4,514,118</u>	<u>\$ 4,289,255</u>	<u>\$ 224,863</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,493,618)</u>	<u>\$ (4,493,618)</u>	<u>\$ (4,248,507)</u>	<u>\$ 245,111</u>
Other Financing Sources (Uses)-				
Transfers in	\$ 5,293,618	\$ 5,293,618	\$ 5,003,726	\$ (289,892)
Transfers out	(800,000)	(800,000)	(800,000)	
	<u>\$ 4,493,618</u>	<u>\$ 4,493,618</u>	<u>\$ 4,203,726</u>	<u>\$ (289,892)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ (44,781)	<u>\$ (44,781)</u>
Fund Balance at beginning of year			25,046	
Fund Balance at end of year			<u>\$ (19,735)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
State maintenance funds	\$ 13,000	\$ 13,000	\$ 13,000	
Federal funds			150,000	\$ 150,000
State funds	290,013	290,013	29,159	(260,854)
Interest	3,500	3,500	1,124	(2,376)
Rental income	359,954	359,954	381,395	21,441
Fuel sales	676,670	676,670	749,189	72,519
Miscellaneous	800	800	1,823	1,023
	<u>\$ 1,343,937</u>	<u>\$ 1,343,937</u>	<u>\$ 1,325,690</u>	<u>\$ (18,247)</u>
Expenditures -				
Labor	\$ 123,934	\$ 123,934	\$ 123,558	\$ 376
Operations and maintenance	42,500	42,500	57,010	(14,510)
Supplies	8,525	8,525	6,676	1,849
Insurance	14,496	14,496	14,505	(9)
Social Security taxes	9,114	9,114	9,265	(151)
Group insurance	10,115	10,115	10,062	53
Retirement	8,293	8,293	8,293	
Utilities	36,960	36,960	39,075	(2,115)
Travel and subsistence	4,200	4,200	2,004	2,196
Purchases for resale	552,554	552,554	607,085	(54,531)
Fuel rebates	30,679	30,679	42,125	(11,446)
Surveys and studies	1,000	1,000	21,003	(20,003)
Other miscellaneous	15,927	15,927	14,689	1,238
Capital outlay	156,070	156,070	150	155,920
	<u>\$ 1,014,367</u>	<u>\$ 1,014,367</u>	<u>\$ 955,500</u>	<u>\$ 58,867</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 329,570</u>	<u>\$ 329,570</u>	<u>\$ 370,190</u>	<u>\$ 40,620</u>
Other Financing Sources and (Uses) -				
Transfers in	\$ 3,000	\$ 3,000	\$ 1,961	\$ (1,039)
Transfers out	(322,978)	(322,978)	(322,978)	
	<u>\$ (319,978)</u>	<u>\$ (319,978)</u>	<u>\$ (321,017)</u>	<u>\$ (1,039)</u>
Net change in fund balance	<u>\$ 9,592</u>	<u>\$ 9,592</u>	\$ 49,173	<u>\$ 39,581</u>
Fund Balance at beginning of year			249,937	
Fund Balance at end of year			<u>\$ 299,110</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Court fines	\$ 95,000	\$ 95,000	\$ 113,427	\$ 18,427
Seizure awards	61,000	61,000	74,985	13,985
Interest	1,500	1,500	886	(614)
Miscellaneous	3,500	3,500	15,274	11,774
	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 204,572</u>	<u>\$ 43,572</u>
Expenditures -				
Labor	\$ 90,000	\$ 90,000	\$ 65,413	\$ 24,587
Operations and maintenance	26,300	26,300	26,241	59
Supplies	9,300	9,300	2,960	6,340
Utilities	31,600	31,600	22,707	8,893
Rent	55,200	55,200	55,200	
Undercover operations	80,000	80,000	42,000	38,000
Other miscellaneous	2,585	2,585	2,904	(319)
Capital outlay	10,000	10,000	5,669	4,331
	<u>\$ 304,985</u>	<u>\$ 304,985</u>	<u>\$ 223,094</u>	<u>\$ 81,891</u>
Excess of Revenues Over (Under) Expenditures	\$ (143,985)	\$ (143,985)	\$ (18,522)	\$ 125,463
Other Financing Sources -				
Transfers in	<u>95,000</u>	<u>95,000</u>	<u>113,428</u>	<u>18,428</u>
Net change in fund balance	<u>\$ (48,985)</u>	<u>\$ (48,985)</u>	<u>\$ 94,906</u>	<u>\$ 143,891</u>
Fund Balance at beginning of year			<u>273,445</u>	
Fund Balance at end of year			<u>\$ 368,351</u>	

CITY OF MURFREESBORO, TENNESSEE

Public Transportation Fund

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

Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Expenditures-	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Other Financing Sources (Uses) - Transfers in (out)	<u> </u>	<u> </u>	<u>4,081</u>	<u>4,081</u>
Net change in fund balance	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u>4,081</u>	\$ <u><u>4,081</u></u>
Fund Balance at beginning of year			<u>(4,081)</u>	
Fund Balance at end of year			\$ <u><u>-0-</u></u>	

Note: During 2010, Public Transportation became part of the newly formed Transportation Department of the General Fund of the City of Murfreesboro.

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, 2010

	<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	\$ 35,000	\$ 35,000	\$ 71,949	\$ 36,949
Charges for services	2,891,244	2,891,244	2,613,260	(277,984)
Other local revenues	17,900	17,900	45,112	27,212
	<u>\$ 2,944,144</u>	<u>\$ 2,944,144</u>	<u>\$ 2,730,321</u>	<u>\$ (213,823)</u>
Expenditures -				
Community services	<u>\$ 2,889,738</u>	<u>\$ 2,889,738</u>	<u>\$ 2,358,512</u>	<u>\$ 531,226</u>
Excess of Revenues Over (Under) Expenditures	\$ 54,406	\$ 54,406	\$ 371,809	\$ 317,403
Other Financing Uses -				
Transfers out	<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>\$ 24,406</u>	<u>\$ 24,406</u>	\$ 371,809	<u>\$ 347,403</u>
Adjustment for encumbrances			<u>-0-</u>	
Net change in fund balance (GAAP basis)			\$ 371,809	
Fund Balance at beginning of year			<u>(19,965)</u>	
Fund Balance at end of year			<u>\$ 351,844</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, 2010

	<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	\$ 2,073,488	\$ 2,073,488	\$ 2,252,734	\$ 179,246
State program revenues	60,000	60,000	32,612	(27,388)
Charges for services	<u>1,316,176</u>	<u>1,316,176</u>	<u>1,209,432</u>	<u>(106,744)</u>
	<u>\$ 3,449,664</u>	<u>\$ 3,449,664</u>	<u>\$ 3,494,778</u>	<u>\$ 45,114</u>
Expenditures -				
Food service	<u>\$ 3,345,731</u>	<u>\$ 3,345,731</u>	<u>\$ 3,263,223</u>	<u>\$ 82,508</u>
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	<u>\$ 103,933</u>	<u>\$ 103,933</u>	\$ 231,555	<u>\$ 127,622</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			\$ 231,555	
Fund Balance at beginning of year			<u>798,030</u>	
Fund Balance at end of year			<u>\$ 1,029,585</u>	

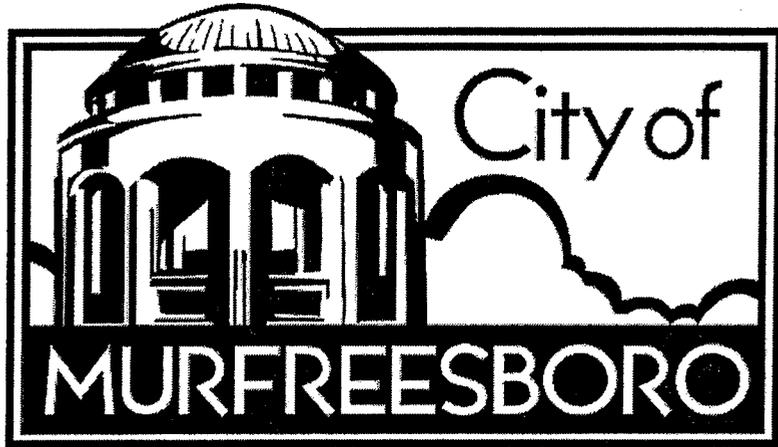
CITY OF MURFREESBORO, TENNESSEE

School 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, 2010

	<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	\$ 6,348,342	\$ 6,348,342	\$ 4,795,424	\$ (1,552,918)
State program revenues	<u>1,159,447</u>	<u>1,159,447</u>	<u>1,009,601</u>	<u>(149,846)</u>
	\$ <u>7,507,789</u>	\$ <u>7,507,789</u>	\$ <u>5,805,025</u>	\$ <u>(1,702,764)</u>
Expenditures -				
Regular instruction program	\$ 2,307,534	\$ 2,307,534	\$ 2,223,700	\$ 83,834
Special education program	2,805,434	2,805,434	1,368,608	1,436,826
Health services	151,570	151,570	169,891	(18,321)
Special education program - support	571,292	571,292	420,713	150,579
Early intervening services	186,593	186,593	186,593	
Community services	1,259,447	1,259,447	1,209,601	49,846
Capital outlay	<u>225,919</u>	<u>225,919</u>	<u>225,919</u>	
	\$ <u>7,507,789</u>	\$ <u>7,507,789</u>	\$ <u>5,805,025</u>	\$ <u>1,702,764</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			<u>-0-</u>	
Fund Balance at end of year			\$ <u>-0-</u>	



T E N N E S S E E

NONMAJOR CAPITAL PROJECTS FUNDS

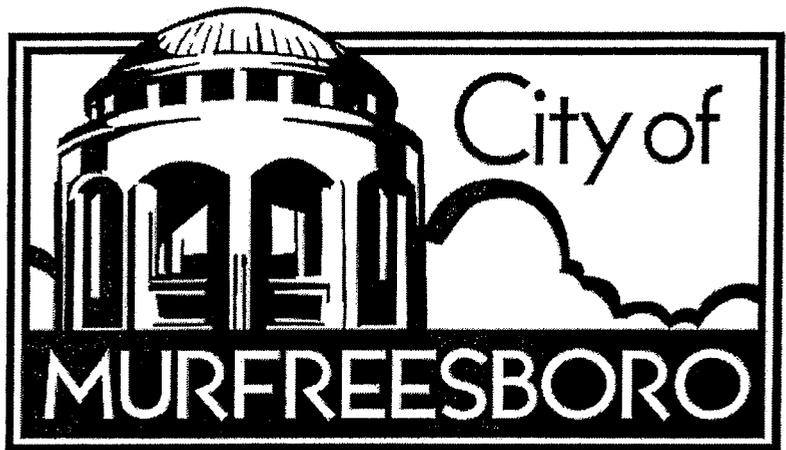
Capital Improvement and Contingency Fund accounts for revenues and expenditures associated with the acquisition or construction of various capital projects for general government activities.

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 Bond Fund and the expenditures related to various projects funded by the loans. The funds included are, 1998 TML Loan, 1999 TML Loan, 2001 TML Loan, 2004 TML Loan, 2006 TML, 2008 TML Loan, and 2010 TML Loan.



T E N N E S S E E

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Nonmajor Capital Project Funds

June 30, 2010

	Capital Improvement and Contingency	Community Development	Gateway Project	1998 TML Loan	1999 TML Loan	2001 TML Loan	2004 TML Loan	2008 TML Loan	2010 TML Loan	Total Nonmajor Capital Projects
<u>ASSETS</u>										
Cash and cash equivalents	\$ 4,289,751	\$ 21,686		\$ 182,715	\$ 104,566	\$ 1,225,105	\$ 98,303	\$ 21,229		\$ 5,943,355
Due from other governments	1,110,543	362,536								1,473,079
Due from others								258,678		258,678
Restricted cash	813,637									813,637
	<u>\$ 6,213,931</u>	<u>\$ 384,222</u>		<u>\$ 182,715</u>	<u>\$ 104,566</u>	<u>\$ 1,225,105</u>	<u>\$ 98,303</u>	<u>\$ 279,907</u>		<u>\$ 8,488,749</u>
<u>LIABILITIES AND FUND BALANCE</u>										
Liabilities-										
Accounts payable	\$ 37,050	\$ 23,704					\$ 10,902	\$ 149,003	\$ 1,860,381	\$ 2,081,040
Due to other funds	1,509,582	360,435	\$ 1,266,169					2,771,697	7,193,391	13,101,274
Deferred revenue	392,903									392,903
	<u>\$ 1,939,535</u>	<u>\$ 384,139</u>	<u>\$ 1,266,169</u>				<u>\$ 10,902</u>	<u>\$ 2,920,700</u>	<u>\$ 9,053,772</u>	<u>\$ 15,575,217</u>
Fund Balance -										
Unreserved -										
Undesignated	\$ 4,274,396	\$ 83	\$ (1,266,169)	\$ 182,715	\$ 104,566	\$ 1,225,105	\$ 87,401	\$ (2,640,793)	\$ (9,053,772)	\$ (7,086,468)
	<u>\$ 6,213,931</u>	<u>\$ 384,222</u>	<u>\$ -0-</u>	<u>\$ 182,715</u>	<u>\$ 104,566</u>	<u>\$ 1,225,105</u>	<u>\$ 98,303</u>	<u>\$ 279,907</u>	<u>\$ -0-</u>	<u>\$ 8,488,749</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2010

	Capital Improvement and Contingency Fund	Community Development Fund	Battlefield River Trail Fund	Gateway Project Fund	1998 TML Loan Fund
Revenue-					
Revenue from federal government	\$ 2,378,778	\$ 2,680,846			
Donations	1,941,617				
Interest income	65,496				\$ 648
Program income		35,199			
Miscellaneous					
	<u>\$ 4,385,891</u>	<u>\$ 2,716,045</u>			<u>\$ 648</u>
Expenditures-					
Community development -					
Administration		\$ 97,580			
Housing rehabilitation		162,271			
Housing assistance		282,864			
Neighborhood stabilization program		1,421,689			
Emergency shelter grant		108,884			
Other		248,853			
Capital outlay -					
Street construction and drainage		406,361			\$ 1,346
Other projects and costs	\$ 4,327,931		\$ 689	\$ 158,712	
	<u>\$ 4,327,931</u>	<u>\$ 2,728,502</u>	<u>\$ 689</u>	<u>\$ 158,712</u>	<u>\$ 1,346</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 57,960</u>	<u>\$ (12,457)</u>	<u>\$ (689)</u>	<u>\$ (158,712)</u>	<u>\$ (698)</u>
Other Financing Sources (Uses)-					
Tennessee Municipal Bond Fund Loans					
Transfers out	\$ (3,055,657)	\$ (6,000)			
	<u>\$ (3,055,657)</u>	<u>\$ (6,000)</u>			
Net change in fund balances	<u>\$ (2,997,697)</u>	<u>\$ (18,457)</u>	<u>\$ (689)</u>	<u>\$ (158,712)</u>	<u>\$ (698)</u>
Fund Balance at beginning of year,					
as previously stated	\$ 7,272,093	\$ 18,540	\$ 689	\$ (1,107,457)	\$ 183,413
Prior period adjustment					
Fund Balance at beginning of year,					
as restated	<u>\$ 7,272,093</u>	<u>\$ 18,540</u>	<u>\$ 689</u>	<u>\$ (1,107,457)</u>	<u>\$ 183,413</u>
Fund Balance at end of year	<u>\$ 4,274,396</u>	<u>\$ 83</u>	<u>\$ -0-</u>	<u>\$ (1,266,169)</u>	<u>\$ 182,715</u>

1999 TML Loan Fund	2001 TML Loan Fund	2004 TML Loan Fund	2006 TML Loan Fund	2008 TML Loan Fund	2010 TML Loan Fund	Total Nonmajor Capital Projects Funds
				\$ 48,436		\$ 5,108,060
\$ 371	\$ 4,346	\$ 348	\$ 1,751	1,141		1,941,617
	56,918		25,241	754,133		74,101
\$ 371	\$ 61,264	\$ 348	\$ 26,992	\$ 803,710		35,199
						836,292
						\$ 7,995,269
						\$ 97,580
						162,271
						282,864
						1,421,689
						108,884
						248,853
		\$ 24,889		\$ 8,796,887	\$ 4,456,658	13,686,141
	\$ 1,309			887,308	4,289,467	9,665,416
	\$ 1,309	\$ 24,889		\$ 9,684,195	\$ 8,746,125	\$ 25,673,698
\$ 371	\$ 59,955	\$ (24,541)	\$ 26,992	\$ (8,880,485)	\$ (8,746,125)	\$ (17,678,429)
				\$ 8,146,753		\$ 8,146,753
	\$ (64,172)	\$ (665,081)	\$ (42,739)			(3,833,649)
	\$ (64,172)	\$ (665,081)	\$ (42,739)	\$ 8,146,753		\$ 4,313,104
\$ 371	\$ (4,217)	\$ (689,622)	\$ (15,747)	\$ (733,732)	\$ (8,746,125)	\$ (13,365,325)
\$ 104,195	\$ 1,229,322	\$ 777,023	\$ 15,747	\$ (1,378,075)	\$ (984,789)	\$ 6,130,701
				(528,986)	677,142	148,156
\$ 104,195	\$ 1,229,322	\$ 777,023	\$ 15,747	\$ (1,907,061)	\$ (307,647)	\$ 6,278,857
\$ 104,566	\$ 1,225,105	\$ 87,401	\$ -0-	\$ (2,640,793)	\$ (9,053,772)	\$ (7,086,468)

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 9,900	\$ 9,900	\$ 65,496	\$ 55,596
Federal funds	2,374,258	2,374,258	2,378,778	4,520
State funds	655,524	655,524		(655,524)
Revenue from county	2,200,000	2,200,000		(2,200,000)
Donations received	1,620,218	1,620,218	1,941,617	321,399
	<u>\$ 6,859,900</u>	<u>\$ 6,859,900</u>	<u>\$ 4,385,891</u>	<u>\$ (2,474,009)</u>
Expenditures-				
Capital outlay and other projects	<u>\$ 6,225,000</u>	<u>\$ 6,225,000</u>	<u>\$ 4,327,931</u>	<u>\$ 1,897,069</u>
	<u>\$ 6,225,000</u>	<u>\$ 6,225,000</u>	<u>\$ 4,327,931</u>	<u>\$ 1,897,069</u>
Excess of Revenues Over (Under) Expenditures	\$ 634,900	\$ 634,900	\$ 57,960	\$ (576,940)
Other Financing Sources (Uses)-				
Transfers out	<u>(3,057,500)</u>	<u>(3,057,500)</u>	<u>(3,055,657)</u>	<u>-0-</u>
Net change in fund balance	<u>\$ (2,422,600)</u>	<u>\$ (2,422,600)</u>	<u>\$ (2,997,697)</u>	<u>\$ (576,940)</u>
Fund Balance at beginning of year			<u>7,272,093</u>	
Fund Balance at end of year			<u>\$ 4,274,396</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Revenue from federal government	\$ 3,123,220	\$ 3,157,705	\$ 2,680,846	\$ (476,859)
Program income	30,000	30,000	35,199	5,199
	<u>\$ 3,153,220</u>	<u>\$ 3,187,705</u>	<u>\$ 2,716,045</u>	<u>\$ (471,660)</u>
Expenditures-				
Administration	\$ 125,122	\$ 123,985	\$ 97,580	\$ 26,405
Housing rehabilitation	400,978	247,978	162,271	85,707
Housing assistance	186,944	297,916	282,864	15,052
Neighborhood stabilization program	1,740,710	1,740,710	1,421,689	319,021
Street improvements	315,000	415,000	406,361	8,639
Emergency Shelter Grant	104,982	104,982	108,884	(3,902)
Other	279,484	257,134	248,853	8,281
	<u>\$ 3,153,220</u>	<u>\$ 3,187,705</u>	<u>\$ 2,728,502</u>	<u>\$ 459,203</u>
Excess of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ (12,457)	\$ (12,457)
Other Financing Sources (Uses)				
Transfers out	<u>-0-</u>	<u>-0-</u>	<u>(6,000)</u>	<u>(6,000)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (18,457)</u>	<u>\$ (18,457)</u>
Fund Balance at beginning of year			<u>18,540</u>	
Fund Balance at end of year			<u>\$ 83</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, 2010

	<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>689</u>	<u>689</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ (689)</u>	<u>\$ (689)</u>	<u>\$ -0-</u>
Fund Balance at beginning of year			<u>689</u>	
Fund Balance at end of year			<u>\$ -0-</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, 2010

	<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>10,000</u>	<u>292,947</u>	<u>158,712</u>	<u>134,235</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(10,000)</u>	\$ <u>(292,947)</u>	\$ (158,712)	\$ <u>134,235</u>
Fund Balance at beginning of year			<u>(1,107,457)</u>	
Fund Balance at end of year			\$ <u>(1,266,169)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 648	\$ 648
Expenditures-				
Capital Outlay	<u>183,413</u>	<u>183,413</u>	<u>1,346</u>	<u>182,067</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(183,413)</u>	\$ <u>(183,413)</u>	\$ (698)	\$ <u>182,715</u>
Fund Balance at beginning of year			<u>183,413</u>	
Fund Balance at end of year			\$ <u><u>182,715</u></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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 371	\$ 371
Expenditures-				
Capital outlay and other projects	<u>104,195</u>	<u>104,195</u>	<u>-0-</u>	<u>104,195</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(104,195)</u>	\$ <u>(104,195)</u>	\$ 371	\$ <u>104,566</u>
Fund Balance at beginning of year			<u>104,195</u>	
Fund Balance at end of year			\$ <u>104,566</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ -0-	\$ 4,346	\$ 4,346
Miscellaneous			56,918	56,918
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 61,264</u>	<u>\$ 61,264</u>
Expenditures-				
Capital outlay and other projects	\$ 1,367,155	\$ 1,367,155	\$ 1,309	\$ 1,365,846
Excess of Revenues Over (Under) Expenditures	\$ (1,367,155)	\$ (1,367,155)	\$ 59,955	\$ 1,427,110
Other Financing Sources (Uses)-				
Transfers out	<u>-0-</u>	<u>-0-</u>	<u>(64,172)</u>	<u>(64,172)</u>
Net change in fund balance	<u>\$ (1,367,155)</u>	<u>\$ (1,367,155)</u>	<u>\$ (4,217)</u>	<u>\$ 1,362,938</u>
Fund Balance at beginning of year, as restated			<u>\$ 1,229,322</u>	
Fund Balance at end of year			<u>\$ 1,225,105</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest revenue	\$ -0-	\$ -0-	\$ 348	\$ 348
Expenditures-				
Capital outlay and other projects	<u>777,023</u>	<u>25,000</u>	<u>24,889</u>	<u>111</u>
Excess of Revenues Over (Under) Expenditures	\$ (777,023)	\$ (25,000)	\$ (24,541)	\$ 459
Other Financing Sources (Uses)-				
Transfers out	<u>-0-</u>	<u>(752,023)</u>	<u>(665,081)</u>	<u>86,942</u>
Net change in fund balance	\$ <u>(777,023)</u>	\$ <u>(25,000)</u>	\$ (689,622)	\$ <u>87,401</u>
Fund Balance at beginning of year			<u>777,023</u>	
Fund Balance at end of year			\$ <u>87,401</u>	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ -0-	\$ 1,751	\$ 1,751	
Miscellaneous income	<u>-0-</u>	<u>25,241</u>	<u>25,241</u>	
	\$ <u>-0-</u>	\$ <u>26,992</u>	\$ <u>26,992</u>	\$ <u>-0-</u>
Expenditures-				
Capital outlay and other projects	\$ <u>21,197</u>	\$ <u>-0-</u>		\$ <u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ (21,197)	\$ 26,992	\$ 26,992	\$ -0-
Other Financing Sources (Uses)-				
Transfers out	<u>-0-</u>	<u>(42,739)</u>	<u>(42,739)</u>	
Net change in fund balance	\$ <u>(21,197)</u>	\$ <u>(15,747)</u>	\$ (15,747)	\$ <u>-0-</u>
Fund Balance at beginning of year			<u>15,747</u>	
Fund Balance at end of year			\$ <u><u>-0-</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 472,100	\$ 472,100	\$ 1,141	\$ (470,959)
Federal funds			48,436	48,436
Miscellaneous revenue			754,133	754,133
	<u>\$ 472,100</u>	<u>\$ 472,100</u>	<u>\$ 803,710</u>	<u>\$ 331,610</u>
Expenditures-				
Capital outlay and other projects	<u>\$ 12,197,953</u>	<u>\$ 12,197,953</u>	<u>\$ 9,684,195</u>	<u>\$ 2,513,758</u>
Excess of Revenues Over (Under) Expenditures	\$ (11,725,853)	\$ (11,725,853)	\$ (8,880,485)	\$ 2,845,368
Other Financing Sources (Uses)-				
Issuance of debt	<u>\$ 12,120,000</u>	<u>\$ 12,120,000</u>	<u>\$ 8,146,753</u>	<u>\$ (3,973,247)</u>
Net change in fund balance	<u>\$ 394,147</u>	<u>\$ 394,147</u>	<u>\$ (733,732)</u>	<u>\$ (1,127,879)</u>
Fund Balance at the beginning of year, as previously stated			\$ (1,378,075)	
Prior period adjustment			(528,986)	
Fund Balance at beginning of year, as restated			<u>\$ (1,907,061)</u>	
Fund Balance at end of year			<u>\$ (2,640,793)</u>	

CITY OF MURFREESBORO, TENNESSEE

2010 TML Fund

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

Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 472,100	\$ 472,100		\$ (472,100)
Expenditures-				
Capital outlay and other projects	<u>52,512,064</u>	<u>52,512,064</u>	<u>\$ 8,746,125</u>	<u>43,765,939</u>
Excess of Revenues Over (Under) Expenditures	\$ (52,039,964)	\$ (52,039,964)	\$ (8,746,125)	\$ 43,293,839
Other Financing Sources (Uses) -				
Issuance of debt	<u>55,000,000</u>	<u>55,000,000</u>		<u>(55,000,000)</u>
Net change in fund balance	<u>\$ 2,960,036</u>	<u>\$ 2,960,036</u>	<u>\$ (8,746,125)</u>	<u>\$ (11,706,161)</u>
Fund Balance at the beginning of year, as previously stated			\$ (984,789)	
Prior period adjustment			<u>677,142</u>	
Fund Balance at beginning of year, as restated			<u>\$ (307,647)</u>	
Fund Balance at end of year			<u>\$ (9,053,772)</u>	

MAJOR DEBT SERVICE FUND

The ***Debt Service Fund*** accounts for the accumulation of resources for, and payment of, general long-term obligations (with the exception of general long-term obligations related to the Murfreesboro City Schools).

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest earned	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>15,666</u>	\$ <u>15,666</u>
Expenditures -				
Principal retirement	\$ 21,829,974	\$ 21,829,974	\$ 18,275,160	\$ 3,554,814
Interest	9,411,729	9,411,729	2,723,665	6,688,064
Bond issuance cost and fiscal agent fees	230,000	230,000	537,431	(307,431)
	\$ <u>31,471,703</u>	\$ <u>31,471,703</u>	\$ <u>21,536,256</u>	\$ <u>9,935,447</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(31,471,703)</u>	\$ <u>(31,471,703)</u>	\$ <u>(21,520,590)</u>	\$ <u>9,951,113</u>
Other Financing Sources (Uses) -				
Refunding bonds issued		\$ 53,280,128	\$ 53,280,128	
Premium on refunding		5,305,469	5,305,469	
Payments on refunded debt		(58,172,776)	(58,172,776)	
Transfers in	\$ 28,471,703	28,471,703	25,485,350	\$ (2,986,353)
Transfer out		(3,832,468)	(3,832,468)	
	\$ <u>28,471,703</u>	\$ <u>25,052,056</u>	\$ <u>22,065,703</u>	\$ <u>(2,986,353)</u>
Net change in fund balance	\$ <u>(3,000,000)</u>	\$ <u>(6,419,647)</u>	\$ 545,113	\$ <u>6,964,760</u>
Fund Balance at beginning of year			<u>4,245,654</u>	
Fund Balance at end of year			\$ <u>4,790,767</u>	

NONMAJOR DEBT SERVICE FUND

The *School Debt Service Fund* accounts for the accumulation of resources for, and payment of, general long-term obligations specifically related to the financing for the Murfreesboro City Schools.

CITY OF MURFREESBORO, TENNESSEE

School Debt Service Fund

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

Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest earned	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Expenditures -				
Principal retirement		\$ 3,396,795	\$ 3,396,765	\$ 30
Interest		436,278	436,278	
Debt issuance costs		88,152	88,152	
	\$ <u>-0-</u>	\$ <u>3,921,225</u>	\$ <u>3,921,195</u>	\$ <u>30</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>(3,921,225)</u>	\$ <u>(3,921,195)</u>	\$ <u>30</u>
Other Financing Sources (Uses) -				
Refunding bonds issued		\$ 11,650,131	\$ 11,650,131	
Premium on refunding		1,118,663	1,118,663	
Payments on refunded debt		(12,680,067)	(12,680,067)	
Transfers in		3,832,498	3,832,468	\$ (30)
	\$ <u>-0-</u>	\$ <u>3,921,225</u>	\$ <u>3,921,195</u>	\$ <u>(30)</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><u>-0-</u></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.

Stormwater Fund accounts for the study and management of stormwater runoff in the City of Murfreesboro in accordance with federal mandates. Revenues are derived from charges to the Water and Sewer customer base.

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, 2010

	<u>Murfreesboro Stormwater Fund</u>	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
<u>ASSETS</u>					
Current Assets -					
Cash and cash equivalents				\$ 19,492	\$ 19,492
Accounts receivable				120,200	120,200
Due from other funds	\$ 6,425,110	\$ 21,910	\$ 10,502		6,457,522
Inventories				50,507	50,507
Prepaid items	23,848			1,488	25,336
Other assets	718,703				718,703
Total Current Assets	<u>\$ 7,167,661</u>	<u>\$ 21,910</u>	<u>\$ 10,502</u>	<u>\$ 191,687</u>	<u>\$ 7,391,760</u>
Noncurrent Assets -					
Land		\$ 12,492	\$ 11,000	\$ 935	\$ 24,427
Other capital assets, net of depreciation	\$ 638,228			215,274	853,502
Total Noncurrent Assets	<u>\$ 638,228</u>	<u>\$ 12,492</u>	<u>\$ 11,000</u>	<u>\$ 216,209</u>	<u>\$ 877,929</u>
Total Assets	<u>\$ 7,805,889</u>	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 407,896</u>	<u>\$ 8,269,689</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities -					
Accrued and withheld liabilities	\$ 702			\$ 8,091	\$ 8,793
Due to other funds	4,446,784				4,446,784
Total Current Liabilities	<u>\$ 4,447,486</u>			<u>\$ 8,091</u>	<u>\$ 4,455,577</u>
Net Assets -					
Invested in capital assets		\$ 12,492	\$ 11,000	\$ 216,209	\$ 239,701
Unrestricted	\$ 3,358,403	21,910	10,502	183,596	3,574,411
Total Net Assets	<u>\$ 3,358,403</u>	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 399,805</u>	<u>\$ 3,814,112</u>
Total Liabilities and Net Assets	<u>\$ 7,805,889</u>	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 407,896</u>	<u>\$ 8,269,689</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Nonmajor Enterprise Funds

Year Ended June 30, 2010

	<u>Murfreesboro Stormwater Fund</u>	<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	\$ <u>2,352,889</u>			\$ <u>384,919</u>	\$ <u>2,737,808</u>
Operating Expenses -					
Operating expenses	\$ 1,121,223			\$ 561,222	\$ 1,682,445
Depreciation and amortization expense	<u>87,574</u>			<u>31,162</u>	<u>118,736</u>
	\$ <u>1,208,797</u>			\$ <u>592,384</u>	\$ <u>1,801,181</u>
Operating Income (Loss)	\$ <u>1,144,092</u>			\$ <u>(207,465)</u>	\$ <u>936,627</u>
Nonoperating Revenue (Expenses) -					
Interest				\$ <u>415</u>	\$ <u>415</u>
Income (Loss) Before Transfers	\$ 1,144,092			\$ (207,050)	\$ 937,042
Transfers in	<u> </u>			<u>163,556</u>	<u>163,556</u>
Change in Net Assets	\$ 1,144,092			\$ (43,494)	\$ 1,100,598
Net Assets at beginning of year	<u>2,214,311</u>	\$ <u>34,402</u>	\$ <u>21,502</u>	<u>443,299</u>	<u>2,713,514</u>
Net Assets at end of year	<u>\$ 3,358,403</u>	<u>\$ 34,402</u>	<u>\$ 21,502</u>	<u>\$ 399,805</u>	<u>\$ 3,814,112</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2010

	<u>Murfreesboro Stormwater Fund</u>	<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				\$ 371,337	\$ 371,337
Cash payments to suppliers				(154,815)	(154,815)
Cash payments to employees				(303,341)	(303,341)
Net Cash Used by Operating Activities				<u>\$ (86,819)</u>	<u>\$ (86,819)</u>
Cash Flows from Noncapital Financing Activities -					
Transfers in				\$ 62,432	\$ 62,432
Net Cash Provided by Noncapital Financing Activities				<u>\$ 62,432</u>	<u>\$ 62,432</u>
Cash Flows From Capital and Related Financing Activities -					
Acquisition and construction of capital assets				\$ (5,306)	\$ (5,306)
Net Cash Used by Capital and Related Financing Activities				<u>\$ (5,306)</u>	<u>\$ (5,306)</u>
Cash Flows From Investing Activities -					
Interest received				\$ 415	\$ 415
Net Cash Provided by Investing Activities				<u>\$ 415</u>	<u>\$ 415</u>
Net Decrease in Cash and Cash Equivalents	\$ -0-	\$ -0-	\$ -0-	\$ (29,278)	\$ (29,278)
Cash and Cash Equivalents at beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>48,770</u>	<u>48,770</u>
Cash and Cash Equivalents at end of year	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>19,492</u></u>	<u><u>19,492</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,144,092			\$ (106,341)	\$ 1,037,751
Adjustments to reconcile operating income to net cash provided by operating activities -					
Depreciation	87,574			31,162	118,736
Changes in assets and liabilities -					
Accounts receivable				(13,582)	(13,582)
Inventory				6,161	6,161
Prepaid expenses	(17,067)			2,386	(14,681)
Due from other fund	(2,352,888)				(2,352,888)
Other assets	(705,684)				(705,684)
Accounts payable	(306,670)			(5,475)	(312,145)
Other liabilities	(1)				(1)
Accrued and withheld liabilities				(1,130)	(1,130)
Due to other funds	<u>2,150,644</u>				<u>2,150,644</u>
Net Cash Used by Operating Activities	<u><u>\$ -0-</u></u>			<u><u>\$ (86,819)</u></u>	<u><u>\$ (86,819)</u></u>
Non-Cash Capital and Related Financing Activities -					
Expenses paid by general fund on behalf of Evergreen				\$ 101,124	\$ 101,124
Capital assets acquired with due to other fund	<u>\$ 180,499</u>				<u>180,499</u>
	<u><u>\$ 180,499</u></u>			<u><u>\$ 101,124</u></u>	<u><u>\$ 281,623</u></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 workers' 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, 2010

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
<u>ASSETS</u>				
Current Assets -				
Cash and cash equivalents	\$ 2,559,123	\$ 9,180,794		\$ 11,739,917
Accrued interest receivable		9,315		9,315
Due from other funds		1,400	\$ 13,518	14,918
Due from other governments		4,340	683	5,023
Due from others	256,145	20,808		276,953
Inventory			141,979	141,979
Total Current Assets	<u>\$ 2,815,268</u>	<u>\$ 9,216,657</u>	<u>\$ 156,180</u>	<u>\$ 12,188,105</u>
Noncurrent Asset -				
Restricted certificates of deposit		500,000		500,000
Total Assets	<u>\$ 2,815,268</u>	<u>\$ 9,716,657</u>	<u>\$ 156,180</u>	<u>\$ 12,688,105</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities -				
Accounts payable	\$ 759,735	\$ 255,879		\$ 1,015,614
Accrued liabilities			\$ 5,281	5,281
Due to other funds		6,094	683	6,777
Claims and judgments payable		2,259,372		2,259,372
Total Current Liabilities	<u>\$ 759,735</u>	<u>\$ 2,521,345</u>	<u>\$ 5,964</u>	<u>\$ 3,287,044</u>
Noncurrent Liabilities -				
Claims and judgments payable		3,619,628		3,619,628
Total Liabilities	<u>\$ 759,735</u>	<u>\$ 6,140,973</u>	<u>\$ 5,964</u>	<u>\$ 6,906,672</u>
Net Assets -				
Unrestricted	\$ 2,055,533	\$ 3,575,684	\$ 150,216	\$ 5,781,433
Total Net Assets	<u>\$ 2,055,533</u>	<u>\$ 3,575,684</u>	<u>\$ 150,216</u>	<u>\$ 5,781,433</u>
Total Liabilities and Net Assets	<u>\$ 2,815,268</u>	<u>\$ 9,716,657</u>	<u>\$ 156,180</u>	<u>\$ 12,688,105</u>

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2010

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
Operating Revenues -				
Premiums from City departments	\$ 8,636,965	\$ 3,498,735		\$ 12,135,700
Premiums from others	1,868,302	2,005		1,870,307
Charges for services			\$ 1,811,181	1,811,181
Revenue from state government		228		228
Revenue from federal government		4,102		4,102
Miscellaneous	372,143		765	372,908
	<u>\$ 10,877,410</u>	<u>\$ 3,505,070</u>	<u>\$ 1,811,946</u>	<u>\$ 16,194,426</u>
Operating Expenses -				
Claims and administrative expense	\$ 11,018,290	\$ 2,908,785		\$ 13,927,075
Labor expense		198,126	\$ 548,357	746,483
Parts and lubricants			870,119	870,119
Operation and maintenance		727	16,682	17,409
Supplies		6,366	26,697	33,063
Insurance			7,639	7,639
Social Security taxes		14,757	39,916	54,673
Group insurance		14,170	103,981	118,151
Retirement		21,306	67,488	88,794
Utilities		1,451	57,815	59,266
Travel		650		650
Training personnel		150	17,100	17,250
Professional fees		27,441		27,441
Miscellaneous		479,924	59,106	539,030
Capital outlay		324	1,373	1,697
	<u>\$ 11,018,290</u>	<u>\$ 3,674,177</u>	<u>\$ 1,816,273</u>	<u>\$ 16,508,740</u>
Operating Income (Loss)	\$ (140,880)	\$ (169,107)	\$ (4,327)	\$ (314,314)
Nonoperating Revenue -				
Interest earned	<u>6,669</u>	<u>27,045</u>	<u>-0-</u>	<u>33,714</u>
Net Income (Loss)	\$ (134,211)	\$ (142,062)	\$ (4,327)	\$ (280,600)
Net Assets at beginning of year	<u>2,189,744</u>	<u>3,717,746</u>	<u>154,543</u>	<u>6,062,033</u>
Net Assets at end of year	<u>\$ 2,055,533</u>	<u>\$ 3,575,684</u>	<u>\$ 150,216</u>	<u>\$ 5,781,433</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2010

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
Cash Flows From Operating Activities-				
Cash received from interfund services provided	\$ 10,515,450	\$ 3,497,335	\$ 1,814,383	\$ 15,827,168
Cash payments to suppliers			(1,269,624)	(1,269,624)
Cash payments to employees		(198,126)	(546,948)	(745,074)
Cash payments of claims and administrative expenses	(11,280,792)	(2,274,795)		(13,555,587)
Other receipts	372,143	2,005	2,189	376,337
Other payments		(564,729)		(564,729)
Net Cash Provided (Used) by Operating Activities	\$ <u>(393,199)</u>	\$ <u>461,690</u>	\$ <u>-0-</u>	\$ <u>68,491</u>
Cash Flows From Investing Activities-				
Interest received	\$ <u>6,669</u>	\$ <u>33,319</u>		\$ <u>39,988</u>
Net Cash Provided by Investing Activities	\$ <u>6,669</u>	\$ <u>33,319</u>		\$ <u>39,988</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (386,530)	\$ 495,009	\$ -0-	\$ 108,479
Cash and Cash Equivalents at beginning of year	2,945,653	8,685,784		11,631,437
Cash and Cash Equivalents at end of year	\$ <u>2,559,123</u>	\$ <u>9,180,793</u>	\$ <u>-0-</u>	\$ <u>11,739,916</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (140,880)	\$ (169,107)	\$ (4,327)	\$ (314,314)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Changes in assets and liabilities -				
Due from other funds	10,183	(1,400)	3,202	11,985
Due from others	(221,008)	11,926		(209,082)
Due from other governments			1,424	1,424
Prepaid items	73,863	(4,340)		69,523
Inventory			(592)	(592)
Accounts payable	(115,357)	622,064		506,707
Accrued wages			1,409	1,409
Due to other funds		2,547	(1,116)	1,431
Net Cash Provided (Used) by Operating Activities	\$ <u>(393,199)</u>	\$ <u>461,690</u>	\$ <u>-0-</u>	\$ <u>68,491</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 Fiduciary Net Assets
Pension Trust Funds

June 30, 2010

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Pension</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,449,790	\$ 256,267	\$ 4,706,057
Investments, at fair value			
Mutual funds	30,736,179	6,284,230	37,020,409
U.S. Government notes and bonds	11,579,562	1,484,666	13,064,228
Corporate notes and bonds	12,975,840	2,991,215	15,967,055
Common stock	15,755,936		15,755,936
Accrued interest receivable		43,725	43,725
Contributions receivable	367,723	1,145,337	1,513,060
	<u>\$ 75,865,030</u>	<u>\$ 12,205,440</u>	<u>\$ 88,070,470</u>
<u>LIABILITIES</u>			
Due to others	<u>\$ 141,529</u>		<u>\$ 141,529</u>
	<u>\$ 141,529</u>		<u>\$ 141,529</u>
<u>NET ASSETS</u>			
Net Assets -			
Held in trust for pension benefits	<u>\$ 75,723,501</u>	<u>\$ 12,205,440</u>	<u>\$ 87,928,941</u>

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds

Year Ended June 30, 2010

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Pension</u>	<u>Totals</u>
Additions -			
Contributions -			
Employer	\$ 4,514,333	\$ 1,145,337	\$ 5,659,670
Investment income-			
Net appreciation in fair value of investments	\$ 4,907,664	\$ 1,139,663	\$ 6,047,327
Interest	1,305,131	206,097	1,511,228
Dividends	1,073,549	104,451	1,178,000
Total investment income	\$ 7,286,344	\$ 1,450,211	\$ 8,736,555
Less investment fees		(52,607)	(52,607)
Net investment income	\$ 7,286,344	\$ 1,397,604	\$ 8,683,948
Total additions	\$ 11,800,677	\$ 2,542,941	\$ 14,343,618
Deductions -			
Benefits to participants	\$ 2,717,192	\$ 603,322	\$ 3,320,514
Insurance premiums	532,236		532,236
Total deductions	\$ 3,249,428	\$ 603,322	\$ 3,852,750
Net Increase (Decrease)	\$ 8,551,249	\$ 1,939,619	\$ 10,490,868
Net Assets Held in Trust for Pension Benefits -			
Beginning of year	67,172,252	10,265,821	77,438,073
End of year	\$ 75,723,501	\$ 12,205,440	\$ 87,928,941

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Assets and Liabilities
School Activity Agency Fund

Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 471,284	\$ 1,589,720	\$ 1,597,968	\$ 463,036
Certificates of deposit	54,259	31,416	5,000	80,675
Other receivables	1,000	661	1,000	661
Inventory	25,015	19,876	25,015	19,876
Total Assets	<u>\$ 551,558</u>	<u>\$ 1,641,673</u>	<u>\$ 1,628,983</u>	<u>\$ 564,248</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 551,558</u>	<u>\$ 1,606,832</u>	<u>\$ 1,594,142</u>	<u>\$ 564,248</u>
Total Liabilities	<u>\$ 551,558</u>	<u>\$ 1,606,832</u>	<u>\$ 1,594,142</u>	<u>\$ 564,248</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, 2010

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental Funds -			
Extended School Program Fund			
Pinnacle National Bank	2.30 %	03/03/2011	\$ 100,000
Pinnacle National Bank	2.30	03/20/2011	121,962
Pinnacle National Bank	2.30	03/20/2011	121,962
			\$ <u>343,924</u>
School Cafeteria Fund			
Pinnacle National Bank	2.00 %	11/10/2010	\$ <u>20,000</u>
Enterprise Funds -			
Evergreen Cemetery Commission -			
Pinnacle National Bank	2.30 %	07/03/2010	\$ <u>7,237</u>
Internal Service Funds -			
Risk Management Fund -			
Midsouth Bank, Murfreesboro	2.42 %	09/23/2011	\$ <u>500,000</u>
Fiduciary Funds -			
Extended School Program Private Purpose Trust Fund			
Pinnacle National Bank	3.00 %	03/03/2011	\$ <u>153,110</u>
School Activity Agency Fund			
Suntrust Bank	0.10 %	06/13/2011	\$ 7,822
Pinnacle National Bank	2.25	12/13/2010	5,000
Pinnacle National Bank	2.25	03/22/2011	10,000
			\$ <u>22,822</u>
Total Certificates of Deposit			\$ <u>1,047,093</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund

June 30, 2010

	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund -				
United States Treasury Notes	3.125 %		09/30/2013	\$ 67,075
United States Treasury Notes	1.500		10/31/2010	760,255
United States Treasury Notes	3.750		11/15/2018	1,142,150
United States Treasury Notes	0.875		01/31/2011	1,382,947
United States Treasury Notes	2.125		11/30/2014	895,636
United States Treasury Notes	3.500		05/15/2020	937,718
Federal Farm Credit Bank Bds	3.950		07/21/2016	290,545
Federal Farm Credit Bank Bds	3.625		07/28/2015	250,586
Federal Farm Credit Bank Bds	3.450		08/11/2014	100,375
Federal Farm Credit Bank Bds	4.350		06/17/2016	518,595
Federal Farm Credit Bank	2.625		09/28/2015	125,430
Federal Farm Credit Bank Bds	4.500		01/05/2018	270,665
Federal Home Loan Bank Bds	5.000		12/03/2014	203,969
Federal Home Loan Bank Bds	5.100		11/19/2014	306,000
Federal Home Loan Bank	4.125		12/13/2019	183,614
Federal Home Loan Bank Bds	2.750		03/13/2015	103,188
Federal Home Loan Bank Bds	3.700		03/22/2017	503,518
Federal Home Loan Bank	3.800		03/02/2017	90,535
Federal Home Loan Bank	3.500		06/28/2017	252,618
Federal Home Loan Bank Step-up	1.500		12/30/2014	250,274
Federal Home Loan Mortgage Corp	4.500		02/01/2020	47,775
Federal Home Loan Mortgage Corp	4.500		06/01/2019	28,717
Federal Home Loan Mortgage Corp	6.500		06/01/2038	54,576
Federal Home Loan Mortgage Corp	4.500		07/01/2019	154,709
Federal Home Loan Mortgage Corp	4.500		06/01/2019	26,738
Federal Home Loan Mortgage Corp	5.000		01/01/2024	130,805
Federal Home Loan Mortgage Corp	5.500		11/15/2033	20,545
Federal Home Loan Mortgage Corp	5.500		07/15/2034	48,942
Federal Home Loan Mortgage Corp	5.500		07/15/2037	26,868
Federal Home Loan Mortgage Corp	5.000		07/15/2037	114,965
Federal Home Loan Mortgage Corp	4.224		03/25/2020	211,366
Federal National Mortgage Assn	6.000		04/28/2021	260,351
Federal National Mortgage Assn Step Cpn	2.250		09/29/2015	100,406
Federal National Mortgage Assn	6.000		10/01/2028	129,761
Federal National Mortgage Assn	5.000		11/01/2033	398,137
Federal National Mortgage Assn	5.500		01/01/2024	15,142
Federal National Mortgage Assn	6.000		08/01/2034	615,023
Federal National Mortgage Assn	5.500		09/01/2034	44,539
Federal National Mortgage Assn	5.000		03/01/2030	132,600
Federal National Mortgage Assn	6.500		09/01/2036	200,491
Federal National Mortgage Assn	5.000		11/01/2029	2,776
Federal National Mortgage Assn	4.450		09/25/2019	178,638
Abbot Labs	5.125		04/01/2019	390,520

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2010

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund (continued) -				
American Express Bk Fsb Medium Term Bk Nts Tranche	5.500	%	04/16/2013	\$ 540,265
American Gen Fin Med Tm Sr Nt Be Fr	6.500		09/15/2017	195,000
American Gen Fin Corp Fr	6.000		12/15/2014	116,895
Appalachian Pwr Co Sr Nt K	5.000		06/01/2017	105,649
Atmos Energy Corp Sr Nt	4.950		10/15/2014	325,239
Autozone Inc Sr Nt	5.750		01/05/2015	221,858
BB&T Corporation	3.950		04/29/2016	153,918
Bank Amer Corp Sr Global Nt	5.125		11/15/2014	156,387
Bank New York Inc Medium Term Sr Nts Tranche	4.500		04/01/2013	269,315
Bellsouth Corp Nt	6.000		10/15/2011	265,393
AT&T Nt	5.200		09/15/2014	388,920
Caterpillar Finl Corp Pwr Nt Be Fr	4.050		07/15/2011	101,567
Caterpillar Finl Svcs Corp Medium Term Nts Tranche	4.900		08/15/2013	328,290
Citigroup Inc Sub Nt	5.000		09/15/2014	200,040
Comcast Corp New Nt	4.950		06/15/2016	161,366
General Elec Co. Nt	5.250		12/06/2017	543,705
General Elec Cap Corp Medium Term Nt Tranche	5.625		05/01/2018	265,678
Goldman Sachs Senior	6.150		04/01/2018	130,940
Goldman Sachs Group Inc Sr Nt	6.250		09/01/2017	211,686
Harley Davidson Fdg Corp Fr	5.000		12/15/2010	130,824
Hewlett Packard Co Glbl Nt	4.750		06/02/2014	387,797
IBM Intl Group Cap Lic Nt	5.050		10/22/2012	271,615
McDonalds Corp Medium Term Nts Tranche	4.300		03/01/2013	268,575
Merrill Lynch & Co Inc Medium Term Nts Tranche	4.200		12/22/2010	149,795
Merrill Lynch	6.500		05/16/2016	258,335
Morgan Stanley Nt	5.450		01/09/2017	346,955
National Rural Util Coop Fin Corp Coll Tr Bd	7.200		10/01/2015	291,350
NationsBank Corp Sub Nt	7.750		08/15/2015	281,040
Oracle Corporation	5.250		01/15/2016	397,156
Sunoco Inc Nt	4.875		10/15/2014	102,257
Verizon Virginia Inc	4.625		03/15/2013	263,818
Wells Fargo	5.250		10/23/2012	107,016
Wells Fargo Corporation	6.450		02/01/2011	77,141
Wells Fargo Bank	4.750		02/09/2015	303,517
AT&T Inc	4.950		01/15/2013	41,248
Abbot Labs	5.600		11/30/2017	75,450
Air Products & Chemicals	4.150		02/01/2013	16,815
Alabama Pwr Co	5.800		11/15/2013	30,515
Bank of NY Mellon	4.950		11/01/2012	42,233
Bank of New York Mellon	4.500		04/01/2013	14,004
Berkshire Hathaway Fin	4.600		05/15/2013	32,570
Berkshire Hathaway Inc	3.200		02/11/2015	48,401
Boeing Co	5.125		02/15/2013	34,964
Cme Group Inc	5.400		08/01/2013	28,682
Cme Group Inc	5.750		02/15/2014	38,930
Centerpoint Energy Res Corp	7.875		04/01/2013	42,397
Cisco Systems Inc	5.500		02/22/2016	42,624

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2010

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund (continued) -				
Cisco Systems Inc	4.450 %		01/15/2020	\$ 33,780
Comcast Corp New	4.950		06/15/2016	23,667
Credit Suisse Fb USA Inc	5.125		08/15/2015	68,578
Dupont Ei De Nemours & Co	5.000		07/15/2013	32,887
Duke Energy Carolinas	7.000		11/15/2018	13,676
El Paso Nat Gas Co	5.950		04/15/2017	11,689
Energy Transfer Partners Lp	6.700		07/01/2018	39,789
Energy Transfer Partners Lp	9.000		04/15/2019	24,696
Enterprise Prods Oper Lp	5.600		10/15/2014	70,533
Exelon Generation Co Llc	6.200		10/01/2017	39,787
Fund Amern Cos Inc	5.875		05/15/2013	64,957
General Dynamics	5.250		02/01/2014	23,564
General Elec Co	5.000		02/01/2013	23,592
General Elec Co	5.250		12/06/2017	23,923
Georgia Pwr Co	6.000		11/01/2013	14,721
Glaxosmithkline Cap Inc	5.650		05/15/2018	37,761
Hewlett-Packard Co	4.500		03/01/2013	14,032
IBM Corp	7.625		10/15/2018	128,575
JPMorgan Chase & Co	6.300		04/23/2019	48,568
Jefferies Group Inc	5.875		06/08/2014	52,874
Jefferies Group Inc	8.500		07/15/2019	40,437
Kellogg Co	4.250		03/06/2013	25,722
Kimberly Clark	7.500		11/01/2018	15,328
Kroger Co	7.500		01/15/2014	16,361
Lazard Group Llc	7.125		05/15/2015	49,500
MidAmerican Energy Hldgs Co	5.000		02/15/2014	62,566
Nasdaq Omx Group	5.550		01/15/2020	34,698
Newmont Mining Corp	5.125		10/01/2019	90,009
Northern Trust Co	5.200		11/09/2012	40,267
Northern Trust Corp	4.625		05/01/2014	7,652
Oracle Corp	5.750		04/15/2018	40,518
Paccar Inc	6.375		02/15/2012	31,336
Pacific Gas & Elec	8.250		10/15/2018	10,236
Pepsico Inc	7.900		11/01/2018	36,203
Pfizer Inc	6.200		03/15/2019	41,594
Praxair Inc	4.625		03/30/2015	40,566
Praxair Inc	1.750		11/15/2012	58,767
SBC Communications Inc	5.100		09/15/2014	55,467
Schering Plough	6.000		09/15/2017	44,644
Southern Cal Edison	5.750		03/15/2014	36,012
Teva Pharmaceutical Fin Llc	5.550		02/01/2016	25,069
Time Watner Inc	4.875		03/15/2020	5,156
Time Watner Cable Inc	5.850		05/01/2017	87,836
Time Watner Cable Inc	8.250		02/14/2014	39,008
Toyota Motor Credit Corp	3.200		06/17/2015	16,331
Transcontinental Gas Pipe Corp	6.050		06/15/2018	7,741
Union Pacific Corp	7.875		01/15/2019	98,029

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2010

	<u>Interest</u>		<u>Maturity</u>	<u>Fair</u>
	<u>Rate</u>		<u>Date</u>	<u>Value</u>
Employees' Pension Trust Fund (continued) -				
United Technologies Corp	6.125 %		02/01/2019	\$ 71,552
Verizon Communications Inc	5.550		02/15/2016	26,880
Verizon Communications Inc.	5.250		04/15/2013	23,019
Verizon Comm Inc	8.750		11/01/2018	62,399
Wal Mart Stores Inc.	4.500		07/01/2015	13,224
Wal Mart Stores	5.800		02/15/2018	95,416
Walgreen Co	4.875		08/01/2013	24,193
Xerox Corp	5.500		05/15/2012	22,385
Xerox Corp	6.350		05/15/2018	30,117
Asset Securitization Corp	Variable		02/14/2043	111,955
Banc Amer Cmbs	5.090		07/10/2043	50,671
Banc Amer Cmbs	Variable		09/10/2047	130,033
Chase Fdg Mtg Ln	Variable		08/25/2013	17,295
CSFB Coml Mtg Ptc	5.100		08/15/2038	103,125
CS First Boston Mtg Secs Corp	5.230		12/15/2040	49,516
GS Mtg Secs Corp II	4.761		07/10/2039	172,667
Greenwich Cap Coml Fdg Corp	Variable		04/10/2037	79,507
Household Home Equity Ln Tr	Variable		01/20/2034	32,698
JP Morgan Com Mtg	Variable		08/12/2037	38,025
JP Morgan Com Mtg	4.996		08/15/2042	28,777
LB-UBS Coml Mtg Tr	Variable		11/15/2030	40,859
LB-UBS Commercial Mtg Tr	5.623		11/15/2040	54,431
Nomura Asset Secs Corp	Variable		03/15/2030	76,516
Wachovia Bank Comml Mtg Tr	5.179		07/15/2042	101,729
Wachovia BK Coml Mtg Tr	Variable		10/15/2044	69,947
Astrazeneca Plc	5.900		09/15/2017	98,268
Bank of Nova Scotia	3.400		01/22/2015	26,846
Bank Nova Scotia	2.375		12/17/2013	20,370
Barrick Gold Corp	6.950		04/01/2019	16,787
Covidien Intl	6.000		10/15/2017	40,616
Diageo Capital Plc	5.200		01/30/2013	20,666
Rogers Wireless Inc	7.500		03/15/2015	19,093
Thomson Reuters Corp	5.950		07/15/2013	15,651
Total Capital Sa	3.000		06/24/2015	16,158
Trans-Canada Pipelines	7.125		01/15/2019	34,035
Veolia Environment	6.000		06/01/2018	28,673
Vodafone Group PLC	5.500		06/15/2011	64,386
Alcoa Inc.	N/A		N/A	201,200
Caterpillar Inc. Del Com	N/A		N/A	255,297
Dow Chemical Co.	N/A		N/A	272,780
Fluor Corp	N/A		N/A	276,250
General Elec Co.	N/A		N/A	115,360
Goodrich Corporation	N/A		N/A	331,250
Honeywell Intl. Inc.	N/A		N/A	390,300
Sigma-Adlrich Common	N/A		N/A	199,320
Union Pacific Common	N/A		N/A	312,795
Amazon.com Inc.	N/A		N/A	355,095

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2010

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -			
American Tower Corporation	N/A	N/A	\$ 267,000
Disney Walt Co. Com Disney	N/A	N/A	177,975
Home Depot Inc.	N/A	N/A	392,980
Nike Inc. Cl B	N/A	N/A	293,842
Verizon Communications Inc.	N/A	N/A	308,220
Wal Mart Stores Inc. Com	N/A	N/A	288,420
Yum! Brands Inc	N/A	N/A	148,352
American Express Co Com	N/A	N/A	266,982
Apache Corp Com	N/A	N/A	387,274
Apple, Inc	N/A	N/A	289,259
Chesapeake Energy Corp.	N/A	N/A	398,050
Corning Inc. Com	N/A	N/A	323,000
E M C Corp Mass Com	N/A	N/A	329,400
Exxon Mobil Corp Com	N/A	N/A	313,885
Goldman Sachs Group Inc	N/A	N/A	479,135
Intel Corp Com	N/A	N/A	389,000
JP Morgan Chase & Company	N/A	N/A	457,625
Microsoft Corp	N/A	N/A	379,665
Morgan Stanley	N/A	N/A	208,890
National Oilwell Incorporated	N/A	N/A	429,910
Oracle Corporation	N/A	N/A	429,200
Prudential Financial Inc.	N/A	N/A	214,640
Qualcomm Incorporated	N/A	N/A	361,240
Research in Motion	N/A	N/A	194,577
Schlumberger Ltd Com	N/A	N/A	174,321
Wells Fargo & Company New	N/A	N/A	294,400
Colgate Palmolive	N/A	N/A	236,280
Costco Whsl Corp New	N/A	N/A	383,810
Pepsico Inc	N/A	N/A	530,265
Phillip Morris International, Inc.	N/A	N/A	320,880
Ishares Tr S&P Midcap Value Index	N/A	N/A	320,550
Air Prods & Chems Inc	N/A	N/A	388,860
Amgen Inc.	N/A	N/A	184,100
Becton Dickinson & Co.	N/A	N/A	185,955
Bristol Myers Squibb Co. Com	N/A	N/A	199,520
Express Scripts Inc	N/A	N/A	331,491
Gilead Sciences	N/A	N/A	308,520
Johnson & Johnson Com	N/A	N/A	502,010
Medtronic Inc. Com	N/A	N/A	108,630
Merck & Co. New	N/A	N/A	403,343
Monsanto Co New Common	N/A	N/A	184,880
Teva Pharmaceutical-Sp Adr	N/A	N/A	259,950
Vangrd Sml-Cap Grwt Vanguard Small-Cap Growthetf	N/A	N/A	2,436,335
Blackrock Global Resources Port Fund Instl #368	N/A	N/A	957,201
Ridgeworth Fd-Smallcap Val Equity I Shs #588	N/A	N/A	2,962,831
Ridgeworth Fd-Intl Equity Index I Shs #530	N/A	N/A	4,526,578
Ridgeworth Fd-Seix Fltg Rt High Incm I Shs #203	N/A	N/A	779,936

(continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2010

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -			
Legg Mason Global Opp Bond Fund	N/A	N/A	\$ 5,902,390
PIMCO Global Bond Fund US Dollar FD #249	N/A	N/A	5,852,654
Dodge & Cox International Stock Fund #1048	N/A	N/A	6,345,553
Van Eck Global Hard Assets Fund	N/A	N/A	972,701
			<u>\$ 71,047,517</u>
Electric Department Employee Pension Fund -			
Federal Farm Credit Bank	5.500 %	10/22/2018	\$ 117,953
Federal Farm Credit Bank	3.625	07/28/2015	100,235
Federal Farm Credit Bank	3.450	08/11/2014	150,563
Federal Farm Credit Bank	4.350	06/17/2016	77,789
Federal Home Loan Bank	4.875	12/24/2018	50,789
Federal Home Loan Bank	5.000	08/24/2016	53,703
Federal Home Loan Bank	2.750	03/13/2015	103,188
Federal Home Loan Bank	3.700	03/22/2017	251,759
Federal Home Loan Bank	2.000	08/26/2015	100,219
Federal National Mortgage	6.000	04/28/2021	52,070
Federal National Mortgage	2.250	09/29/2015	251,015
Federal National Mortgage	2.250	08/26/2015	175,383
General Electric Capital Corporation	5.625	05/01/2018	106,271
General Electric Company	5.250	12/06/2017	326,223
Goldman Sachs	6.250	09/01/2017	105,843
Hewlett Packard Company	4.750	06/02/2014	127,419
IBM International Group	5.050	10/22/2012	108,646
Merrill Lynch & Company Notes	4.200	12/22/2010	49,932
Morgan Stanley	5.450	01/09/2017	148,695
Oracle Corporation	5.250	01/15/2016	85,105
Wells Fargo Corporation	6.450	02/01/2011	51,427
Wells Fargo Corporation	4.375	01/31/2013	105,717
Abbott Laboratories	5.125	04/01/2019	111,577
American Express Bank	5.500	04/16/2013	270,132
American General Finance	6.000	12/15/2014	101,309
AT & T Corp	5.200	09/15/2014	111,120
Atmos Energy Corporation	4.950	10/15/2014	271,032
Bank of America	5.125	11/15/2014	104,258
Bank of New York Mellon	4.500	04/01/2013	161,589
Bank of America	4.750	05/15/2016	274,103
Caterpillar Financial Services	4.900	08/15/2013	109,430
Citigroup	5.000	09/15/2014	100,020
Comcast Corporation	4.950	06/15/2016	161,366
DFA U.S. Vector Equity Portfolio	N/A	N/A	1,568,535
DFA U.S. Core Equity 2 Portfolio	N/A	N/A	937,250
DFA U.S. Large Cap Value Portfolio	N/A	N/A	1,239,766
DFA Emerging Markets Portfolio	N/A	N/A	194,789
DFA Emerging Markets Small Cap	N/A	N/A	266,428
DFA International Small Company Portfolio	N/A	N/A	315,055
DFA International Small Cap Value	N/A	N/A	303,127

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2010

	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Fair Value</u>
Electric Department Employee Pension Fund (continued) -				
DFA Emerging Markets Value	N/A		N/A	\$ 193,891
DFA International Value Portfolio	N/A		N/A	599,782
DFA Real Estate Securities Portfolio	N/A		N/A	665,608
				<u>\$ 10,760,111</u>
Evergreen Cemetery Commission -				
Federal Farm Credit Bank	3.950 %		07/21/2016	\$ 50,094
Federal Farm Credit Bank	3.625		07/28/2015	75,176
Federal Farm Credit Bank	3.450		08/11/2014	50,188
Federal Farm Credit Bank	2.625		09/28/2015	25,086
Federal Farm Credit Bank	4.500		01/05/2018	32,480
Federal Home Loan Bank	3.800		03/02/2017	40,238
Federal Home Loan Bank	2.000		08/26/2015	75,164
Federal Home Loan Bank	3.000		08/24/2018	50,188
Federal Home Loan Bank	3.000		04/15/2010	25,031
Federal Home Loan Bank	2.750		03/13/2015	51,594
Federal Home Loan Bank	4.125		12/13/2019	26,231
Federal Home Loan Bank	4.375		01/28/2015	25,574
Federal Home Loan Bank	3.500		06/28/2017	25,262
Federal Home Loan Bank	3.700		03/22/2017	25,176
Federal National Mortgage	6.000		04/28/2021	26,035
Federal National Mortgage	2.250		08/26/2015	50,109
Federal National Mortgage	2.250		09/29/2015	50,203
Abbott Laboratories	5.125		04/01/2019	27,894
American Express Bank	5.500		04/16/2013	54,027
American General Finance	6.500		09/15/2017	39,000
American General Finance	6.000		12/15/2014	19,483
AT & T Corporation	4.750		11/15/2012	26,802
Bank of America	4.750		05/15/2016	49,837
Bank of New York Mellon	4.500		04/01/2013	26,931
Caterpillar Financial Services	4.900		08/15/2013	27,357
Citigroup	5.000		09/15/2014	25,005
General Electric Capital Corporation	5.625		05/01/2018	79,703
Goldman Sachs Group Incorporated	5.150		01/15/2014	26,176
JP Morgan & Chase & Company	5.125		09/15/2014	26,678
Morgan Stanley	5.375		10/15/2015	30,386
Oracle Corporation	5.250		01/15/2016	28,368
Regions Financial Corporation	7.750		11/10/2014	15,824
WAL Mart Stores	4.125		02/15/2011	25,500
Verizon Communications	5.550		02/15/2016	28,000
Vanguard Total Stock Market Index	N/A		N/A	289,080
Ishares Tr Msci EAFE Index	N/A		N/A	30,231
Ishares Tr Msci Emerging Markets	N/A		N/A	3,732
Federated Prime Obligation Fund	N/A		N/A	3,064
Federated Prime Obligation Fund	N/A		N/A	70,197
				<u>\$ 1,657,104</u>
Total Investments				<u>\$ 83,464,732</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2010

<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>
<u>General Long-Term Debt -</u>					
2011	2009 General Obligation Refunding Bonds	2.00-5.00 %	9,705,000	\$ 2,760,750	\$ 12,465,750
2012			8,090,000	2,275,500	10,365,500
2013			7,955,000	1,871,000	9,826,000
2014			7,800,000	1,473,250	9,273,250
2015			3,680,000	1,083,250	4,763,250
2016			3,855,000	899,250	4,754,250
2017			4,030,000	706,500	4,736,500
2018			4,215,000	505,000	4,720,000
2019			4,045,000	294,250	4,339,250
2020			1,840,000	92,000	1,932,000
			<u>\$ 55,215,000</u>	<u>\$ 11,960,750</u>	<u>\$ 67,175,750</u>
2011	Tennessee Municipal Bond Fund Loan (1)		\$ 2,340,900	\$ 90,996	\$ 2,431,896
2012		2,434,310	75,259	2,509,569	
2013		2,531,440	58,895	2,590,335	
2014		2,632,440	41,878	2,674,318	
2015		2,737,480	24,182	2,761,662	
2016		1,099,925	6,755	1,106,680	
			<u>\$ 13,776,495</u>	<u>\$ 297,965</u>	<u>\$ 14,074,460</u>
2011	Tennessee Municipal Bond Fund Loan (2)		\$ 238,000	\$ 11,926	\$ 249,926
2012		245,000	10,160	255,160	
2013		253,000	8,342	261,342	
2014		262,000	6,465	268,465	
2015		270,000	4,521	274,521	
2016		279,000	2,517	281,517	
2017		84,420	625	85,045	
			<u>\$ 1,631,420</u>	<u>\$ 44,556</u>	<u>\$ 1,675,976</u>
2011	Tennessee Municipal Bond Fund Loan (3)		\$ 4,450,000	\$ 384,103	\$ 4,834,103
2012		4,606,000	353,308	4,959,308	
2013		4,545,000	321,562	4,866,562	
2014		4,704,000	290,110	4,994,110	
2015		4,869,000	257,557	5,126,557	
2016		5,040,000	223,863	5,263,863	
2017		5,216,000	188,986	5,404,986	
2018		5,398,000	152,891	5,550,891	
2019		5,587,000	115,536	5,702,536	
2020		5,783,000	76,873	5,859,873	
2021		5,839,907	36,937	5,876,844	
			<u>\$ 56,037,907</u>	<u>\$ 2,401,726</u>	<u>\$ 58,439,633</u>
2011	Tennessee Municipal Bond Fund Loan (3)		\$ 285,000	\$ 26,387	\$ 311,387
2012		297,000	24,414	321,414	
2013		309,000	22,358	331,358	
2014		321,000	20,219	341,219	
2015		334,000	17,996	351,996	
2016		347,000	15,684	362,684	
2017		361,000	13,282	374,282	
2018		375,000	10,783	385,783	
2019		391,000	8,186	399,186	
2020		406,000	5,480	411,480	
2021		422,000	2,669	424,669	
			<u>\$ 3,848,000</u>	<u>\$ 167,458</u>	<u>\$ 4,015,458</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2010

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt (continued) -					
2011	Tennessee Municipal Bond Fund		\$ 3,626,000	\$ 273,495	\$ 3,899,495
2012	Loan (4)		3,808,000	253,833	4,061,833
2013			3,998,000	233,184	4,231,184
2014			4,198,000	211,505	4,409,505
2015			3,253,000	189,261	3,442,261
2016			3,416,000	171,621	3,587,621
2017			3,586,000	153,098	3,739,098
2018			3,766,000	133,653	3,899,653
2019			3,954,000	113,232	4,067,232
2020			4,152,000	91,791	4,243,791
2021			4,359,000	69,278	4,428,278
2022			4,577,000	45,641	4,622,641
2023			4,256,408	21,069	4,277,477
			<u>\$ 50,949,408</u>	<u>\$ 1,960,661</u>	<u>\$ 52,910,069</u>
2011	Capital Outlay Note	6.55	\$ 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			13,350	438	13,788
			<u>\$ 1,345,350</u>	<u>\$ 493,195</u>	<u>\$ 1,838,545</u>
2011	Capital Outlay Note	6.49	\$ 92,000	\$ 77,060	\$ 169,060
2012			97,000	70,925	167,925
2013			104,000	64,401	168,401
2014			110,000	57,454	167,454
2015			118,000	50,054	168,054
2016			125,000	42,165	167,165
2017			133,000	33,791	166,791
2018			142,000	24,864	166,864
2019			151,000	15,353	166,353
2020			161,000	5,226	166,226
			<u>\$ 1,233,000</u>	<u>\$ 441,293</u>	<u>\$ 1,674,293</u>
Total General Long-Term Debt			<u>\$ 184,036,580</u>	<u>\$ 17,767,604</u>	<u>\$ 201,804,184</u>
Murfreesboro Water and Sewer -					
2011	2009 Tax and Refunding Bonds	2.00-4.00 %	\$ 2,240,000	\$ 1,655,050	\$ 3,895,050
2012			2,350,000	1,543,050	3,893,050
2013			2,460,000	1,425,550	3,885,550
2014			2,515,000	1,367,750	3,882,750
2015			2,115,000	1,242,000	3,357,000
2016			2,195,000	1,157,400	3,352,400
2017			2,260,000	1,081,800	3,341,800
2018			2,370,000	968,800	3,338,800
2019			2,475,000	850,300	3,325,300
2020			2,595,000	726,550	3,321,550
2021			2,715,000	596,800	3,311,800
2022			2,815,000	488,200	3,303,200
2023			2,915,000	375,600	3,290,600
2024			3,025,000	259,000	3,284,000
2025			1,690,000	138,000	1,828,000
2026			1,760,000	70,400	1,830,400
			<u>\$ 38,495,000</u>	<u>\$ 13,946,250</u>	<u>\$ 52,441,250</u>

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2010

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2011	Tennessee Municipal Bond Fund (5)		\$ 377,000	\$ 175,577	\$ 552,577
2012			389,000	164,493	553,493
2013			402,000	153,056	555,056
2014			415,000	141,238	556,238
2015			428,000	129,037	557,037
2016			442,000	116,453	558,453
2017			456,000	103,459	559,459
2018			471,000	90,052	561,052
2019			486,000	76,205	562,205
2020			502,000	61,916	563,916
2021			518,000	47,158	565,158
2022			534,000	31,928	565,928
2023			552,000	16,228	568,228
			<u>\$ 5,972,000</u>	<u>\$ 1,306,800</u>	<u>\$ 7,278,800</u>
2011	Tennessee Municipal Bond Fund (5)		\$ 1,508,000	\$ 1,563,871	\$ 3,071,871
2012			1,575,000	1,496,011	3,071,011
2013			1,646,000	1,425,136	3,071,136
2014			1,720,000	1,351,066	3,071,066
2015			1,798,000	1,273,666	3,071,666
2016			1,879,000	1,192,756	3,071,756
2017			1,963,000	1,108,201	3,071,201
2018			2,051,000	1,019,866	3,070,866
2019			2,144,000	927,571	3,071,571
2020			2,240,000	831,091	3,071,091
2021			2,341,000	730,291	3,071,291
2022			2,446,000	625,090	3,071,090
2023			2,556,000	514,876	3,070,876
2024			8,885,692	399,859	9,285,551
			<u>\$ 34,752,692</u>	<u>\$ 14,059,351</u>	<u>\$ 48,812,043</u>
2011	State Revolving Loan	4.24 %	\$ 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>\$ 36,391,937</u>	<u>\$ 9,207,012</u>	<u>\$ 45,598,949</u>
2011	State Revolving Loan	4.28 %	\$ 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>\$ 495,562</u>	<u>\$ 96,456</u>	<u>\$ 592,018</u>

(Continued)

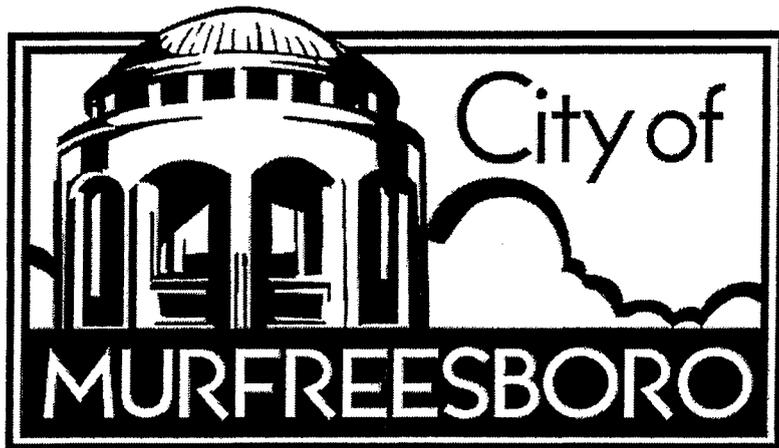
CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2010

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2011	State Revolving Loan	3.71 %	\$ 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			132,911	2,688	135,599
			<u>\$ 1,479,155</u>	<u>\$ 419,484</u>	<u>\$ 1,898,639</u>
Total Murfreesboro Water and Sewer			<u>\$ 117,586,346</u>	<u>\$ 39,035,353</u>	<u>\$ 156,621,699</u>
Murfreesboro Electric Department -					
2011	2009 Tax and Revenue Refunding Bonds	2.00-3.375 %	\$ 2,740,000	\$ 290,788	\$ 3,030,788
2012			2,790,000	235,988	3,025,988
2013			2,380,000	180,188	2,560,188
2014			2,415,000	132,588	2,547,588
2015			325,000	72,212	397,212
2016			330,000	64,900	394,900
2017			335,000	56,650	391,650
2018			350,000	46,600	396,600
2019			360,000	36,100	396,100
2020			370,000	24,850	394,850
2021			380,000	12,824	392,824
			<u>\$ 12,775,000</u>	<u>\$ 1,153,688</u>	<u>\$ 13,928,688</u>
2011	Tennessee Municipal Bond Fund (6)		\$ 511,000	\$ 65,355	\$ 576,355
2012			536,000	49,275	585,275
2013			563,000	33,945	596,945
2014			568,511	17,055	585,566
			<u>\$ 2,178,511</u>	<u>\$ 165,630</u>	<u>\$ 2,344,141</u>
Total Murfreesboro Electric Department			<u>\$ 14,953,511</u>	<u>\$ 1,319,318</u>	<u>\$ 16,272,829</u>
Total Indebtedness			<u>\$ 316,576,437</u>	<u>\$ 58,122,275</u>	<u>\$ 374,698,712</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 .67% was used which was the rate in effect at June 30, 2010.
- (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 .74% was used which was the rate in effect at June 30, 2010.
- (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 .69% was used which was the rate in effect at June 30, 2010.
- (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 .54% was used which was the rate in effect at June 30, 2010.
- (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 5.00% was used.
- (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 3.00% was used.



T E N N E S S E E

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.

Contents	Page
Financial Trends <i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	143
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	151
Debt Capacity <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>	155
Demographic and Economic Information <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>	160
Operating Information <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>	162
Utility Services Information <i>These schedules contain information regarding the utility services provided by the City including its rate structure.</i>	165

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)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
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	\$ 441,657,459	\$ 447,516,415	\$ 469,146,233
Restricted	17,716,528	22,481,893	25,137,765	24,322,534	27,177,051	24,216,623	25,620,279	28,342,279	27,475,344
Unrestricted	48,059,269	45,734,887	45,201,963	2,820,969 *	14,128,705	1,179,169	1,728,536	15,846,721	9,598,086
Total governmental activities net assets	\$ 130,593,387	\$ 171,254,354	\$ 201,291,035	\$ 202,571,956	\$ 421,758,721	\$ 451,739,101	\$ 469,006,274	\$ 491,705,415	\$ 506,219,663
Business-type activities									
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	\$ 305,980,547	\$ 326,924,482	\$ 342,586,135
Restricted	20,345,827	14,906,523	11,293,939	12,339,799	20,608,993	23,549,545	27,152,115	23,665,932	24,480,313
Unrestricted	6,287,687	7,352,672	4,657,462	5,286,813	7,268,772	7,354,573	7,536,734	10,989,579	13,678,297
Total business-type activities net assets	\$ 207,331,024	\$ 217,361,870	\$ 231,848,841	\$ 253,778,399	\$ 281,387,784	\$ 309,324,300	\$ 340,669,396	\$ 361,579,993	\$ 380,744,745
Primary Government									
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	\$ 747,638,006	\$ 774,440,897	\$ 811,732,368
Restricted	38,062,355	37,388,416	36,431,704	36,662,333	47,786,044	47,766,168	52,772,394	52,008,211	51,955,657
Unrestricted	54,346,956	53,087,559	49,859,425	8,107,782	21,397,477	8,533,742	9,265,270	26,836,300	23,276,383
Total primary government net assets	\$ 337,924,411	\$ 388,616,224	\$ 433,139,876	\$ 456,350,355	\$ 703,146,505	\$ 761,063,401	\$ 809,675,670	\$ 853,285,408	\$ 886,964,408

(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)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	\$ 9,466,318	\$ 9,740,938	\$ 10,480,078	\$ 3,441,920	\$ 4,160,902	\$ 11,609,689	\$ 9,827,713	\$ 11,649,426	\$ 10,935,799
Police	10,134,174	10,135,170	10,567,162	15,569,351	16,893,470	17,663,308	19,406,692	22,692,847	21,357,988
Fire protection	6,849,872	7,311,950	7,579,266	11,560,354	13,165,975	12,588,799	13,810,394	14,331,112	13,879,753
Judicial	258,396	265,194	265,559	383,250	470,194	413,187	428,682	435,877	392,199
Legal	480,855	384,252	396,578	470,674	605,026	656,445	760,004	770,951	708,421
Personnel	329,742	344,507	385,962	540,178	667,777	667,665	699,440	641,827	691,601
Streets	3,627,182	4,828,104	7,307,752	5,129,327	10,617,678	11,044,955	10,974,387	13,538,620	13,146,938
Planning and engineering	1,453,396	1,550,385	1,591,616	2,147,854	2,577,020	2,719,203	2,838,546	2,626,364	1,710,957
Building inspections	753,094	792,627	848,527	1,309,877	1,516,166	1,720,215	1,698,151	1,725,111	1,712,753
Sanitation	2,815,772	2,885,087	2,960,831	3,657,530	4,232,561	4,321,738	5,551,848	6,135,988	4,657,751
Transportation (2)									3,264,921
Urban environmental	340,057	360,213	401,802	690,795	746,291	653,438	812,456	902,288	964,579
Public health, education and welfare	1,627,425	1,235,539	1,304,758	1,413,132	1,572,061	1,576,043	1,608,823	2,124,575	1,664,492
Community services	3,248,602	4,199,885	4,398,285	3,633,490	5,862,872	5,216,227	9,926,107	8,213,989	6,288,522
Recreation	6,780,898	6,622,259	8,797,250	9,116,288	10,889,653	11,038,185	11,507,834	12,161,486	11,255,539
Community/economic development	734,553	702,044	834,883	825,139	855,376	443,375	1,640,426	1,113,234	2,325,940
Education	38,314,527	38,878,101	42,437,962	46,031,454	50,508,912	52,820,118	54,783,363	56,067,967	55,979,544
Food service	2,006,462	2,026,104	2,083,432	2,261,382	2,604,851	2,969,999	3,387,963	3,424,389	3,263,223
Interest on long-term debt	2,579,226	2,214,072	1,716,071	2,498,568	4,518,117	6,503,457	6,100,927	3,620,010	2,956,845
Total governmental activities expenses	\$ 91,800,551	\$ 94,476,431	\$ 104,357,774	\$ 110,680,563	\$ 132,464,902	\$ 144,626,046	\$ 155,763,756	\$ 162,176,061	\$ 157,157,765
Business-type activities:									
Water, sewer and stormwater (3)	\$ 17,301,578	\$ 18,491,414	\$ 19,669,239	\$ 20,702,532	\$ 22,755,496	\$ 24,550,818	\$ 28,583,063	\$ 28,206,394	\$ 28,950,257
Electric	65,674,605	70,820,633	76,598,655	80,608,817	95,002,383	102,920,871	113,398,349	134,543,111	123,401,884
Cemetery	319,380	312,599	344,372	377,487	415,208	409,601	470,903	446,550	592,384
Total business-type activities expenses	\$ 83,295,563	\$ 89,624,646	\$ 96,612,266	\$ 101,688,836	\$ 118,173,087	\$ 127,881,290	\$ 142,452,315	\$ 163,196,055	\$ 152,944,525
Total primary government expenses	\$ 175,096,114	\$ 184,101,077	\$ 200,970,040	\$ 212,369,399	\$ 250,637,989	\$ 272,507,336	\$ 298,216,071	\$ 325,372,116	\$ 310,102,290

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Assets (continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 157,521	\$ 276,038	\$ 219,347	\$ 154,249	\$ 203,514	\$ 187,806	\$ 227,562	\$ 232,252	\$ 238,822
Police	368,771	301,597	293,093	251,479	201,209	206,978	268,899	336,801	217,038
Fire protection	239,617	373,627	366,113	372,120	385,833	389,146	430,312	621,785	767,033
Judicial	1,983,892	1,786,322	1,746,298	1,594,058	1,659,996	1,640,284	2,793,451	4,829,049	2,167,575
Streets	9,607	14,382	25,666	12,726	20,508	42,776	18,525	43,846	38,813
Planning and engineering	19,659	26,781	27,074	69,549	59,094	72,543	43,769	31,327	29,778
Building inspections	1,666,083	1,914,342	2,680,715	2,920,015	3,342,738	3,513,589	2,318,682	2,699,656	1,817,128
Sanitation	15,529	47,209	49,441	41,568	28,502	45,011	31,988	70,379	35,058
Transportation (2)									86,498
Urban environmental						4,635	733	3,939	3,335
Community services	1,421,814	1,258,406	1,763,362	1,591,030	1,953,102	2,127,197	2,591,282	2,699,471	5,243,992
Recreation	2,410,568	1,921,342	2,026,364	2,694,653	2,719,500	2,824,577	2,984,452	2,912,708	2,863,486
Community/economic development	224	96,044	63,593	102,094	91,528	91,879	34,178	38,436	35,199
Education	1,529,442	1,660,386	2,013,851	2,160,500	2,157,619	2,497,306	2,740,414	2,467,801	22,425
Food service	1,047,967	1,073,184	1,118,259	1,156,877	1,225,607	1,342,876	1,240,116	1,271,818	1,209,432
Interest on long-term debt	83,973	32,110	36,053	28,161	23,416	3,818	4,667	3,818	
Operating grants and contributions	36,035,340	38,795,216	41,163,018	42,948,523	46,551,338	49,527,119	57,771,476	67,462,074	63,622,478
Capital grants and contributions	17,491,210	19,385,562	14,642,477	22,108,525	17,774,729	30,178,990	17,451,108	15,863,275	9,795,709
Total governmental activities program revenues	\$ 64,481,217	\$ 68,962,548	\$ 68,234,724	\$ 78,206,127	\$ 78,398,233	\$ 94,696,530	\$ 90,951,614	\$ 101,588,435	\$ 88,193,799
Business-type activities:									
Charges for services:									
Water, sewer and stormwater (3)	\$ 17,011,842	\$ 17,875,337	\$ 18,501,861	\$ 20,913,599	\$ 23,164,912	\$ 24,845,239	\$ 27,857,208	\$ 30,226,096	\$ 31,867,204
Electric	67,698,553	72,951,488	80,121,947	83,693,947	99,549,498	110,253,090	124,542,827	144,887,286	133,956,469
Cemetery	255,088	312,331	332,604	377,258	354,435	319,566	324,331	386,470	384,919
Operating grants and contributions	85,815	68,341	14,931	43,458	15,413	76,203	69,514	68,994	146,238
Capital grants and contributions	7,856,270	7,726,149	11,866,450	18,274,459	21,864,924	18,831,734	19,826,819	8,119,244	8,042,948
Total business-type activities program revenues	\$ 92,907,568	\$ 98,933,646	\$ 110,837,793	\$ 123,302,721	\$ 144,949,182	\$ 154,325,832	\$ 172,620,699	\$ 183,688,090	\$ 174,397,778
Total primary government program revenues	\$ 157,388,785	\$ 167,896,194	\$ 179,072,517	\$ 201,508,848	\$ 223,347,415	\$ 249,022,362	\$ 263,572,313	\$ 285,276,525	\$ 262,591,577
Net (expense)/revenue									
Governmental activities	\$ (27,319,334)	\$ (25,513,883)	\$ (36,123,050)	\$ (32,474,436)	\$ (54,066,669)	\$ (49,929,516)	\$ (64,812,142)	\$ (60,587,626)	\$ (68,963,966)
Business-type activities	9,612,005	9,309,000	14,225,527	21,613,885	26,776,095	26,444,542	30,168,384	20,492,035	21,453,253
Total primary government net expense	\$ (17,707,329)	\$ (16,204,883)	\$ (21,897,523)	\$ (10,860,551)	\$ (27,290,574)	\$ (23,484,974)	\$ (34,643,758)	\$ (40,095,591)	\$ (47,510,713)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Assets (continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 27,838,214	\$ 27,185,759	\$ 27,636,039	\$ 28,344,042	\$ 30,642,673	\$ 31,059,681	\$ 33,141,050	\$ 35,334,174	\$ 35,205,314
Sales taxes	16,785,657	17,620,360	20,456,883	21,550,526	24,094,087	26,265,473	30,356,728	28,370,349	27,903,293
Other taxes	4,679,961	5,098,675	5,825,859	6,172,046	6,926,688	7,196,182	7,613,113	7,617,089	7,272,347
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	8,870,859	9,503,830	9,024,361
Unrestricted investment earnings	758,707	514,639	425,609	702,202	1,826,865	2,486,355	1,880,203	505,331	261,512
Miscellaneous	249,017	282,589	340,537	75,353	232,735	70,211	164,203	124,835	112,948
Gain (Loss) on sale of assets		4,378,279	274,956	2,214,818	8,946,150	4,210,874	79,559	1,775,902	(100,857)
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	(26,400)	55,257	2,725,496
Total governmental activities	\$ 57,364,642	\$ 62,429,721	\$ 63,525,779	\$ 66,588,314	\$ 80,949,001	\$ 79,992,808	\$ 82,079,315	\$ 83,286,767	\$ 82,404,414
Business-type activities:									
Unrestricted investment earnings	\$ 1,207,586	\$ 732,573	\$ 227,051	\$ 310,815	\$ 792,812	\$ 1,514,229	\$ 1,099,560	\$ 404,669	\$ 371,857
Miscellaneous	4,813								
Contributions to permanent funds	37,300	52,825	51,763	80,791	64,225	56,698	50,752	69,150	65,138
Transfers	(64,185)	(63,552)	(17,370)	(75,933)	(23,747)	(78,953)	26,400	(55,257)	(2,725,496)
Total business-type activities	\$ 1,185,514	\$ 721,846	\$ 261,444	\$ 315,673	\$ 833,290	\$ 1,491,974	\$ 1,176,712	\$ 418,562	\$ (2,288,501)
Total primary government	\$ 58,550,156	\$ 63,151,567	\$ 63,787,223	\$ 66,903,987	\$ 81,782,291	\$ 81,484,782	\$ 83,256,027	\$ 83,705,329	\$ 80,115,913
Change in Net Assets									
Governmental activities	\$ 30,045,308	\$ 36,915,838	\$ 27,402,729	\$ 34,113,878	\$ 26,882,332	\$ 30,063,292	\$ 17,267,173	\$ 22,699,141	\$ 13,440,448
Business-type activities	10,797,519	10,030,846	14,486,971	21,929,558	27,609,385	27,936,516	31,345,096	20,910,597	19,164,752
Total primary government	\$ 40,842,827	\$ 46,946,684	\$ 41,889,700	\$ 56,043,436	\$ 54,491,717	\$ 57,999,808	\$ 48,612,269	\$ 43,609,738	\$ 32,605,200

(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.

(2) In 2010, the City established a transportation department to account for its traffic and public transportation services. In previous years, these services have been reflected in community services.

(3) In 2008, the Stormwater Fund was formed to account for the study and management of stormwater runoff in the City of Murfreesboro in accordance with federal mandates.

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
2008	33,141,050	30,356,728	7,613,113	71,110,891
2009	35,334,174	28,370,349	7,617,089	71,321,612
2010	35,205,314	27,903,293	7,272,347	70,380,954

- (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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund										
Reserved	\$ 44,727	\$ 86,277	\$ 104,570	\$ 141,536	\$ 264,004	\$ 2,866,482	\$ 2,251,222	\$ 1,089,753	\$ 540,669	\$ 486,661
Unreserved	<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>	<u>33,424,938</u>	<u>38,052,920</u>	<u>39,408,819</u>
Total general fund	<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>	<u>\$ 34,514,691</u>	<u>\$ 38,593,589</u>	<u>\$ 39,895,480</u>
All other governmental funds										
Reserved	\$ 1,185,442	\$ 2,711,084	\$ 2,643,769	\$ 3,145,398	\$ 2,901,392	\$ 1,940,854	\$ 2,355,315	\$ 1,762,700	\$ 1,905,955	\$ 2,213,917
Unreserved, reported in:										
Special revenue funds	7,382,019	7,764,893	8,914,132	10,108,544	10,797,880	8,696,080	7,911,903	10,835,989	13,122,871	16,326,009
Debt service fund	1,940,948	3,048,805	3,101,068	2,538,936	2,573,675	3,604,560	3,805,487	3,893,462	4,245,654	4,790,767
Capital projects funds	(1,061,620)	3,666,483	3,043,521	(5,469,262)	(15,072,098)	(165,292)	(7,590,144)	(3,758,551)	6,278,857	(7,086,468)
Permanent funds		<u>137,692</u>	<u>148,419</u>	<u>114,026</u>	<u>109,169</u>	<u>68,691</u>	<u>90,946</u>	<u>13,795</u>	<u>18,660</u>	<u>102,466</u>
Total all other governmental funds	<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>	<u>\$ 12,747,395</u>	<u>\$ 25,571,997</u>	<u>\$ 16,346,691</u>

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues -										
Taxes	\$ 44,110,406	\$ 45,440,633	\$ 47,724,128	\$ 53,270,607	\$ 55,756,343	\$ 60,863,834	\$ 64,556,511	\$ 70,890,458	\$ 71,160,024	\$ 70,292,556
Intergovernmental	44,456,365	43,131,242	44,206,914	48,507,093	55,825,684	58,780,055	58,715,084	71,729,397	82,202,742	75,896,666
Charges for services	4,365,681	5,554,663	5,397,770	5,907,855	6,842,495	6,966,806	7,587,841	8,134,453	8,081,553	8,243,478
Donations								483,125	477,339	1,941,617
Interest and investment earnings	1,461,883	809,012	587,604	446,717	741,017	1,710,245	2,380,139	1,775,554	558,217	439,174
Licenses and permits	3,039,720	3,697,069	3,887,346	4,599,889	4,631,835	5,155,404	5,289,916	5,280,673	5,634,636	4,407,336
Miscellaneous	4,528,696	7,630,870	4,072,410	7,836,385	6,099,685	6,131,933	4,969,123	6,346,050	5,628,082	4,636,379
	<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>	<u>\$ 164,639,710</u>	<u>\$ 173,742,593</u>	<u>\$ 165,857,206</u>
Expenditures -										
General government	\$ 8,368,317	\$ 9,168,864	\$ 10,101,354	\$ 10,492,519	\$ 3,021,553	\$ 3,332,008	\$ 11,414,689	\$ 4,595,923	\$ 6,847,627	\$ 5,547,009
Police	8,763,731	9,200,399	9,539,903	9,700,595	15,596,243	15,568,305	17,755,914	18,412,254	21,026,722	20,553,607
Fire protection	6,355,455	6,544,473	6,983,588	7,260,949	11,236,417	11,953,554	12,604,596	13,403,457	13,831,170	13,316,531
Judicial	218,323	240,725	253,961	265,283	377,283	424,378	412,307	477,728	452,758	351,734
Legal	421,166	482,339	381,265	392,291	477,862	594,253	649,162	754,962	760,019	681,668
Personnel	341,265	316,453	350,039	377,661	527,178	574,204	643,941	711,621	732,321	646,870
Streets	6,737,738	3,315,588	4,052,180	5,189,850	4,170,663	6,443,037	6,168,437	6,216,345	6,060,873	6,838,460
Planning and engineering	1,076,856	1,397,471	1,522,269	1,589,272	2,133,009	2,575,185	2,712,370	2,795,308	2,657,470	1,705,063
Building inspections	716,417	750,636	789,533	856,370	1,290,743	1,513,775	1,705,737	1,740,183	1,717,686	1,700,106
Sanitation	2,300,637	2,516,470	2,773,945	2,688,687	3,324,471	3,743,192	3,832,817	4,448,056	4,474,894	4,289,255
Transportation **										3,135,125
Urban environmental	309,603	311,391	337,918	398,062	666,182	771,954	645,641	780,410	868,624	909,214
Public health, education and welfare	879,799	996,071	1,062,603	1,179,909	1,308,056	1,469,631	1,473,700	1,506,480	1,532,308	1,528,240
Community services	2,124,200	3,044,017	3,950,816	4,302,808	3,339,475	5,230,313	4,701,071	9,346,329	7,498,113	5,799,104
Recreation	5,552,647	5,907,853	5,902,100	6,684,636	7,601,274	8,138,001	8,691,484	9,152,060	9,277,740	8,399,731
Community development	1,042,530	732,989	700,350	852,389	866,010	885,812	441,826	817,301	872,671	2,322,141
Economic development								821,688	255,587	
Education	35,468,288	36,782,935	37,854,844	40,827,158	44,139,617	49,680,734	51,587,295	51,009,243	52,770,358	53,552,719
Food service		2,006,462	2,026,104	2,083,432	2,261,382	2,604,851	2,969,999	3,387,963	3,424,389	3,263,223
Capital outlay	13,851,250	22,807,323	21,495,444	30,714,965	53,632,139	38,176,379	57,442,265	40,274,705	32,996,360	24,945,791
Debt service										
Principal	10,360,836	11,460,767	16,402,262	20,167,365	12,555,106	14,316,952	15,066,722	20,842,164	21,118,405	21,671,925
Interest	3,740,561	2,454,062	2,092,591	1,607,220	2,384,025	4,361,936	6,265,007	5,847,716	3,345,873	3,159,943
Debt issuance cost		125,164	121,481	163,453	106,543	128,064	178,981	603,242	194,668	625,583
Total expenditures	<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>	<u>\$ 197,945,138</u>	<u>\$ 192,716,636</u>	<u>\$ 184,943,042</u>
Excess of revenues over (under) expenditures	<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>	<u>\$ (33,305,428)</u>	<u>\$ (18,974,043)</u>	<u>\$ (19,085,836)</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds (continued)

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses) -										
Issuance of debt	\$ 12,886,126	\$ 21,132,500	\$ 14,888,135	\$ 23,705,100	\$ 32,993,275	\$ 39,412,060	\$ 46,803,601	\$ 42,499,715	\$ 33,455,368	\$ 79,501,144
Payments on refunded debt										(70,852,843)
Proceeds from sale of land			7,929,389	1,104,250	2,817,980	10,643,428	4,877,586	927,796	2,505,060	
Transfers in	24,910,428	28,591,755	31,024,120	28,037,773	30,110,222	34,590,206	38,462,043	46,098,673	41,826,247	47,926,468
Transfers out	(24,910,428)	(28,951,358)	(31,081,734)	(28,087,097)	(30,158,538)	(34,646,097)	(38,515,991)	(46,245,339)	(41,909,134)	(45,412,348)
	\$ 12,886,126	\$ 20,772,897	\$ 22,759,910	\$ 24,760,026	\$ 35,762,939	\$ 49,999,597	\$ 51,627,239	\$ 43,280,845	\$ 35,877,541	\$ 11,162,421
Net change in fund balances	\$ 6,219,258	\$ 6,473,934	\$ (58,468)	\$ (2,466,302)	\$ (5,355,233)	\$ 17,121,356	\$ (12,238,108)	\$ 9,975,417	\$ 16,903,498	\$ (7,923,415)
Debt service as a percentage of noncapital expenditures	14.88%	14.36%	17.37%	18.74%	12.82%	14.00%	14.35%	17.31%	15.44%	15.91%

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

** In 2010, the City established a transportation department to account for its traffic and public transportation services. In previous years, these services have been reflected in community services.

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
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
2008	33,073,516	30,356,728	2,708,850	712,160	2,027,972	22,385	49,946	743,601	1,195,300	70,890,458
2009	35,254,735	28,370,349	2,808,781	736,010	1,926,166	23,317	53,935	730,976	1,255,755	71,160,024
2010	33,305,297	27,903,293	2,770,148	735,816	1,734,418	29,705	58,061	747,523	1,275,655	68,559,916

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		
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%
2008	1.407	2,103,646,717	51,677,754	2,155,324,471	7,525,143,602	28.6%
2009	1.407	2,245,292,941	51,277,914	2,296,570,855	8,035,107,314	28.6%
2010	1.407	2,372,884,999	52,823,715	2,425,708,714	8,520,678,432	28.5%

(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
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
2008	1.407	2.440	3.847	30,325,680	52,589,917	82,915,597
2009	1.407	2.560	3.967	32,313,095	58,792,214	91,105,309
2010	1.407	2.735	4.142	34,129,964	66,343,133	100,473,097

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Principal Taxpayers

June 30, 2010

<u>Taxpayer</u>	<u>2009 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>2000 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
General Mills / Pillsbury Company	\$ 53,038,265	1	2.19 %	\$ 24,237,065	1	2.16 %
CF Murfreesboro Associates	30,643,833	2	1.26			
Embassy Suites	22,362,676	3	0.92			
Transwestern Stones River	20,204,120	4	0.83			
Mahle Filter Systems	19,474,027	5	0.80			
Middle TN Electric Membership	14,977,547	6	0.62	6,192,457	9	0.55
Pointe at Raiders Campus	14,821,056	7	0.61			
Rich Products	13,865,425	8	0.57			
Adams Place LLC	12,661,880	9	0.52			
Bellsouth Telecommunications	12,643,736	10	0.52	13,426,854	2	1.20
State Farm Insurance Company				11,913,934	3	1.06
Buford C. Throneberry				9,347,895	4	0.83
Tennex Industries, Inc.				8,892,781	5	0.79
Stones River Real Estate				8,190,240	6	0.73
Boston Capital University				6,930,120	7	0.62
JDN Realty Corporation				6,790,240	8	0.61
Atmos Energy Corporation				6,322,090	10	0.56
	<u>\$ 214,692,565</u>		<u>8.84 %</u>	<u>\$ 102,243,676</u>		<u>9.11 %</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>
2001	\$ 21,294,122	\$ 20,430,427	95.94 %	\$ 844,896	\$ 21,275,323	99.91 %
2002	22,268,457	21,462,617	96.38	773,143	22,235,760	99.85
2003	23,434,512	22,591,740	96.40	816,995	23,408,735	99.89
2004	24,495,262	23,783,417	97.09	664,138	24,447,555	99.81
2005	25,888,134	25,199,793	97.34	649,100	25,848,893	99.85
2006	27,579,046	26,659,470	96.67	881,832	27,541,302	99.86
2007	28,107,445	27,444,825	97.64	612,154	28,056,979	99.82
2008	30,325,680	29,565,591	97.49	675,841	30,241,432	99.72
2009	32,313,095	31,354,496	97.03	627,298	31,981,794	98.97
2010	34,129,964	32,987,635	96.65		32,987,635	96.65

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 Notes	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
2008	1,305,000	186,288,248	3,191,000		165,000	36,000	94,056,075	2,675,000	44,157,910	331,874,233	10.53	3,300
2009		200,127,211	2,994,000			36,000	96,728,807	2,060,000	41,846,566	343,792,584	10.56	3,379
2010	54,851,875	126,243,230	2,578,350		363,125	36,000	42,903,203	51,270,000	39,330,084	317,575,867	9.37	3,019

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 161 for personal income and population data.
- (2) 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

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>
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
2008	100,575	7,525,143,602	187,593,248	2.49	1,865.21
2009	101,753	8,035,107,314	200,127,211	2.49	1,966.79
2010	105,209	8,520,678,432	181,095,105	2.13	1,721.29

Note:

(1) Special Census conducted 1998 , 2003, 2005, and 2008 and federal census conducted 2000, others are estimated.

CITY OF MURFREESBORO, TENNESSEE

Direct and Overlapping Governmental Activities Debt

June 30, 2010

<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			\$ 183,673,455
Rutherford County (2)	\$ 384,030,000	40.93%	<u>157,183,479</u>
Total direct and overlapping debt			<u>\$ 340,856,934</u>
Ratio of direct and estimated overlapping debt to 2009 assessed valuation (3)			<u>14.05%</u>
Per capita direct and estimated overlapping debt (4)			<u>\$ 3,240</u>

(1) As of June 30, 2010.

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2010, Table 12.

(3) Based upon 2009 Taxable Assessed Valuation of \$2,425,708,714

(4) Based upon estimated population of 105,209

(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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 168,104,281	\$ 175,800,211	\$ 204,367,710	\$ 213,618,272	\$ 225,764,302	\$ 240,510,480	\$ 292,700,311	\$ 323,298,671	\$ 344,485,628	\$ 363,856,307
Total net debt applicable to limit	<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>	<u>186,890,786</u>	<u>198,875,557</u>	<u>178,882,688</u>
Legal debt margin	\$ <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>	\$ <u>136,407,885</u>	\$ <u>145,610,071</u>	\$ <u>184,973,619</u>
Total net debt applicable to the limit as a percentage of the debt limit	46.54%	49.38%	41.71%	41.81%	48.60%	56.01%	56.64%	57.81%	57.73%	49.16%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$ <u>2,425,708,714</u>
Debt limit (15% of assessed value)	\$ <u>363,856,307</u>
Debt applicable to limit:	
General Obligation Bonds	\$ 54,851,875
Capital Outlay Notes	2,578,350
Tennessee Municipal Bond Fund Loans	126,243,230
Less: debt service fund	<u>(4,790,767)</u>
Total debt applicable to limit	\$ <u>178,882,688</u>
Legal debt margin	\$ <u>184,973,619</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	
Water and Sewer -						
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
2008	27,290,810	16,045,581	11,245,229	170,000	6,038	63.88
2009	27,999,011	16,901,018	11,097,993			
2010	29,554,367	16,311,214	13,243,153	2,365,000	1,027,156	3.90

The Water and Sewer Department did not have any revenue bonds outstanding at June 30, 2009.

Electric Department -

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
2008	124,723,858	108,589,583	16,134,275	580,000	164,368	21.68
2009	144,953,670	129,407,626	15,546,044	615,000	135,033	20.73
2010	133,987,859	117,922,597	16,065,262	4,730,000	277,050	3.21

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>
2001	72,414	\$ 1,927,805,508	\$ 26,622	31.2	5,729	3.40 %
2002	76,012	1,999,875,720	26,310	31.2	5,789	4.40
2003	75,083	2,002,238,361	26,667	31.2	5,850	4.40
2004	84,000	2,308,656,000	27,484	31.2	6,062	4.50
2005	81,393	2,331,990,843	28,651	31.2	6,260	4.40
2006	86,793	2,585,042,712	29,784	31.2	6,600	4.20
2007	92,559	2,847,114,840	30,760	31.2	6,720	3.70
2008	100,575	3,157,049,250	31,390	31.2	6,842	4.40
2009	101,753	3,257,113,530	32,010	31.2	6,900	7.90
2010	105,209	3,387,729,800	32,200	31.2	6,900	8.90

Notes:

- (1) Special Census conducted 1998, 2003, 2005, and 2008, 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, 2010

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Rutherford County Government and Board of Education	5,385	1	4.01	3,146	2	3.16
Nissan Motor Manufacturing Corp. USA	4,400	2	3.28	5,800	1	5.83
Middle Tennessee State University	2,151	3	1.60	2,015	4	2.03
City of Murfreesboro and Board of Education	2,025	4	1.51	1,268	7	1.28
State Farm Insurance	1,708	5	1.27			
Alvin C. York Veterans Administration Medical Center	1,563	6	1.16	1,260	8	1.27
Ingram Book Company	1,324	7	0.99	2,500	3	2.51
Middle Tennessee Medical Center	1,300	8	0.97	1,100	9	1.11
Asurion	1,165	9	0.87			
Verizon	1,068	10	0.80			
Whirlpool Corporation				2,000	5	2.01
Bridgestone/Firestone, Inc.				1,900	6	1.91
Perrigo				1,000	10	1.01
			<u>16.46</u> %			<u>22.12</u> %

Note: The above information is for Rutherford County of which the City of Murfreesboro is a part.

Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2010, Table 14

CITY OF MURFREESBORO, TENNESSEE

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government -										
Administrative and General	21	21	21	21	20	20	21	23	24	28
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Police -										
Officers	161	162	161	161	163	182	187	203	239	240
Civilians	42	41	41	41	42	48	48	53	58	57
Fire -										
Firefighters and Officers	166	166	165	167	176	176	188	187	202	202
Civilians	3	3	3	3	3	3	3	3	3	3
Judicial	5	5	6	6	6	6	6	6	6	6
Legal and Risk Management	8	9	9	9	9	9	10	10	10	10
Personnel	7	7	7	7	8	8	9	10	9	9
Streets	25	25	25	25	27	28	28	29	29	29
Planning and Engineering	22	22	22	22	26	27	29	31	30	23
Building Inspections	17	17	17	19	20	23	26	26	25	27
Sanitation	48	48	45	45	57	58	58	57	57	57
Urban Environmental	9	9	9	10	12	13	13	16	16	16
Community Services -										
Fleet Services	-	2	11	11	11	11	12	13	13	13
Senior Citizens	8	9	9	9	9	9	9	9	9	9
Airport	1	1	1	1	1	1	1	1	1	1
Cable Television	3	4	4	4	4	4	4	4	4	4
Mass Transit	-	-	-	-	-	1	12	12	12	18
Recreation and Golf	77	79	80	78	78	81	84	84	88	88
Community Development	3	3	3	3	3	3	3	2	2	2
Education	648	652	696	684	715	775	801	859	881	864
Food Service	35	30	31	29	29	25	25	27	28	25
Water and Sewer	121	119	128	130	127	135	143	149	151	147
Electric	70	68	73	74	73	73	73	76	79	87
Cemetery	7	6	6	6	7	7	8	8	9	9
Total	<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>	<u>1,899</u>	<u>1,986</u>	<u>1,975</u>

Sources: Various city departments

CITY OF MURFREESBORO, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police -										
Arrests	8,208	7,187	7,562	7,213	7,553	7,741	11,613	8,641	9,111	8,530
911 calls	33,112	30,089	22,737	31,197	33,509	25,922	35,785	37,185	38,664	37,824
Traffic violations	26,730	20,408	20,043	17,002	16,242	13,424	23,360	25,120	26,095	13,059
Fire -										
Emergency responses (c)	1,480	1,798	2,300	5,535	5,577	6,104	8,035	8,241	8,983	10,354
Fire safety inspections (a)	4,715	5,348	4,770	5,484	5,012	4,555	5,486	5,028	5,391	4,844
Fire training hours (a)	55,367	54,874	61,993	60,184	62,578	63,627	64,107	69,771	73,059	65,895
Personnel -										
Full time positions/applications	NA	55 / 2,036	NA	56 / 2,285	NA	80 / 3,277	83/3,879	68/3,460	44/2,564	27/2,096
Part time positions/applications	NA	93 / 1,371	NA	115 / 1,881	NA	102 / 1,590	113/1,604	117/2,489	64/1,594	147/1,954
Streets (a) -										
Street repaving (lane miles)	87	28	114	64	43	54	58	20	31	19
Planning and Engineering (b) -										
Preliminary plats reviewed	35	49	48	83	73	57	55	27	13	8
Final plats reviewed	111	111	89	133	156	128	144	128	75	60
Site plans reviewed	106	107	111	139	134	131	161	184	157	97
Annexations studied	11	13	22	30	35	20	19	10	9	2
Building Inspections -										
Single family home permits issued	1,110	1,053	1,514	1,689	1,814	1,922	1,391	711	430	425
Total building permits issued	1,824	1,696	2,149	2,398	2,582	2,511	2,707	1,824	1,433	1,357
Substandard and property maintenance complaint notices (d)	1,329	1,201	1,131	1,405	2,113	2,102	3,458	3,697	8,425	8,334
Sanitation (a) -										
Refuse collected (tons per year)	25,788	29,350	32,247	31,087	32,265	34,321	36,892	35,227	33,900	33,284
Community services -										
Airport										
Gallons of fuel sold (Avgas and Jet A)	142,508	166,037	155,895	195,512	208,875	195,244	182,641	184,423	191,152	187,749
Education -										
K-6 Enrollment	5,729	5,789	5,850	6,062	6,260	6,600	6,720	6,842	6,902	6,876
Water and Sewer -										
Water sold annually in 100 cubic feet	3,409,400	3,325,765	3,350,118	3,333,846	3,411,762	3,690,312	4,338,296	4,427,024	3,702,460	3,538,776
Sewer sold annually in 100 cubic feet	3,317,490	3,078,940	3,175,410	3,265,520	3,431,040	3,685,630	4,771,612	4,177,764	3,809,040	3,733,376
Electric -										
Number of customers	35,537	37,299	38,604	40,298	43,525	46,985	47,858	49,960	50,556	52,001
Kilowatt hours sold (in thousands)	1,159,949	1,149,358	1,236,829	1,282,229	1,321,732	1,455,524	1,485,484	1,576,120	1,541,000	1,559,000

Sources: Various city departments

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

- (a) Calendar year information
- (b) Calendar year information through 2006/ Fiscal Information 2007
- (c) Fiscal information through 2006/Calendar Information 2007 through 2009
- (d) Information is for notices through 2008/Inspections information 2009
- NA Information is not available

CITY OF MURFREESBORO, TENNESSEE

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police -										
Patrol Units	105	112	112	113	119	124	125	141	137	135
Fire -										
Fire engines	14	15	15	15	15	15	15	18	18	18
Rescue vehicles			2	2	3	3	3	3	3	3
Fire stations	7	9	9	9	9	9	9	9	9	10
Streets -										
Streets (miles)	406	417	429	458	467	485	503	513	522	528
Traffic signals	88	94	97	103	106	106	110	119	123	127
Sanitation -										
Collection trucks	24	24	28	27	34	36	36	36	36	34
Community Services -										
Airport										
Tie-downs	66	66	66	66	85	85	80	80	80	80
Hangers	59	59	59	59	59	59	59	106	106	106
Public Transportation										
Buses							9	9	9	9
Recreation -										
Park acreage	928.86	951.29	1,059.11	1,059.11	1,075.07	1,202.31	1,202.31	1,202.31	1,225.90	1,225.90
Greenway trails (miles)	4.5	4.5	4.5	4.5	4.5	5.1	5.1	5.1	7.1	10.1
Education -										
Elementary schools	10	10	10	10	11	11	11	12	12	12
Water and Sewer -										
Water pipe (miles)	NA	NA	NA	402	406	414	422	426	428	430
Water storage capacity (millions of gallons)	9.0	9.0	10.5	10.5	12.0	12.0	12.0	12.0	12.0	12.0
Water treatment capacity (millions of gallons per day)	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70	22.00	22.00
Sewer pipe (miles)	NA	354.00	NA	456.00	469.00	494.00	524.00	550.00	565.00	569.00
Wastewater treatment capacity (millions of gallons per day)	16	16	16	16	16	16	16	16	16	16
Sewage pumping stations	31	32	35	35	35	38	42	45	43	44
Public fire hydrants	2,512	2,592	2,660	2,751	2,948	3,037	3,122	3,205	3,246	3,286
Electric -										
Overhead and underground primary and secondary cable (miles)	480.17	495.07	510.99	514.47	534.17	572.92	611.67	626.95	649.88	655.27
Poles	10,835	11,002	11,425	11,814	12,079	13,054	13,693	14,221	14,857	15,179
Transformers	9,735	9,896	10,205	10,804	11,320	11,954	12,594	13,226	13,330	13,627
Substations	7	8	8	9	9	10	10	10	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), 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, 2010

Murfreesboro Water and Sewer Department

As of June 30, 2010, Murfreesboro Water and Sewer Department serves approximately 24,612 water customers and 36,700 sewer customers of which 12,400 are in the Consolidated Utility District water service area. The following rate structure was in place during 2009/2010 fiscal year:

Water:

The water rate is \$2.74 per 100 cubic feet of consumption over the stated allowances per meter size. The minimum monthly bills applicable to all customers are based upon the following table:

<u>Meter Size</u>	<u>Charge</u>	<u>Allowance</u>
5/8"	\$ 8.22	200 cubic feet
1"	19.18	600 cubic feet
1.5"	41.10	1,400 cubic feet
2"	65.76	2,300 cubic feet
3"	164.40	5,900 cubic feet
4"	328.80	11,900 cubic feet
6"	685.00	24,900 cubic feet

The sewer rate is \$3.34 per 100 cubic feet of consumption over the stated allowances per meter size. The minimum monthly bills applicable to all customers are based upon the following table:

<u>Meter Size</u>	<u>Charge</u>	<u>Allowance</u>
5/8"	\$ 9.22	200 cubic feet
1"	27.98	600 cubic feet
1.5"	61.90	1,400 cubic feet
2"	100.06	2,300 cubic feet
3"	252.70	5,900 cubic feet
4"	507.10	11,900 cubic feet
6"	1,058.30	24,900 cubic feet

In addition to the sewer charges each customer is charged an operation and maintenance fee equal to 90 cents per 100 cubic feet for all consumption.

The above rates are net. The gross rate, 10% higher, will apply to accounts not paid by the due date.

Rates for service outside the city limits are 50% higher than services provided within the city limits.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2010

Murfreesboro Electric Department

As of June 30, 2010, Murfreesboro Electric Department serves approximately 52,001 customers and had the following rate structure in place:

Residential:

Customer Charge - \$8.65 per month (also minimum bill)

Energy Charge - \$.08708 per KWH up to 800 KWH, \$.08045 over 800 KWH

Commercial:

General Power (GSA)

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

Customer Charge \$16.29

Energy Charge \$.09370 per KWH

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

Customer Charge \$39.58

Energy Charge

1st 15,000 \$.09479 per KWH

over 15,000 \$.05045 per KWH

Demand Charge

1st 50 No Charge

over 50 \$13.21 per KWH

(3) Greater than 1,000 KWD but not more than 5,000 KWD

Customer Charge \$113.09

Energy Charge \$.05100 per KWH

Demand Charge

1st 1,000 KWD \$12.89 per KW

over 1,000 KWH \$14.98 per KW

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2010

Murfreesboro Electric Department (continued)

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	\$.04132 per KWH
Additional KWH	\$.03372 per KWH
Demand Charge	\$15.40 per KWH

General Power (GSC)

Greater than 15,001 KW but not more than 25,000 KW

Customer Charge	\$1,500.00
Demand Charge	\$14.89
Energy Charge	
Up to 620 hrs. use	\$.04132
Additional Charge	\$.03372

General Power (GSD)

Customer Charge	\$1,500.00
Demand Charge per KWH	\$18.24
Energy Charge per KWH	\$.03314

For manufacturing service rates, please contact the Murfreesboro Electric Department.

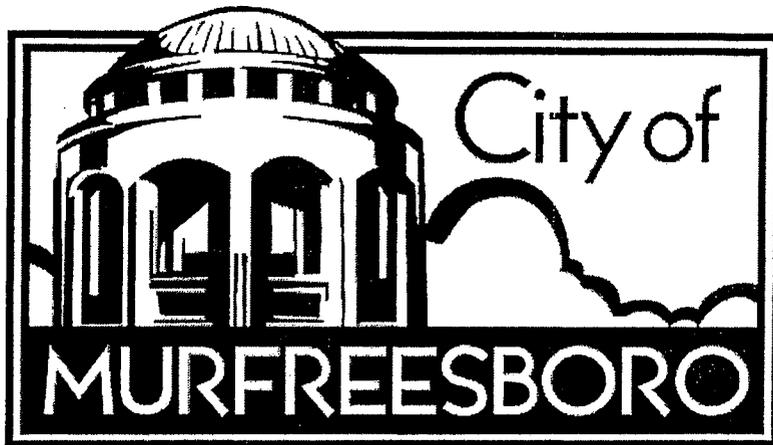
CITY OF MURFREESBORO, TENNESSEE

Schedule of Unaccounted for Water

June 30, 2010

(All amounts in gallons)

Water Treated and Purchased:		
Water Pumped	3,674,398,924	
Water Purchased		
Total Water Treated and Purchased	<hr/>	3,674,398,924
Accounted for Water:		
Water sold	2,479,166,753	
Metered for Consumption	3,011,648	
Fire Department(s) Usage	4,695,503	
Flushing	16,074,709	
Tank Cleaning/Filling	-	
Street Cleaning	37,400	
Bulk Sales	138,961,705	
Water Bill Adjustments	-	
Other (explain)		
Total Accounted for Water	<hr/>	2,641,947,718
Unaccounted for Water		1,032,451,206
Percent Unaccounted for Water		28.1%
Cost per 1,000 gallons of water		\$2.30
Cost of Unaccounted for Water		\$2,374,638



T E N N E S S E E

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2009 (Receivable)/Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2010 (Receivable)/Deferred Revenue
U.S. DEPARTMENT OF AGRICULTURE							
Passed through the Tennessee							
Department of Education -							
National School Breakfast Program	10.553	N/A	\$ (52,877)	\$ 578,218	\$ 525,341		
National School Lunch Program	10.555	N/A	(152,724)	1,669,977	1,517,253		
Summer Food Service Program	10.559	N/A	(85,603)	294,134	261,224	\$ (6,577) (1)	\$ (59,270)
<i>Total Child Nutrition Cluster</i>			<u>\$ (291,204)</u>	<u>\$ 2,542,329</u>	<u>\$ 2,303,818</u>	<u>\$ (6,577)</u>	<u>\$ (59,270)</u>
Emergency Food Assistance Program (Food Commodities)	10.569	N/A		\$ 202,585	\$ 202,585		
<i>Total U.S. Department of Agriculture</i>			<u>\$ (291,204)</u>	<u>\$ 2,744,914</u>	<u>\$ 2,506,403</u>	<u>\$ (6,577)</u>	<u>\$ (59,270)</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grant	14.218	B-07-MC-47-0009	\$ (74,019)	\$ 74,019			
Community Development Block Grant	14.218	B-08-MC-47-0009	(98,389)	623,444	\$ 525,055		
Community Development Block Grant	14.218	B-09-MC-47-0009		287,774	450,323		\$ (162,549)
ARRA - Community Development Block Grant	14.253	B-09-MY-47-0009		104,145	104,945		(800)
Passed through the Tennessee Housing							
Development Agency -							
Neighborhood Stabilization Program	14.218	NSPI-09-25%-001		926,005	1,055,278		(129,273)
Neighborhood Stabilization Program	14.218	NSPI-09-015		318,436	366,411		(47,975)
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>\$ (172,408)</u>	<u>\$ 2,333,823</u>	<u>\$ 2,502,012</u>		<u>\$ (340,597)</u>
Passed through the Tennessee Housing							
Development Agency -							
Emergency Shelter Grant	14.231	ESG-08-28	\$ (29,267)	\$ 29,267			
Emergency Shelter Grant	14.231	ESG-09-30		86,944	\$ 108,884		\$ (21,940)
<i>Total CFDA #14.231</i>			<u>\$ (29,267)</u>	<u>\$ 116,211</u>	<u>\$ 108,884</u>		<u>\$ (21,940)</u>
ARRA - Homeless Prevention and Rapid Re-housing Program	14.257	HPRP-09-07		\$ 69,949	\$ 69,949		
Passed through the Murfreesboro Housing Authority -							
Capital Fund Program	14.872	TN43P02050106	\$ (954)	\$ 34,498	\$ 33,544		
<i>Total Department of Housing and Urban Development</i>			<u>\$ (202,629)</u>	<u>\$ 2,554,481</u>	<u>\$ 2,714,389</u>		<u>\$ (362,537)</u>
DEPARTMENT OF JUSTICE							
Edward Byrne Memorial Justice Assistance Grant	16.579	2006-DJ-BX-0702	\$ 7,204		\$ 7,204		
Edward Byrne Memorial Justice Assistance Grant	16.579	2008-DJ-BX-1407	10,536				\$ 10,536
Edward Byrne Memorial Justice Assistance Grant	16.579	2008-DJ-BX-0279		\$ 53,269	22,715		30,554
<i>Total CFDA #16.579</i>			<u>\$ 17,740</u>	<u>\$ 53,269</u>	<u>\$ 29,919</u>		<u>\$ 41,090</u>
Bulletproof Vest Program	16.607	N/A		\$ 4,788	\$ 7,895		\$ (3,107)
Passed through Rutherford County -							
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-2843		\$ 155,291	\$ 188,061		\$ (32,770)
<i>Total Department of Justice</i>			<u>\$ 17,740</u>	<u>\$ 213,348</u>	<u>\$ 225,875</u>		<u>\$ 5,213</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2010

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2009 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2010 (Receivable)/ Deferred Revenue</u>
DEPARTMENT OF TRANSPORTATION							
Passed through the Tennessee Department of Transportation -							
Airport Safety Improvement Project	20.106	Z-09-21-4032-00		\$ 150,000	\$ 150,000		
Highway Planning and Construction	20.205	1999879	\$ (267,435)		\$ 158,212		\$ (425,647)
Highway Planning and Construction	20.205	040145	(267,157)	\$ 581,278	556,995		(242,874)
Highway Planning and Construction	20.205	090012	(1,522,726)	1,571,163		\$ (48,437) (2)	
Highway Planning and Construction	20.205	090036	(100,594)	330,265	454,953		(225,282)
Highway Planning and Construction	20.205	070098	(37,883)	1,076,447	1,923,825		(885,261)
Highway Planning and Construction	20.205	2000566	(316,000)	316,000			
ARRA - Highway Planning and Construction	20.205	090247			458,665		(458,665)
<i>Total CFDA #20.205</i>			\$ (2,511,795)	\$ 3,875,153	\$ 3,552,650	\$ (48,437)	\$ (2,237,729)
Section 5303 Metro Planning	20.505	GG-07-26349	\$ (1,305)	\$	\$ 17,570		\$ (18,875)
Section 5303 Short-range Transit Planning	20.505	GG-08-26388	(7,983)	8,529	546		
<i>Total CFDA #20.505</i>			\$ (9,288)	\$ 8,529	\$ 18,116		\$ (18,875)
Section 5307 Urbanized Area Formula - FY06	20.507	TN-90-X277-00	\$ (849)	\$ 3,839	\$ 2,990		
Section 5307 Urbanized Area Formula - FY07	20.507	TN-90-X291-00	(551,742)	551,802	56,039		\$ (55,979)
Section 5307 Urbanized Area Formula - FY08	20.507	TN-90-X295-00	(138,147)		523,213		(661,360)
Section 5307 Urbanized Area Formula - FY09	20.507	n/a			79,392		(79,392)
ARRA - Section 5307 Urbanized Area Formula	20.507	TN-96-X010-00		1,231,761	1,321,896		(90,135)
<i>Total CFDA #20.507</i>			\$ (690,738)	\$ 1,787,402	\$ 1,983,530		\$ (886,866)
Total Department of Transportation			\$ (3,211,821)	\$ 5,821,084	\$ 5,704,296	\$ (48,437)	\$ (3,143,470)
DEPARTMENT OF ENERGY							
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0002702		\$ 40,918	\$ 49,591		\$ (8,673)
Total Department of Energy				\$ 40,918	\$ 49,591		\$ (8,673)
DEPARTMENT OF EDUCATION							
Passed through Tennessee Department of Education -							
Title I 05.01	84.010	N/A	\$ 161,720	\$ 1,313,459	\$ 1,353,350		\$ 121,829
ARRA - Title I 05.01	84.389	N/A		173,932	375,476		(201,544)
<i>Total Title I, Part A Cluster</i>			\$ 161,720	\$ 1,487,391	\$ 1,728,826		\$ (79,715)
IDEA, Part B Program	84.027	N/A	\$ 131,053	\$ 624,637	\$ 1,175,422		\$ (419,732)
IDEA Preschool Program 05.01	84.173	N/A	(37,182)	18,826	26,261		(44,617)
ARRA - IDEA Part B Program	84.391	N/A		349,538	964,682		(615,144)
ARRA - IDEA Preschool Program	84.392	N/A		66,133	83,746		(17,613)
<i>Total Special Education Cluster (IDEA)</i>			\$ 93,871	\$ 1,059,134	\$ 2,250,111		\$ (1,097,106)
Title IVA	84.186	N/A	\$ (13,627)	\$ 44,984	\$ 37,231		\$ (5,874)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2010

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2009 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2010 (Receivable)/ Deferred Revenue
DEPARTMENT OF EDUCATION (continued)							
Passed through Tennessee Department of Education -							
Title IVE 21st Century Project Eagles	84.287	Z-0401594700	\$ (30,544)	\$ 176,728	\$ 200,000		\$ (53,816)
Title IVE 21st Century Triton	84.287	Z-0410154700	(23,895)	23,895			
<i>Total CFDA #84.287</i>			<u>\$ (54,439)</u>	<u>\$ 200,623</u>	<u>\$ 200,000</u>		<u>\$ (53,816)</u>
Title V Program 05.01	84.298	N/A	\$ 4,438				\$ 4,438
Title II Part D 05.01	84.318	N/A	\$ 6,334	\$ 2,046	\$ 20,906		\$ (12,526)
ARRA - Title II Part D 05.01	84.386	N/A		24,411	38,789		(14,378)
<i>Total Educational Technology State Grants Cluster</i>			<u>\$ 6,334</u>	<u>\$ 26,457</u>	<u>\$ 59,695</u>		<u>\$ (26,904)</u>
Title III ELL Program 05.01	84.365	N/A	\$ (13,728)	\$ 93,872	\$ 77,482		\$ 2,662
Title II Part A 05.01	84.367	N/A	\$ (47,035)	\$ 384,296	\$ 311,545		\$ 25,716
ARRA - Title X	84.387	N/A		\$ 15,546	\$ 8,920		\$ 6,626
ARRA - State Fiscal Stabilization Fund	84.394	N/A		\$ 1,288,009	\$ 1,379,905	\$ 62,112 (3)	\$ (29,784)
ARRA - State Fiscal Stabilization Fund	84.397	N/A		121,381	154,913	(14,537) (4)	(48,069)
<i>Total State Fiscal Stabilization Fund Cluster</i>				<u>\$ 1,409,390</u>	<u>\$ 1,534,818</u>	<u>\$ 47,575</u>	<u>\$ (77,853)</u>
<i>Total Department of Education</i>			<u>\$ 137,534</u>	<u>\$ 4,721,693</u>	<u>\$ 6,208,628</u>	<u>\$ 47,575</u>	<u>\$ (1,301,826)</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through the Greater Nashville Regional Council -							
Aging Services - Title IIID	93.043	2010-23		\$ 2,500	\$ 2,500		
Aging Services - Title IIIB	93.044	2010-23		22,000	22,000		
<i>Total Department of Health and Human Services</i>				<u>\$ 24,500</u>	<u>\$ 24,500</u>		
DEPARTMENT OF HOMELAND SECURITY							
Passed through the Tennessee Emergency Management Agency -							
Public Assistant Grant	97.036	34101-01210	\$ (2,895,287)	\$ 2,109,237	\$ 59,008	\$ 36,556 (5)	\$ (808,502)
Public Assistant Grant	97.036	34101-01310	(608,540)	608,540			
Public Assistant Grant	97.036	34101-18911			71,754		(71,754)
<i>Total CFDA #97.036</i>			<u>\$ (3,503,827)</u>	<u>\$ 2,717,777</u>	<u>\$ 130,762</u>	<u>\$ 36,556</u>	<u>\$ (880,256)</u>
Assistance to Firefighters Grant Program	97.044	EMW-2008-FO-06675	(2,547)	9,305	6,758		
<i>Total Department of Homeland Security</i>			<u>\$ (3,506,374)</u>	<u>\$ 2,727,082</u>	<u>\$ 137,520</u>	<u>\$ 36,556</u>	<u>\$ (880,256)</u>
TOTAL FEDERAL AWARDS			<u>\$ (7,056,754)</u>	<u>\$ 18,848,020</u>	<u>\$ 17,571,202</u>	<u>\$ 29,117</u>	<u>\$ (5,750,819)</u>

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2010

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2009 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2010 (Receivable)/ Deferred Revenue</u>
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Notes -

- (1) Federal expenditures incurred in 2009 were not included on the schedule in the prior year.
- (2) These are expenditures that were incurred in a prior year that were eligible for reimbursement from this federal program; however, federal revenue was not recognized for them in the prior year.
- (3) Federal funds received in 2009 were included in the State schedule in the prior year.
- (4) Federal expenditures incurred in 2009 were included in the State schedule in the prior year.
- (5) This is to adjust for federal revenue accrued at June 30, 2009 in excess of expenditures eligible for reimbursement from this grant.

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, 2010

<u>Program Name</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2009 (Receivable)/Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2010 (Receivable)/Deferred Revenue</u>
TENNESSEE COMMISSION ON AGING						
Passed through the Greater Nashville Regional Council - Aging Services	GG-10-29083-00		\$ 10,600	\$ 10,600		
			\$ 10,600	\$ 10,600		
TENNESSEE DEPARTMENT OF EDUCATION						
Basic Education Program	N/A		\$ 25,959,300	\$ 25,959,300		
School Food Service	N/A	\$ 13,082	38,767	32,612		\$ 19,237
Career Ladder Program	N/A	24,427	290,715	282,223		32,919
Career Ladder Extended Contract	N/A	62,112			\$ (62,112) (1)	
Lottery Preschool	N/A	8,589	741,184	983,387		(233,614)
ESP Safe Schools Grant	N/A	(46,400)	46,400			
Nutrition Grant	N/A	(14,537)			14,537 (2)	
Bradley Arts Grant	N/A	(4,927)	25,150	26,214		(5,991)
Connect Tenn	N/A		4,704	4,704		
Lottery	N/A	(134,052)	24,671			(109,381)
		\$ (91,706)	\$ 27,130,891	\$ 27,288,440	\$ (47,575)	\$ (296,830)
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Airport Maintenance	Z-10-22-0226-00		\$ 13,000	\$ 13,000		
Airport Beacon Rotate	AERO-10-145-00		4,138	4,138		
Airport Taxiway Lighting	Z-09-21-4001-00			7,985		\$ (7,985)
Airport Layout Plan	Z-08-20-0794-00	\$ (30,528)	33,076	17,036		(14,488)
State Match - Section 5303 Metro Planning	GG-07-26349-00	(163)		2,196		(2,359)
State Match - Section 5303 Short-range Transit Planning	GG-08-26388-00	(998)	1,066	68		
State Match - Section 5307 Urbanized Area Formula - FY06	GG-08-27388-00	(252,255)	252,629	374		
State Match - Section 5307 Urbanized Area Formula - FY07	GG-10-29565-00	(239,712)		7,027		(246,739)
State Match - Section 5307 Urbanized Area Formula - FY08	GG-08-31735-00	(17,141)		196,515		(213,656)
State Match - Section 5307 Urbanized Area Formula - FY09	n/a			39,696		(39,696)
		\$ (540,797)	\$ 303,909	\$ 288,035		\$ (524,923)
TENNESSEE EMERGENCY MANAGEMENT AGENCY						
Public Assistance Grant Award	34101-01210	\$ (482,548)		\$ 9,835	\$ 6,092 (3)	\$ (486,291)
Public Assistance Grant Award	34101-18911			3,986		(3,986)
		\$ (482,548)		\$ 13,821	\$ 6,092	\$ (490,277)
TOTAL STATE AWARDS		\$ (1,115,051)	\$ 27,445,400	\$ 27,600,896	\$ (41,483)	\$ (1,312,030)

Notes -

- (1) Federal funds received in 2009 were included in the State schedule in the prior year.
- (2) Federal expenditures incurred in 2009 were included in the State schedule in the prior year.
- (3) This is to adjust for state revenue accrued at June 30, 2009 in excess of expenditures eligible for reimbursement from this grant.

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



T E N N E S S E E



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET • BELMONT PARK
P.O. BOX 1175 • MURFREESBORO, TN 37133-1175
615-893-7777 • FAX 615-896-5990
www.jobehastings.com

Donna K. Hastings, CPA, CSEP
James R. Jobe, CPA
Joel H. Jobe (1944 - 2006)

**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 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, 2010 which collectively comprise the City's basic financial statements and have issued our report thereon dated January 28, 2011. Our report includes 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 Stormwater Fund, 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 the results of the other auditors' testing of internal control over financial reporting and on compliance and other matters that are also 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2010-1, 2010-2, 2010-5 & 2010-7)

A *significant deficiency* is a deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2010-3 & 2010-6)

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-4.

The City of Murfreesboro, Tennessee's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Murfreesboro, Tennessee's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Council, others within the entity, 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
January 28, 2011



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET • BELMONT PARK
P.O. BOX 1175 • MURFREESBORO, TN 37133-1175
615-893-7777 • FAX 615-896-5990
www.jobehastings.com

Donna K. Hastings, CPA, CSEP
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Joel H. Jobe (1944 - 2006)

**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**

Honorable Mayor and City Council
City of Murfreesboro, Tennessee

Compliance

We and other auditors have audited the City of Murfreesboro, Tennessee's compliance, 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, 2010. The City of Murfreesboro, Tennessee'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 referred to above 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 identified in the accompanying schedule of findings and questioned costs 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, 2010.

Internal Control Over Compliance

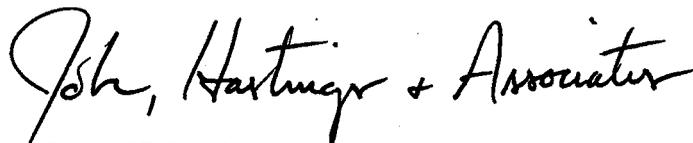
Management of the City of Murfreesboro, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City of Murfreesboro, Tennessee's internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 of Murfreesboro, Tennessee's internal control over compliance.

A deficiency in *internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-8, 2010-9, and 2010-10. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City of Murfreesboro, Tennessee's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Murfreesboro, Tennessee's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the City Council, others within the entity, 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
January 28, 2011

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

June 30, 2010

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. Six 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*. Four of the conditions are reported as material weaknesses.
3. One instance 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* was disclosed during the audit.
4. Three 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*. The conditions are not reported as material weaknesses.
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. Three 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:

<u>Federal Program Name</u>	<u>CFDA Numbers</u>
CDBG – Entitlement Grants Cluster:	
Community Development Block Grant and Neighborhood Stabilization Program	14.218
ARRA – Community Development Block Grant	14.253
Highway Planning and Construction	20.205
Section 5307 Urbanized Area Formula	20.507
Title I, Part A Cluster:	
Title I 05.01	84.010
ARRA – Title I 05.01	84.389
Special Education Cluster (IDEA):	
IDEA Part B Program	84.027
IDEA Preschool Program 05.01	84.173
ARRA – IDEA Part B Program	84.391
ARRA – IDEA Preschool Program	84.392
State Fiscal Stabilization Fund Cluster:	
ARRA – State Fiscal Stabilization Fund	84.394
ARRA – State Fiscal Stabilization Fund	84.397

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.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2010

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2010-1. 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 control structure.

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

Views of Responsible Officials and Planned Corrective Actions: Management believes the cost of maintaining this control would exceed its benefits.

2010-2. Evergreen Cemetery Commission – Detailed Inventory

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

Criteria: Periodic physical inventory observations should be performed to ensure 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.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding and is in the process of implementing a new software system that was purchased during the 2007 fiscal year to track the Cemetery's inventory. All inventory has not yet been entered into this system. The software package is expected to be fully operational for the year ended June 30, 2013.

2010-3. Murfreesboro Electric Department – Work Orders

Condition: The auditor found several work orders that were still open that should have been closed into plant. Backlog of work has slowed the process of closing work orders.

Criteria: Work orders should be monitored and closed in a timely manner.

Effect: Depreciation of plant may be delayed.

Recommendation: Management should stress to engineering personnel the importance of closing work orders in a timely manner.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2010

2010-3. Murfreesboro Electric Department – Work Orders (continued)

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will implement procedures to ensure prompt closing of completed work orders.

2010-4. Murfreesboro Electric Department – Competitive Bidding and Board Approval

Condition: The auditor found a couple of instances where contracts were either not competitively bid and/or board approved. Some aspects of the purchasing law were not fully understood.

Criteria: State purchasing law requires certain contracts and purchases be competitively bid and board approved.

Recommendation: Management should consult with legal counsel and make sure it understands exactly how the state purchasing law can apply to certain circumstances.

Views of Responsible Officials and Planned Corrective Actions: Management is very aware of the purchasing law as it relates to the Municipal plant act. In one instance, the purchase involved professional engineering services which we often use, and we did not believe a competitive bid process was required. The other situation involved a small construction project for our office and we did attempt to get some bids and were not able to get bids from two of the contractors that were solicited. We agree that these projects should have been brought to the Board's attention. We have a process for seeking Board approval and will consider other procedures to make sure competitive bids and Board approval are obtained when required.

2010-5. Murfreesboro Water & Sewer Department – Adjustment for an Expense

Condition: A material audit adjustment was discovered in relation to the timing of the posting of June's electric bill.

Criteria: It has been the consistent practice of the Department to record their electric bill in the month in which the invoice was received. However, the amount of the monthly electric expense has become significant and should be recorded in the month the expense is incurred.

Effect: An adjustment was necessary to record the expense and payable related to June's electric service as of June 30, 2010.

Recommendation: The electric expense should be recorded as a payable in the month for which the service was rendered rather than by the invoice date.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding and agrees with the action. Other major monthly expenses will be reviewed to determine if other timing changes should be made under the rationale given the electric expense.

2010-6. Murfreesboro Water & Sewer Department – Construction in Progress

Condition: Construction in progress contains certain open work orders that have had very little activity during the past few years. Subsequent to year end, management has reviewed open work orders and has closed them as necessary.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2010

2010-6. Murfreesboro Water & Sewer Department – Construction in Progress (continued)

Criteria: Open work orders reported in construction in progress should be closed timely when all related work has been completed to accurately report plant assets and the related depreciation in the Department's financial statements.

Effect: The effect on the financial statements, had the work orders been closed timely when all work was completed, would have included an increase in depreciation expense on the completed assets, as well as a reclassification from construction in progress to engineering expense for those expenses directly associated with closing those work orders. In addition, a reclassification from construction in progress to plant assets for all costs related to the project would have occurred.

Recommendation: Management should review the listing of open work orders with a lack of activity from a predetermined date and consider if the work order needs to be closed.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the recommendation and closed several work orders subsequent to year end. Management will continue to review open work orders on a monthly basis and close those that are significantly completed.

2010-7. Adjusting Journal Entries

Condition: Controls have been designed whereby the Finance Director and Chief Accountant cross check each other's work to ensure accuracy of all City account balances. Due to time constraints as a result of the numerous funds and transactions of the City, these controls were not always performed.

Criteria: Controls to detect material misstatements within an individual fund should always be implemented.

Effect: Four adjusting journal entries that were material to the applicable individual funds affected by these entries were discovered during the audit. These entries were proposed and recorded to accurately reflect certain balances within these funds.

Recommendation: Consideration should be given as to whether existing time constraints as well as available funds warrant the addition of accounting personnel. Assistance in the performance of day to day responsibilities would allow the Finance Director and Chief Accountant the necessary time to consistently implement the controls that are in place to ensure material misstatements do not occur.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the recommendation. Three years ago, the Finance department budgeted an additional accountant position. This position was not filled before the downturn in the economy and remained vacant with the hopes of filling the position when the economy improved.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2010

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

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant/ Neighborhood Stabilization Program – CFDA No. 14.218

2010-8. Documentation of Labor Allocations

Condition: The Community Development staff did not keep accurate time sheets distributing their time among all the programs that they worked on.

Criteria: 24 CFR 85.20(b)(6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Effect: By not correctly accounting for time expended on different programs, the time charged to the grants would not be accurate.

Cause: Since the majority of the staff's workload was CDBG, their time was charged to the CDBG program. With the addition of the NSP grant, some of the staff's time was allocated to this program. However, there was no allocation of the staff's time for administrative duties unrelated to either program.

Recommendation: If not working 100 percent on a program, each employee should develop time sheets that reflect all the programs on which time was spent. Copies of the timesheets are to be sent to the Department of Housing and Urban Development office for review.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding. Staff time sheets have been sent to the Department of Housing and Urban Development for review subsequent to the above recommendation. The time sheets appeared to cover all areas and were acceptable to the Department. These will be used from this point forward and adjusted for new programs.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant/ Neighborhood Stabilization Program – CFDA No. 14.218

2010-9. Review of Subrecipient Audits

Condition: The Community Development staff did not review or ask for audits from subrecipients to determine if they met the Federal threshold for requiring audits. The staff did not know which subrecipients were responsible for submitting an audit to the Department of Housing and Urban Development for review.

Criteria: 24 CFR 85.26 Non-Federal audit. (b) Subgrantees. State or local governments, as those terms are defined for purposes of the Single Audit Act Amendments of 1996, that provide Federal awards to a subgrantee which expends \$500,000 or more (or other amount as specified by OMB) in a fiscal year, shall: (2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act, Circular A-133 or through other means if the subgrantee has not had such an audit.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2010

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)
Community Development Block Grant/ Neighborhood Stabilization Program – CFDA No. 14.218

2010-9. Review of Subrecipient Audits (continued)

Effect: By not reviewing each subrecipient's audit, or at least having something in the files that show the subrecipient did not meet the threshold, the City may miss findings or concerns that affect these grants administered by subrecipients.

Cause: The Community Development staff would review copies of subrecipient audits if the staff felt there was a problem. They were not aware of the requirement to review all audits of subrecipients that meet the \$500,000 or more threshold.

Recommendation: The staff should implement a process to ensure the required reviews of subrecipients' audits.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding. We have developed a new intake sheet that requires all subgrantees to attach an audit at the time of application, or certify that they do not meet the \$500,000 minimum threshold for requiring an audit. This action was reviewed by the Department of Housing and Urban Development Office and was found to be acceptable. As a result, the Office closed and cleared the finding.

DEPARTMENT OF TRANSPORTATION
Section 5307, Urbanized Area Formula – CFDA No. 20.507

2010-10. Documentation of Labor Allocations

Condition: The Transportation Director's salary and related benefits are allocated between the public transit operations, which are partially funded by Section 5307 grant funds, and general traffic operations. These costs appear to be allowable under these grant funds to the extent that they meet the requirements as outlined in OMB Circular A-87, attachment B.11 regarding reasonableness as well as the City's laws and any Federal laws. However, there were no personnel activity reports or equivalent documentation specifically reflecting the distribution of the actual activity of the Director's time spent on each operation.

Criteria: OMB Circular A-87 outlines cost principles for employees that work on more than one federal award, a federal award and a non-federal award, or an indirect cost activity and a direct cost activity. Attachment B.11.h.(4) of the Circular states that where employees work on multiple activities or cost objectives, a distribution of their salaries should be supported by personnel activity reports or equivalent documentation which meets certain standards in subsection (5) unless a statistical sampling system (as described in subsection (6)) has been approved by the cognizant Federal agency. Attachment B.11.h.(5)(a)-(b) states that personnel activity reports must reflect an after-the-fact distribution of the actual activity of each employee, and account for the total activity for which each employee is compensated.

Effect: By not maintaining activity reports or equivalent documentation specifically reflecting the distribution of the Director's time expended on each operation, the time charged to the grant may not be accurate.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2010

DEPARTMENT OF TRANSPORTATION (continued)

Section 5307, Urbanized Area Formula – CFDA No. 20.507

2010-10. Documentation of Labor Allocations (continued)

Cause: During the year ended June 30, 2010, the Transportation Department was created whereby the public transit operations were combined with traffic operations. The Transportation Director took over the operations of both departments during this year. Previously, there was one director for public transit operations and another director for traffic operations. Due to time constraints as a result of the increased responsibilities, specific documentation regarding the allocation of the Director's salary was not maintained.

Recommendation: We recommend that the Director maintain either personnel activity reports that reflect an allocation of the Director's actual time spent on each activity as defined in Attachment B.11.h. or create a substitute system for allocating the salary and benefits, which would be subject to approval by the Federal awarding agency.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding. For fiscal year 2011, the Transportation Director will conduct intermittent sampling to differentiate and quantify time spent for public transportation versus traffic related activities in order to provide an adequate statistical basis for allocation and subsequent charge off of federally reimbursable salary and benefits cost.

CITY OF MURFREESBORO, TENNESSEE

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2010

**U.S. DEPARTMENT OF HOMELAND SECURITY
Public Assistance Grant – CFDA No. 97.036**

2009-4. Emergency Purchase Procedures

Condition: In response to the F-4 tornado that came through the City of Murfreesboro on April 10, 2009, the City engaged local contractors to assist in the immediate removal of debris for work that exceeded the capabilities of the City's workforce. This assistance was needed to help maintain the health, safety and welfare of the City's citizens, and as a result, the hiring and approval of these contractors fell under the City's "emergency purchases" policy and did not require executed contracts approved by Council. One of these contractors submitted invoices for their services that exceeded the City's threshold of \$200,000 for these types of emergency purchases. This contractor submitted three separate invoices, with the second invoice causing the amount charged by that contractor to exceed \$200,000. The City did not have controls in place to ensure the \$200,000 threshold was not exceeded for each vendor for this type of emergency expenditure.

Recommendation: The City should develop disaster response procedures that include how to contract with local contractors if the work exceeds the capability of the City's workforce to maintain the health, safety and welfare of its citizens in the wake of a disaster. The City could also place local contractors on a pre-approved list with terms agreed to in advance in the event of another disaster. If the City's emergency purchase policy continues to include a \$200,000 threshold for these types of emergencies, a system should be put in place to ensure that the City does not incur charges from a contractor (or vendor) in an amount exceeding \$200,000 without following the City's normal purchasing procedures.

Current Status: A study committee was formed and it was decided that due to FEMA requirements, our original plan to pre-qualify contractors would not be feasible. Instead, it was determined that the Engineering department will maintain a list of contractors with various skills and equipment along with contact information in the City's Emergency Operations Center as well as the Engineering department. This list will be updated at least annually. This list will be used to contact and request bids from appropriate contractors based on the City's needs. The Legal department will be responsible for developing a proforma contract based on the nature of the emergency and ensuring we follow proper procurement procedures.