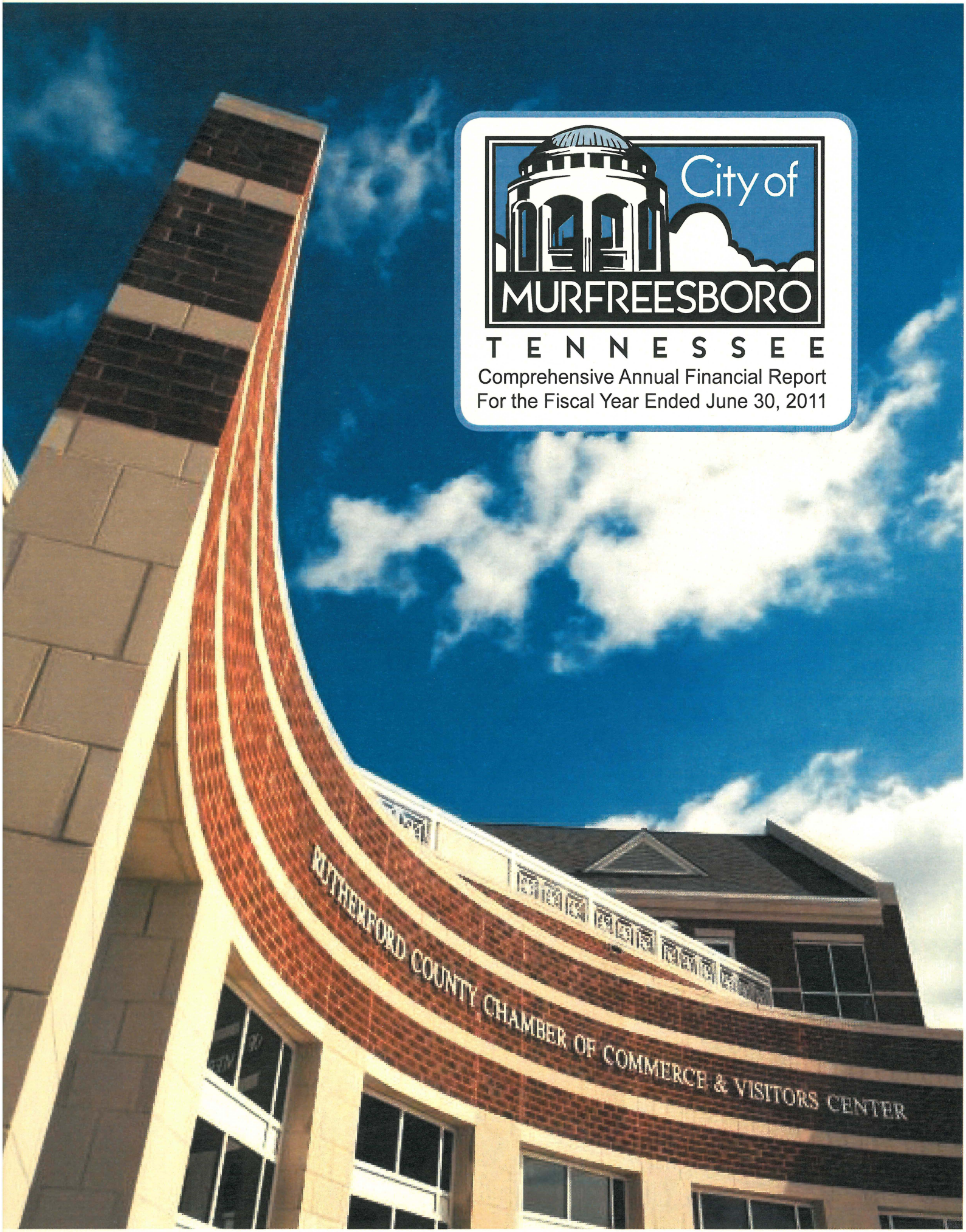


City of

MURFREESBORO

TENNESSEE

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

CITY OF MURFREESBORO, TENNESSEE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2011

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

C O N T E N T S

INTRODUCTORY SECTION –

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

FINANCIAL SECTION –

Independent Auditor's Report ..... Page 1 - 2

Management's Discussion and Analysis ..... 3 - 22

Basic Financial Statements-

Government-wide Financial Statements-

Statement of Net Assets 23
Statement of Activities 24

Fund Financial Statements –

Balance Sheet – Governmental Funds 25
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities 26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 28
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund ..... 29 - 37
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Purpose School Fund 38
Balance Sheet – Proprietary Funds 39
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds 40
Statement of Cash Flows – Proprietary Funds ..... 41 - 42
Statement of Net Assets – Fiduciary Funds 43
Statement of Changes in Net Assets – Fiduciary Funds 44

Notes to Financial Statements ..... 45 - 84

Required Supplementary Information –

Schedule of Funding Progress – Pension Trust Funds 85
Schedule of Employer Contributions – Pension Trust Funds 86
Schedule of Funding Progress – Post-Employment Benefits 87

Supplemental Section -

Combining Statements and Individual Fund Schedules –

Combining Balance Sheet – Nonmajor Governmental Funds 88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 89

C O N T E N T S

Combining Statements and Individual Fund Schedules (continued) –

Combining Balance Sheet – Nonmajor Special Revenue Funds 90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds..... 91
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual –
State Street Aid Fund..... 92
Airport Fund 93
Drug Enforcement Fund 94
Community Development Fund..... 95
Extended School Program Fund 96
School Cafeteria Fund 97
School Federal and State Program Funds 98
Combining Balance Sheet – Nonmajor Capital Project Funds..... 99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds 100
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
Capital Improvement and Contingency Fund 101
Gateway Project Fund 102
1998 TML Fund 103
1999 TML Fund 104
2001 TML Fund 105
2004 TML Fund 106
2008 TML Fund 107
2010 TML Fund 108
Debt Service Fund 109
School Debt Service Fund 110
Combining Balance Sheet – Nonmajor Enterprise Funds..... 111
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Enterprise Funds 112
Combining Statement of Cash Flows – Nonmajor Enterprise Funds..... 113
Combining Balance Sheet – Internal Service Funds 114
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds 115
Combining Statement of Cash Flows – Internal Service Funds..... 116
Combining Statement of Fiduciary Net Assets – Pension Trust Funds..... 117
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds..... 118
Statement of Changes in Assets and Liabilities – School Activity Agency Fund..... 119

Financial Schedules -

Schedule of Certificates of Deposit by Fund 120
Schedule of Investments by Fund ..... 121 - 129
Schedule of Debt Service Requirements by Fiscal Year..... 130 - 134
Solid Waste – Supplemental Schedule of Activities and Balances 135
Senior Citizens – Supplemental Schedule of Activities 136

C O N T E N T S

STATISTICAL SECTION -

Net Assets by Component 137
Changes in Net Assets ..... 138 - 140
Governmental Activities Tax Revenue by Source 141
Fund Balances of Governmental Funds 142
Changes in Fund Balances of Governmental Funds ..... 143 - 144
General Governmental Tax Revenues by Source 144
Assessed Value and Estimated Actual Value of Taxable Property 145
Property Tax Rates and Levies - Direct and Overlapping Governments 146
Principal Taxpayers 147
Property Tax Levies and Collections 148
Ratios of Outstanding Debt by Type 149
Ratios of General Bonded Debt Outstanding 150
Direct and Overlapping Governmental Activities Debt 151
Legal Debt Margin Information 152
Revenue Bond Coverage 153
Demographic and Economic Statistics 154
Principal Employers 155
Full-time Equivalent City Government Employees by Function 156
Operating Indicators by Function 157
Capital Asset Statistics by Function 158
Schedule of Customers and Rate Structure ..... 159 - 161
Schedule of Unaccounted for Water 162

SINGLE AUDIT SECTION -

Schedule of Expenditures of Federal Awards ..... 163 - 165
Schedule of Expenditures of State Awards 166
Independent Auditor's Reports on Compliance and on Internal Control ..... 167 - 170
Schedule of Findings and Questioned Costs ..... 171 - 172
Summary Schedule of Prior Audit Findings ..... 173 - 174

200 YEARS 1811-2011

City of MURFREESBORO TENNESSEE

. . . creating a better quality of life

January 20, 2012

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, 2011, 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, 2011.

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, 2011. 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. The MD&A complements 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's strong and diverse economy has continued to propel population growth in the City and in surrounding Rutherford County. New 2010 Census figures were released in March 2011 showing that Murfreesboro has grown in population to 108,755 residents. This makes Murfreesboro the sixth largest city in Tennessee. The 42 percent increase in population over the decade also made Murfreesboro the second fastest growing city in Tennessee for the period.

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 not been immune to the national economic slowdown. However, the June 30, 2011 unemployment rate of 9.1 percent is lower by 0.2 percent from the June 2010 data. The 9.1 percent unemployment rate is lower than comparable national and state figures.

Murfreesboro depends on the Local Option Sales Tax to provide approximately 28 percent of the FY 2012 budget's income. After peaking in FY 2008 at $30.4 million, the national economy accounted for a drop of 6.5 percent in local sales tax collections to $27.9 million in FY 2010. After discounting for a situs related correction, local sales taxes improved in FY 2011 by approximately $1.6 million or 5.8 percent from the previous year. For the first five months of FY 2012, local sales tax receipts are up over 7.2 percent.

LONG TERM FINANCIAL PLANNING

The City's new defined contribution pension plan opened to employees hired after July 1, 2010. The new plan has both mandatory and voluntary contributions from employees that are matched by the City. The now-closed defined benefit plan required the City to accept all risk of investment performance, salary growth and improvements in the longevity of retirees. The defined contribution plan shares a portion of those risks with the City's employees and offers portability for employees that leave the City's service prior to full retirement age. For the City, the new plan offers surety in the budget process for future City retirement contributions. As of June 30, 2011, thirty-nine employees were covered by the defined contribution pension plan.

The City also moved to better control costs of employee benefits. The Sherrill Morgan firm of Cincinnati, Ohio was selected as benefits consultant to advise the City on its health, life and disability insurance coverages. Sherrill Morgan has proposed a three year strategic review of the complete employee benefit offerings, beginning with competitive pricing of existing products. During FY 2011, fifty two proposals were received by the City for the variety of employee benefit types currently offered to employees. This competitive process is anticipated to reduce the fixed costs of administration and the benefit packages by over $400,000 annually. Years two and three of the study will focus on reshaping the health insurance plan to more closely match trends observed in the marketplace and with local businesses.

City Council adopted a comprehensive set of financial policies during FY 2011. The financial policies set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. These publicly adopted financial policies are also intended to demonstrate to residents, the credit rating industry, municipal bond investors, auditors and the State Comptroller that the City is committed to sound financial management and fiscal integrity.

The financial policies also improve the City's fiscal stability by helping City officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies promotes sound financial management, which can improve City bond ratings, lower the cost of capital, manage interest rate risk exposure, and preserve financial flexibility.

The FY 2011 operating budget continued the City's effort to reduce the expenses of providing needed services in order to match lowered operating revenue caused by the economy. In early FY 2011, eleven full time positions were abolished from City departmentsBudget cuts were analyzed to ensure that quality services to the citizens were not compromised.

ACCOMPLISHMENTS

GATEWAY DISTRICT

In the Gateway district, the new Middle Tennessee Medical Center (MTMC) opened for business on October 10, 2010. The $267 million facility replaced an aging hospital landlocked in the center of Murfreesboro. The hospital is licensed for 286 beds (a 27 percent capacity increase from the previous building) in two patient towers, one a seven story wing and the other a five story structure. The new building is 556,000 square feet and was designed in a manner that future expansions can occur as needed. The new hospital is one of the anchors to the City's Gateway District.

MTMC broke ground on their second medical office building in November 2010. The Seton Medical Office building is proposed as an 113,100 square foot, four story structure to the west of the main hospital and to the north of the original DePaul Medical Office Building.

Also in the Gateway, the new Rutherford County Visitors Center and Chamber of Commerce opened on Medical Center Parkway in December 2010. This 33,000 square foot building houses the offices of the Chamber, a Visitors Center and gift shop and the Small Business Center of Middle Tennessee State University. Total cost of the project was $6.6 million from a variety of Federal, State and local funding sources.

In March 2011, Murfreesboro Medical Clinic (MMC) announced their plans for a 155,043 square feet, three story addition to the existing 78,549 square feet building on the 19.95 acre campus fronting Garrison Drive with access to Carl Adams Drive. MMC will utilize the new addition in conjunction with the existing structure to provide over 204,000 usable square feet of medical treatment and office building.

The City successfully sold a 2.29 acre tract in the Gateway to Middle Tennessee Medical Center for future uses at a price of approximately $220,000.

Several other smaller projects such as the First National Bank of McMinnville, Dialysis Clinic Incorporated and a daycare facility either began their planning, started construction or completed construction during the year.

ROAD IMPROVEMENTS

As part of the American Recovery and Reinvestment Act (ARRA), the Transportation Department completed the resurfacing of Thompson Lane and an upgrade and expansion of Murfreesboro's integrated traffic signal system reached the ninety percent completed mark.

A significant travel improvement was opened in February 2011 when the completion of the Manson Pike/Gresham Lane and Fortress Boulevard realignment was finished. This nearly $10 million project eliminated several confusing intersections and improved connections from I-24 to the northwest side of Murfreesboro.

RECOGNITIONS

Murfreesboro's Embassy Suite and adjoining 89,000 square foot Conference Center was selected to serve as host of its first annual meeting of the Tennessee Municipal League, bringing over 1,300 municipal elected and appointed officials to the City for a four day conference in the June 2011. The City also hosted the annual meeting of the Tennessee Recreation Association in September 2010.

The City began preparation for the celebration of its Bicentennial. A team of community leaders developed a theme per month for the yearlong celebration to begin in October of 2011. The Bicentennial corresponds with the Sesquicentennial anniversary of the Battle of Stones River in December 30, 2012 through January 2, 2013 and the Centennial celebration for Middle Tennessee State University in October of 2011.

OTHER CAPITAL INVESTMENTS

NHK Seating of North America broke ground on their $54 million dollar plant on Joe B. Jackson Parkway in November 2010. The plant supplies seat frames for Nissan and other auto manufacturers and will employ over 125 people. The City assisted the location of the facility through State grants to extend water and sewer utilities and minor road improvements totaling over $317,000.

OPERATING IMPROVEMENTS

In keeping with the format of the City's operating budget document, these categorized improvements are being implemented by various City departments.

SAFE AND LIVEABLE NEIGHBORHOODS

- Continued focus on funding police and fire departments
- Developing a design for drainage improvements in the Mitchell Neilson neighborhood
- Completing construction of the Maney Avenue improvements
- Completing the zoning study of the Maney Avenue area
- Establishing community landscape awards and a tree appreciation program
- Initiating planning for a park in western Murfreesboro
- Renovating the Ag Center building, Kids Castle, McFadden Community Center, Oaklands Park and Stones River Greenway

STRONG AND SUSTAINABLE ECONOMIC AND FINANCIAL HEALTH

- Maintaining the existing level of property tax, which is the 13th consecutive year without a property tax increase;
- Updating compensation plan that makes starting pay more competitive by dropping the old Step 1 and providing for pay growth by adding a new top step
- Implementing of the new health insurance program and other employee benefits to reduce fixed costs
- Revising of fund transfers to more accurately account for general fund activities that benefit other funds of the City
- Completing City Hall energy efficiency improvements through a $961K grant

EXCELLENT SERVICES WITH A FOCUS ON CUSTOMER SERVICE

- Creating a new Information Technology Department to centralize the maintenance, operation, acquisition and planning for computers, GIS, technology, radio communications, mobile data and office equipment
- Developing an information technology master plan that will create a roadmap for the acquisition of computer hardware and software, including the replacement of the legacy system currently used for the general ledger and human resources information systems
- Continuing of "Service Excellence," the City's new customer service training program for city employees and promotion for a new position, Service Excellence Coordinator, that will be responsible for customer service training, a streamlining of certain development reviews and permitting and social media
- Funding pay increases for full-time personnel
- Providing longevity pay, including an increase of $60/employee over last year's amount and adding a "catch up" provision for the one year that longevity pay was frozen for the majority of employees

ENGAGING OUR COMMUNITY

- Continuing the City's Facebook presence, Police and Fire academies, CityTV and other tools to reach out to our residents
- Conducting of neighborhood meetings on critical issues facing a neighborhood or the city
- Considering other social media to help increase the dialogue and flow of communications with our residents
- Relocating the Public Information Officer to the Cable TV Department to consolidate the City's public information programs that can utilize the website, CityTV, social media and newspaper and television media
- Implementing an electronic agenda system for City Council that will significantly decrease staff preparation of the council meeting packets as well as making the complete packet available to our residents via the website

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Murfreesboro for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This is the thirteenth 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

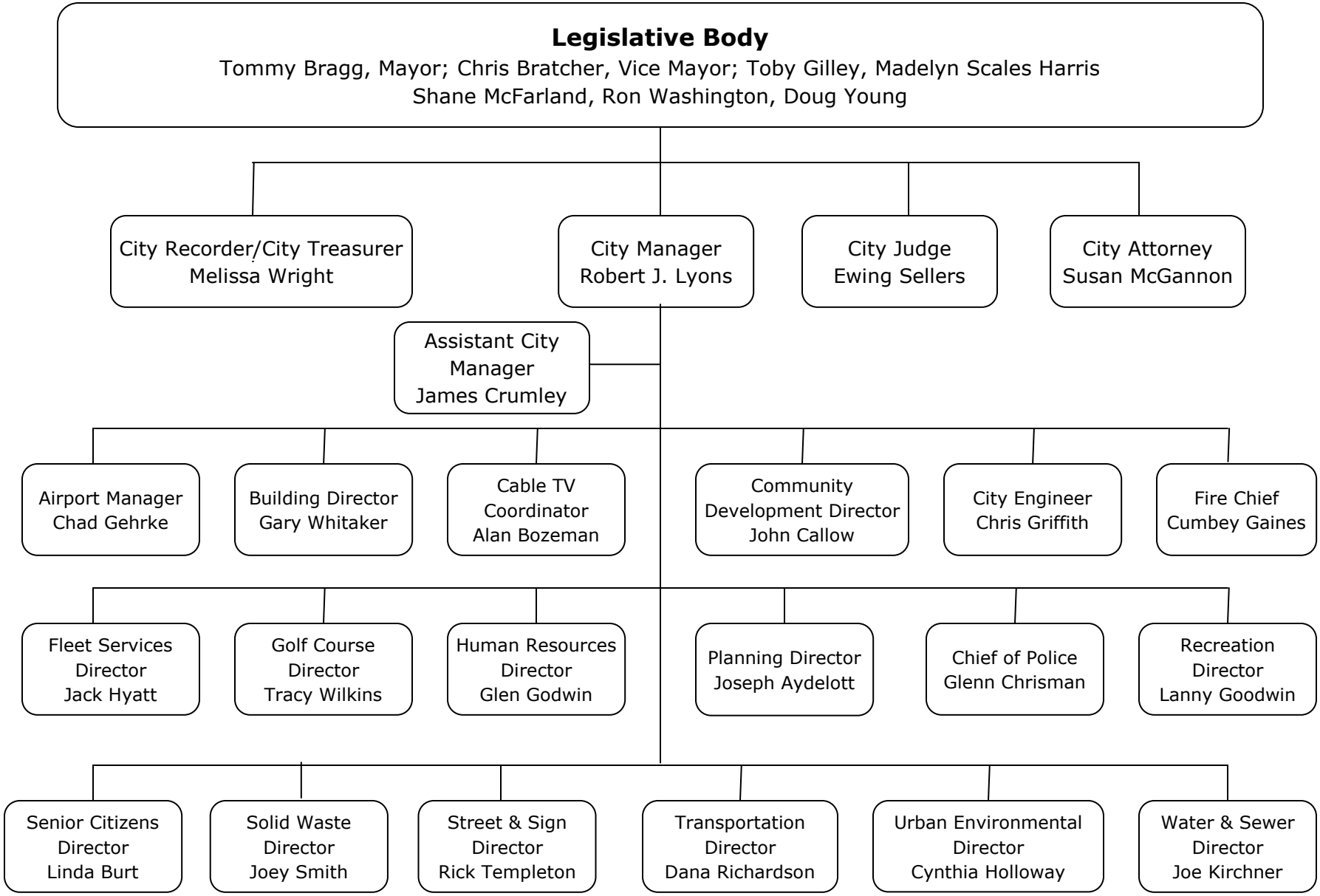
Melissa B. Wright, CPA
City Recorder/Finance Director

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

CITY OF MURFREESBORO, TENNESSEE
CITY OFFICIALS
JUNE 30, 2011

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/CITY TREASURER/FINANCE DIRECTOR	Melissa B. Wright
CITY ATTORNEY	Susan McGannon
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



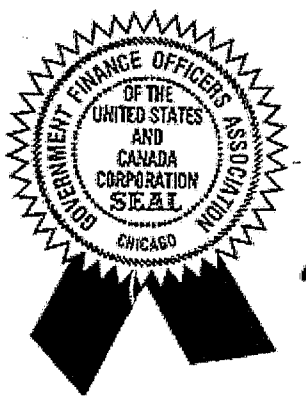
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Murfreesboro
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

JOBE, HASTINGS & ASSOCIATES
Certified Public Accountants
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P.O. BOX 1175 MURFREESBORO, TN 37133-1175
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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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. 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 $84,630,076, $162,537,691, $411,242,895, $11,159,663, $14,979,684, and $2,311,902 respectively, and total revenues of $60,310,951, $160,158,760, $37,288,338 $2,506,369, $3,418,477, and $676,799 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 of the City of Murfreesboro, Tennessee, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note P to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which became effective for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012 on our consideration of the City of Murfreesboro, Tennessee'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 *Government 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-five (85) through eighty-seven (87) 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, Tennessee's financial statements as a whole. The introductory section, the combining and individual nonmajor fund financial statements and financial schedules listed in the supplemental section, and the statistical section are presented for purposes of additional analysis and are not a required part of the 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 combining and individual nonmajor fund financial statements and 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 reports of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections 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.

Gobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 20, 2012

CITY OF MURFREESBORO

Management's Discussion and Analysis

June 30, 2011

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, 2011. 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 – v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Murfreesboro exceeded its liabilities at June 30, 2011 by $913,693,101. Of this amount $42,347,714 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 $25,991,766 (2.9 percent) during the year. The governmental net assets increased by $4,626,220 (.91 percent) and the business-type net assets increased by $21,365,546 (5.6 percent).

- As of June 30, 2011 the City's governmental funds reported combined fund balances of $91,408,700, an increase of $35,166,529 (62.5 percent) in comparison with the prior year. The 2010 TML fund balance realized an increase of $34,894,228 from the prior year due to expenses that were recognized in FY 10 while the loan proceeds were recognized in FY 11. The unassigned portion of the total governmental funds fund balance is $39,902,510 and is available for spending at the City's discretion.

- At the end of the year the unassigned fund balance for the general fund was $42,230,413, or 58.5 percent of the total general fund expenditures.

- The City of Murfreesboro's total long-term liabilities increased by $34,851,170 (9.6 percent) during the year ended June 30, 2011. A new fixed rate loan (2010 TML) was issued in FY 11 totaling $47,600,000 for the City's capital projects. Unlike previous variable rate loans obtained through the Tennessee Municipal Bond Fund, the loan proceeds from this loan were received in a lump sum payment, instead of requiring draw requests through a third party trustee.

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, human resources, streets and signs, planning and engineering, building and codes, solid waste, 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 23-24 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 (20) individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, the general purpose school fund, the debt service fund and the 2010 TML Loan fund which are considered to be major funds. Data from the other sixteen (16) 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 25 - 28 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 39-42 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 39–42 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 43 - 44 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 45 - 84 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 85 - 86 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 87 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 88 - 119 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 $913,693,101 at June 30, 2011. The largest part of the City of Murfreesboro's net assets (90.7 percent) reflects its investment in capital assets (land, buildings and improvements, equipment and infrastructure) 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.

A significant change in the governmental activities net assets is the increase of $30,002,949 in restricted cash of which 96.1 percent is from unspent loan proceeds for the 2010 TML Fund. The largest change in business-type activities net assets is the portion related to cash and cash equivalents. The electric department's cash and cash equivalents increased by $13,063,128. The water and sewer department's cash and cash equivalents increased by $2,371,542. The following table focuses on the net assets of the City's governmental and business-type activities.

NET ASSETS
June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
				(Restated)		**(Restated)**
Current and other assets	$ 166,838,523	$ 131,619,057	$ 89,352,715	$ 65,093,384	$ 256,191,238	$ 196,712,441
Capital assets	662,237,487	654,362,091	484,716,966	479,900,991	1,146,954,453	1,134,263,082
Total assets	829,076,010	785,981,148	574,069,681	544,994,375	1,403,145,691	1,330,975,523
Long-term liabilities outstanding	255,769,097	218,477,013	140,762,310	143,203,224	396,531,407	361,680,237
Other liabilities	62,461,030	61,284,472	30,460,153	20,309,479	92,921,183	81,593,951
Total liabilities	318,230,127	279,761,485	171,222,463	163,512,703	489,452,590	443,274,188
Net assets:						
Invested in capital assets, net of related debt	478,989,381	469,146,233	349,921,094	342,586,135	828,910,475	811,732,368
Restricted	17,316,349	27,475,344	25,118,563	24,480,313	42,434,912	51,955,657
Unrestricted	14,540,153	9,598,086	27,807,561	14,415,224	42,347,714	24,013,310
Total net assets	$ 510,845,883	$ 506,219,663	$ 402,847,218	$ 381,481,672	$ 913,693,101	$ 887,701,335

4.6 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 $31,372,146 or 73.9 percent of the total restricted net assets. Unrestricted net assets of $42,347,714 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 $14,540,153 for governmental activities unrestricted net assets. This is an increase of $4,942,067 from the prior year due to less cash being advanced for expenditures in the 2008 TML and 2010 TML Funds 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 $4,626,220 thereby accounting for 17.8 percent of the total growth in total net assets. Key elements of this increase are displayed on the Changes in Net Assets table.

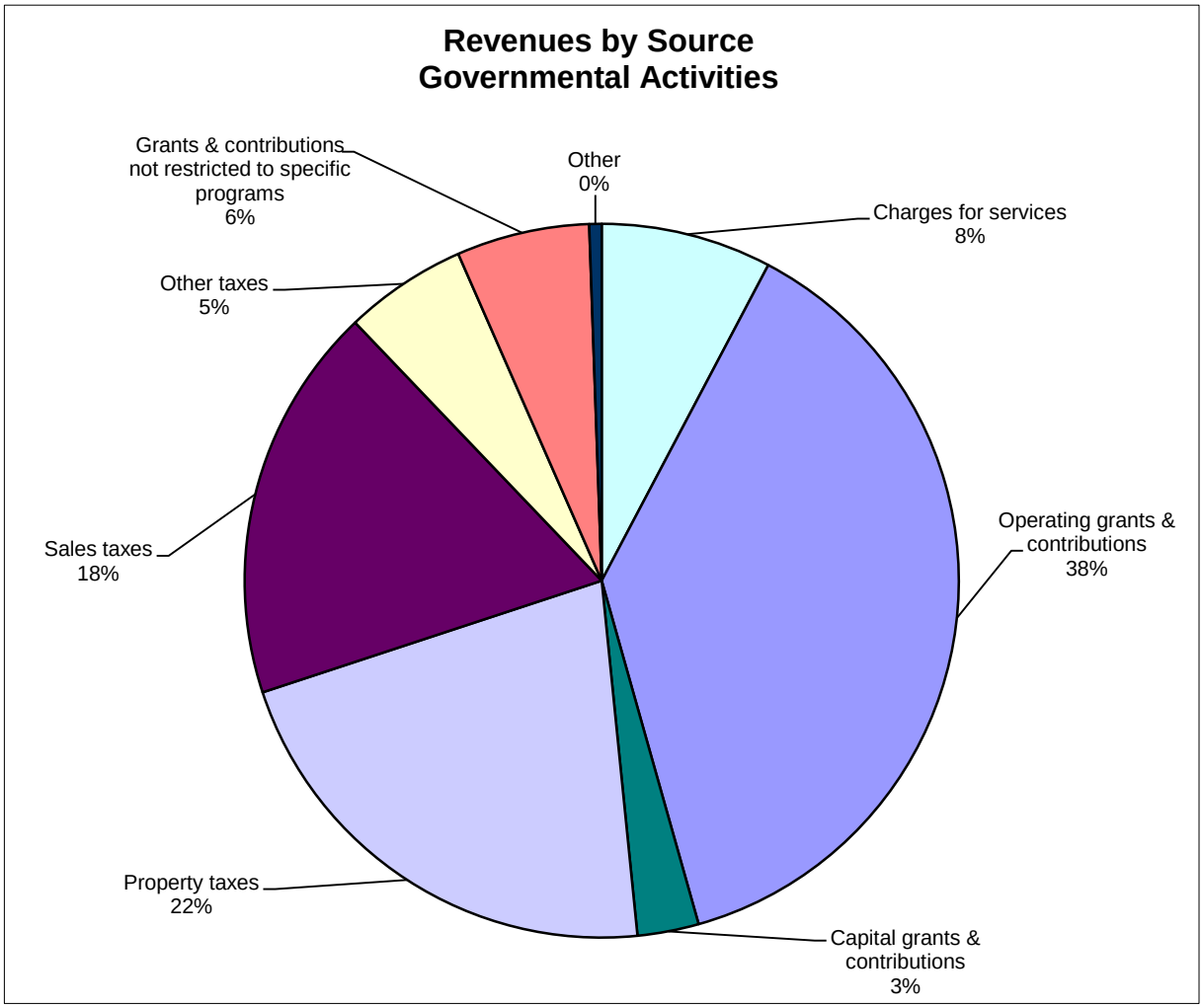
Governmental charges for services decreased $1,963,602 from the previous fiscal year, of which 65.1 percent is due to the reclassification of cable franchise fees to general tax revenue and 28.1 percent from a decrease in city court charges primarily relating to decreased automated red light camera system revenues. Many of our cameras became inoperable during FY 11 and this is to be corrected with our new provider contract. Operating grants and contributions revenue has a decrease of $794,532, which is a change of only 1.3 percent from the prior year. Capital grants and contributions for the governmental activities of the City was $4,603,937 which is a decrease of $5,191,772 from the previous year. The decrease was caused by two projects which were in construction during FY 10. Construction for the new Chamber of Commerce Building and Visitors Center occurred primarily in FY 10, and corresponding grant revenue of approximately $3.5 million from the State of Tennessee and Christy Houston were recognized during FY 10, while the project wrapped up in early FY 11. In addition, in FY 10, a joint tennis court project and the donation of a building previously owned and occupied by the County built on City property was donated to the City for our recreation department. The City's general tax revenue increased $4,258,792, and 42.9 percent of the increase was an increase in sales tax, and 29 percent was an increase in gas and cable franchise taxes. As noted above the cable franchise tax has been reclassified to this category from the charges for services category. Additionally, state shared sales tax have increased $277,852 and mixed drink tax has increased $69,618 from the previous year accounting for 36 percent of the increase in grants and contributions not restricted to specific programs. While interest rates continued to decline, unrestricted investment earnings had a slight increase of $44,080 due to higher cash balances during the fiscal year. There was a small increase in transfers from business-type activities to governmental activities of $174,064.

CHANGES IN NET ASSETS
June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010 (Restated)	2011	2010	2011	2010 (Restated)
Revenues:						
Program revenues:						
Charges for services	$ 12,812,010	$ 14,775,612	$ 194,366,495	$ 166,208,592	$ 207,178,505	$ 180,984,204
Operating grants & contributions	62,827,946	63,622,478	311,112	146,238	63,139,058	63,768,716
Capital grants & contributions	4,603,937	9,795,709	5,533,215	8,042,948	10,137,152	17,838,657
General revenues:						
Property taxes	35,703,069	35,205,314			35,703,069	35,205,314
Other taxes	38,936,677	35,175,640			38,936,677	35,175,640
Grants & contributions not restricted to specific programs	9,981,203	9,024,361			9,981,203	9,024,361
Other	927,087	374,460	387,778	371,857	1,314,865	746,317
Total revenues	$ 165,791,929	$ 167,973,574	$ 200,598,600	$ 174,769,635	$ 366,390,529	$ 342,743,209
Expenses:						
General government	$ 11,856,868	$ 11,036,656			$ 11,856,868	$ 11,036,656
Police	22,201,545	21,357,988			22,201,545	21,357,988
Fire protection	14,608,541	13,879,753			14,608,541	13,879,753
Judicial	362,930	392,199			362,930	392,199
Legal	727,927	708,421			727,927	708,421
Human resources	765,914	691,601			765,914	691,601
Streets and signs	13,617,876	13,146,938			13,617,876	13,146,938
Planning and engineering	1,811,333	1,710,957			1,811,333	1,710,957
Building and codes	1,651,344	1,712,753			1,651,344	1,712,753
Solid waste	4,905,651	4,657,751			4,905,651	4,657,751
Transportation	2,339,168	3,264,921			2,339,168	3,264,921
Urban environmental	939,172	964,579			939,172	964,579
Public health, educ. and welfare	1,782,425	1,664,492			1,782,425	1,664,492
Community services	6,374,845	6,288,522			6,374,845	6,288,522
Recreation	12,184,112	11,255,539			12,184,112	11,255,539
Community/economic develop.	1,541,107	2,325,940			1,541,107	2,325,940
Education	58,805,049	55,979,544			58,805,049	55,979,544
Food service	3,399,774	3,263,223			3,399,774	3,263,223
Interest on long-term debt	4,189,688	2,956,845			4,189,688	2,956,845
Water and sewer and stormwater			$ 29,964,693	$ 28,950,257	29,964,693	28,950,257
Electric			145,950,961	123,401,884	145,950,961	123,401,884
Cemetery			484,801	592,384	484,801	592,384
Total expenses	$ 164,065,269	$ 157,258,622	$ 176,400,455	$ 152,944,525	$ 340,465,724	$ 310,203,147
Increase in net assets before contributions and transfers	$ 1,726,660	$ 10,714,952	$ 24,198,145	$ 21,825,110	$ 25,924,805	$ 32,540,062
Contributions to permanent funds			66,961	65,138	66,961	65,138
Transfers	2,899,560	2,725,496	(2,899,560)	(2,725,496)		
Increase in net assets	$ 4,626,220	$ 13,440,448	$ 21,365,546	$ 19,164,752	$ 25,991,766	$ 32,605,200
Net assets - beginning, as previously reported	$ 506,219,663	$ 491,705,415	$ 380,744,745	$ 361,579,993	$ 886,964,408	$ 853,285,408
Prior period adjustment		1,073,800	736,927		736,927	1,073,800
Net assets - beginning, as restated	$ 506,219,663	$ 492,779,215	$ 381,481,672	$ 361,579,993	$ 887,701,335	$ 854,359,208
Net assets at end of year	$ 510,845,883	$ 506,219,663	$ 402,847,218	$ 380,744,745	$ 913,693,101	$ 886,964,408

The cost of all governmental activities was $164,065,269. However, as shown in the Changes in Net Assets table, 48.9 percent ($80,243,893) 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 increased or decreased 1 percent, in all categories except for Capital Grants and Contributions which has decreased 3 percent. As noted previously, the majority of the decrease in FY 11 is due to the recognition of the $3.5 million in grant revenue for the Visitor's Center grant in FY 10. The following table displays program costs to the taxpayers.

Net Program Cost to Taxpayers

Governmental activities:	Revenue	Expense	Net (Expense) Revenue
General government	$ 306,797	$ 11,856,868	$ (11,550,071)
Police	419,240	22,201,545	(21,782,305)
Fire protection	872,630	14,608,541	(13,735,911)
Judicial	1,615,803	362,930	1,252,873
Legal		727,927	(727,927)
Human resources		765,914	(765,914)
Streets and signs	4,906,267	13,617,876	(8,711,609)
Planning and engineering	182,276	1,811,333	(1,629,057)
Building and codes	1,348,831	1,651,344	(302,513)
Solid waste	17,762	4,905,651	(4,887,889)
Transportation	2,455,038	2,339,168	115,870
Urban environmental		939,172	(939,172)
Public health, educ. and welfare		1,782,425	(1,782,425)
Community services	5,638,675	6,374,845	(736,170)
Recreation	3,752,820	12,184,112	(8,431,292)
Community development	2,459,255	1,541,107	918,148
Education	52,676,052	58,805,049	(6,128,997)
Food service	3,592,447	3,399,774	192,673
Interest on long-term debt		4,189,688	(4,189,688)
Total governmental activities	$ 80,243,893	$ 164,065,269	$ (83,821,376)

Governmental net assets for FY 11 increased by $4,626,220 after payment of governmental activities expenses of $164,065,269 with program revenues of $80,243,893, general revenues of $85,548,036 and transfers from other funds of $2,899,560. Governmental net assets at June 30, 2011 were $510,845,883.

Program Expenses
Governmental Activities

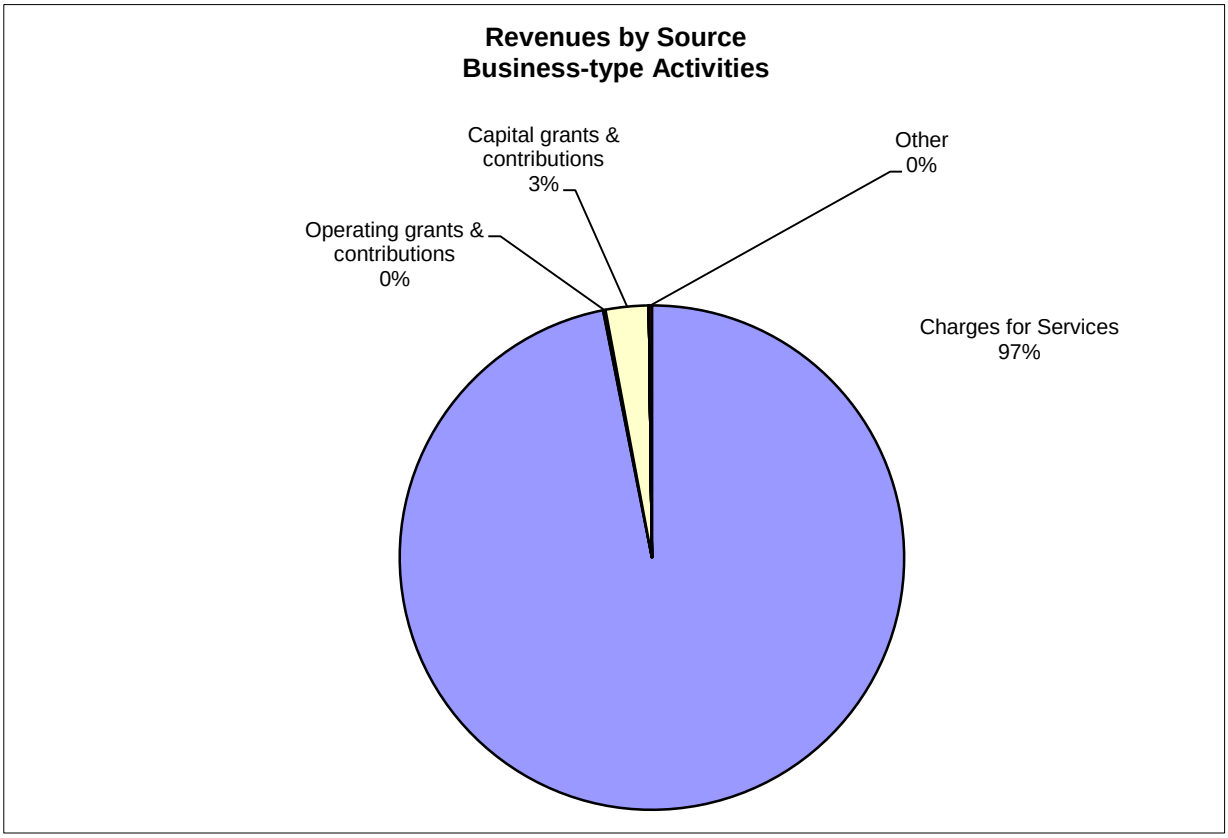
Governmental activities:	Total Expense	Percent of Total		Total Expense	Percent of Total
General government	$ 11,856,868	7%	Transportation	2,339,168	1%
Police	22,201,545	14%	Urban environmental	939,172	1%
Fire protection	14,608,541	9%	Public health, educ. and welfare	1,782,425	1%
Judicial	362,930	0%	Community servcies	6,374,845	4%
Legal	727,927	0%	Recreation	12,184,112	7%
Human resources	765,914	1%	Community/economic development	1,541,107	1%
Streets and signs	13,617,876	8%	Education	58,805,049	36%
Planning and engineering	1,811,333	1%	Food service	3,399,774	2%
Building and codes	1,651,344	1%	Interest on long-term debt	4,189,688	3%
Solid waste	4,905,651	3%	**Total governmental activities**	$ 164,065,269	100%

Business-type Activities

The business-type activities increased the City of Murfreesboro's net assets by $21,365,546, accounting for 82.2 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 $176,400,455. As shown in the Changes in Net Assets table, the amounts paid by users of the operations were $194,366,495. The additional revenue sources included operating grants and contributions of $311,112, capital grants and contributions of $5,533,215, unrestricted investment earnings of $387,778, and contributions to permanent funds of $66,961. There were also transfers to governmental funds of $2,899,560 from the Electric Department for public utility tax.

Expenses and Program Revenues
Business-type Activities

	Expenses	Program Revenue	Expense as a Percent of Revenue
Water, sewer and stormwater	$ 29,964,693	$ 39,473,647	76%
Electric	145,950,961	160,127,337	91%
Cemetery	484,801	609,838	79%
	$ 176,400,455	$ 200,210,822	88%



The Water and Sewer Department experienced a $1,919,748 (6.5 percent) growth in operating revenues due to rate design changes to the minimum allowances for consumption. The allowance was decreased by 50 cubic feet per month so that every customer paid water and sewer monthly charges for an additional 50 cubic feet each month. Operating and maintenance expenses increased $953,563 (6.2 percent) from the prior year as the department experienced increases in both chemical treatments and power. The capital contributions from developers, which include the tap fees less the tap fee expense and the contributions in aid of construction, totaled $5,478,570, a decrease of $2,564,378 compared to last year. This decline can be attributed to the decline in the economy which has resulted in fewer additions to water and sewer infrastructure being installed by developers for new subdivisions. The Stormwater Fund has now completed its fourth 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 $2,506,369, an increase of 6.5 percent from last year. Management attributes this increase to commercial development continuing to occur in the City. Operating and maintenance expenses totaled $809,354, an increase of 71.52 percent. Engineering and inspection service costs of $198,419 which were recognized in 2011, 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 $26,048,279 (19.45 percent) increase in operating revenue. This increase is due primarily to quarterly fuel cost adjustment (FCA) increases by TVA of $12.6 million this fiscal year as compared to last year. In addition, the Electric Department also changed billing cycles as prompted by TVA which resulted in approximately $7.5 million in additional revenue. Purchased power expense of $128,838,097 reflects an increase of 21.36 percent in 2011 as a result of the large FCA increases and increases in kilowatt hours (kWh) purchased. Purchased power increased more significantly than operating revenue due to the FCA increases which are passed straight through with no margin for the Electric Department. Approximately $6 million of the purchased power increase was a result of the change in billing policy by TVA. Property taxes and depreciation increased due to the increased level of plant while non-operating expenses decreased due to reduced interest rates on debt service. The Electric Department experienced relatively no customer growth during 2011. The customer base increased by 147 customers, or 0.3 percent. This trend is expected to continue through June 30, 2012.

The Electric Department contributes to a single-employer defined benefit pension plan separate from the City of Murfreesboro's pension plan. The plan's net assets increased by $2,774,244 or 22.73 percent during FY 11 compared to a FY 10 increase of $1,939,619. The primary reason of this increase can be attributed to the improved stock market conditions during FY 11. Benefit payments increased by $40,911 or 6.78 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

The City of Murfreesboro implemented GASB Statement No. 54 for FY 11 as required by the Governmental Accounting Standards Board. As a result, funds that had been stand alone Special Revenue funds were combined into the General Fund, these were: the Recreation Fund, the Old Fort Golf Course Fund, the Solid Waste Fund, the Television Fund and the Senior Citizens Fund. Additionally, an account previously reported in a Capital Improvement Fund for shared revenue from county school bonds was moved into the General Fund for use to pay on school debt service. As of June 30, 2011 the City of Murfreesboro's governmental funds reported combined ending fund balances of $91,408,700, an increase of $35,166,529 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Murfreesboro. At June 30, 2011, the fund balance was $48,451,934, a decrease of $796,801. Management strove to maintain efforts in controlling costs in a continued difficult economic environment for governments. Our local sales tax revenue numbers increased $1,828,921 or 6.5 percent over FY 10 as our area remained attractive to new shopping venues and partially due to some adjustments made on the state level to correct situs locations. Our local option sales tax had a positive budget variance of $1,762,214. Our license, permits and fees category had $976,541 less revenue than FY 10 as the construction industry continues to remain flat, with a negative FY 11 budget variance of $1,009,605. Our court fines and red light camera fees had a negative budget variance of $718,451 and $379,715 less revenue than FY 10. About half of both variances were due to inoperable automated red light enforcement cameras. This is expected to be corrected in FY 12 under a new system contract. Additionally, a new contract began with a collection agency in FY 11 that is expected to enhance court collections. We realized a negative budget variance of $1,236,613 in our federal funds as project timelines varied for greenways and public transit projects as well as ARRA stimulus spending. Accordingly, corresponding expenditures for these projects would have been changed to the same timelines. Our street and sign department recognized $597,235 in a negative budget variance caused almost entirely by higher than anticipated street lighting costs and more street repairs needed than originally planned for in FY 11. As we are a service based organization, our largest expense is for wages and related benefits, which equaled 68.3 percent of our FY 11 expenditures. In the general fund, labor and related accounts totaled $49,303,797 for FY 11, versus $47,971,459 for FY 10. This equated to an increase of $1,332,338 or 2.8 percent. Labor and related taxes increased by $732,931, health insurance costs increased by $612,619 and retirement contributions decreased by $12,672. In FY 11 the police department implemented a new crime prevention unit to be proactive in the schools as well as on the streets in an effort to reduce crime from gang and other similar activities. Increased costs from FY 10 for labor and related accounts for the police department were $955,082. City management continued to carefully monitor and consider hiring requests for all departments to ensure funds were being allocated appropriately. During the budget process, all departments were asked to search for budget cuts that would not affect basic service to our citizens and to monitor all expenses through the year to be sure costs were being contained and savings realized.

The General Purpose School Fund budgetary basis fund balance decreased by $1,945,170 which was less than the $2,170,046 anticipated in the budget. Revenues increased in FY 11 as compared to FY 10 by $1,741,522 because of additional Federal and State stimulus grants and increased shared property tax revenue. Expenditures decreased in FY 11 by $3,349,473 primarily due to reductions in administration and business, maintenance and operations, transportation and food service. Instruction costs increased mainly due to an annual step increase for professional educators and retirement plan contributions.

The Debt Service Fund experienced a small increase in fund balance of $8,522. Principal payments were $628,324 less than in FY 10, a 3.4 percent decrease, interest payments were $1,004,224 more than in FY 10, a 36.9 percent increase, and debt issuance costs decreased $428,102 in FY 11, a 79.7 percent decrease. Financed debt has increased $31,581,331 for governmental activities debt, including school debt service from FY 10. In November 2010 the City obtained a new fixed rate $47.6 million loan and continued to make draws on the existing 2008 TML loan for capital improvement projects, while making scheduled principal payments on all debt. At June 30, 2011, the fixed rate to variable rate loan ratio is 45.5 percent fixed rate compared to 54.5 variable rate. Additionally, the City Schools agreed to accept an interest free loan through the State of Tennessee for upgrades to the schools to decrease energy costs. After the fiscal year-end, the school energy loan became effective and the schools began making loan repayments which will continue for 10 years.

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 27, under Other Governmental Funds, $3,568,050 is included for debt principal and interest 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 27.

The 2008 TML Fund is a capital project fund that expends variable rate loan proceeds, received on a reimbursement basis, from the Tennessee Municipal Bond Fund (TMBF). It has a deficit balance at June 30, 2011 of $642,487 which results from funds spent through the General Fund to be repaid through loan proceeds. The overwhelming majority of expenditures for FY 11 were for street projects.

The 2010 TML Fund is a capital project fund that expends fixed rate loan proceeds from the Tennessee Municipal Bond Fund (TMBF). The loan proceeds were received in November 2010 and the majority of funds have been used for road projects (70.1 percent of funds expended through June 30, 2011), and recreation and greenway projects (23.8 percent expended through June 30, 2011). The fund balance for FY 11 is $25,840,456.

Less active TML Funds have a positive fund balance as a result of funds held in escrow for state match on road projects.

The Gateway Project Fund was established to record the development of an area of land purchased by the City to bring new jobs and companies to our area. This has been an overwhelming success as the City has a new hospital that was built in the area and many medical facilities have moved here from both inside our City and from other areas not previously a part of our business community. Both retail and office developments have located in this area as well as new concepts of mixed retail and living space. The City still has land for sell in this area and is being very selective for the types of development we would like to see here. The General Fund is fronting all costs associated with the capital outlay for street development as may be agreed upon with sale contracts and is reimbursed as the property is sold. Currently this fund has a fund balance deficit of $1,073,980 and management believes the remaining property to be sold is more than adequate to reimburse the General Fund.

The City's Pension Fund, a defined benefit plan, had an increase of $15,393,906 in net assets held in trust through June 30, 2011. This is a 20.3 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. After the fiscal year-ended, City management was set to re-evaluate all assumptions of the plan with the actuary and the third-party consultant to be sure the assumptions are reasonable and attainable and to implement changes as advised. The Pension Committee, a seven member board, met with the actuary and third-party consultant in late fall of 2011 to hear recommendations on assumptions and how these changes would affect recommended investment policy decisions to assist in attaining projected earnings. The defined benefit 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 65 - 71, including the pension plan information for the city schools which is administered by the State of Tennessee and a separate 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, 2011 were $282,643,095, which is an increase of $7,606,486. The Electric Department had net assets of $110,962,720 at June 30, 2011, which is an increase of $11,477,620. Net assets for the other proprietary funds at June 30, 2011 were $6,301,259, which is an increase of $1,750,220. The Stormwater Fund is responsible for $1,751,660 of this increase while the Cemetery Fund is responsible for a decrease in net assets of $1,440.

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, 2011.

Overall, budget exceeded general fund revenues by $800,657 and expenditures were less than budget by $3,792,890. However, transfers from the general fund to other funds were more than anticipated by $2,160,090, most of which was for debt service fund transfers. The budget anticipated a $3,230,258 shortfall to be funded from available fund balance, but instead the actual amount was only a decrease to fund balance of $796,801. As a result, the City only used 24.6 percent of the budgeted fund balance.

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, 2011 amounted to $1,146,954,453 (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 1.1 percent (a 1.2 percent increase for governmental activities and a 0.08 percent increase for business-type activities).

Governmental activities:
Land increased by $3,499,523 in FY 11 of which $3,106,610 (88.8 percent) was for right-of-way increases for road construction, annexation and drainage easements.

Construction in progress at June 30, 2011 is composed largely of road projects (92.3 percent). The recreation greenway extension, city schools energy efficiency project, a police precinct, wetland improvements, the city hall energy efficiency ARRA project, the new bus system transit shelter and the new office building/visitor's center make up the remaining 7.7 percent of total construction in progress.

Government buildings increased $4,231,750 or $1,597,675, net of depreciation, in FY 11. The new Chamber of Commerce building and Visitors Center cost $4,209,304 and makes up 99 percent of this increase.

Government improvements other than buildings increased $4,530,300 or $1,627,571 net of depreciation. The renovated outdoor pool in our recreation department made up $3,293,513 of this increase, while the greenway extension additions of $713,479 were added as well. Storm and sanitary sewer, irrigation, paving and landscaping additions of $474,732 were also added to the new Chamber of Commerce building and Visitors Center.

Equipment increased $4,835,803 or $1,758,593 net of depreciation. The Chamber of Commerce Building and Visitors Center equipment totaled $1,205,912. In addition, the fire department purchased two aerial fire trucks at $1,221,566. Other equipment purchases of police vehicles and miscellaneous equipment totaled $955,570.

In FY 2010, computer software was retroactively added in accordance with GASB 51. The net change in FY 11 is $627,756 net of depreciation. The majority of this increase is attributed to police and fire software additions.

Infrastructure had additions of $15,781,949 relating to road projects, curb and gutter, sidewalks, traffic signals and landscaping. Depreciation for FY 11 infrastructure was $6,657,164, leaving a net $9,124,785 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 $4,097,272. Construction in process for water and sewer capital activities decreased $68,373,386 (92.6 percent) while depreciable assets increased $67,067,137 (24.97 percent). The majority of this change is attributed to the completion of the water plant renovations off of Compton Road. The electric's net utility plant has increased $4,175,276 (3.6 percent).

Capital Assets
Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
				(Restated)		**(Restated)**
Non-Depreciable Assets:						
Land	$ 244,832,216	$ 241,332,693	$ 22,081,333	$ 21,657,733	$ 266,913,549	$ 262,990,426
Construction in progress	21,628,335	31,988,842	17,561,033	87,185,587	39,189,368	119,174,429
Other Capital Assets:						
Buildings	95,880,739	94,283,064	86,675,844	56,366,432	182,556,583	150,649,496
Improvements other than buildings	40,701,983	39,074,412			40,701,983	39,074,412
Transmission & distribution mains			223,950,253	200,835,469	223,950,253	200,835,469
Electric plants			105,104,415	98,897,317	105,104,415	98,897,317
Equipment	20,055,767	18,297,174	29,344,088	15,677,156	49,399,855	33,974,330
Computer Software	1,503,401	875,645			1,503,401	875,645
Infrastructure	237,635,046	228,510,261			237,635,046	228,510,261
Total	$ 662,237,487	$ 654,362,091	$ 484,716,966	$ 480,619,694	$ 1,146,954,453	$ 1,134,981,785

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 59 - 61 of this report.

Long-term Debt

Total long-term debt for the City of Murfreesboro increased $34,851,170 during the year ended June 30, 2011. Debt from governmental activities increased $37,292,084 (17.1 percent) and business-type activities debt has decreased $2,440,914 (1.7 percent).

The City acquired a loan in November 2010 with the assistance of the Tennessee Municipal Bond Fund and the 2.89 percent interest rate was privately negotiated. Along with other fixed rate debt, including refinanced variable rate debt, the governmental funds have 45.5 percent of its debt in fixed rates.

The City has 54.5 percent of its governmental 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, 2011 ranged from 0.37 percent to .57 percent for governmental activities. The 2008 TML loan is the only active variable loan and requires a draw down from a third-party administrator as the money is needed for reimbursement.

Street construction and improvements are the dominant governmental uses of the current loans in process. A new debt issuance will be discussed as management works through the capital improvement projects in January/February 2012 as submitted by the City departments for consideration.

The Water and Sewer Department long term debt decreased by $6,686,818 during FY 11. The Electric Department drew down $6,871,491 from the Tennessee Municipal Bond Fund 2007 loan issue in order to fund capital projects including additions and renovations to the Jones Boulevard Substation. The net change to the Electric Department's long term debt was an increase of $3,393,669.

The Electric Department anticipates additional borrowing of approximately $10-15 million over the next 3 years for construction of substations in the Gateway, South/Joe B. Jackson and West/Veteran's Parkway areas.

Additional information on the City of Murfreesboro's long-term liabilities can be found in note G on pages 61 - 65 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, 2011 is $25,072,673, an increase of $6,593,272 (35.7 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. As a part of the budget process, the Council decides if they are going to continue to offer this benefit to retirees. 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 72 - 77 of this report.

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

Long-term Debt Outstanding
June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 45,510,000	$ 54,851,875		$ 363,125	$ 45,510,000	$ 55,215,000
Add: Premium on refunding	5,378,343	5,975,937			5,378,343	5,975,937
Tennessee Municipal Bond Fund loans	167,584,136	126,243,230	$ 47,378,691	42,903,203	214,962,827	169,146,433
Revenue bonds			46,290,000	51,270,000	46,290,000	51,270,000
Add: Premium on refunding			2,639,014	2,878,792	2,639,014	2,878,792
Matured bonds payable			36,000	36,000	36,000	36,000
Less: Deferred amounts			(98,107)	(104,576)	(98,107)	(104,576)
Capital Lease Obligation	403,894				403,894	
Capital outlay notes	2,354,350	2,578,350			2,354,350	2,578,350
State revolving loan			35,581,591	38,366,654	35,581,591	38,366,654
Estimated landfill closure costs	1,425,000	1,425,000			1,425,000	1,425,000
Compensated absences	7,067,721	6,668,923	3,094,260	2,901,893	10,161,981	9,570,816
Post-employment benefit obligation	20,061,653	14,854,698	5,011,020	3,624,703	25,072,673	18,479,401
Loans payable - Utility plant acquisition			829,841	963,430	829,841	963,430
Claims and judgements	5,984,000	5,879,000			5,984,000	5,879,000
	$ 255,769,097	$ 218,477,013	$ 140,762,310	$ 143,203,224	$ 396,531,407	$ 361,680,237

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.

The City has several projects on the horizon that we feel will be for the betterment of service delivery, both to our external customers as well as our staff. One of these projects is the development of an Information Technology Department. This project is intended to bring together our talented staff members under one department to allow them to become more cohesive in the manner in which the City's software, hardware and upgrades to technology are managed. The first major project of this department will be to assist in the replacement of many of our software packages beginning with our General Ledger, Payroll and Human Resources, Fixed Assets and Court packages. We feel this software replacement package will give our employees the ability to work more efficiently and provide opportunities for better service delivery. Management will strive to get software that is the best fit for our organization while trying to minimize, to the extent possible, the impact on our budget. The timeframe for this project will be determined after the new department director is hired.

Our engineers have been heavily involved in major road projects in and around the City. Street projects (including land costs associated with the new infrastructure) of $18,181,263

were completed and capitalized in FY 11. Major construction-in-progress projects include construction of Maney Avenue improvements, as well as a zoning study for the Maney Avenue area. The City is constructing new phases of the road project named Veteran's Parkway Phase 2A from Barfield Crescent Park to Barfield Road which, once complete, 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. Phase 2 of 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. The City is currently waiting on final right of way certifications to be followed by a notice to proceed with construction. Additionally, the City engineers are working with staff of the stormwater fund to manage drainage problems in our city.

In conjunction with federal grants (80 percent funding) the City has also continued work on its greenway system. The Greenway Phase 3 opened in the spring of 2011. The Greenway Phase 4 extension to Barfield Crescent Park is expected to be bid in the spring of 2012. Appraisals of right of way acquisitions are currently under review, as well.

The economy appeared to have begun a slow rebound at the time planning began for the 2012 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. In addition, the City's Classification and Compensation Plan was updated by Burris and Associates for the first time since 2004. The pay plan targets the 60th percentile of the salary survey data for comparable jobs in other municipalities instead of the average or 50th percentile. In order to remain competitive, it was recommended that the City drop the first step and add a new top step. This recommendation increased entry level pay and top out pay for all positions by 3.5 percent. City Council approved this recommendation, making the updated pay plan effective July 1, 2011.

The City Manager continues to closely monitor large purchases and projects as well as all hiring decisions. During the first five months of the 2011-2012 fiscal year, our local option sales tax dollars are approximately $1 million more than last year for the same time period and approximately $0.5 million than budgeted. In addition, local beer and liquor taxes have increased by approximately $75,000 combined for the first five months of the fiscal year compared to FY 11 and by approximately $67,000 combined as compared to budget. 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.

With the hiring of a new collection agency, it is anticipated that collection of court fines will improve. Steps are being taken to collect delinquent fines from previous fiscal years while maintaining a better collection of current receivables. Additionally, our new automated red light camera enforcement contract includes incentives for the vendor to improve collections of newly issued citations. Our legal department is also currently working on amending our

previously bid contract to include the collection of delinquent citations. The goal for FY 12 is to reduce court receivables by 25 percent.
In FY 12, many of our American Recovery and Reinvestment Act (ARRA) grants will be coming to a close, with the exception of reporting requirements. In an effort to find and manage state and federal grants of the City, a new software package is being leased beginning in FY 12. It is possible to recoup, in value, the cost of the software if just one new grant is obtained to assist the City. It also has the capability to guide staff to be sure reporting is done timely.

Our Building and Codes Department is working with various City Hall departments in FY 12 to manage and oversee the implementation of the Energy Efficient Block Grant through the Department of Energy. The work done through this stimulus grant is expected to save the City thousands of dollars in energy savings annually in our lighting and cooling/heating costs. The impact on the FY 12 budget should begin in the later part of the fiscal year.

In the fall of 2011, Amazon announced plans to open two new fulfillment centers in Tennessee, one of which will be in Murfreesboro. The centers are expected to bring a $135 million investment to the state as well as over 1,200 jobs to the City. As part of this project, the City Council authorized a construction project which totals $7,227,046. The City received a Fast Track grant from the State of Tennessee of $3,500,000 to partially fund the construction project. The balance of the project will be paid by Amazon. In addition, the State of Tennessee granted the City $1,316,503 for construction of a turn lane on Joe B. Jackson Parkway, a new four lane public street to provide additional access to Amazon and NHK Seating and the cost of signalizing two intersections leading to the Amazon and NHK Seating facilities. So, while the City will reap the rewards of additional property tax revenues, sales tax revenues and jobs, there will be little to no expected financial contribution by the City.

During the last quarter of FY 11, the Human Resources Department worked with a consultant to bid and select new insurance contracts for the City, including medical, dental, life, and accidental death and dismemberment (AD&D). The City is confident savings will be realized for life and AD&D currently paid for through our Defined Pension Plan, and will monitor health and dental plans with the information regarding costs our new administrator has been contracted to provide. In FY 13, it is anticipated we will pay these costs out of the General Fund rather than the Pension Plan to be consistent with where costs for participants in the Defined Contribution Plan are recorded.

The City will evaluate and adjust, if necessary, its Defined Benefit Pension Plan assumptions during FY 12 to be effective in FY 13. At this time, the plan continues to be stable and funded at actuarially prescribed rates. The recommended percentage of salary for the plan participants increased from 12.17 percent to 12.57 percent in FY 12, which was budgeted and implemented effective July 1, 2011.

The rising costs of replacement for an aging infrastructure as well as increased costs of commodities such as electricity, natural gas and chemicals influence the cost of water and sewer services and, in effect, costs to customers, as well. While rates are projected to remain

flat in FY 12, the reduction in minimum bill allowances is expected to continue. This is expected to result in higher revenues with lower consumption.

Based on the 2007 Cost of Service study, the reduction of the minimum bill allowance for FY 12 should result in an increase to sales revenues by $1,260,000. In addition, management expects sewer sales to grow while water sales will remain relatively flat. The increased sewer sales will come from Consolidated Utility Department (CUD) customers.

Based on results from the Hazen and Sawyer study, the Southwest Regional Pumping Station and force main as well as a new headworks building at the Sinking Creek Wastewater Treatment Plant are all being prepared for bid in FY 12. In addition, several replacement and reconstruction commitments totaling $5 million of working capital are committed from the department's working capital reserves.

TVA initiated a wholesale rate redesign which is driving the market towards a seasonal, time of use, rate structure that became 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 expects customer growth to remain relatively flat and sales growth to decrease slightly in FY 12. At this time, a local rate increase is not expected. However, TVA announced a 2 percent wholesale increase effective October 1, 2011. This increase will be passed to the Electric Department's customers.

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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 66,127,965	$ 38,901,639	$ 105,029,604
Certificates of deposit	369,534		369,534
Receivables, net of allowance for uncollectibles	67,399,862	18,193,580	85,593,442
Internal balances	(2,636,704)	2,636,704	
Inventories	562,391	2,796,953	3,359,344
Prepaid items and other assets	49,717	403,788	453,505
Deferred charges	1,228,899	1,301,488	2,530,387
Restricted assets -			
Cash and cash equivalents	31,449,226	25,118,563	56,567,789
Certificate of deposit	500,000		500,000
Investments, at fair value	1,787,633		1,787,633
Capital assets -			
Land and construction in progress	266,460,551	39,642,366	306,102,917
Other capital assets, net of depreciation	395,776,936	445,074,600	840,851,536
Total Assets	$ 829,076,010	$ 574,069,681	$ 1,403,145,691
LIABILITIES			
Accounts payable and accrued expenses	$ 11,743,194	$ 22,994,116	$ 34,737,310
Net pension obligation	31,740		31,740
Unearned revenue	48,909,600		48,909,600
Deposits held	1,687,086	5,888,049	7,575,135
Other deposits	38,129		38,129
Matured bond interest payable	806		806
Other liabilities	50,475	1,577,988	1,628,463
Long-term liabilities -			
Due within one year	26,108,980	10,902,803	37,011,783
Due in more than one year	229,660,117	129,859,507	359,519,624
Total Liabilities	$ 318,230,127	$ 171,222,463	$ 489,452,590
NET ASSETS			
Invested in capital assets, net of related debt	$ 478,989,381	$ 349,921,094	$ 828,910,475
Restricted for -			
Education	6,792,410		6,792,410
Capital activity and debt service	6,253,583	25,118,563	31,372,146
Highways and streets	1,796,360		1,796,360
Law enforcement	452,357		452,357
Other purposes	117,416		117,416
Perpetual care -			
Expendable	228,943		228,943
Nonexpendable	1,675,280		1,675,280
Unrestricted	14,540,153	27,807,561	42,347,714
Total Net Assets	$ 510,845,883	$ 402,847,218	$ 913,693,101

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Activities

Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities -							
General government	$ 11,856,868	$ 100,743	$ 48,489	$ 157,565	$ (11,550,071)		$ (11,550,071)
Police	22,201,545	177,723	212,938	28,579	(21,782,305)		(21,782,305)
Fire protection	14,608,541	795,622	12,867	64,141	(13,735,911)		(13,735,911)
Judicial	362,930	1,615,803			1,252,873		1,252,873
Legal	727,927				(727,927)		(727,927)
Human resources	765,914				(765,914)		(765,914)
Streets and signs	13,617,876	39,724	3,027,318	1,839,225	(8,711,609)		(8,711,609)
Planning and engineering	1,811,333	29,246	153,030		(1,629,057)		(1,629,057)
Building and codes	1,651,344	1,348,831			(302,513)		(302,513)
Solid waste	4,905,651	11,428	6,334		(4,887,889)		(4,887,889)
Transportation	2,339,168	101,016	1,054,783	1,299,239	115,870		115,870
Urban environmental	939,172				(939,172)		(939,172)
Public health, education and welfare	1,782,425				(1,782,425)		(1,782,425)
Community services	6,374,845	4,076,701	1,556,857	5,117	(736,170)		(736,170)
Recreation	12,184,112	3,187,006	42,056	523,758	(8,431,292)		(8,431,292)
Community/economic development	1,541,107	168,749	1,604,193	686,313	918,148		918,148
Education	58,805,049	11,762	52,664,290		(6,128,997)		(6,128,997)
Food service	3,399,774	1,147,656	2,444,791		192,673		192,673
Interest on long-term debt	4,189,688				(4,189,688)		(4,189,688)
Total governmental activities	$ 164,065,269	$ 12,812,010	$ 62,827,946	$ 4,603,937	$ (83,821,376)		$ (83,821,376)
Business-type activities -							
Water, sewer, and stormwater	$ 29,964,693	$ 33,940,432		$ 5,533,215		$ 9,508,954	$ 9,508,954
Electric	145,950,961	160,004,748	$ 122,589			14,176,376	14,176,376
Cemetery	484,801	421,315	188,523			125,037	125,037
Total business-type activities	$ 176,400,455	$ 194,366,495	$ 311,112	$ 5,533,215		$ 23,810,367	$ 23,810,367
Total primary government	$ 340,465,724	$ 207,178,505	$ 63,139,058	$ 10,137,152	$ (83,821,376)	$ 23,810,367	$ (60,011,009)
General revenues -							
Taxes -							
Property taxes					$ 35,703,069		$ 35,703,069
Sales taxes					29,732,214		29,732,214
Beer and liquor taxes					3,793,532		3,793,532
Gross receipts tax					2,207,758		2,207,758
Hotel/motel tax					822,386		822,386
Gas and cable franchise taxes					2,380,787		2,380,787
Grants and contributions not restricted to specific programs					9,981,203		9,981,203
Unrestricted investment earnings					305,592	$ 387,778	693,370
Miscellaneous					621,495		621,495
Contributions to permanent funds						66,961	66,961
Transfers					2,899,560	(2,899,560)	
Total general revenues, contributions, and transfers					$ 88,447,596	$ (2,444,821)	$ 86,002,775
Change in net assets					$ 4,626,220	$ 21,365,546	$ 25,991,766
Net assets - beginning, as previously reported					$ 506,219,663	$ 380,744,745	$ 886,964,408
Prior period adjustment						736,927	736,927
Net assets - beginning, as restated					$ 506,219,663	$ 381,481,672	$ 887,701,335
Net assets - ending					$ 510,845,883	$ 402,847,218	$ 913,693,101

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2011

	General	General Purpose School	Debt Service Fund	2010 TML Loan	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 37,327,366	$ 7,108,329	$ 4,800,095		$ 4,350,028	$ 53,585,818
Certificates of deposit					369,534	369,534
Receivables, net of allowance for uncollectibles -						
Taxes	35,752,558					35,752,558
Accounts					184,757	184,757
Other	1,826,795	1,204			12,559	1,840,558
Due from others	2,744,967				98,608	2,843,575
Due from other funds	5,844,222	1,610,332			986,625	8,441,179
Due from other governments	11,142,582	12,234,693			3,237,747	26,615,022
Prepaid items and deposits	31,236				17,961	49,197
Inventories	249,587				150,249	399,836
Restricted assets -						
Cash and cash equivalents	583,119			$ 28,820,080	2,046,027	31,449,226
Investments, at fair value					1,787,633	1,787,633
Total Assets	$ 95,502,432	$ 20,954,558	$ 4,800,095	$ 28,820,080	$ 13,241,728	$ 163,318,893
LIABILITIES						
Bank overdraft					$ 38,015	$ 38,015
Accounts payable	$ 4,669,964	$ 430,280		$ 267,107	1,016,617	6,383,968
Accrued liabilities	875,154	2,882,002			439,938	4,197,094
Deposits held	1,687,086					1,687,086
Matured bond interest payable			$ 806			806
Due to other funds	210,540	441,153		2,712,517	4,795,072	8,159,282
Due to other governments	6,077				97,176	103,253
Deferred revenue	39,551,202	10,240,883			1,460,000	51,252,085
Other deposits					38,129	38,129
Other liabilities	50,475					50,475
Total Liabilities	$ 47,050,498	$ 13,994,318	$ 806	$ 2,979,624	$ 7,884,947	$ 71,910,193
FUND BALANCES						
Nonspendable	$ 280,823				$ 1,825,529	$ 2,106,352
Restricted	545,005			$ 25,840,456	3,446,430	29,831,891
Committed		$ 6,960,240			2,183,782	9,144,022
Assigned	5,395,693		$ 4,799,289		228,943	10,423,925
Unassigned	42,230,413				(2,327,903)	39,902,510
Total Fund Balances	$ 48,451,934	$ 6,960,240	$ 4,799,289	$ 25,840,456	$ 5,356,781	$ 91,408,700
Total Liabilities and Fund Balances	$ 95,502,432	$ 20,954,558	$ 4,800,095	$ 28,820,080	$ 13,241,728	$ 163,318,893

See notes to financial statements

CITY OF MURFREESBORO, TENNESSEE

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

June 30, 2011

Total Governmental Fund Balances	$	91,408,700
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.		662,237,487
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.		6,297,895
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.		(2,852,733)
Prepaid pension costs are not available for current-period expenditures and, therefore, are not reported in the funds.		(31,740)
Other assets are not available to pay for current-period expenditures and, therefore, are deferred or not reported in the funds.		3,571,371
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.		(249,785,097)
Net Assets of Governmental Activities	$	510,845,883

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2011

	General Fund	General Purpose School	Debt Service Fund	2010 TML Loan	Other Governmental Funds	Total Governmental Funds
Revenues-						
Taxes	$ 72,505,644					$ 72,505,644
Intergovernmental	13,678,694	$ 46,902,758			$ 14,373,463	74,954,915
Charges for services	4,395,799	11,762			5,023,035	9,430,596
Donations					128,331	128,331
Interest and investment earnings	132,289		$ 9,522	$ 118,621	243,817	504,249
Licenses and permits	3,430,795					3,430,795
Miscellaneous	4,259,769	428,133			1,339,263	6,027,165
	$ 98,402,990	$ 47,342,653	$ 9,522	$ 118,621	$ 21,107,909	$ 166,981,695
Expenditures-						
Current -						
General government	$ 5,872,815					$ 5,872,815
Police	21,879,338				$ 217,494	22,096,832
Fire protection	14,023,025					14,023,025
Judicial	365,072					365,072
Legal	750,236					750,236
Human resources	858,324					858,324
Streets and signs	4,344,773				2,757,723	7,102,496
Planning and engineering	1,735,966					1,735,966
Building and codes	1,666,961					1,666,961
Solid waste	4,191,427					4,191,427
Transportation	3,271,637					3,271,637
Urban environmental	926,237					926,237
Public health, education and welfare	1,502,385					1,502,385
Community services	1,315,280				4,772,763	6,088,043
Recreation	9,442,486					9,442,486
Community development					1,538,719	1,538,719
Education		$ 51,971,022			5,333,399	57,304,421
Food Service					3,399,774	3,399,774
Capital outlay		502,569		$ 12,520,033	6,637,825	19,660,427
Debt service -						
Principal			$ 17,646,836		3,052,939	20,699,775
Interest			3,727,889		515,111	4,243,000
Debt issuance costs and fiscal agent fees			109,329	304,360		413,689
	$ 72,145,962	$ 52,473,591	$ 21,484,054	$ 12,824,393	$ 28,225,747	$ 187,153,747
Excess of Revenues Over (Under) Expenditures	$ 26,257,028	$ (5,130,938)	(21,474,532)	$ (12,705,772)	$ (7,117,838)	$ (20,172,052)
Other Financing Sources (Uses)-						
Issuance of debt				$ 47,600,000	$ 4,874,806	$ 52,474,806
Proceeds from sale of land					219,699	219,699
Transfers in	$ 2,712,122	$ 4,810,103	$ 25,051,104		3,663,519	36,236,848
Transfers out	(29,765,951)		(3,568,050)		(258,771)	(33,592,772)
	$ (27,053,829)	$ 4,810,103	$ 21,483,054	$ 47,600,000	$ 8,499,253	$ 55,338,581
Net change in fund balances	$ (796,801)	$ (320,835)	$ 8,522	$ 34,894,228	$ 1,381,415	$ 35,166,529
Fund Balances at beginning of year	49,248,735	7,281,075	4,790,767	(9,053,772)	3,975,366	56,242,171
Fund Balance at end of year	$ 48,451,934	$ 6,960,240	$ 4,799,289	$ 25,840,456	$ 5,356,781	$ 91,408,700

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, 2011

Net Change in Fund Balances - Total Governmental Funds	$	35,166,529
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.		7,504,531
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets.		370,864
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(600,966)
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.		(36,918,879)
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.		(968,513)
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.		516,462
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.		(443,808)
Change in Net Assets of Governmental Activities	$	4,626,220

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

General Fund

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Taxes -				
Property	$ 33,479,421	$ 33,479,421	$ 33,368,360	$ (111,061)
Property in lieu of taxes -				
Public utilities	698,665	698,665	721,812	23,147
Murfreesboro Housing Authority	65,000	65,000	93,197	28,197
Other tax equivalents	617,500	617,500	768,347	150,847
Recovery of taxes deemed uncollectible	450,000	450,000	506,023	56,023
Penalty and interest on taxes	175,000	175,000	269,499	94,499
Other local taxes -				
Sales tax	27,970,000	27,970,000	29,732,214	1,762,214
Beer tax	2,725,000	2,725,000	2,912,207	187,207
Liquor tax	712,000	712,000	793,004	81,004
Gross receipts tax	1,938,000	1,938,000	2,430,274	492,274
Beer privilege tax	22,000	22,000	27,037	5,037
Liquor privilege tax	50,000	50,000	61,284	11,284
Hotel/motel tax	752,000	752,000	822,386	70,386
	$ 69,654,586	$ 69,654,586	$ 72,505,644	$ 2,851,058
Licenses, Permits and Fines -				
Electrical licenses	$ 70,000	$ 70,000	$ 67,880	$ (2,120)
Gas and mechanical licenses	5,000	5,000	6,670	1,670
Building permits	1,100,000	1,100,000	855,936	(244,064)
Plumbing permits	103,000	103,000	61,673	(41,327)
Electrical permits	215,000	215,000	179,170	(35,830)
Mechanical permits	92,000	92,000	78,164	(13,836)
Gas permits	13,000	13,000	12,625	(375)
Land disturbance permits	20,000	20,000	16,250	(3,750)
Fireworks permits	500	500	8,000	7,500
Beer application fees	12,000	12,000	14,100	2,100
Burglar alarm permits	54,000	54,000	55,360	1,360
Plat review fee	29,900	29,900	46,077	16,177
Other fees	1,000	1,000	1,196	196
Attorney tax fees	15,000	15,000	29,528	14,528
Court fines	1,895,000	1,895,000	1,541,912	(353,088)
Red light cameras	800,000	800,000	434,637	(365,363)
Burglar false alarm fees	15,000	15,000	17,485	2,485
Other fines and fees			4,132	4,132
	$ 4,440,400	$ 4,440,400	$ 3,430,795	$ (1,009,605)

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Intergovernmental Revenues -				
Rutherford County	$ 347,031	$ 347,031	$ 365,535	$ 18,504
State sales tax allocation	6,486,500	6,486,500	6,720,967	234,467
State beer tax allocation	52,000	52,000	52,469	469
State gasoline tax allocation	215,000	215,000	216,483	1,483
State mixed drink tax	545,000	545,000	658,590	113,590
State gross receipts tax	1,125,000	1,125,000	1,132,786	7,786
State income tax allocation	800,000	800,000	587,087	(212,913)
State excise tax	85,000	85,000	32,890	(52,110)
State maintenance of streets	277,288	277,288	277,288	
State funds	356,867	356,867	276,428	(80,439)
Federal funds	4,594,784	4,594,784	3,358,171	(1,236,613)
	$ 14,884,470	$ 14,884,470	$ 13,678,694	$ (1,205,776)
Charges for services				
Office	$ 150	$ 150	$ 470	$ 320
Planning department	25,800	25,800	29,246	3,446
Police department	12,000	12,000	14,858	2,858
Fire department	786,096	786,096	795,622	9,526
Street department	28,500	28,500	31,284	2,784
Building department	33,000	33,000	24,386	(8,614)
Urban Environmental department	7,000	7,000		(7,000)
G.I.S. maintenance	28,500	28,500	24,909	(3,591)
Public Transit fares	85,000	85,000	101,016	16,016
Recreation - program income	1,072,592	1,072,592	1,411,706	339,114
Public Golf - program income	1,782,088	1,782,088	1,775,300	(6,788)
Senior Citizens - program income	180,000	180,000	175,069	(4,931)
Solid Waste department	12,000	12,000	11,428	(572)
Television department	400	400	505	105
	$ 4,053,126	$ 4,053,126	$ 4,395,799	$ 342,673
Miscellaneous Revenues -				
Interest	$ 104,000	$ 104,000	$ 132,289	$ 28,289
Gas franchise revenue	1,150,000	1,150,000	1,062,290	(87,710)
Cable franchise revenue	1,200,000	1,200,000	1,318,497	118,497
Contribution - active funds	1,828,830	1,828,830	1,061,372	(767,458)
Miscellaneous revenue	172,239	172,239	639,207	466,968
Donations received	114,682	114,682	178,403	63,721
	$ 4,569,751	$ 4,569,751	$ 4,392,058	$ (177,693)
TOTAL REVENUES	$ 97,602,333	$ 97,602,333	$ 98,402,990	$ 800,657

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures -				
General Government -				
General and Administrative -				
Labor	$ 1,565,468	$ 1,565,468	$ 1,555,693	$ 9,775
Operation and maintenance	1,071,943	1,071,943	357,944	713,999
Supplies	150,700	150,700	96,147	54,553
Insurance	278,422	278,422	269,744	8,678
Social Security taxes	118,611	118,611	113,310	5,301
Group insurance	1,022,940	1,022,940	1,000,579	22,361
Retirement	553,501	553,501	511,628	41,873
Unemployment insurance	153,000	153,000	76,969	76,031
Utilities	205,000	205,000	218,238	(13,238)
Travel and subsistence	25,700	25,700	24,405	1,295
Association dues	62,350	62,350	61,426	924
Professional fees	168,300	168,300	171,000	(2,700)
Training personnel	15,000	15,000	17,312	(2,312)
Additions to fixed assets	37,500	37,500	19,516	17,984
Mixed drink tax allocation	272,500	272,500	325,228	(52,728)
Other miscellaneous	493,500	493,500	490,529	2,971
	$ 6,194,435	$ 6,194,435	$ 5,309,668	$ 884,767
Other General Government -				
Civic plaza	$ 72,492	$ 72,492	$ 76,043	$ (3,551)
Parking garage	111,600	111,600	109,960	1,640
Disaster response			235,138	(235,138)
Unforeseen miscellaneous and contingencies	500,000	500,000	80,135	419,865
Property tax adjustments	100,000	100,000	61,871	38,129
	$ 784,092	$ 784,092	$ 563,147	$ 220,945
	$ 6,978,527	$ 6,978,527	$ 5,872,815	$ 1,105,712
Police Department -				
Labor	$ 12,285,133	$ 12,285,133	$ 12,359,868	$ (74,735)
Operation and maintenance	703,882	703,882	789,481	(85,599)
Supplies	796,599	796,599	706,658	89,941
Uniforms and cleaning	256,997	256,997	272,384	(15,387)
Insurance	1,432,679	1,432,679	1,346,572	86,107
Social Security taxes	939,813	939,813	905,048	34,765
Group insurance	2,417,040	2,417,040	2,335,015	82,025
Retirement	1,329,917	1,329,917	1,281,957	47,960
Utilities	455,000	455,000	463,565	(8,565)
Training personnel	114,000	114,000	142,443	(28,443)
Jail fees and state cost	225,000	225,000	178,543	46,457
Drug programs	1,500	1,500		1,500
D.A.R.E. program	10,000	10,000	12,722	(2,722)
Additions to fixed assets	641,385	641,385	525,019	116,366
Red light camera program	558,584	558,584	365,633	192,951
Other miscellaneous	119,000	119,000	194,430	(75,430)
	$ 22,286,529	$ 22,286,529	$ 21,879,338	$ 407,191

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fire Department -				
Labor	$ 8,957,656	$ 8,957,656	$ 8,864,951	$ 92,705
Operation and maintenance	305,126	305,126	336,927	(31,801)
Supplies	279,907	279,907	347,507	(67,600)
Uniforms and cleaning	175,225	175,225	172,964	2,261
Insurance	228,976	228,976	228,428	548
Social Security taxes	685,207	685,207	647,358	37,849
Group insurance	1,800,970	1,800,970	1,800,783	187
Retirement	992,974	992,974	993,551	(577)
Utilities	220,400	220,400	222,641	(2,241)
Association dues	1,700	1,700	1,730	(30)
Training personnel	67,000	67,000	58,727	8,273
Internship programs	16,000	16,000	13,277	2,723
Additions to fixed assets	231,020	231,020	267,230	(36,210)
Other miscellaneous	23,225	23,225	66,951	(43,726)
	$ 13,985,386	$ 13,985,386	$ 14,023,025	$ (37,639)
Judicial Department -				
Labor	$ 232,138	$ 232,138	$ 233,286	$ (1,148)
Operation and maintenance	5,000	5,000	3,237	1,763
Supplies	24,500	24,500	16,151	8,349
Insurance	615	615	615	
Social Security taxes	19,149	19,149	16,640	2,509
Group insurance	46,800	46,800	58,451	(11,651)
Retirement	27,437	27,437	27,420	17
Utilities	1,600	1,600	1,467	133
Association dues	400	400	405	(5)
Training personnel	2,500	2,500	901	1,599
Outside services	73,000	73,000	6,080	66,920
Additions to fixed assets	2,000	2,000	319	1,681
Other miscellaneous	500	500	100	400
	$ 435,639	$ 435,639	$ 365,072	$ 70,567
Legal Department -				
Labor	$ 531,281	$ 531,281	$ 515,324	$ 15,957
Operation and maintenance	3,000	3,000	3,111	(111)
Supplies	26,200	26,200	26,583	(383)
Insurance	11,602	11,602	11,602	
Social Security taxes	40,643	40,643	36,190	4,453
Group insurance	54,960	54,960	69,223	(14,263)
Retirement	58,769	58,769	59,085	(316)
Utilities	1,375	1,375	1,279	96
Travel and subsistence	250	250	102	148
Association dues	5,250	5,250	5,095	155
Training personnel	4,750	4,750	6,282	(1,532)
Legal expense	24,500	24,500	11,179	13,321
Additions to fixed assets	6,500	6,500	1,141	5,359
Other miscellaneous	3,750	3,750	4,040	(290)
	$ 772,830	$ 772,830	$ 750,236	$ 22,594

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Human Resources Department -				
Labor	$ 500,110	$ 500,110	$ 496,045	$ 4,065
Operation and maintenance	11,500	11,500	16,434	(4,934)
Supplies	16,470	16,470	12,977	3,493
Advertising	18,500	18,500	6,596	11,904
Insurance	31,754	31,754	31,454	300
Social Security taxes	38,258	38,258	35,550	2,708
Group insurance	98,350	98,350	106,147	(7,797)
Retirement	48,541	48,541	56,847	(8,306)
Utilities	1,250	1,250	2,310	(1,060)
Travel and subsistence	500	500	267	233
Training personnel	28,750	28,750	23,987	4,763
Association dues	180	180	864	(684)
Drug programs	36,000	36,000	34,526	1,474
Additions to fixed assets	3,180	3,180	3,797	(617)
Other miscellaneous	16,300	16,300	30,523	(14,223)
	$ 849,643	$ 849,643	$ 858,324	$ (8,681)
Street and Sign Department -				
Labor	$ 1,104,788	$ 1,104,788	$ 1,103,135	$ 1,653
Operation and maintenance	237,045	237,045	260,848	(23,803)
Materials and supplies	204,100	204,100	185,499	18,601
Traffic control devices	30,000	30,000	66,894	(36,894)
Insurance	68,493	68,493	63,897	4,596
Social Security taxes	84,517	84,517	79,530	4,987
Group insurance	264,500	264,500	264,474	26
Retirement	123,095	123,095	122,391	704
Utilities	40,000	40,000	31,393	8,607
Utility service - street lighting	1,500,000	1,500,000	1,724,723	(224,723)
Street improvements and maintenance	77,000	77,000	434,731	(357,731)
Travel and subsistence	6,900	6,900	3,949	2,951
Training personnel	2,000	2,000		2,000
Additions to fixed assets	3,500	3,500	2,238	1,262
Other miscellaneous	1,600	1,600	1,071	529
	$ 3,747,538	$ 3,747,538	$ 4,344,773	$ (597,235)
Planning and Engineering Department -				
Labor	$ 1,069,924	$ 1,069,924	$ 1,075,223	$ (5,299)
Operation and maintenance	7,000	7,000	8,840	(1,840)
Supplies	43,400	43,400	31,644	11,756
Insurance	26,108	26,108	26,108	
Social Security taxes	84,574	84,574	78,781	5,793
Group insurance	169,850	169,850	160,020	9,830
Retirement	124,747	124,747	121,665	3,082
Utilities	27,300	27,300	18,080	9,220
Sampling and testing	45,000	45,000	39,923	5,077
Storm drainage	700,000	700,000		700,000
Landfill gas management	120,000	120,000	114,021	5,979
Travel and subsistence	59,000	59,000	43,600	15,400
Association dues	6,000	6,000	3,670	2,330
Surveys	75,000	75,000	2,525	72,475
Training personnel	6,000	6,000	4,935	1,065
Additions to fixed assets	56,500	56,500	5,176	51,324
Other miscellaneous	5,500	5,500	1,755	3,745
	$ 2,625,903	$ 2,625,903	$ 1,735,966	$ 889,937

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building and Codes Department -				
Labor	$ 1,138,128	$ 1,138,128	$ 1,102,440	$ 35,688
Operation and maintenance	10,000	10,000	9,060	940
Supplies	29,500	29,500	16,995	12,505
Insurance	12,375	12,375	12,375	
Social Security taxes	93,695	93,695	80,184	13,511
Group insurance	228,900	228,900	234,014	(5,114)
Retirement	145,546	145,546	122,807	22,739
Utilities	17,600	17,600	14,734	2,866
Travel and subsistence	71,200	71,200	57,277	13,923
Association dues	1,200	1,200	1,819	(619)
Training personnel	7,500	7,500	10,355	(2,855)
Additions to fixed assets	3,500	3,500	4,750	(1,250)
Other miscellaneous	1,700	1,700	151	1,549
	$ 1,760,844	$ 1,760,844	$ 1,666,961	$ 93,883
Solid Waste Department -				
Labor	$ 1,650,078	$ 1,650,078	$ 1,558,287	$ 91,791
Operations and maintenance	816,080	816,080	946,106	(130,026)
Supplies	435,820	435,820	435,834	(14)
Insurance	418,498	418,498	403,973	14,525
Social Security taxes	142,901	142,901	112,312	30,589
Group insurance	503,800	503,800	405,038	98,762
Retirement	213,104	213,104	168,265	44,839
Utilities	65,000	65,000	47,177	17,823
Travel and subsistence	7,200	7,200	6,228	972
Training personnel	2,000	2,000	75	1,925
License fees	3,500	3,500	2,841	659
Disposal carts	130,000	130,000	102,810	27,190
Other miscellaneous	3,225	3,225	2,344	881
Capital outlay	2,000	2,000	137	1,863
	$ 4,393,206	$ 4,393,206	$ 4,191,427	$ 201,779
Transportation Department -				
Labor	$ 782,824	$ 782,824	$ 762,065	$ 20,759
Operation and maintenance	338,472	338,472	377,358	(38,886)
Supplies	19,500	19,500	18,649	851
Fuel	84,000	84,000	108,731	(24,731)
Insurance	56,687	56,687	46,712	9,975
Social Security taxes	59,810	59,810	56,342	3,468
Group insurance	118,800	118,800	119,443	(643)
Retirement	75,943	75,943	70,866	5,077
Utilities	15,650	15,650	15,676	(26)
Travel and subsistence	5,500	5,500	4,279	1,221
Association and regional dues	21,853	21,853	21,746	107
Training and instruction	4,000	4,000	2,477	1,523
Contract services	286,668	286,668	206,502	80,166
Capital outlay	1,911,600	1,911,600	1,075,254	836,346
Pass - thru grant expenditures			312,767	(312,767)
Marketing	105,413	105,413	70,913	34,500
Other miscellaneous	7,800	7,800	1,857	5,943
	$ 3,894,520	$ 3,894,520	$ 3,271,637	$ 622,883

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Urban Environmental Department -				
Labor	$ 500,091	$ 500,091	$ 475,674	$ 24,417
Operation and maintenance	57,617	57,617	59,870	(2,253)
Agricultural materials	39,300	39,300	38,001	1,299
Supplies	36,938	36,938	36,025	913
Insurance	41,745	41,745	37,190	4,555
Social Security taxes	38,257	38,257	33,787	4,470
Group insurance	146,300	146,300	142,931	3,369
Retirement	58,313	58,313	53,030	5,283
Utilities	29,200	29,200	37,926	(8,726)
Travel and subsistence	1,400	1,400	44	1,356
Training personnel	1,000	1,000	723	277
Additions to fixed assets	10,350	10,350	10,383	(33)
Other miscellaneous	1,150	1,150	653	497
	$ 961,661	$ 961,661	$ 926,237	$ 35,424
Public Health, Education and Welfare				
Linebaugh Public Library	$ 705,333	$ 705,333	$ 705,333	
Rutherford County Chamber of Commerce	407,850	407,850	451,398	$ (43,548)
Rutherford County Paws	65,000	65,000	65,000	
Job Vocation Training Center	42,000	42,000	42,000	
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	17,390	17,390	16,470	920
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	7,684	(184)
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	
	$ 1,459,573	$ 1,459,573	$ 1,502,385	$ (42,812)

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Senior Citizens Department -				
Labor	$ 420,882	$ 420,882	$ 406,708	$ 14,174
Operations and maintenance	33,150	33,150	26,532	6,618
Supplies	103,000	103,000	84,621	18,379
Senior trip expense	75,000	75,000	76,509	(1,509)
Insurance	32,926	32,926	32,926	
Social Security taxes	32,197	32,197	29,783	2,414
Group insurance	74,850	74,850	71,196	3,654
Retirement	36,065	36,065	36,036	29
Utilities	69,500	69,500	55,690	13,810
Contractual services	2,400	2,400	2,400	
Travel and subsistance	1,500	1,500	834	666
Training and instruction	21,500	21,500	21,009	491
Designated contributions	3,000	3,000	7,430	(4,430)
Other miscellaneous	15,400	15,400	4,706	10,694
Capital outlay	2,250	2,250	4,624	(2,374)
	$ 923,620	$ 923,620	$ 861,004	$ 62,616
Television Department -				
Labor	$ 252,814	$ 252,814	$ 243,574	$ 9,240
Operation and maintenance	31,800	31,800	13,193	18,607
Supplies	3,100	3,100	2,004	1,096
Advertising supplies	10,000	10,000	1,252	8,748
Audio/video supplies	15,000	15,000	17,390	(2,390)
Insurance	5,694	5,694	4,777	917
Social Security taxes	18,805	18,805	18,157	648
Group insurance	25,500	25,500	28,832	(3,332)
Retirement	25,365	25,365	25,360	5
Utilities	3,300	3,300	2,933	367
Travel and subsistence	2,800	2,800	720	2,080
Association dues	2,000	2,000	1,750	250
Training personnel	7,000	7,000	1,426	5,574
Professional services	6,000	6,000	800	5,200
Other miscellaneous	28,100	28,100	22,722	5,378
Capital outlay	121,000	121,000	69,386	51,614
	$ 558,278	$ 558,278	$ 454,276	$ 104,002
Recreation Department -				
Labor	$ 3,950,591	$ 3,950,591	$ 3,678,770	$ 271,821
Operation and maintenance	529,489	529,489	570,351	(40,862)
Supplies	292,469	292,469	273,258	19,211
Insurance	194,543	194,543	184,109	10,434
Social Security taxes	311,452	311,452	269,472	41,980
Group insurance	539,175	539,175	528,772	10,403
Retirement	286,264	286,264	270,812	15,452
Utilities	1,021,770	1,021,770	972,713	49,057
Travel and subsistence	25,800	25,800	19,627	6,173
Arts and humanities	84,970	84,970	78,584	6,386
Training personnel	11,000	11,000	10,873	127
Purchases for resale	74,200	74,200	76,679	(2,479)
Sales tax	24,000	24,000	26,315	(2,315)
Other miscellaneous	17,525	17,525	46,561	(29,036)
Capital outlay	1,014,879	1,014,879	599,462	415,417
	$ 8,378,127	$ 8,378,127	$ 7,606,358	$ 771,769

(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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Golf Department -				
Labor	$ 891,297	$ 891,297	$ 842,864	$ 48,433
Operations and maintenance	56,650	56,650	52,427	4,223
Material	97,500	97,500	94,386	3,114
Supplies	71,050	71,050	58,886	12,164
Insurance	49,893	49,893	49,635	258
Social Security taxes	68,184	68,184	64,059	4,125
Group insurance	130,460	130,460	131,099	(639)
Retirement	75,686	75,686	75,650	36
Utilities	64,300	64,300	63,355	945
Travel and subsistence	3,000	3,000	2,055	945
Items for resale	334,188	334,188	327,451	6,737
Other miscellaneous expenses	43,820	43,820	38,347	5,473
Capital outlay	41,000	41,000	35,914	5,086
	$ 1,927,028	$ 1,927,028	$ 1,836,128	$ 90,900
TOTAL EXPENDITURES	$ 75,938,852	$ 75,938,852	$ 72,145,962	$ 3,792,890
Excess of Revenues Over (Under) Expenditures	$ 21,663,481	$ 21,663,481	$ 26,257,028	$ 4,593,547
Other Financing Sources (Uses) -				
Transfers in (out) -				
Murfreesboro Electric Department	$ 2,677,676	$ 2,677,676	$ 2,706,122	$ 28,446
Community development fund	6,000	6,000	6,000	
Debt service fund	(22,659,312)	(22,659,312)	(24,860,379)	(2,201,067)
Murfreesboro City School System	(4,810,103)	(4,810,103)	(4,810,103)	
Drug fund	(95,000)	(95,000)	(93,659)	1,341
Airport improvement fund	(13,000)	(13,000)	(1,810)	11,190
	$ (24,893,739)	$ (24,893,739)	$ (27,053,829)	$ (2,160,090)
Net change in fund balance	$ (3,230,258)	$ (3,230,258)	$ (796,801)	$ 2,433,457
Fund Balance at beginning of year			49,248,735	
Fund Balance at end of year			$ 48,451,934	

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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Local intergovernmental revenues	$ 17,878,400	$ 18,158,117	$ 18,158,117	
State program revenues	28,244,201	28,494,091	26,093,946	$ (2,400,145)
Federal program revenues	7,000	88,567	2,650,695	2,562,128
Charges for services	20,900	11,762	11,762	
Indigent children revenues		18,221	18,221	
Other local revenues	236,170	410,019	409,912	(107)
	$ 46,386,671	$ 47,180,777	$ 47,342,653	$ 161,876
Expenditures -				
Regular instruction program	$ 30,413,933	$ 32,647,879	$ 32,647,879	
Special education program	3,114,368	3,073,250	3,073,250	
Attendance	78,711	73,678	73,678	
Health services	392,625	504,403	504,403	
Other student support	950,134	971,637	971,637	
Regular instruction program - support	1,453,556	1,347,850	1,347,850	
Special education program - support	641,222	329,090	329,090	
Board of education	1,068,760	1,010,899	1,010,899	
Office of superintendent	312,168	290,250	290,250	
Office of principal	2,425,283	2,771,229	2,771,229	
Fiscal services	509,042	509,960	509,960	
Operation of plant	4,724,602	4,506,554	4,506,554	
Maintenance of plant	1,273,339	1,213,788	1,213,788	
Transportation	1,534,636	1,804,524	1,804,524	
Information technology	719,895	1,232,282	1,232,282	
Community services	261,315	349,303	349,303	
Early childhod education	543,647	603,004	603,004	
Indigent children		11,526	11,526	
Personnel services	251,734	323,200	323,200	
Capital outlay	500,000	523,620	523,620	
	$ 51,168,970	$ 54,097,926	$ 54,097,926	$ -0-
Excess of Revenues Over (Under) Expenditures	$ (4,782,299)	$ (6,917,149)	$ (6,755,273)	$ 161,876
Other Financing Sources and (Uses) -				
Transfers in	4,810,103	4,810,103	4,810,103	
Net change in fund balance (Budgetary basis)	$ 27,804	$ (2,107,046)	$ (1,945,170)	$ 161,876
Adjustment for encumbrances			1,624,335	
Net change in fund balance (GAAP basis)			$ (320,835)	
Fund Balance at beginning of year			7,281,075	
Fund Balance at end of year			$ 6,960,240	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Balance Sheet
Proprietary Funds

June 30, 2011

	Business-Type Activities				Governmental Activities
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds	Totals	Internal Service Funds
ASSETS					
Current Assets -					
Cash and cash equivalents	$ 16,114,603	$ 22,759,950	$ 27,086	$ 38,901,639	$ 12,542,147
Receivables -					
Accounts	1,690,950	14,659,296	118,365	16,468,611	
Other capital assets, net of depreciation					153,225
Due from other governments	119,680	122,589		242,269	10,167
Due from other funds	5,006,964		8,963,891	13,970,855	22,394
Inventories	674,346	2,064,564	58,043	2,796,953	162,555
Prepaid items and other assets	118,516	270,889	14,383	403,788	520
Total Current Assets	$ 23,725,059	$ 39,877,288	$ 9,181,768	$ 72,784,115	$ 12,891,008
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	$ 25,118,563			$ 25,118,563	
Certificates of deposit					$ 500,000
Conservation loans receivable		$ 1,482,700		1,482,700	
Deferred charges	535,771	765,717		1,301,488	
Capital assets -					
Land and construction in progress	26,099,029	11,964,481	$ 1,578,856	39,642,366	
Other capital assets, net of depreciation	335,764,473	108,447,505	862,622	445,074,600	
Total Noncurrent Assets	$ 387,517,836	$ 122,660,403	$ 2,441,478	$ 512,619,717	$ 500,000
Total Assets	$ 411,242,895	$ 162,537,691	$ 11,623,246	$ 585,403,832	$ 13,391,008
LIABILITIES AND NET ASSETS					
Current Liabilities -					
Accounts payable	$ 774,610	$ 21,244,891	$ 244,995	$ 22,264,496	$ 1,013,172
Accrued and withheld liabilities	145,218	580,484	3,918	729,620	7,679
Due to other funds	9,201,221		5,073,074	14,274,295	851
Deposits held	204,106	5,683,943		5,888,049	
Compensated absences	914,705			914,705	
Claims and judgments payable					2,295,204
Bonds and loans payable	6,459,020	3,529,078		9,988,098	
Total Current Liabilities	$ 17,698,880	$ 31,038,396	$ 5,321,987	$ 54,059,263	$ 3,316,906
Noncurrent Liabilities -					
Compensated absences	$ 852,206	$ 1,327,349		$ 2,179,555	
Claims and judgments payable					$ 3,688,796
Post-employment benefit obligation	3,275,438	1,735,582		5,011,020	
Bonds and loans payable	106,773,276	15,895,656		122,668,932	
Advances on conservation loans		1,515,435		1,515,435	
Other liabilities		62,553		62,553	
Total Noncurrent Liabilities	$ 110,900,920	$ 20,536,575		$ 131,437,495	$ 3,688,796
Total Liabilities	$ 128,599,800	$ 51,574,971	$ 5,321,987	$ 185,496,758	$ 7,005,702
Net Assets -					
Invested in capital assets, net of related debt	$ 248,631,206	$ 101,066,686	$ 223,202	$ 349,921,094	
Restricted for capital activity	23,504,845			23,504,845	
Restricted for debt service	1,613,718			1,613,718	
Unrestricted	8,893,326	9,896,034	6,078,057	24,867,417	$ 6,385,306
Total Net Assets	$ 282,643,095	$ 110,962,720	$ 6,301,259	$ 399,907,074	$ 6,385,306
Total Liabilities and Net Assets	$ 411,242,895	$ 162,537,691	$ 11,623,246	$ 585,403,832	$ 13,391,008
Total Net Assets				$ 399,907,074	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				2,542,761	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				397,383	
Net Assets of Business-Type Activities				$ 402,847,218	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2011

	Business-Type Activities				Governmental Activities
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating Revenues -					
Charges for services	$ 31,434,063	$ 160,004,748	$ 2,927,684	$ 194,366,495	$ 17,116,339
Intergovernmental revenues					7,241
Other revenues					207,123
	$ 31,434,063	$ 160,004,748	$ 2,927,684	$ 194,366,495	$ 17,330,703
Operating Expenses -					
Power purchases		$ 128,838,097		$ 128,838,097	
Other operating expenses	$ 16,329,022	7,442,864	$ 1,165,647	24,937,533	$ 2,962,066
Claims and administrative					13,796,591
Depreciation and amortization	8,972,678	5,339,737	128,508	14,440,923	
Maintenance and repairs	1,013,517	2,880,722		3,894,239	
Taxes and tax equivalents		1,111,313		1,111,313	
	$ 26,315,217	$ 145,612,733	$ 1,294,155	$ 173,222,105	$ 16,758,657
Operating Income (Loss)	$ 5,118,846	$ 14,392,015	$ 1,633,529	$ 21,144,390	$ 572,046
Nonoperating Revenues -					
Interest	$ 356,355	$ 31,423		$ 387,778	$ 31,827
Non capital related grants		122,589		122,589	
Gain on disposal of assets	19,350			19,350	
	$ 375,705	$ 154,012		$ 529,717	$ 31,827
Nonoperating Expenses -					
Interest	$ 3,366,635	$ 362,285		$ 3,728,920	
Income (Loss) Before Capital Contributions and Transfers	$ 2,127,916	$ 14,183,742	$ 1,633,529	$ 17,945,187	$ 603,873
Capital contributions	$ 5,478,570		$ 54,645	$ 5,533,215	
Transfers in			62,046	62,046	
Transfers out		$ (2,706,122)		(2,706,122)	
	$ 5,478,570	$ (2,706,122)	$ 116,691	$ 2,889,139	
Change in Net Assets	$ 7,606,486	$ 11,477,620	$ 1,750,220	$ 20,834,326	$ 603,873
Net Assets at beginning of year, as previously stated	$ 275,036,609	$ 99,485,100	$ 3,814,112	$ 378,335,821	$ 5,781,433
Prior period adjustment			736,927	736,927	
Net Assets at beginning of year, as restated	$ 275,036,609	$ 99,485,100	$ 4,551,039	$ 379,072,748	$ 5,781,433
Net Assets at end of year	$ 282,643,095	$ 110,962,720	$ 6,301,259	$ 399,907,074	$ 6,385,306
Change in Net Assets				$ 20,834,326	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				443,809	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				87,411	
Change in Net Assets of Business-Type Activities				$ 21,365,546	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2011

	Business-Type Activities				Governmental Activities
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash Flows from Operating Activities -					
Cash received from customers	$ 31,592,562	$ 152,221,220	$ 423,150	$ 184,236,932	
Cash payments to suppliers	(9,196,201)	(3,335,660)	(186,864)	(12,718,725)	$ (1,553,442)
Cash payments to employees	(6,133,497)	(8,165,636)	(280,738)	(14,579,871)	(772,519)
Cash payments to TVA for power		(118,148,305)		(118,148,305)	
Cash payments of property taxes		(785,648)		(785,648)	
Cash received from interfund services provided					17,106,862
Cash payments of claims and administrative expenses					(13,561,508)
Other receipts (payments)					(448,989)
Net Cash Provided (Used) by Operating Activities	$ 16,262,864	$ 21,785,971	$ (44,452)	$ 38,004,383	$ 770,404
Cash Flows from Noncapital Financing Activities -					
Advances on TVA conservation loans		$ 430,310		$ 430,310	
Transfers in			$ 62,046	62,046	
Transfers out		(2,706,121)		(2,706,121)	
Net Cash Provided (Used) by Noncapital Financing Activities		$ (2,275,811)	$ 62,046	$ (2,213,765)	
Cash Flows from Capital and Related Financing Activities -					
Acquisition and construction of capital assets	$ (2,796,603)	$ (9,304,664)	$ (10,000)	$ (12,111,267)	
Net removal costs of capital assets		(204,779)		(204,779)	
Proceeds from sale of assets	19,350			19,350	
Proceeds from bonds and loans		6,871,489		6,871,489	
Principal payment on bonds and loans	(7,273,189)	(3,473,650)		(10,746,839)	
Bond and debt issuance costs (payments)	(192,350)			(192,350)	
Interest paid on bonds and loans	(3,366,635)	(366,851)		(3,733,486)	
Net Cash Provided (Used) by Capital and Related Financing Activities	$ (13,609,427)	$ (6,478,455)	$ (10,000)	$ (20,097,882)	
Cash Flows From Investing Activities -					
Interest received	$ 356,355	$ 31,423		$ 387,778	$ 31,827
Net Cash Provided (Used) by Investing Activities	$ 356,355	$ 31,423		$ 387,778	$ 31,827
Net Increase (Decrease) in cash and cash equivalents	$ 3,009,792	$ 13,063,128	$ 7,594	$ 16,080,514	$ 802,231
Cash and Cash Equivalents at beginning of year	38,223,374	9,696,822	19,492	47,939,688	11,739,916
Cash and Cash Equivalents at end of year	$ 41,233,166	$ 22,759,950	$ 27,086	$ 64,020,202	$ 12,542,147

(continued)

CITY OF MURFREESBORO, TENNESSEE

Statement of Cash Flows (continued)
Proprietary Funds

Year Ended June 30, 2011

	Business-Type Activities				Governmental Activities
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 5,118,846	$ 14,392,015	$ 1,633,529	$ 21,144,390	$ 572,046
Adjustments to reconcile net earnings to net cash provided (used) by operating activities					
Depreciation and amortization	9,217,373	5,435,154	128,508	14,781,035	
Provision for doubtful accounts	49,289			49,289	
Gain on disposal of assets	(19,350)			(19,350)	
Changes in assets and liabilities -					
Accounts receivable	108,187	(7,666,649)	1,835	(7,556,627)	
Due from other funds	(1,900,575)		(2,506,369)	(4,406,944)	(7,476)
Due from other governments	40,456			40,456	(5,144)
Inventory	40,203	154,195	(7,536)	186,862	(20,576)
Prepaid items and other assets	(2,533)	(157,340)	10,953	(148,920)	132,524
Conservation loans receivable		(430,170)		(430,170)	
Deferred charges		(3,762)		(3,762)	
Accounts payable	(72,688)	10,277,144	240,044	10,444,500	102,558
Contracts and retainage payable	(79,036)			(79,036)	
Due to other funds	2,597,154		454,508	3,051,662	(5,926)
Accrued and withheld liabilities	144,135	(1,056,147)	76	(911,936)	2,398
Post-employment benefit obligation	878,672	507,645		1,386,317	
Other liabilities		(22,848)		(22,848)	
Deposits	(6,193)	313,291		307,098	
Accrued compensated absences	148,924	43,443		192,367	
Net Cash Provided (Used) by Operating Activities	$ 16,262,864	$ 21,785,971	$ (44,452)	$ 38,004,383	$ 770,404
Non-Cash Capital and Related Financing Activities -					
Utility acquisition debt incurred		$ 80,156		$ 80,156	
Contributions in aid of construction	$ 5,478,570		$ 54,645	5,533,215	
Capital asset transfers and acquisitions from other funds			963,354	963,354	
	$ 5,478,570	$ 80,156	$ 1,017,999	$ 6,576,725	
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Assets -					
Cash and cash equivalents	$ 16,114,603	$ 22,759,950	$ 27,086	$ 38,901,639	$ 12,542,147
Cash and cash equivalents - restricted	25,118,563			25,118,563	
Cash and cash equivalents at end of year	$ 41,233,166	$ 22,759,950	$ 27,086	$ 64,020,202	$ 12,542,147
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	$ 8,972,678	$ 5,339,737	$ 128,508	$ 14,440,923	
Depreciation and amortization expense charged to operations and maintenance expense on Statement of Revenues, Expenses, and Changes in Net Assets	244,695	95,417		340,112	
Depreciation and amortization expense per Statement of Cash Flows	$ 9,217,373	$ 5,435,154	$ 128,508	$ 14,781,035	

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Net Assets
Fiduciary Funds

June 30, 2011

	Pension Trust Funds	Extended School Program Private Purpose Trust Fund	School Activity Agency Fund
ASSETS			
Cash and cash equivalents	$ 2,706,025	$ 3,122	$ 467,317
Certificates of deposit		156,631	80,925
Investments, at fair value			
Mutual funds	50,219,526		
U.S. Government notes and bonds	15,060,582		
Corporate notes and bonds	17,232,314		
Common stock	20,533,828		
Accrued interest receivable	53,833		
Contributions receivable	290,983		
Other receivables			5,428
Inventory			10,900
	$ 106,097,091	$ 159,753	$ 564,570
LIABILITIES			
Due to others			$ 564,570
			$ 564,570
NET ASSETS			
Net Assets -			
Held in trust for pension benefits and other purposes	$ 106,097,091	$ 159,753	$ - 0 -

See notes to financial statements.

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Net Assets
Fiduciary Funds

Year Ended June 30, 2011

	Pension Trust Funds	Extended School Program Private Purpose Trust Fund
Additions -		
Contributions -		
Employer	$ 5,414,900	
Investment income-		
Net appreciation in fair value of investments	$ 14,172,974	
Interest	1,353,425	$ 3,707
Dividends	1,442,475	
Total investment income	$ 16,968,874	$ 3,707
Less investment fees	(59,738)	
Net investment income	$ 16,909,136	$ 3,707
Total additions	$ 22,324,036	$ 3,707
Deductions -		
Benefits to participants	$ 3,639,174	
Insurance premiums	516,712	
Total deductions	$ 4,155,886	
Net Increase (Decrease)	$ 18,168,150	$ 3,707
Net Assets Held in Trust for Pension Benefits -		
Beginning of year	87,928,941	156,046
End of year	$ 106,097,091	$ 159,753

See notes to financial statements.

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.

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.

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

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2010 TML Loan Fund – The 2010 TML loan fund is a capital projects fund used to account for the acquisition and construction of capital projects which are financed by the issuance of a TML Loan.

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.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)
When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

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

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

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

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

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

	Governmental Activities			Business-Type Activities	
	General Fund	2010 TML Funds	Other Governmental Funds	Murfreesboro Water and Sewer	Total
Restricted assets -					
Cash and cash equivalents	$ 583,119	$ 28,820,080	$ 2,046,027	$ 25,118,563	$ 56,567,789
Investments			1,787,633		1,787,633
	$ 583,119	$ 28,820,080	$ 3,833,660	$ 25,118,563	$ 58,355,422

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, 2011 is $583,119.

Proceeds from the 2010 TML loan are required by the loan agreement to be kept separate and apart from all other funds of the City to be spent for capital projects as outlined in the loan agreement. The amount of restricted funds in the 2010 TML fund at June 30, 2011 is $28,820,080.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Assets or Equity (continued)

Amounts received from outside sources have been classified as restricted assets on the balance sheets of the nonmajor capital project funds. These amounts are maintained in separate bank accounts and their use is limited by outside sources. At June 30, 2011, $360,317 is restricted for payments to engineers for the reconstruction of Middle Tennessee Boulevard. Also, amounts required to be set aside in separate bank accounts by the State of Tennessee for certain road projects in the amount of $1,613,683 have been classified as restricted at June 30, 2011.

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 $72,027 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2011. 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, 2011, $62,046 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, 2011 is $1,787,633.

Restricted Assets – Business-type Activities –

The Water and Sewer Department has restricted certain funds. At June 30, 2011, Water and Sewer connection fees in the amount of $20,971,804 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 $214,968. 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, 2011, $2,318,073 was restricted for this purpose. Certain other amounts have been restricted for future year debt payments. The future debt reserve 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, 2011 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, 2011, 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

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Assets or Equity (continued)

which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

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

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

Buildings and improvements	5-50 years
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

Total depreciation and amortization expense for proprietary funds amounted to $14,781,035 for the year ended June 30, 2011. 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:

	Total Proprietary Funds
Depreciation and amortization on statement of cash flows	$ 14,781,035
Depreciation and amortization on statement of revenues, expenses, and changes in net assets	14,440,923
Difference (depreciation charged to other operating expense accounts)	$ 340,112

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.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Assets or Equity (continued)

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

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

Allowance for Uncollectible Accounts – The City's allowance for estimated uncollectible receivables at June 30, 2011 is as follows:

	General Fund	Enterprise Fund
Allowance for -		
Taxes Receivable	$ 2,234,031	
Other	1,542,830	
Accounts Receivable		$ 18,076

An allowance for uncollectible accounts was not considered necessary for the Murfreesboro Electric Department and the Murfreesboro Water and Sewer Department at June 30, 2011.

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 balance – Governmental funds utilitize a fund balance presentation of equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable Fund Balance –
Nonspendable fund balance represents amounts that cannot be spent because they are either not in a spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance –
Restricted fund balance represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed Fund Balance –
Committed fund balance represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same type of action previously used to commit those amounts, either by resolution or by ordinance.

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Assets or Equity (continued)

Assigned Fund Balance –

Assigned fund balance represents the amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. The City Manager has been granted the ability to assign amounts to a specific purpose in the City's Financial Policy Statements.

Unassigned Fund Balance –

Unassigned fund balance represents the residual classification for the general fund or deficit balances in other funds.

	General Fund	General Purpose School Fund	Debt Service Fund	2010 TML Loan Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable						
Fuel inventory	$ 171,097					$ 171,097
Golf inventory	78,490					78,490
Airport inventory					$ 48,292	48,292
Cafeteria inventory					101,957	101,957
Prepaids	31,236					31,236
Permanent fund					1,675,280	1,675,280
Restricted						
State road projects	213,215					213,215
Law enforcement	257,236				195,121	452,357
Recreation projects	72,340					72,340
State street aid					1,573,926	1,573,926
125 benefit plan	2,214					2,214
Capital projects				$ 25,840,456	1,602,781	27,443,237
School cafeteria					74,602	74,602
Committed						
State street aid					9,218	9,218
Law enforcement					93,659	93,659
Airport					303,394	303,394
Community development					83	83
Education		$ 6,960,240				6,960,240
School cafeteria					1,045,699	1,045,699
Extended school program					731,729	731,729
Assigned						
Recreation projects	9,142					9,142
School debt	248,071					248,071
Public golf courses	327,571					327,571
Budgetary assignment	4,810,909					4,810,909
Debt service			$ 4,799,289			4,799,289
Cemetery operations					228,943	228,943
Unassigned	42,230,413				(2,327,903)	39,902,510
	$ 48,451,934	$ 6,960,240	$ 4,799,289	$ 25,840,456	$ 5,356,781	$ 91,408,700

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Assets or Equity (continued)

	General Fund	General Purpose School Fund	Debt Service Fund	2010 TML Loan Fund	Other Governmental Funds	Total Governmental Funds
Summary for Governmental Funds Balance Sheet						
Nonspendable	$ 280,823				$ 1,825,529	$ 2,106,352
Restricted	545,005			$ 25,840,456	3,446,430	29,831,891
Comitted		$ 6,960,240			2,183,782	9,144,022
Assigned	5,395,693		$ 4,799,289		228,943	10,423,925
Unassigned	42,230,413				(2,327,903)	39,902,510
Total fund balances	$ 48,451,934	$ 6,960,240	$ 4,799,289	$ 25,840,456	$ 5,356,781	$ 91,408,700

Spending Policy –
Revenues earned may be restricted, committed, assigned or unassigned depending on the fund type.

If there is no provision in a grantor agreement regarding earnings on grant proceeds reported in the general fund, earnings will be unassigned for use of the general fund.

If a grant agreement involves a local match, the match will be considered assigned for the purpose of the grant by the Mayor and Council upon approval of the grant.

Unless otherwise stated, fund balance will be spent in the following order:

- Restricted
- Committed
- Assigned
- Unassigned

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 $249,785,097 difference are as follows:

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

General Government -	
General Obligation Refunding Bonds	$ 45,510,000
Add: Unamortized Premium	5,378,343
TML Notes Payable	167,584,136
Capital lease obligation	403,894
Capital Outlay Note	2,354,350
Compensated absences	6,899,891
Post-employment benefit obligation	20,061,653
Landfill post-closure costs	1,425,000
Murfreesboro City Schools	
Compensated absences	167,830
	$ 249,785,097

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 $7,504,531 difference are as follows:

Capital outlay	$ 23,636,592
Depreciation	(16,132,061)
Net adjustment	$ 7,504,531

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 $370,864 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.	$ (382,739)
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.	753,603
Net adjustment	$ 370,864

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 $(36,918,879) difference are as follows:

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

Debt issued or incurred	$	(52,474,806)
Amortization of premium		597,594
Principal repayments		20,699,775
Amortization of loan costs		(130,593)
Increase in capital lease obligations		(538,526)
Payments on capital lease obligations		134,632
Increase in OPEB liability		(5,206,955)
Net adjustment	$	(36,918,879)

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 Funds

Special Revenue Funds – State Street Aid Fund, Airport Fund, Drug Enforcement Fund, Community Development 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, Gateway Project Fund, 1998 TML Fund, 1999 TML Fund, 2001 TML Fund, 2004 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	Extended School Private Purpose Trust Fund
Pension Trust Funds	Permanent Fund	

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.

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

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, 2011 is presented as follows:

	General Purpose School Fund
Net change in fund balance (Budgetary Basis)	$ (1,945,170)
Adjustments:	
To adjust for net change in encumbrances	1,624,335
Net change in fund balance (GAAP Basis)	$ (320,835)

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.

Note E – CASH AND INVESTMENTS

Investments – As of June 30, 2011, 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	$ 2,921,757	$ 1,163,242	$ 1,068,460	$ 690,055	
Federal Home Loan Bank	1,008,376		356,522	651,854	
Federal Home Loan Mortgage Corp.	1,733,665				$ 1,733,665
Federal National Mortgage Assoc.	4,705,792			126,671	4,579,121
Federal Farm Credit Bank	2,183,611		525,209	1,658,402	
Government National Mortgage Assoc.	330,970				330,970
Corporate Bonds & Notes	13,477,677	464,286	8,521,681	3,880,785	610,925
Total	$ 26,361,848	$ 1,627,528	$ 10,471,872	$ 7,007,767	$ 7,254,681
Electric Department Pension Plan					
Federal Home Loan Bank	$ 568,727		$ 104,481	$ 464,246	
Federal Farm Credit Bank	1,407,420			1,407,420	
Federal National Mortgage Assoc.	200,264				$ 200,264
Corporate Bonds & Notes	3,754,637		2,884,281	870,356	
Total	$ 5,931,048		$ 2,988,762	$ 2,742,022	$ 200,264
Perpetual Care Cemetery Fund					
Federal Home Loan Bank	$ 349,945	$ 50,078	$ 77,445	$ 222,422	
Federal Farm Credit Bank	309,262		25,004	284,258	
Corporate Bonds & Notes	665,725		505,606	160,119	
Total	$ 1,324,932	$ 50,078	$ 608,055	$ 666,799	

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, 2011, 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, 2011, the City had investments in corporate bonds rated by Moody's as presented as follows:

Note E – CASH AND INVESTMENTS (continued)

Moody's Rating	City's Pension Plan	Electric Department Pension Plan	Perpetual Care Cemetery
A1	$ 2,313,492	$ 354,646	$ 109,424
A2	4,012,323	1,255,149	241,292
A3	211,031		28,162
AA1	204,292		
AA2	1,399,750	601,092	108,590
AA3	579,840	105,869	
AAA	336,211	69,211	26,698
BA1	22,669		
BA2	52,885		
BAA1	1,522,412	1,089,636	26,199
BAA2	1,911,827	102,956	100,206
BAA3	404,742	176,078	25,154
NR	506,203		
	$ 13,477,677	$ 3,754,637	$ 665,725

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, 2011, 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, 2011.

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, $13,477,677, $3,754,637 and $665,725 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.

Note F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

Governmental activities -	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated -				
Land	$ 241,332,693	$ 3,780,213	$ 280,690	$ 244,832,216
Construction in progress	31,988,842	19,539,638	29,900,145	21,628,335
Subtotal	$ 273,321,535	$ 23,319,851	$ 30,180,835	$ 266,460,551
Capital assets, being depreciated -				
Buildings	$ 124,315,712	$ 4,279,479	$ 47,729	$ 128,547,462
Improvements other than buildings	61,220,267	4,619,300	89,000	65,750,567
Equipment	47,275,379	5,573,576	737,773	52,111,182
Computer software	1,289,272	716,186		2,005,458
Infrastructure	286,754,648	15,781,949		302,536,597
Subtotal	$ 520,855,278	$ 30,970,490	$ 874,502	$ 550,951,266
Less accumulated depreciation				
Buildings	$ (30,032,648)	$ (2,653,357)	$ 19,282	$ (32,666,723)
Improvements other than buildings	(22,145,855)	(2,991,729)	89,000	(25,048,584)
Equipment	(28,978,205)	(3,741,381)	664,171	(32,055,415)
Computer software	(413,627)	(88,430)		(502,057)
Infrastructure	(58,244,387)	(6,657,164)		(64,901,551)
Subtotal	$ (139,814,722)	$ (16,132,061)	$ 772,453	$ (155,174,330)
Capital assets, being depreciated, net	$ 381,040,556	$ 14,838,429	$ 102,049	$ 395,776,936
Capital assets, net	$ 654,362,091	$ 38,158,280	$ 30,282,884	$ 662,237,487

Note F – CAPITAL ASSETS (continued)

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

Governmental activities -	
General government	$ 460,658
Police	776,741
Fire protection	595,470
Human resources	2,143
Streets and signs	6,800,055
Planning and engineering	26,279
Building and codes	1,841
Solid waste	813,489
Transportation	147,388
Urban environmental	34,951
Public health, safety and other	102,343
Community services	337,003
Recreation	3,150,558
Education	2,883,142
Total governmental activities depreciation expense	$ 16,132,061

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-type activities -				
Capital assets, not being depreciated				
Land	$ 21,657,733	$ 423,600		$ 22,081,333
Construction in progress	87,185,587	8,856,033	$ 78,480,587	17,561,033
Subtotal	$ 108,843,320	$ 9,279,633	$ 78,480,587	$ 39,642,366
Capital assets, being depreciated -				
Structures and improvements	$ 68,541,791	$ 31,985,715	$ 19,952	$ 100,507,554
Transmission and distribution mains	263,510,731	28,642,773	368,900	291,784,604
Electric plant	131,692,721	11,033,721	1,139,348	141,587,094
Equipment	35,822,491	16,203,719	291,302	51,734,908
Subtotal	$ 499,567,734	$ 87,865,928	$ 1,819,502	$ 585,614,160
Less: accumulated depreciation -				
Structures and improvements	$ (12,175,359)	$ (1,674,523)	$ (18,172)	$ (13,831,710)
Transmission and distribution mains	(62,675,262)	(5,527,989)	(368,900)	(67,834,351)
Electric plant	(32,795,404)	(5,044,526)	(1,357,251)	(36,482,679)
Equipment	(20,145,335)	(2,522,076)	(276,591)	(22,390,820)
	$ (127,791,360)	$ (14,769,114)	$ (2,020,914)	$ (140,539,560)
Capital assets, being depreciated, net	$ 371,776,374	$ 73,096,814	$ (201,412)	$ 445,074,600
Capital assets, net	$ 480,619,694	$ 82,376,447	$ 78,279,175	$ 484,716,966

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, 2011 are $372,157.

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

Business-type activities:	
Water and sewer	$ 9,217,373
Electric	5,423,231
Cemetery	26,500
Stormwater fund	102,010
Total business-type activities depreciation expense	$ 14,769,114

Note G – LONG-TERM LIABILITIES

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%. Certain bonds are subject to federal arbitrage regulations. 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.

Year Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
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	3,855,000	899,250
2017-2020	14,130,000	1,597,750
	$ 45,510,000	$ 9,200,000

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 2012-2021 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 2012-2026 and bear interest at rates ranging from 2.00% to 5.00%. The new bonds are secured by a pledge of net revenues from operations.

Note G – LONG-TERM LIABILITIES (continued)

Revenue bonds outstanding at the end of the year are as follows:

Purpose	Interest Rates	Amount
Electric Department – Series 2009	2.00-3.75%	$ 10,035,000
Water and Sewer Department – Series 2009	2.00-5.00%	36,255,000
		$ 46,290,000

Maturities of the revenue bonds are as follows:

Year Ending June 30,	Principal	Interest
2012	$ 4,380,000	$ 1,779,038
2013	4,840,000	1,605,738
2014	4,930,000	1,500,338
2015	2,440,000	1,314,312
2016	2,525,000	1,222,300
2017-2021	14,210,000	4,401,274
2022-2026	12,965,000	1,331,200
	$ 46,290,000	$ 13,154,200

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:

Purpose	Interest Rates	Amount
Governmental activities	Variable	$ 119,984,136
Governmental activities	2.89%	47,600,000
		$ 167,584,136
Business-type activities	Variable	47,378,691
		$ 214,962,827

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	Governmental Activities		Business-type Activities	
June 30,	Principal	Interest	Principal	Interest
2012	$ 14,176,310	$ 1,912,942	$ 2,500,000	$ 1,873,979
2013	14,503,440	1,778,647	2,611,000	1,778,267
2014	14,879,860	1,641,100	2,726,000	1,678,304
2015	14,005,480	1,500,421	2,847,000	1,573,928
2016	12,795,925	1,361,326	2,973,000	1,464,909
2017-2021	65,356,907	4,768,206	16,956,000	5,512,810
2022-2026	31,866,214	1,437,908	16,260,000	2,089,270
2027			505,691	22,757
	$ 167,584,136	$ 14,400,550	$ 47,378,691	$ 15,994,224

Note G – LONG-TERM LIABILITIES (continued)

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
2012	$ 237,000	$ 145,814
2013	254,000	129,793
2014	270,000	112,693
2015	288,000	94,486
2016	306,000	75,101
2017-2020	999,350	107,980
	$ 2,354,350	$ 665,867

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, 2011, the Department made a purchase of $94,914 representing $1,741 in net plant allocated to specific plant accounts and $93,172 in lost revenue allocated to plant acquisition adjustments. After paying a down payment on each of the transactions, the remaining balance of $80,157 is payable annually in equal installments over a ten year period. Currently, the annual payments due on prior purchases total $202,987 as of June 30, 2011.

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, 2011. 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,	Principal	Interest
2012	$ 2,905,020	$ 1,445,604
2013	3,030,168	1,320,456
2014	3,160,716	1,189,908
2015	3,296,880	1,053,744
2016	3,438,912	911,712
2017-2021	19,365,471	2,213,556
2022-2024	384,424	22,392
	$ 35,581,591	$ 8,157,372

Note G – LONG-TERM LIABILITIES (continued)

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
Governmental Activities -					
General Obligation refunding bonds	$ 55,215,000		$ 9,705,000	$ 45,510,000	$ 8,090,000
Add: Premium on refunding	5,975,937		597,594	5,378,343	
General Obligation refunding bonds reported by Water and Sewer Fund (1)	(363,125)		(363,125)		
	$ 60,827,812		$ 9,939,469	$ 50,888,343	$ 8,090,000
Capital lease obligation		$ 538,526	134,632	403,894	134,600
Capital outlay notes	2,578,350		224,000	2,354,350	237,000
Tennessee Municipal Bond Fund Loans	126,243,230	52,474,806	11,133,900	167,584,136	14,176,310
	$ 189,649,392	$ 53,013,332	$ 21,432,001	$ 221,230,723	$ 22,637,910
Estimated landfill closure costs	1,425,000			1,425,000	85,000
Compensated absences	6,668,923	2,044,207	1,645,409	7,067,721	1,090,866
Post-employment benefit obligation	14,854,698	5,206,955		20,061,653	
Claims and judgements	5,879,000	2,543,595	2,438,595	5,984,000	2,295,204
Governmental activity - Long-term liabilities	$ 218,477,013	$ 62,808,089	$ 25,516,005	$ 255,769,097	$ 26,108,980
Business-type Activities -					
Revenue Bonds	$ 51,270,000		$ 4,980,000	$ 46,290,000	$ 4,380,000
General Obligation Debt (1)	363,125		363,125		
Matured bonds payable	36,000			36,000	
Add: premium on refunding	2,878,792		239,778	2,639,014	
Less: deferred amount - on refunding	(104,576)		(6,469)	(98,107)	
	$ 54,443,341		$ 5,576,434	$ 48,866,907	$ 4,380,000
State revolving loan	38,366,654		2,785,063	35,581,591	2,905,020
Compensated absences	2,901,893	$ 483,669	291,302	3,094,260	914,705
Post-employment benefit obligation	3,624,703	1,386,317		5,011,020	
Tennessee Municipal Bond Fund Loans	42,903,203	6,871,491	2,396,003	47,378,691	2,500,000
Loans payable - Utility plant acquisition	963,430	80,156	213,745	829,841	203,078
Business-type activity - Long-term liabilities	$ 143,203,224	$ 8,821,633	$ 11,262,547	$ 140,762,310	$ 10,902,803

Capital Lease – The Murfreesboro City Schools (MCS) lease certain equipment under an agreement that is classified as a capital lease. The remaining capital lease obligation is $403,894 at June 30, 2011. Payments due on the lease are approximately $134,600 due in equal installments in 2012 through 2014. The lease bears no interest and MCS has imputed no interest as the amount is not considered material. The cost of equipment under capital leases is included in the statement of net assets as equipment and was $538,526 at June 30, 2011. Accumulated amortization of leased equipment at June 30, 2011 was $127,900. Amortization of assets under the capital lease is included in depreciation expense.

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, $5,984,000 of internal service funds claims and judgments are included in the above amounts. For governmental activities, compensated absences, net pension obligations and other postemployment benefit obligations are generally liquidated by the general fund and claims and judgments are liquidated by the risk management fund.

Note H – CONSERVATION PROGRAMS

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2011, outstanding funds advanced by TVA totaled $1,515,435 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, 2011, the outstanding receivables for loans made from these funds amounted to $1,482,700.

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). The City also provides one defined contribution plan (the City of Murfreesboro Employees' Pension Plan – Defined Contribution) 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.

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 – Defined Benefit – 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 are not 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 were regularly employed for at least 30 hours per week for at least six months of the year became 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 12.57% 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) at June 30, 2010 in the amount of $537,975. The amount funded was less than the required amount for the fiscal year ending 2011 resulting in a cumulative positive Net Pension Obligation of $31,740.

Note I – EMPLOYEE PENSION PLANS (continued)

The normal retirement benefit, one twelfth of which is payable monthly for life, with the first 60 payments guaranteed, is equal to 2% of average earnings, multiplied by the total years of employment not in excess of 30 years. "Average earnings" is the average annual basic earnings of a member for the five consecutive years of employment which produce the highest average.

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

Investment in Mutual Fund	Amount	Percentage of Net Assets
Dodge & Cox International Stock Fund	$ 9,073,151	10.27%
PIMCO Global Bond Fund	$ 6,269,944	7.10%
Legg Mason Global Opp Bond Fund	$ 6,746,224	7.64%

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 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.

Note I – EMPLOYEE PENSION PLANS (continued)

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

Investment in Mutual Fund		Amount	Percentage of Net Assets
DFA US Vector Equity Portfolio	$	2,186,762	14.60%
DFA US Core Equity Portfolio		1,312,916	8.76%
DFA US Large Cap Value Portfolio		1,771,913	11.83%
DFA Real Estate Securities Portfolio		934,382	6.24%
FSA International Value Portfolio #45		846,122	5.65%

Contributions, Membership and Funding Requirements -

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

	Murfreesboro Electric Department Pension	City of Murfreesboro Employees' Pension
Retired Participants and Terminated Participants with Deferred Vested Benefits	40	343
Active Participants	79	869
	119	1,212

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

Note I – EMPLOYEE PENSION PLANS (continued)

	Murfreesboro Electric Department Pension	City of Murfreesboro Employees' Pension
Annual pension cost	$ 930,409	$ 5,130,945
Contributions made	$ 930,409	$ 4,561,230
Actuarial valuation date	July 1, 2011	July 1, 2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar	Level dollar
Amortization period - open	30 years	30 years
Remaining amortization period	14 years	26 years
Asset valuation method	Market	Five-year Smoothing
Actuarial assumptions:		
Investment rate of return	7.0%	7.3%
Projected salary increases	4.5%	4.0%
Inflation rate	N/A	N/A

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
Murfreesboro Electric Department Pension	06/30/09	$ 793,813	100.00%	$ -0-
	06/30/10	$ 1,145,337	100.00%	$ -0-
	06/30/11	$ 930,409	100.00%	$ -0-
City of Murfreesboro Employee's Pension	07/01/09	$ 4,453,252	100.97%	$ (1,096,887)
	07/01/10	$ 5,007,182	88.84%	$ (537,975)
	07/01/11	$ 5,130,945	88.90%	$ 31,740

Note I – EMPLOYEE PENSION PLANS (continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
Murfreesboro Electric Department Pension:						
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%
07/01/11	$ 14,979,684	$ 16,476,417	$ 1,496,733	90.9%	$ 4,744,690	31.5%
City of Murfreesboro Employees' Pension						
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%
07/01/11	$ 89,430,262	$ 104,868,389	$ 15,438,127	85.3%	$ 37,539,589	41.1%

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

Annual Required Contribution	$ 5,123,682
Interest on net pension obligation	(40,348)
Adjustment to annual required contribution	47,611
Annual pension cost	$ 5,130,945
Contributions made	(4,561,230)
Increase in net pension obligation	$ 569,715
Net pension obligation beginning of year	(537,975)
Net pension obligation end of year	$ 31,740

City of Murfreesboro Employees' Pension Plan – Defined Contribution – Effective July 1, 2010, a defined contribution plan has been implemented by the City. In accordance with the City code, subject to approval by the City Council, pension plan provisions (including contribution requirements) may be established or amended by the pension committee. The defined contribution plan covers all full-time City employees, except those employees of the school system, Evergreen Cemetery Commission and the electric department, hired on or after July 1, 2010. The provisions of this plan require a three percent mandatory employee contribution, with a maximum employee contribution set at eight percent. The City matches 100% of the employee contributions up to eight percent. Employees become 100% vested in the plan after five years of full-time employment. Both the member contribution and the employer contribution for the year ended June 30, 2011 is $15,011.

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.

Note I – EMPLOYEE PENSION PLANS (continued)

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, 2011 was 12.82% 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, 2011, the Murfreesboro City School System's annual pension cost of $932,148 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 3.0 percent annual inflation rate (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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, 2009 was 6 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/09	$ 826,038	100.00%	$ -0-
06/30/10	$ 826,790	100.00%	$ -0-
06/30/11	$ 932,148	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 $16.7 million, and the actuarial value of assets was $14.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of $2.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $6.8 million, and the ratio of the UAAL to the covered payroll was 30.44%.

Note I – EMPLOYEE PENSION PLANS (continued)

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 then one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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, 2011 was 9.05% 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, 2011, 2010, and 2009 were, $2,400,700, $1,773,939, and $1,753,721, 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 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, 2011, there were 178 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 (65) or reach age 55 and have 10 years of service. Currently, 22 retirees are receiving benefits.

The number of participants of the City Administered Plan as of July 1, 2009 and the Murfreesboro Electric Department plan as of July 1, 2010, the effective dates of the biannual OPEB valuations for each plan, respectively, follows.

Note K – POST-EMPLOYMENT BENEFITS (continued)

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

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 Administered Plan		Murfreesboro Electric Department
	Water & Sewer	City	
Normal Cost	$ 680,226	$ 3,708,600	$ 395,995
Amortization of Unfunded Accrued Liabilitiy	401,965	1,980,073	258,227
Interest	24,081	126,587	14,558
Annual Required Contribution	$ 1,106,272	$ 5,815,260	$ 668,780
Contribution as a percentage of projected pay	19.39%	18.61%	14.24%

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	$ 1,106,272	$ 5,815,260	$ 668,780
Interest on net OPEB obligation	107,854	637,274	55,257
Adjustment to annual required contribution	(76,144)	(449,906)	(44,817)
Annual OPEB cost	$ 1,137,982	$ 6,002,628	$ 679,220
Contributions made	(259,310)	(703,332)	(171,575)
Increase in net OPEB obligation	$ 878,672	$ 5,299,296	$ 507,645
Net OPEB obligation at beginning of year	2,396,766	14,330,784	1,227,937
Net OPEB obligation at end of year	$ 3,275,438	$ 19,630,080	$ 1,735,582

Note K – POST-EMPLOYMENT BENEFITS (continued)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and preceding two years is as follows:

Year End	Plan	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation at Year-end
06/30/09	Water & Sewer	$ 969,436	19.8%	$ 1,539,919
06/30/10	Water & Sewer	$ 1,053,981	18.7%	$ 2,396,766
06/30/11	Water & Sewer	$ 1,137,982	22.8%	$ 3,275,438
06/30/09	City	$ 5,238,634	9.9%	$ 9,373,194
06/30/10	City	$ 5,572,709	11.0%	$ 14,330,784
06/30/11	City	$ 6,002,628	11.7%	19,630,080
06/30/09	Electric Department	$ 538,146	26.5%	$ 760,494
06/30/10	Electric Department	$ 626,309	25.4%	$ 1,227,937
06/30/11	Electric Department	$ 679,220	25.3%	$ 1,735,582

As of July 1, 2009 and July 1, 2010, the effective dates of the biannual OPEB valuations for the City Administered Plan and the Murfreesboro Electric Department, respectively, the plan was 0% funded. The actuarial accrued unfunded liability (UAAL) for benefit at June 30, 2011, as well as actuarial methods and assumptions for both plans was as follows:

	City Administered Plan		Murfreesboro
	Water & Sewer	City	Electric Department
Unfunded Actuarial Accrued Liability (UAAL)	$ 12,934,167	$ 63,713,547	$ 7,232,593
Covered payroll	$ 5,706,904	$ 31,245,659	$ 4,696,177
Ratio of UAAL to covered payroll	227%	204%	154%
Actuarial Valuation Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Period - open	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%

Note K – POST-EMPLOYMENT BENEFITS (continued)

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 five to ten year period. Claims were adjusted downward 3% each year for aging until age 55, while claims were increased 3% per year until age 75 for the City. 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.

Murfreesboro City Schools

Plan Description

Murfreesboro City Schools participates in the state-administered Teacher Group Insurance Plan, a state-administered plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. 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 premium subsidy to Local Education Agency pre-65 teachers and a premium subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. For plan members electing family coverage, plan members contribute on average 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.

Note K – POST-EMPLOYMENT BENEFITS (continued)

Annual OPEB cost and Net OPEB Obligation		Teacher Group Plan
ARC	$	379,000
Interest on the net OPEB obligation		24,000
Adjustment to the ARC		(22,000)
Annual OPEB cost	$	381,000
Amount of contribution		(473,341)
Increase/(Decrease) in net OPEB obligation	$	(92,341)
Net OPEB obligation - beginning of year		523,914
Net OPEB obligation - end of year	$	431,573

Year End	Plan		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation at Year-end
06/30/09	Teachers Group	$	571,000	53.5%	$	488,494
06/30/10	Teachers Group	$	509,000	93.0%	$	523,914
06/30/11	Teachers Group	$	381,000	124.2%	$	431,573

Funded Status and Funding Progress

The funded status of the plan was as follows:

	Teacher Group Plan
Actuarial valuation date	July 1, 2010
Actuarial accrued liability (AAL)	$2,570,000
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	$2,570,000
Actuarial Value of Assets as a % of the AAL	0.00%
Covered payroll (active plan members)	$40,603,000
UAAL as a percentage of covered payroll	6.33%

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.

Note K – POST-EMPLOYMENT BENEFITS (continued)

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 July 1, 2010, 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 for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of 5.0 percent by fiscal year 2021. The rate includes 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 below:

STATEMENT OF NET ASSETS

Assets -		
Cash and cash equivalents	$	2,468,537
Investments, at fair value		88,357,887
Contributions receivable		290,983
	$	91,117,407
Net Assets -		
Held in trust for pension benefits	$	91,117,407

STATEMENT OF CHANGES IN NET ASSETS

Additions -		
Employer contributions	$	4,484,491
Investment income		14,421,068
	$	18,905,559
Deductions -		
Benefits to participants	$	2,994,941
Insurance premiums		516,712
	$	3,511,653
Net increase	$	15,393,906
Net Assets Held in Trust for Pension Benefits -		
Beginning of year		75,723,501
End of year	$	91,117,407

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 no change in this estimated liability 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 17, 2009, was entered into between the City and the State of Tennessee in the amount of $1,851,051. 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
City Hall Energy Efficiency Retrofits	$ 725,700	$ 137,023	$ 588,677
Energy Efficient School Initiative	997,967	435,986	561,981
Fortress Blvd - Puckett to Blaze	2,575,023	1,981,286	593,737
Maney Avenue Improvements	4,156,072	1,822,207	2,333,865
Manson/Gresham/Fortress	6,474,883	4,828,175	1,646,708
Manson Pike Area Fire Hydrants	57,000	54,648	2,352
CCTV Expansion	848,417	834,538	13,879
Stones River Greenway Bridge	69,000	58,865	10,135
Veterans Parkway Phase 2	4,857,080	505,420	4,351,660
	$ 20,761,142	$ 10,658,148	$ 10,102,994

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, 2011 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 $114,390.

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.

Note M – COMMITMENTS AND CONTINGENCIES (continued)

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 except for the lease of the Rutherford County Chamber of Commerce building as outlined below. Rental income from these sources totaled approximately $500,247 for the year ended June 30, 2011.

In September 2009, the City of Murfreesboro entered into an agreement with the Rutherford County Chamber of Commerce, (the "Chamber") in which the Chamber would operate a Visitor's Center and lease the land after the building and the parking area had been constructed (the "Leased Premises"). The cost and carrying amount of the leased premises was $5,889,948 and $5,815,620, respectively. Accumulated deprecation at June 30, 2011 was $74,328. The Chamber moved into the building in December 2010. The final completion date was January 31, 2011. Upon the completion of construction of the Leased Premises or occupancy by the Chamber, the Chamber was obligated to pay the City rent. This rent was based on the final cost to the City of the facility in excess of funds received from grants not to exceed $1,500,000. The Chamber made a lump sum initial payment of $400,000 in January 2011. In addition to the lump sum payment, the Chamber is to pay the City $5,764 per month for fifteen years. The $400,000 lump sum amount received has been deferred and is being amortized as lease income over the same 15 year period.

The future minimum lease receipts are as follows:

Year Ending June 30:	Total
2012	$ 69,166
2013	69,166
2014	69,166
2015	69,166
2016	69,166
2017-2025	657,080
	$ 1,002,910

Following the full amount of the payments above by the Chamber over fifteen years, the Chamber is required to pay annual rental of $100 until the transfer of land or the expiration of the Agreement, whichever occurs first. If after full payment the Chamber has fully complied with all of the other terms and conditions of the lease agreement, it may request that the City transfer title of the land and the Leased premises to the Chamber. Any transfer would be subject to certain clauses and requirements of the grant and the operation of the Visitor's Center. The Agreement is for twenty eight years from the signing of the Agreement unless terminated sooner due to the transfer of the Leased Premises.

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.

Note O – INTERFUND TRANSACTIONS (continued)

Interfund receivable and payable balances at June 30, 2011, arising from these transactions were as follows:

	Due From	Due To
General Fund		
Water and Sewer fund	$ 249,837	
2010 TML fund	2,712,517	
Nonmajor governmental funds	2,681,672	$ 176,812
Nonmajor enterprise funds	199,569	32,412
Internal service funds	627	1,316
	$ 5,844,222	$ 210,540
General Purpose School Fund		
Nonmajor governmental funds	$ 1,610,332	$ 441,153
2010 TML Fund		
General fund		$ 2,712,517
Nonmajor Governmental Funds		
General fund	$ 176,812	$ 2,681,672
General purpose school fund	441,153	1,610,332
Water and Sewer fund		133,459
Nonmajor governmental funds	368,660	368,660
Internal service funds		949
	$ 986,625	$ 4,795,072
Water and Sewer Fund		
General fund		$ 249,837
Nonmajor governmental funds	$ 133,459	
Nonmajor enterprise funds	4,873,505	8,931,479
Internal service funds		19,905
	$ 5,006,964	$ 9,201,221
Nonmajor Enterprise Funds		
General fund	$ 32,412	$ 199,569
Water and Sewer fund	8,931,479	4,873,505
	$ 8,963,891	$ 5,073,074
Internal Service Funds		
General fund	$ 1,316	$ 627
Water and Sewer fund	19,905	
Nonmajor governmental funds	949	
Internal service funds	224	224
	$ 22,394	$ 851
	$ 22,434,428	$ 22,434,428

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.

Note O – INTERFUND TRANSACTIONS (continued)

Interfund transfers during the year ended June 30, 2011 were as follows:

		Transfer From				
		General Fund	Nonmajor Governmental Funds	Electric Department Fund	Debt Service Fund	Total
Transfer To	General Fund		$ 6,000	$ 2,706,121		$ 2,712,121
	General Purpose School Fund	$ 4,810,103				4,810,103
	Debt Service Fund	24,860,379	190,725			25,051,104
	Nonmajor Governmental Funds	95,469			$ 3,568,050	3,663,519
	Nonmajor Enterprise Fund		62,046			62,046
		$ 29,765,951	$ 258,771	$ 2,706,121	$ 3,568,050	$ 36,298,893

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 – ACCOUNTING CHANGE

At June 30, 2010, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. These classifications include nonspendable, restricted, committed, assigned and unassigned and are based on the constraints that control how specific amounts can be spent. GASB Statement No. 54 also clarified the definitions of governmental fund types. As a result of the clarification of governmental fund type definitions, the Solid Waste Fund, City Recreation Fund, Old Fort Golf Course Fund, Television Fund and Senior Citizens Fund (formerly special revenue funds) have been reclassified to the General Fund. A portion of the Capital Improvement and Contingency Fund was also reclassified to the General Fund. The Community Development Fund was reclassified from a capital projects fund to a special revenue fund.

The impact of the reclassifications of fund balance as previously reported is as follows:

	General Fund	Other Governmental Funds
Fund balance at June 30, 2010, as previously reported	$ 39,895,480	$ 4,274,849
Fund reclassifications	9,353,255	(9,353,255)
Fund balance at June 30, 2010, as restated	$ 49,248,735	$ (5,078,406)

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, 2011 were $2,543,595. Specific claims for workers' compensation in excess of $500,000 up to $1,000,000 are covered under an excess insurance policy effective April 1, 2011. Claims for fire and extended coverage in excess of $100,000 are covered through commercial insurance. Claims for law enforcement are covered by commercial insurance with a $25,000 deductible. 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, 2011 were $11,099,125.

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, 2011 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, 2011 were as follows:

Fiscal Year	Liability at Beginning	Current Year Claims and Change in Estimate	Claim Payments	Liability at End
Risk Management Fund -				
2010	$ 5,176,000	$ 2,694,694	$ 1,991,694	$ 5,879,000
2011	$ 5,879,000	$ 2,543,595	$ 2,438,595	$ 5,984,000
Insurance Fund -				
2010	$ 875,092	$ 11,016,291	$ 11,131,648	$ 759,735
2011	$ 759,735	$ 11,102,051	$ 11,099,125	$ 762,661

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

Note R – FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis at June 30, 2011 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1 inputs)
Employee Pension Plan	
Mututal funds	$ 41,462,211
U.S. Government notes and bonds	12,884,171
Corporate notes and bonds	13,477,677
Common stock	20,533,828
	$ 88,357,887
Electric Department Pension Plan	
Mututal funds	$ 8,757,315
U.S. Government notes and bonds	2,176,411
Corporate notes and bonds	3,754,637
	$ 14,688,363
Perpetual Care Cemetery Fund	
Mututal funds	$ 462,701
U.S. Government notes and bonds	685,905
Corporate notes and bonds	639,027
	$ 1,787,633

Note S – DEFICIT FUND BALANCES

Various nonmajor capital projects funds had deficit fund balances at June 30, 2011. The Capital Improvement and Contingency fund had a deficit balance of $611,436. The Capital Improvement and Contingency fund incurred expenditures related to the Rutherford County Chamber of Commerce Building. This project was funded by the General Fund and is to be reimbursed by the Capital Improvement and Contingency Fund upon the receipt of rental income from the Rutherford County Chamber of Commerce. The Gateway Project fund had a deficit fund balance of $1,073,980 as of June 30, 2011. 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 TML funds had a deficit fund balance of $642,487. 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.

Note T – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2010, the Murfreesboro Stormwater Fund overstated the amount "Due to Murfreesboro Water and Sewer Department" and "Operating expense". A restatement is therefore necessary for reporting purposes. The restatement increased net assets of the nonmajor enterprise funds at June 30, 2010 by $736,927.

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Funding Progress

June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
City of Murfreesboro Employees' Pension Plan -						
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
7/1/11	89,430,262	104,868,389	15,438,127	85.3	37,539,589	41.1
Murfreesboro Electric Department Employee Pension Plan -						
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
7/1/11	14,979,684	16,476,417	1,496,733	90.9	4,744,680	31.5

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Pension Trust Funds

Schedule of Employer Contributions

June 30, 2011

	Murfreesboro Employees' Pension		Electric Department Pension	
Fiscal Year	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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
2011	5,123,682	89	930,409	100

CITY OF MURFREESBORO, TENNESSEE

Required Supplementary Information
Post-Employment Benefits

Schedule of Funding Progress

June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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
07/01/11	-0-	63,713,547	63,713,547	0.0	31,245,659	203.9
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
07/01/11	-0-	12,934,167	12,934,167	0.0	5,706,904	226.6
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
07/01/11	-0-	7,232,593	7,232,593	0.0	4,696,177	154.0
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
6/30/2010	-0-	2,570,000	2,570,000	0.0	40,603,000	6.3

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.

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, 2011

	Total Special Revenue Funds	Total Capital Projects Funds	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,260,951	$ 1,089,077		$ 4,350,028
Certificates of deposit	369,534			369,534
Due from other funds	986,625			986,625
Due from other governments	2,999,639	238,108		3,237,747
Accounts receivable, net	152,753		$ 32,004	184,757
Due from others		98,608		98,608
Other accounts receivable			12,559	12,559
Prepaid items and deposits	17,961			17,961
Inventory	150,249			150,249
Restricted assets -				
Cash and cash equivalents		1,974,000	72,027	2,046,027
Investments, at fair value			1,787,633	1,787,633
	$ 7,937,712	$ 3,399,793	$ 1,904,223	$ 13,241,728
LIABILITIES AND FUND BALANCES				
Liabilities-				
Bank overdraft	$ 38,015			$ 38,015
Accounts payable	328,290	$ 688,327		1,016,617
Accrued liabilities	439,938			439,938
Due to other funds	2,109,467	2,685,605		4,795,072
Due to other governments	97,176			97,176
Deferred revenue	709,016	750,984		1,460,000
Other deposits	38,129			38,129
	$ 3,760,031	$ 4,124,916		$ 7,884,947
Fund Balances-				
Nonspendable	$ 150,249		$ 1,675,280	$ 1,825,529
Restricted	1,843,650	$ 1,602,780		3,446,430
Committed	2,183,782			2,183,782
Assigned			228,943	228,943
Unassigned		(2,327,903)		(2,327,903)
	$ 4,177,681	$ (725,123)	$ 1,904,223	$ 5,356,781
	$ 7,937,712	$ 3,399,793	$ 1,904,223	$ 13,241,728

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2011

	Total Special Revenue Funds	Total Capital Projects Funds	School Debt Service Fund	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
Revenues-					
Intergovernmental	$ 13,579,186	$ 794,277			$ 14,373,463
Charges for services	5,023,035				5,023,035
Donations		103,331		$ 25,000	128,331
Interest and investment earnings	3,216	10,117		230,484	243,817
Miscellaneous	306,909	1,032,354			1,339,263
	$ 18,912,346	$ 1,940,079		$ 255,484	$ 21,107,909
Expenditures -					
Current-					
Police	$ 217,494				$ 217,494
Streets	2,757,723				2,757,723
Community services	4,772,763				4,772,763
Community development	1,538,719				1,538,719
Education	5,333,399				5,333,399
Food service	3,399,774				3,399,774
Capital outlay	127,798	$ 6,510,027			6,637,825
Debt service -					
Principal			$ 3,052,939		3,052,939
Interest			515,111		515,111
	$ 18,147,670	$ 6,510,027	$ 3,568,050		$ 28,225,747
Excess of Revenues Over (Under) Expenditures	$ 764,676	$ (4,569,948)	$ (3,568,050)	$ 255,484	$ (7,117,838)
Other Sources (Uses) -					
Issuance of debt		$ 4,874,806			$ 4,874,806
Proceeds from sale of land		219,699			219,699
Transfers in	$ 95,469		$ 3,568,050		3,663,519
Transfers out	(196,725)			$ (62,046)	(258,771)
	$ (101,256)	$ 5,094,505	$ 3,568,050	$ (62,046)	$ 8,499,253
Net change in fund balances	$ 663,420	$ 524,557	$ -0-	$ 193,438	$ 1,381,415
Fund Balances at beginning of year	3,514,261	(1,249,680)	-0-	1,710,785	3,975,366
Fund Balances at end of year	$ 4,177,681	$ (725,123)	$ -0-	$ 1,904,223	$ 5,356,781

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.

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.

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

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 Programs Fund 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, 2011

	State Street Aid	Airport	Drug Enforcement	Community Development	Extended School Program	School Cafeteria	School Federal and State Programs	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and cash equivalents	$ 1,107,735	$ 191,895	$ 346,342	$ 83	$ 546,669	$ 1,068,227		$ 3,260,951
Certificates of deposit					349,534	20,000		369,534
Due from other funds	110,559	66,253			434,394	32,815	$ 342,604	986,625
Due from other governments	531,701	38,750	31,518	249,242	13,900	76,787	2,057,741	2,999,639
Accounts receivable, net		74,286			78,467			152,753
Prepaid items and deposits		17,961						17,961
Inventory		48,292				101,957		150,249
	$ 1,749,995	$ 437,437	$ 377,860	$ 249,325	$ 1,422,964	$ 1,299,786	$ 2,400,345	$ 7,937,712
LIABILITIES AND FUND BALANCES								
Liabilities-								
Bank overdraft							$ 38,015	$ 38,015
Accounts payable	$ 166,850	$ 44,927	$ 46,341		$ 10,217	$ 13,068	46,887	328,290
Accrued liabilities		2,369		$ 802	87,151	44,131	305,485	439,938
Due to other funds		326	6,449	123,700	24,042	786	1,954,164	2,109,467
Due to other governments					95,678		1,498	97,176
Deferred revenue			36,290	124,740	474,147	19,543	54,296	709,016
Deposits		38,129						38,129
	$ 166,850	$ 85,751	$ 89,080	$ 249,242	$ 691,235	$ 77,528	$ 2,400,345	$ 3,760,031
Fund Balances-								
Nonspendable		$ 48,292				$ 101,957		$ 150,249
Restricted	$ 1,573,927		$ 195,121			74,602		1,843,650
Committed	9,218	303,394	93,659	$ 83	$ 731,729	1,045,699		2,183,782
	$ 1,583,145	$ 351,686	$ 288,780	$ 83	$ 731,729	$ 1,222,258		$ 4,177,681
	$ 1,749,995	$ 437,437	$ 377,860	$ 249,325	$ 1,422,964	$ 1,299,786	$ 2,400,345	$ 7,937,712

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2011

	State Street Aid	Airport	Drug Enforcement	Community Development	Extended School Program	School Cafeteria	School Federal and State Programs	Total Nonmajor Special Revenue Funds
Revenues-								
Intergovernmental	$ 2,866,362	$ 50,449		$ 1,423,887	$ 19,774	$ 2,444,791	$ 6,773,923	$ 13,579,186
Charges for services		1,303,199			2,572,180	1,147,656		5,023,035
Interest	778	1,295	$ 1,143					3,216
Miscellaneous	8,440	839	162,865	120,832	13,933			306,909
	$ 2,875,580	$ 1,355,782	$ 164,008	$ 1,544,719	$ 2,605,887	$ 3,592,447	$ 6,773,923	$ 18,912,346
Expenditures-								
Education							$ 5,333,399	$ 5,333,399
Streets	$ 2,757,723							2,757,723
Police			$ 217,494					217,494
Community services		$ 1,106,237			$ 2,226,002		1,440,524	4,772,763
Community development				$ 1,538,719				1,538,719
Food service						$ 3,399,774		3,399,774
Capital outlay		8,054	119,744					127,798
	$ 2,757,723	$ 1,114,291	$ 337,238	$ 1,538,719	$ 2,226,002	$ 3,399,774	$ 6,773,923	$ 18,147,670
Excess of Revenues Over (Under) Expenditures	$ 117,857	$ 241,491	$ (173,230)	$ 6,000	$ 379,885	$ 192,673	$ -0-	$ 764,676
Other Sources (Uses)-								
Transfers in		$ 1,810	$ 93,659					$ 95,469
Transfers out		(190,725)		$ (6,000)				(196,725)
		$ (188,915)	$ 93,659	$ (6,000)				$ (101,256)
Net change in fund balances	$ 117,857	$ 52,576	$ (79,571)	$ -0-	$ 379,885	$ 192,673	$ -0-	$ 663,420
Fund Balances at beginning of year	1,465,288	299,110	368,351	83	351,844	1,029,585	-0-	3,514,261
Fund Balances at end of year	$ 1,583,145	$ 351,686	$ 288,780	$ 83	$ 731,729	$ 1,222,258	$ -0-	$ 4,177,681

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Tennessee state gasoline tax apportionment	$ 2,780,576	$ 2,780,576	$ 2,750,030	$ (30,546)
Interest	700	700	778	78
Federal funds			116,332	116,332
Miscellaneous			8,440	8,440
	$ 2,781,276	$ 2,781,276	$ 2,875,580	$ 94,304
Expenditures-				
Traffic signals	$ 100,000	$ 100,000	$ 61,362	$ 38,638
Curbs and gutters	140,000	140,000	191,929	(51,929)
Sidewalks	50,000	50,000	50,227	(227)
Rights-of-way	100,000	100,000	93,066	6,934
Street paving	1,813,276	1,813,276	1,633,209	180,067
Street markings	180,000	180,000	259,354	(79,354)
Storm drainage	140,000	140,000	175,636	(35,636)
Intersections	50,000	50,000	42,808	7,192
Traffic signal lighting	78,000	78,000	75,747	2,253
Street construction	50,000	50,000		50,000
Street project			116,332	(116,332)
Surveys and engineering	80,000	80,000	58,053	21,947
	$ 2,781,276	$ 2,781,276	$ 2,757,723	$ 23,553
Excess of Revenues Over (Under) Expenditures	$ -0-	$ -0-	$ 117,857	$ 117,857
Fund Balance at beginning of year			1,465,288	
Fund Balance at end of year			$ 1,583,145	

CITY OF MURFREESBORO, TENNESSEE

Airport Fund

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
State maintenance funds	$ 13,000	$ 13,000		$ (13,000)
Federal funds			$ 6,967	6,967
State funds	198,810	198,810	43,482	(155,328)
Interest	1,080	1,080	1,295	215
Rental income	382,867	382,867	428,184	45,317
Fuel sales	674,000	684,000	875,015	191,015
Miscellaneous	850	850	839	(11)
	$ 1,270,607	$ 1,280,607	$ 1,355,782	$ 75,175
Expenditures -				
Labor	$ 124,744	$ 124,744	$ 129,731	$ (4,987)
Operations and maintenance	152,000	152,000	66,358	85,642
Supplies	9,650	9,650	8,584	1,066
Insurance	13,970	13,970	13,438	532
Social Security taxes	9,175	9,175	9,723	(548)
Group insurance	11,700	11,700	11,693	7
Retirement	8,489	8,489	8,489	
Utilities	36,160	36,160	42,875	(6,715)
Travel and subsistence	3,675	3,675	2,845	830
Purchases for resale	553,400	563,400	723,047	(159,647)
Fuel rebates	38,000	38,000	36,367	1,633
Surveys and studies	122,400	122,400	36,903	85,497
Other miscellaneous	23,500	23,500	16,184	7,316
Capital outlay	500	500	8,054	(7,554)
	$ 1,107,363	$ 1,117,363	$ 1,114,291	$ 3,072
Excess of Revenues Over (Under) Expenditures	$ 163,244	$ 163,244	$ 241,491	$ 78,247
Other Financing Sources and (Uses) -				
Transfers in	$ 13,000	$ 13,000	$ 1,810	$ (11,190)
Transfers out	(190,725)	(190,725)	(190,725)	
	$ (177,725)	$ (177,725)	$ (188,915)	$ (11,190)
Net change in fund balance	$ (14,481)	$ (14,481)	$	$ 67,057
Fund Balance at beginning of year			299,110	
Fund Balance at end of year			$ 299,110	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Court fines	$ 95,000	$ 95,000	$ 93,659	$ (1,341)
Seizure awards	61,000	61,000	42,325	(18,675)
Interest	1,500	1,500	1,143	(357)
Miscellaneous	3,500	6,500	26,881	20,381
	$ 161,000	$ 164,000	$ 164,008	$ 8
Expenditures -				
Labor	$ 90,000	$ 90,000	$ 69,915	$ 20,085
Operations and maintenance	25,100	25,100	19,950	5,150
Supplies	9,525	9,525	4,067	5,458
Utilities	35,700	35,700	27,732	7,968
Rent			27,600	(27,600)
Undercover operations	80,000	80,000	43,000	37,000
Other miscellaneous	2,585	2,585	25,230	(22,645)
Capital outlay	2,500	94,500	119,744	(25,244)
	$ 245,410	$ 337,410	$ 337,238	$ 172
Excess of Revenues Over (Under) Expenditures	$ (84,410)	$ (173,410)	$ (173,230)	$ 180
Other Financing Sources -				
Transfers in	95,000	95,000	93,659	(1,341)
Net change in fund balance	$ 10,590	$ (78,410)	$ (79,571)	$ (1,161)
Fund Balance at beginning of year			368,351	
Fund Balance at end of year			$ 288,780	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Revenue from federal government	$ 1,215,080	$ 1,514,834	$ 1,423,887	$ (90,947)
Program income	30,000	30,000	120,832	90,832
	$ 1,245,080	$ 1,544,834	$ 1,544,719	$ (115)
Expenditures-				
Administration	$ 132,350	$ 138,218	$ 135,319	$ 2,899
Housing rehabilitation	255,979	295,817	415,177	(119,360)
Housing assistance	192,309	118,922	73,689	45,233
Neighborhood stabilization program	130,000	130,000	253,228	(123,228)
Emergency shelter grant	110,412	110,412	110,543	(131)
Homeless prevention	174,506	389,006	389,064	(58)
Other	249,524	356,459	161,699	194,760
	$ 1,245,080	$ 1,538,834	$ 1,538,719	$ 115
Excess of Revenues Over (Under) Expenditures	$ -0-	$ 6,000	$ 6,000	$ -0-
Other Financing Sources (Uses)				
Transfers out		(6,000)	(6,000)	
Net change in fund balance	$ -0-	$ -0-	$ -0-	$ -0-
Fund Balance at beginning of year			83	
Fund Balance at end of year			$ 83	

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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Federal program revenues	$ 35,000	$ 35,000	$ 19,774	$ (15,226)
Charges for services	2,732,120	2,732,120	2,572,180	(159,940)
Other local revenues	10,400	10,400	13,933	3,533
	$ 2,777,520	$ 2,777,520	$ 2,605,887	$ (171,633)
Expenditures -				
Community services	$ 2,629,759	$ 2,629,759	$ 2,226,002	$ 403,757
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	$ 147,761	$ 147,761	$ 379,885	$ 232,124
Adjustment for encumbrances			-0-	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			$ 379,885	
Fund Balance at beginning of year			351,844	
Fund Balance at end of year			$ 731,729	

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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Federal program revenues	$ 1,893,046	$ 1,903,446	$ 2,406,190	$ 502,744
State program revenues	50,000	50,000	38,601	(11,399)
Charges for services	1,596,912	1,596,912	1,147,656	(449,256)
	$ 3,539,958	$ 3,550,358	$ 3,592,447	$ 42,089
Expenditures -				
Food service	$ 3,389,419	$ 3,399,819	$ 3,399,774	$ 45
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	$ 150,539	$ 150,539	$ 192,673	$ 42,134
Adjustment for encumbrances			-0-	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			$ 192,673	
Fund Balance at beginning of year			1,029,585	
Fund Balance at end of year			$ 1,222,258	

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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues -				
Federal program revenues	$ 6,137,942	$ 6,757,509	$ 5,967,195	$ (790,314)
State program revenues	1,688,432	1,688,432	806,728	(881,704)
	$ 7,826,374	$ 8,445,941	$ 6,773,923	$ (1,672,018)
Expenditures -				
Regular instruction program	$ 3,148,307	$ 3,767,874	$ 3,062,783	$ 705,091
Special education program	1,936,669	1,936,669	1,529,504	407,165
Health services	479,467	479,467	231,440	248,027
Special education program - support	443,283	443,283	258,377	184,906
Office of principal	46,344	46,344	17,294	29,050
Operation of plant	21,267	21,267	7,966	13,301
Maintenance of plant	13,460	13,460	5,059	8,401
Transportation	83,199	83,199	16,657	66,542
Information technology	13,112	13,112	2,741	10,371
Early intervening services	214,958	214,958	201,578	13,380
Community services	1,426,308	1,426,308	1,440,524	(14,216)
	$ 7,826,374	$ 8,445,941	$ 6,773,923	$ 1,672,018
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	$ -0-	$ -0-	$ -0-	$ -0-
Adjustment for encumbrances			-0-	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			$ -0-	
Fund Balance at beginning of year				
Fund Balance at end of year			$ -0-	

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.

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, and 2008 TML Loan.

CITY OF MURFREESBORO, TENNESSEE

Combining Balance Sheet
Nonmajor Capital Project Funds

June 30, 2011

	Capital Improvement and Contingency Fund	Gateway Project Fund	1998 TML Loan Fund	1999 TML Loan Fund	2001 TML Loan Fund	2004 TML Loan Fund	2008 TML Loan Fund	Total Nonmajor Capital Projects Funds
ASSETS								
Cash and cash equivalents	$ 1,067,100						$ 21,977	$ 1,089,077
Due from other governments	238,108							238,108
Due from others	74,135						24,473	98,608
Restricted cash	360,317		$ 183,092	$ 104,781	$ 1,227,631	$ 98,179		1,974,000
	$ 1,739,660		$ 183,092	$ 104,781	$ 1,227,631	$ 98,179	$ 46,450	$ 3,399,793
LIABILITIES AND FUND BALANCES								
Liabilities-								
Accounts payable	$ 30,165					$ 10,903	$ 647,259	$ 688,327
Due to other funds	1,569,947	$ 1,073,980					41,678	2,685,605
Deferred revenue	750,984							750,984
	$ 2,351,096	$ 1,073,980				$ 10,903	$ 688,937	$ 4,124,916
Fund Balances-								
Restricted			$ 183,092	$ 104,781	$ 1,227,631	$ 87,276		$ 1,602,780
Unassigned	$ (611,436)	$ (1,073,980)					$ (642,487)	(2,327,903)
	$ (611,436)	$ (1,073,980)	$ 183,092	$ 104,781	$ 1,227,631	$ 87,276	$ (642,487)	$ (725,123)
	$ 1,739,660	$ -0-	$ 183,092	$ 104,781	$ 1,227,631	$ 98,179	$ 46,450	$ 3,399,793

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2011

	Capital Improvement and Contingency Fund	Gateway Project Fund	1998 TML Loan Fund	1999 TML Loan Fund	2001 TML Loan Fund	2004 TML Loan Fund	2008 TML Loan Fund	Total Nonmajor Capital Projects Funds
Revenues-								
Intergovernmental	$ 794,277							$ 794,277
Donations	103,331							103,331
Interest income	6,048		$ 377	$ 215	$ 2,526	$ 202	$ 749	10,117
Rental income	47,917							47,917
Miscellaneous							984,437	984,437
	$ 951,573		$ 377	$ 215	$ 2,526	$ 202	$ 985,186	$ 1,940,079
Expenditures-								
Capital outlay -								
Street construction and drainage	$ 36,977	$ 25,091					$ 2,684,241	$ 2,746,309
Other projects and costs	2,583,527	2,419				$ 327	1,177,445	3,763,718
	$ 2,620,504	$ 27,510				$ 327	$ 3,861,686	$ 6,510,027
Excess of Revenues Over (Under) Expenditures	$ (1,668,931)	$ (27,510)	$ 377	$ 215	$ 2,526	$ (125)	$ (2,876,500)	$ (4,569,948)
Other Financing Sources (Uses)-								
Issuance of debt							$ 4,874,806	$ 4,874,806
Proceeds from sale of land		$ 219,699						219,699
		$ 219,699					$ 4,874,806	$ 5,094,505
Net change in fund balances	$ (1,668,931)	$ 192,189	$ 377	$ 215	$ 2,526	$ (125)	$ 1,998,306	$ 524,557
Fund Balances at beginning of year	1,057,495	(1,266,169)	182,715	104,566	1,225,105	87,401	(2,640,793)	(1,249,680)
Fund Balances at end of year	$ (611,436)	$ (1,073,980)	$ 183,092	$ 104,781	$ 1,227,631	$ 87,276	$ (642,487)	$ (725,123)

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ 44,500	$ 44,500	$ 6,048	$ (38,452)
Federal funds	4,623,990	4,623,990	560,167	(4,063,823)
State funds			234,110	234,110
Rental income			47,917	47,917
Donations received			103,331	103,331
	$ 4,668,490	$ 4,668,490	$ 951,573	$ (3,716,917)
Expenditures-				
Street construction			$ 36,977	$ (36,977)
Capital outlay and other projects	$ 6,139,345	$ 6,139,345	2,583,527	3,555,818
	$ 6,139,345	$ 6,139,345	$ 2,620,504	$ 3,518,841
Excess of Revenues Over (Under) Expenditures	$ (1,470,855)	$ (1,470,855)	$ (1,668,931)	$ (198,076)
Other Financing Sources (Uses)-				
Transfers out	(3,000,000)	(3,000,000)		3,000,000
Net change in fund balance	$ (4,470,855)	$ (4,470,855)	$ (1,668,931)	$ 2,801,924
Fund Balance at beginning of year			1,057,495	
Fund Balance at end of year			$ (611,436)	

CITY OF MURFREESBORO, TENNESSEE

Gateway Project

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ -0-	$ -0-	$ -0-	$ -0-
Expenditures-				
Street construction			$ 25,091	$ (25,091)
Capital outlay and other projects	$ 50,000	$ 50,000	2,419	47,581
	$ 50,000	$ 50,000	$ 27,510	$ 22,490
Excess of Revenues Over (Under) Expenditures	$ (50,000)	$ (50,000)	$ (27,510)	$ 22,490
Other Financing Sources (Uses) -				
Proceeds from sale of land			219,699	219,699
Net change in fund balance	$ (50,000)	$ (50,000)	$ 192,189	$ 242,189
Fund Balance at beginning of year			(1,266,169)	
Fund Balance at end of year			$ (1,073,980)	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ -0-	$ -0-	$ 377	$ 377
Expenditures-				
Capital Outlay				
Excess of Revenues Over (Under) Expenditures	$ -0-	$ -0-	$ 377	$ 377
Fund Balance at beginning of year			182,715	
Fund Balance at end of year			$ 183,092	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ -0-	$ -0-	$ 215	$ 215
Expenditures-				
Capital outlay and other projects				
Excess of Revenues Over (Under) Expenditures	$ -0-	$ -0-	$ 215	$ 215
Fund Balance at beginning of year			104,566	
Fund Balance at end of year			$ 104,781	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ 2,100	$ 2,100	$ 2,526	$ 426
Expenditures-				
Capital outlay and other projects	1,224,959	1,224,959		1,224,959
Excess of Revenues Over (Under) Expenditures	$ (1,222,859)	$ (1,222,859)	$ 2,526	$ 1,225,385
Fund Balance at beginning of year			1,225,105	
Fund Balance at end of year			$ 1,227,631	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest revenue	$ 120	$ 120	$ 202	$ 82
Expenditures-				
Capital outlay and other projects	98,394	98,394	327	98,067
Excess of Revenues Over (Under) Expenditures	$ (98,274)	$ (98,274)	$ (125)	$ 98,149
Fund Balance at beginning of year			87,401	
Fund Balance at end of year			$ 87,276	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ -0-	$ -0-	$ 749	$ 749
Miscellaneous revenue			984,437	984,437
	$ -0-	$ -0-	$ 985,186	$ 985,186
Expenditures-				
Street construction and drainage			$ 2,684,241	$ (2,684,241)
Capital outlay and other projects	$ 2,596,644	$ 3,862,644	1,177,445	2,685,199
	$ 2,596,644	$ 3,862,644	$ 3,861,686	$ 958
Excess of Revenues Over (Under) Expenditures	$ (2,596,644)	$ (3,862,644)	$ (2,876,500)	$ 986,144
Other Financing Sources (Uses)-				
Issuance of debt	$ 2,596,645	$ 3,862,645	$ 4,874,806	$ 1,012,161
Transfers out	(25,000)	(25,000)		25,000
	$ 2,571,645	$ 3,837,645	$ 4,874,806	$ 1,037,161
Net change in fund balance	$ (24,999)	$ (24,999)	$ 1,998,306	$ 2,023,305
Fund Balance at beginning of year			(2,640,793)	
Fund Balance at end of year			$ (642,487)	

MAJOR CAPITAL PROJECTS FUND

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

2010 TML Fund accounts for the proceeds of a loan through the Tennessee Municipal Bond Fund and the expenditures related to various projects funded by the loan.

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues-				
Interest income	$ 150,000	$ 150,000	$ 118,621	$ (31,379)
Expenditures-				
Capital outlay and other projects	$ 43,803,868	$ 43,803,868	$ 12,520,033	$ 31,283,835
Debt issuance costs			304,360	(304,360)
	$ 43,803,868	$ 43,803,868	$ 12,824,393	$ 30,979,475
Excess of Revenues Over (Under) Expenditures	$ (43,653,868)	$ (43,653,868)	$ (12,705,772)	$ 30,948,096
Other Financing Sources (Uses) -				
Issuance of debt	45,000,000	45,000,000	47,600,000	2,600,000
Net change in fund balance	$ 1,346,132	$ 1,346,132	$ 34,894,228	$ 33,548,096
Fund Balance at beginning of year			(9,053,772)	
Fund Balance at end of year			$ 25,840,456	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Interest earned	$ -0-	$ -0-	$ 9,522	$ 9,522
Expenditures -				
Principal retirement	$ 21,062,900	$ 18,009,961	$ 17,646,836	$ 363,125
Interest	7,682,137	7,167,026	3,727,889	3,439,137
Fiscal agent fees	130,000	130,000	109,329	20,671
	$ 28,875,037	$ 25,306,987	$ 21,484,054	$ 3,822,933
Excess of Revenues Over (Under) Expenditures	$ (28,875,037)	$ (25,306,987)	$ (21,474,532)	$ 3,832,455
Other Financing Sources (Uses) -				
Transfers in	$ 25,875,037	$ 25,875,037	$ 25,051,104	$ (823,933)
Transfers out		(3,568,050)	(3,568,050)	
	$ 25,875,037	$ 22,306,987	$ 21,483,054	$ (823,933)
Net change in fund balance	$ (3,000,000)	$ (3,000,000)	$ 8,522	$ 3,008,522
Fund Balance at beginning of year			4,790,767	
Fund Balance at end of year			$ 4,799,289	

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Interest earned	$ -0-	$ -0-	$ -0-	$ -0-
Expenditures -				
Principal retirement		$ 3,052,939	$ 3,052,939	
Interest		515,111	515,111	
	$ -0-	$ 3,568,050	$ 3,568,050	$ -0-
Excess of Revenues Over (Under) Expenditures	$ -0-	$ (3,568,050)	$ (3,568,050)	$ -0-
Other Financing Sources (Uses) -				
Transfers in		$ 3,568,050	$ 3,568,050	
	$ -0-	$ 3,568,050	$ 3,568,050	$ -0-
Net change in fund balance	$ -0-	$ -0-	$ -0-	$ -0-
Fund Balance at beginning of year			-0-	
Fund Balance at end of year			$ -0-	

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, 2011

	Murfressboro Stormwater Fund	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
ASSETS					
Current Assets -					
Cash and cash equivalents				$ 27,086	$ 27,086
Accounts receivable				118,365	118,365
Due from other funds	$ 8,931,479	$ 21,910	$ 10,502		8,963,891
Inventories				58,043	58,043
Prepaid items	9,908			4,475	14,383
Total Current Assets	$ 8,941,387	$ 21,910	$ 10,502	$ 207,969	$ 9,181,768
Noncurrent Assets -					
Land and construction in progress	$ 1,554,429	$ 12,492	$ 11,000	$ 935	$ 1,578,856
Other capital assets, net of depreciation	663,847			198,775	862,622
Total Noncurrent Assets	$ 2,218,276	$ 12,492	$ 11,000	$ 199,710	$ 2,441,478
Total Assets	$ 11,159,663	$ 34,402	$ 21,502	$ 407,679	$ 11,623,246
LIABILITIES AND NET ASSETS					
Current Liabilities -					
Accounts payable	$ 238,897			$ 6,098	$ 244,995
Accrued and withheld liabilities	702			3,216	3,918
Due to other funds	5,073,074				5,073,074
Total Current Liabilities	$ 5,312,673			$ 9,314	$ 5,321,987
Net Assets -					
Invested in capital assets		$ 12,492	$ 11,000	$ 199,710	$ 223,202
Unrestricted	$ 5,846,990	21,910	10,502	198,655	6,078,057
Total Net Assets	$ 5,846,990	$ 34,402	$ 21,502	$ 398,365	$ 6,301,259
Total Liabilities and Net Assets	$ 11,159,663	$ 34,402	$ 21,502	$ 407,679	$ 11,623,246

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2011

	Murfreesboro Stormwater Fund	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
Operating Revenues -					
Charges for services	$ 2,506,369			$ 421,315	$ 2,927,684
Operating Expenses -					
Operating expenses	$ 707,345			$ 458,302	$ 1,165,647
Depreciation and amortization expense	102,009			26,499	128,508
	$ 809,354			$ 484,801	$ 1,294,155
Operating Income (Loss)	$ 1,697,015			$ (63,486)	$ 1,633,529
Capital contributions	$ 54,645				$ 54,645
Transfers in				$ 62,046	62,046
	$ 54,645			$ 62,046	$ 116,691
Change in Net Assets	$ 1,751,660			$ (1,440)	$ 1,750,220
Net Assets at beginning of year, as previously stated	$ 3,358,403	$ 34,402	$ 21,502	$ 399,805	$ 3,814,112
Prior period adjustment	736,927				736,927
Net Assets at beginning of year, as restated	$ 4,095,330	$ 34,402	$ 21,502	$ 399,805	$ 4,551,039
Net Assets at end of year	$ 5,846,990	$ 34,402	$ 21,502	$ 398,365	$ 6,301,259

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2011

	Murfreesboro Stormwater Fund	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
Cash Flows from Operating Activities -					
Cash received from customers				$ 423,150	$ 423,150
Cash payments to suppliers				(186,864)	(186,864)
Cash payments to employees				(280,738)	(280,738)
Net Cash Used by Operating Activities				$ (44,452)	$ (44,452)
Cash Flows from Noncapital Financing Activities -					
Transfers in				$ 62,046	$ 62,046
Net Cash Provided by Noncapital Financing Activities				$ 62,046	$ 62,046
Cash Flows From Capital and Related Financing Activities -					
Acquisition and construction of capital assets				$ (10,000)	$ (10,000)
Net Cash Used by Capital and Related Financing Activities				$ (10,000)	$ (10,000)
Net Increase in Cash and Cash Equivalents	$ -0-	$ -0-	$ -0-	$ 7,594	$ 7,594
Cash and Cash Equivalents at beginning of year				19,492	19,492
Cash and Cash Equivalents at end of year	$ -0-	$ -0-	$ -0-	$ 27,086	$ 27,086
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 1,697,015			$ (63,486)	$ 1,633,529
Adjustments to reconcile operating income to net cash provided by operating activities -					
Depreciation	102,009			26,499	128,508
Changes in assets and liabilities -					
Accounts receivable				1,835	1,835
Inventory				(7,536)	(7,536)
Prepaid expenses	13,940			(2,987)	10,953
Due from other funds	(2,506,369)				(2,506,369)
Accounts payable	238,897			1,147	240,044
Accrued and withheld liabilities				76	76
Due to other funds	454,508				454,508
Net Cash Used by Operating Activities	$ -0-			$ (44,452)	$ (44,452)
Non-Cash Capital and Related Financing Activities -					
Assets acquired by contributions in aid of construction	$ 54,645				$ 54,645
Capital assets acquired with due to other fund	963,354				963,354
	$ 1,017,999				$ 1,017,999

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, 2011

	Insurance	Risk Management	Fleet Services	Totals
ASSETS				
Current Assets -				
Cash and cash equivalents	$ 3,184,694	$ 9,357,453		$ 12,542,147
Accrued interest receivable		9,315		9,315
Due from other funds	1,306	10	$ 21,078	22,394
Due from other governments		9,484	683	10,167
Due from others	120,052	23,858		143,910
Prepaid items	520			520
Inventory			162,555	162,555
Total Current Assets	$ 3,306,572	$ 9,400,120	$ 184,316	$ 12,891,008
Noncurrent Asset -				
Restricted certificates of deposit		500,000		500,000
Total Assets	$ 3,306,572	$ 9,900,120	$ 184,316	$ 13,391,008
LIABILITIES AND NET ASSETS				
Current Liabilities -				
Accounts payable	$ 762,661	$ 250,511		$ 1,013,172
Accrued liabilities			$ 7,679	7,679
Due to other funds		168	683	851
Claims and judgments payable		2,295,204		2,295,204
Total Current Liabilities	$ 762,661	$ 2,545,883	$ 8,362	$ 3,316,906
Noncurrent Liabilities -				
Claims and judgments payable		3,688,796		3,688,796
Total Liabilities	$ 762,661	$ 6,234,679	$ 8,362	$ 7,005,702
Net Assets -				
Unrestricted	$ 2,543,911	$ 3,665,441	$ 175,954	$ 6,385,306
Total Net Assets	$ 2,543,911	$ 3,665,441	$ 175,954	$ 6,385,306
Total Liabilities and Net Assets	$ 3,306,572	$ 9,900,120	$ 184,316	$ 13,391,008

CITY OF MURFREESBORO, TENNESSEE

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

Year Ended June 30, 2011

	Insurance	Risk Management	Fleet Services	Totals
Operating Revenues -				
Premiums from City departments	$ 9,459,012	$ 3,567,657		$ 13,026,669
Premiums from others	1,960,835	2,000		1,962,835
Charges for services			$ 2,126,835	2,126,835
Revenue from state government		381		381
Revenue from federal government		6,860		6,860
Miscellaneous	203,320		3,803	207,123
	$ 11,623,167	$ 3,576,898	$ 2,130,638	$ 17,330,703
Operating Expenses -				
Claims and administrative expense	$ 11,137,364	$ 2,659,227		$ 13,796,591
Administrative support		512,830		512,830
Labor expense		202,883	$ 572,034	774,917
Parts and lubricants			1,130,055	1,130,055
Operation and maintenance		1,372	17,023	18,395
Supplies		6,423	25,402	31,825
Insurance			61,766	61,766
Social Security taxes		15,174	41,510	56,684
Group insurance		16,143	117,351	133,494
Retirement		24,264	66,414	90,678
Utilities		1,488	59,849	61,337
Travel		785		785
Training personnel		821	855	1,676
Professional fees		18,790		18,790
Miscellaneous		49,718	7,150	56,868
Capital outlay		6,475	5,491	11,966
	$ 11,137,364	$ 3,516,393	$ 2,104,900	$ 16,758,657
Operating Income (Loss)	$ 485,803	$ 60,505	$ 25,738	$ 572,046
Nonoperating Revenue -				
Interest earned	2,575	29,252	-0-	31,827
Net Income (Loss)	$ 488,378	$ 89,757	$ 25,738	$ 603,873
Net Assets at beginning of year	2,055,533	3,575,684	150,216	5,781,433
Net Assets at end of year	$ 2,543,911	$ 3,665,441	$ 175,954	$ 6,385,306

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2011

	Insurance	Risk Management	Fleet Services	Totals
Cash Flows From Operating Activities-				
Cash received from interfund services provided	$ 11,418,540	$ 3,569,047	$ 2,119,275	$ 17,106,862
Cash payments to suppliers			(1,553,442)	(1,553,442)
Cash payments to employees		(202,883)	(569,636)	(772,519)
Cash payments of claims and administrative expenses	(10,998,864)	(2,562,644)		(13,561,508)
Other receipts	203,320	4,097	3,803	211,220
Other payments		(660,209)		(660,209)
Net Cash Provided (Used) by Operating Activities	$ 622,996	$ 147,408	$ -0-	$ 770,404
Cash Flows From Investing Activities-				
Interest received	$ 2,575	$ 29,252		$ 31,827
Net Cash Provided by Investing Activities	$ 2,575	$ 29,252		$ 31,827
Net Increase (Decrease) in Cash and Cash Equivalents	$ 625,571	$ 176,660	$ -0-	$ 802,231
Cash and Cash Equivalents at beginning of year	2,559,123	9,180,793		11,739,916
Cash and Cash Equivalents at end of year	$ 3,184,694	$ 9,357,453	$ -0-	$ 12,542,147
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 485,803	$ 60,505	$ 25,738	$ 572,046
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Changes in assets and liabilities -				
Due from other funds	(1,306)	1,390	(7,560)	(7,476)
Due from others	136,093	(3,049)		133,044
Due from other governments		(5,144)		(5,144)
Prepaid items	(520)			(520)
Inventory			(20,576)	(20,576)
Accounts payable	2,926	99,632		102,558
Accrued wages			2,398	2,398
Due to other funds		(5,926)		(5,926)
Net Cash Provided (Used) by Operating Activities	$ 622,996	$ 147,408	$ -0-	$ 770,404

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, 2011

	Employees' Pension	Electric Department Pension	Totals
ASSETS			
Cash and cash equivalents	$ 2,468,537	$ 237,488	$ 2,706,025
Investments, at fair value			
Mutual funds	41,462,211	8,757,315	50,219,526
U.S. Government notes and bonds	12,884,171	2,176,411	15,060,582
Corporate notes and bonds	13,477,677	3,754,637	17,232,314
Common stock	20,533,828		20,533,828
Accrued interest receivable		53,833	53,833
Contributions receivable	290,983		290,983
	$ 91,117,407	$ 14,979,684	$ 106,097,091
NET ASSETS			
Net Assets -			
Held in trust for pension benefits	$ 91,117,407	$ 14,979,684	$ 106,097,091

CITY OF MURFREESBORO, TENNESSEE

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds

Year Ended June 30, 2011

	Employees' Pension	Electric Department Pension	Totals
Additions -			
Contributions -			
Employer	$ 4,484,491	$ 930,409	$ 5,414,900
Investment income-			
Net appreciation in fair value of investments	$ 11,977,154	$ 2,195,820	$ 14,172,974
Interest	1,143,544	209,881	1,353,425
Dividends	1,300,370	142,105	1,442,475
Total investment income	$ 14,421,068	$ 2,547,806	$ 16,968,874
Less investment fees		(59,738)	(59,738)
Net investment income	$ 14,421,068	$ 2,488,068	$ 16,909,136
Total additions	$ 18,905,559	$ 3,418,477	$ 22,324,036
Deductions -			
Benefits to participants	$ 2,994,941	$ 644,233	$ 3,639,174
Insurance premiums	516,712		516,712
Total deductions	$ 3,511,653	$ 644,233	$ 4,155,886
Net Increase (Decrease)	$ 15,393,906	$ 2,774,244	$ 18,168,150
Net Assets Held in Trust for Pension Benefits -			
Beginning of year	75,723,501	12,205,440	87,928,941
End of year	$ 91,117,407	$ 14,979,684	$ 106,097,091

CITY OF MURFREESBORO, TENNESSEE

Statement of Changes in Assets and Liabilities
School Activity Agency Fund

Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
ASSETS				
Cash and cash equivalents	$ 463,036	$ 1,441,991	$ 1,437,710	$ 467,317
Certificates of deposit	80,675	250		80,925
Other receivables	661	5,428	661	5,428
Inventory	19,876	10,900	19,876	10,900
Total Assets	$ 564,248	$ 1,458,569	$ 1,458,247	$ 564,570
LIABILITIES				
Due to others	$ 564,248	$ 1,456,492	$ 1,456,170	$ 564,570
Total Liabilities	$ 564,248	$ 1,456,492	$ 1,456,170	$ 564,570

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, 2011

	Interest Rate	Maturity Date	Amount
Governmental Funds -			
Extended School Program Fund			
Pinnacle National Bank	1.05 %	03/03/2012	$ 100,000
Pinnacle National Bank	0.55	09/20/2011	124,767
Pinnacle National Bank	0.55	09/20/2011	124,767
			$ 349,534
School Cafeteria Fund			
Pinnacle National Bank	1.10 %	11/04/2011	$ 20,000
Enterprise Funds -			
Evergreen Cemetery Commission -			
Pinnacle National Bank	0.55 %	07/03/2011	$ 7,465
Internal Service Funds -			
Risk Management Fund -			
Midsouth Bank, Murfreesboro	2.42 %	09/23/2011	$ 500,000
Fiduciary Funds -			
Extended School Program Private Purpose Trust Fund			
Pinnacle National Bank	1.05 %	03/03/2012	$ 156,631
School Activity Agency Fund			
Suntrust Bank	0.10 %	12/12/2011	$ 26,706
Pinnacle National Bank	0.70	12/11/2011	5,000
Pinnacle National Bank	0.70	03/22/2012	10,000
			$ 41,706
Total Certificates of Deposit			$ 1,075,336

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund

June 30, 2011

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund -			
United States Treasury Notes	1.000 %	08/31/2011	$ 781,217
United States Treasury Notes	0.750	11/30/2011	382,025
United States Treasury Notes	1.250	10/31/2015	1,013,374
United States Treasury Notes	3.125	05/15/2021	690,055
United States Treasury Notes	1.750	05/31/2016	55,086
Federal Farm Credit Bank Bds	3.000	09/28/2018	494,358
Federal Farm Credit Bank Bds	3.250	09/27/2019	198,177
Federal Farm Credit Bank Bds	2.625	07/26/2018	138,173
Federal Farm Credit Bank Bds	2.500	01/26/2018	248,314
Federal Farm Credit Bank Bds	3.330	12/28/2018	299,554
Federal Farm Credit Bank Bds	2.000	11/23/2015	300,177
Federal Farm Credit Bank Bds	2.000	12/07/2015	225,032
Federal Farm Credit Bank Bds	4.500	01/05/2018	279,826
Federal Home Loan Bank Bds	2.200	08/10/2015	252,041
Federal Home Loan Bank Bds	4.125	12/13/2019	186,883
Federal Home Loan Bank Bds	2.750	03/13/2015	104,481
Federal Home Loan Bank Bds	3.500	03/21/2018	40,501
Federal Home Loan Bank Step-up	2.000	06/23/2021	98,965
Federal Home Loan Bank Step-up	2.000	05/26/2021	250,390
Federal Home Loan Bank Step-up	2.000	02/09/2021	75,115
Federal Home Loan Mortgage Corp	3.500	09/15/2039	25,432
Federal Home Loan Mortgage Corp	3.500	12/15/2025	42,078
Federal Home Loan Mortgage Corp	3.500	12/15/2025	37,973
Federal Home Loan Mortgage Corp	3.000	02/15/2026	90,663
Federal Home Loan Mortgage Corp	3.000	02/15/2026	53,931
Federal Home Loan Mortgage Corp	3.500	02/15/2026	79,584
Federal Home Loan Mortgage Corp	3.500	02/15/2026	122,460
Federal Home Loan Mortgage Corp	3.500	02/15/2026	44,690
Federal Home Loan Mortgage Corp	3.500	02/15/2026	50,347
Federal Home Loan Mortgage Corp	3.000	03/15/2026	131,793
Federal Home Loan Mortgage Corp	3.500	03/15/2026	25,213
Federal Home Loan Mortgage Corp	3.500	03/15/2026	61,567
Federal Home Loan Mortgage Corp	3.500	04/15/2026	139,518
Federal Home Loan Mortgage Corp	4.000	06/15/2027	293,592
Federal Home Loan Mortgage Corp	5.000	09/01/2033	4,632
Federal Home Loan Mortgage Corp	5.500	05/01/2036	111,590
Federal Home Loan Mortgage Corp	5.500	04/01/2038	40,992
Federal Home Loan Mortgage Corp	5.500	08/01/2038	236,615
Federal Home Loan Mortgage Corp	5.500	12/01/2034	53,150
Federal National Mortgage Assn	4.500	09/25/2023	115,293
Federal National Mortgage Assn	3.000	05/25/2026	83,549
Federal National Mortgage Assn	3.000	05/25/2026	94,885
Federal National Mortgage Assn	4.500	06/25/2021	126,671
Federal National Mortgage Assn	3.000	12/25/2025	82,597
Federal National Mortgage Assn	5.500	11/01/2035	96,931

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
Federal National Mortgage Assn	6.000 %	06/01/2036	$ 460,836
Federal National Mortgage Assn	5.500	12/01/2032	107,658
Federal National Mortgage Assn	5.000	05/01/2033	16,886
Federal National Mortgage Assn	5.500	06/01/2033	104,090
Federal National Mortgage Assn	5.500	09/01/2034	100,164
Federal National Mortgage Assn	5.000	03/01/2035	36,230
Federal National Mortgage Assn	5.500	05/01/2035	117,062
Federal National Mortgage Assn	5.000	06/01/2035	12,934
Federal National Mortgage Assn	5.500	01/01/2036	109,092
Federal National Mortgage Assn	5.000	02/01/2036	502,498
Federal National Mortgage Assn	5.500	04/01/2036	25,463
Federal National Mortgage Assn	6.000	11/01/2036	282,508
Federal National Mortgage Assn	5.500	01/01/2035	35,303
Federal National Mortgage Assn	5.500	05/01/2036	390
Federal National Mortgage Assn	6.000	03/01/2037	41,570
Federal National Mortgage Assn	5.000	10/01/2035	106,043
Federal National Mortgage Assn	5.500	05/01/2037	172,323
Federal National Mortgage Assn	6.000	03/01/2037	130,530
Federal National Mortgage Assn	6.000	08/01/2037	152,598
Federal National Mortgage Assn	5.500	08/01/2037	4,552
Federal National Mortgage Assn	5.500	09/01/2038	94,113
Federal National Mortgage Assn	6.000	10/01/2038	56,008
Federal National Mortgage Assn	6.000	02/01/2039	64,012
Federal National Mortgage Assn	5.500	02/01/2037	926
Federal National Mortgage Assn	6.000	07/01/2038	151,160
Federal National Mortgage Assn	5.000	05/01/2038	100,578
Federal National Mortgage Assn	6.000	04/01/2039	306,540
Federal National Mortgage Assn	6.000	10/01/2038	20,013
Federal National Mortgage Assn	5.000	07/01/2040	868
Federal National Mortgage Assn	5.500	12/01/2035	438,159
Federal National Mortgage Assn	6.000	10/01/2040	126,940
Federal National Mortgage Assn	6.000	01/01/2039	61,700
Federal National Mortgage Assn	3.500	10/01/2040	166,119
Government National Mortgage Assn	6.000	12/20/2036	83,231
Government National Mortgage Assn	4.743	01/20/2061	167,620
Government National Mortgage Assn	5.500	10/20/2033	49,136
Government National Mortgage Assn	6.000	06/20/2037	30,983
FHLMC Gold TBA 30Yr.	3.500	N/A	87,845
Abbot Labs	5.125	04/01/2019	385,049
American Express Bk Fsb Medium Term Bk Nts Tranche	5.500	04/16/2013	534,900
Appalachian Pwr Co. Sr Nt K	5.000	06/01/2017	107,729
Atmos Energy Corp. Sr Nt	4.950	10/15/2014	328,011
Autozone Inc. Sr Nt	5.750	01/15/2015	223,080
Autozone Inc.	4.000	11/15/2020	95,555
BB&T Corporation	6.500	08/01/2011	50,211

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
BB&T Corp. Sr Nt	3.950 %	04/29/2016	$ 313,953
BP Capital Markets PLC	3.875	03/10/2015	78,986
Bank Amer Corp. Sr Global Nt	5.125	11/15/2014	159,168
Bank of America Corp.	4.875	01/15/2013	398,483
Bank of America Senior	3.625	03/17/2016	25,072
Bank New York Inc Medium Term Sr Nts	4.500	04/01/2013	265,622
Bellsouth Corp. Nt	6.000	10/15/2011	253,797
Bellsouth Corp. Nt	5.200	09/15/2014	385,595
Caterpillar Finl Corp Pwr Nt Be Fr	4.050	07/15/2011	100,074
Caterpillar Finl Svcs Corp Medium	4.900	08/15/2013	323,070
Citigroup Inc. Sub Nt	5.000	09/15/2014	209,592
Comcast Corp. New Nt	4.950	06/15/2016	164,661
Dell Inc. Nt	2.300	09/10/2015	150,606
Express Scripts	3.125	05/15/2016	176,078
General Elec Co. Nt	5.250	12/06/2017	553,910
General Elec Cap Corp Medium Term Nt Tranche	5.625	05/01/2018	273,430
General Electric Capital	2.950	05/09/2016	100,551
Goldman Sachs Group Inc. Nt	6.150	04/01/2018	136,043
Goldman Sachs Group Inc. Sr Nt	6.250	09/01/2017	441,364
Hewlett Packard Co. Global Nt	4.750	06/02/2014	381,941
IBM Intl Group Cap Llc Nt	5.050	10/22/2012	264,673
Kinder Morgan Energy Partners	3.500	03/01/2016	308,868
Kraft Foods	4.125	02/09/2016	181,781
McDonalds Corp. Medium Term Nts Tranche	4.300	03/01/2013	264,495
Merrill Lynch & Co. Sub Nt	6.050	05/16/2016	262,098
Morgan Stanley Nt	5.450	01/09/2017	370,136
Morgan Stanley Step-up Sr Mtn	4.000	07/20/2020	200,374
National Rural Util Coop Fin Corp.	7.200	10/01/2015	293,015
NationsBank Corp. Sub Nt	7.750	08/15/2015	283,790
Oracle Corp. / Ozark Holding Inc. Nt	5.250	01/15/2016	394,979
Sunoco Inc. Nt	4.875	10/15/2014	107,583
Verizon Virginia Inc.	4.625	03/15/2013	263,665
Wells Fargo & Co. New Nt	5.250	10/23/2012	105,509
Wells Fargo Bk Natl Assn Sub Bk Nt	4.750	02/09/2015	320,874
AT&T Inc	4.950	01/15/2013	40,281
Abbott Labs	5.600	11/30/2017	75,328
Air Products & Chemicals	4.150	02/01/2013	16,802
Alabama Power Co.	5.800	11/15/2013	29,882
Analog Devices, Inc.	3.000	04/15/2016	7,173
Becton Dickinson	3.250	11/12/2020	8,567
Berkshire Hathaway Fin	4.600	05/15/2013	32,003
Berkshire Hathaway Inc.	3.200	02/11/2015	48,986
Biomed Realty LP	3.850	04/15/2016	18,142
Boeing Co.	5.125	02/15/2013	34,172
Cme Group Inc.	5.400	08/01/2013	28,290

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
Cme Group Inc.	5.750 %	02/15/2014	$ 38,876
Cisco Systems Inc.	5.500	02/22/2016	37,521
Comcast Corp. New	4.950	06/15/2016	24,150
Danaher Corp.	3.900	06/23/2021	16,933
Digital Realty Tr Lp	5.875	02/01/2010	8,387
Dupont Ei De Nemours & Co.	5.000	07/15/2013	32,473
Dupont Ei De Nemours & Co. Sr. Unsecured	4.250	04/01/2021	17,273
Duke Energy Carolinas	4.300	06/15/2020	10,370
El Paso Nat Gas Co.	5.950	04/15/2017	12,448
El Paso Pipeline	6.500	04/01/2020	14,553
Energy Transfer Partners Lp Sr. Unsecured	6.700	07/01/2018	41,696
Energy Transfer Partners Lp Sr. Unsecured GBL	4.650	06/01/2021	20,545
Enterprise Prods Oper Lp	5.600	10/15/2014	72,211
Exelon Generation Co. Llc	6.200	10/01/2017	39,484
Family Dollar Stores Inc.	5.000	02/01/2021	12,749
Fiserv Inc.	4.750	06/15/2021	24,866
General Elec. Co.	5.000	02/01/2013	23,351
General Elec. Co.	5.250	12/06/2017	24,372
Georgia Power Co.	6.000	11/01/2013	14,424
Glaxosmithkline Cap. Inc.	5.650	05/15/2018	37,641
Hewlett-Packard Co.	4.500	03/01/2013	13,768
IBM Corp.	7.625	10/15/2018	127,183
JPMorgan Chase & Co. Global	6.300	04/23/2019	9,017
JPMorgan Chase & Co. Sr. Unsecured	4.400	07/22/2020	35,268
Jefferies Group Inc.	5.875	06/08/2014	54,651
Jefferies Group Inc. Sr. Unsecured	8.500	07/15/2019	23,654
Juniper Networks Inc. Sr. Unsecured	3.100	03/15/2016	12,227
Kellogg Co.	4.250	03/06/2013	25,329
Kraft Foods Inc.	5.375	02/10/2020	38,262
Kroger Co.	7.500	01/15/2014	16,002
Lazard Group Llc	7.125	05/15/2015	52,885
Life Tech Corp.	5.000	01/15/2021	8,116
MidAmerican Energy Hldgs. Co.	5.000	02/15/2014	62,877
Nasdaq Omx Group	5.550	01/15/2020	25,916
Newmont Mining Corp.	5.125	10/01/2019	44,034
Northern Trust Co.	5.200	11/09/2012	39,214
Northern Trust Corp.	4.625	05/01/2014	7,644
OneBeacon U.S. Hldgs. Inc.	5.875	05/15/2013	23,002
Oracle Corp.	5.750	04/15/2018	68,668
Paccar Inc.	6.375	02/15/2012	29,983
Praxair Inc. Sr. Unsecured	4.625	03/30/2015	40,795
Praxair Inc.	1.750	11/15/2012	58,797
SBC Communications Inc.	5.100	09/15/2014	54,947
Schering Plough	6.000	09/15/2017	44,709
Southern Cal Edison	5.750	03/15/2014	35,799

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
TC Pipelines Lp	4.650 %	06/15/2021	$ 24,866
Teva Pharmaceutical Fin. Llc	5.550	02/01/2016	24,762
Time Warner Inc.	4.875	03/15/2020	5,178
Time Warner Cable Inc.	5.850	05/01/2017	89,964
Time Waner Cable Inc.	8.250	02/14/2014	38,384
Toyota Motor Credit Corp.	3.200	06/17/2015	16,629
Transcontinental Gas Pipe Corp.	6.050	06/15/2018	7,926
United Parcel Service Inc.	3.125	01/15/2021	15,195
United Technologies Corp.	6.125	02/01/2019	70,168
Verizon Communications Inc.	5.250	04/15/2013	22,549
Wal Mart Stores Inc.	1.625	04/15/2014	9,119
Wal Mart Stores Inc. Sr. Unsecured	4.250	04/15/2021	68,406
Walgreen Co.	4.875	08/01/2013	23,814
Williams Partners Lp	4.125	11/15/2020	24,957
Xerox Corp.	5.500	05/15/2012	21,834
Xerox Corp.	6.350	05/15/2018	30,949
Banc Amer Cmbs	5.090	07/10/2043	51,224
Banc Amer Coml Mtg. Inc.	Variable	09/10/2047	74,753
Delta Air Lines Inc.	4.950	05/23/2019	9,832
Household Home Equity Ln Tr	Variable	01/20/2034	30,314
Household Home Equity Ln Tr	Variable	03/20/2036	70,677
LB-UBS Commercial Mtg Tr	5.156	02/15/2031	73,574
LB-UBS Commercial Mtg Tr	5.263	11/15/2040	61,381
Wachovia Bank Commercial Mtg Tr	5.179	07/15/2042	109,445
Wachovia Bank Commercial Mtg Tr	Variable	10/15/2044	139,557
Bank of Nova Scotia Sr. Unsecured	3.400	01/22/2015	27,315
Bank of Nova Scotia	2.375	12/17/2013	20,572
Barrick Australia Finance	4.950	01/15/2020	41,055
Covidien Intl.	6.000	10/15/2017	40,904
Diageo Capital Plc	5.200	01/30/2013	20,263
Ensco Plc	4.700	03/15/2021	9,092
Rogers Wireless Inc.	7.500	03/15/2015	18,942
Sanofi-Aventis	4.000	03/29/2021	40,004
Thomson Reuters Corp.	5.950	07/15/2013	15,313
Total Capital Sa	3.000	06/24/2015	16,646
Trans-Canada Pipelines	3.800	10/01/2020	27,702
Veolia Environment	6.000	06/01/2018	29,345
Caterpillar Inc. Del Com	N/A	N/A	319,380
Fluor Corp. New Com	N/A	N/A	420,290
General Elec Co. Com	N/A	N/A	264,040
Goodrich Corp. Com	N/A	N/A	191,000
Honeywell Intl. Inc. Com	N/A	N/A	595,900
Quanta Services Inc. Com	N/A	N/A	101,000
Sigma-Aldrich Corp. Com	N/A	N/A	330,210
Union Pacific Corp. Com	N/A	N/A	469,800

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
Amazon.com Inc. Com	N/A	N/A	$ 613,470
American Tower Corporation	N/A	N/A	418,640
Disney Walt Co. Com	N/A	N/A	390,400
Home Depot Inc. Com	N/A	N/A	362,200
McDonalds Corp. Com	N/A	N/A	421,600
Nike Inc. Cl B	N/A	N/A	449,900
Verizon Communications Inc. Com	N/A	N/A	409,530
Wal Mart Stores Inc. Com	N/A	N/A	318,840
Yum! Brands Inc Com	N/A	N/A	331,440
American Express Co. Com	N/A	N/A	347,683
Apache Corp. Com	N/A	N/A	493,560
Apple, Inc. Com	N/A	N/A	386,021
Bank of America Corp. Com	N/A	N/A	241,120
Chesapeake Energy Corp. Com	N/A	N/A	267,210
Chubb Corp. Com	N/A	N/A	187,830
Cisco Systems Inc. Com	N/A	N/A	312,200
Corning Inc. Com	N/A	N/A	381,150
E M C Corp. Mass Com	N/A	N/A	551,000
Exxon Mobil Corp Com	N/A	N/A	447,590
Goldman Sachs Group Inc. Com	N/A	N/A	485,778
Google Inc. Cl A	N/A	N/A	303,828
Intel Corp Com	N/A	N/A	620,480
JP Morgan Chase & Company Com	N/A	N/A	511,750
Morgan Stanely Com New	N/A	N/A	276,120
National Oilwell Varco Inc. Com	N/A	N/A	391,050
Oracle Corporation Com	N/A	N/A	658,200
Prudental Financial Inc. Com	N/A	N/A	394,258
Qualcomm Inc. Com	N/A	N/A	624,690
Schlumberger Ltd Com	N/A	N/A	475,200
Southern Co. Com	N/A	N/A	242,280
Wells Fargo & Company New Com	N/A	N/A	364,780
Colgate Palmolive Co. Com	N/A	N/A	349,640
Costco Whsl Corp. New Com	N/A	N/A	243,720
Kimberly Clark Corp. Com	N/A	N/A	266,240
Kraft Foods Inc. Cl A	N/A	N/A	281,840
Pepsico Inc. Com	N/A	N/A	683,171
Phillip Morris International Com.	N/A	N/A	467,390
Ishares Tr S&P Midcap Value Index	N/A	N/A	420,000
Amgen Inc. Com	N/A	N/A	262,575
Bristol Myers Squibb Co. Com	N/A	N/A	231,680
Express Scripts Inc. Com	N/A	N/A	380,559
Gilead Sciences Inc. Com	N/A	N/A	372,690
Johnson & Johnson Com	N/A	N/A	332,600
Medtronic Inc. Com	N/A	N/A	250,445
Merck & Co. Inc. New Com	N/A	N/A	282,320
Teva Pharmaceutical-Sp Adr	N/A	N/A	337,540
Vangrd Sml-Cap Growth	N/A	N/A	3,554,972

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
Blackrock Global Resources Port Fund Instl #368	N/A	N/A	$ 2,393,680
Ridgeworth Fd-Smallcap Val Equity I Shs #RGD6	N/A	N/A	4,051,254
Ridgeworth Fd-Seix Fltg Rt High Incm I Shs #RGCJ	N/A	N/A	813,648
Legg Mason Global Opp Bond Fund	N/A	N/A	6,746,224
PIMCO Global Bond Fund US Dollar FD #249	N/A	N/A	6,269,944
Amer. Funds - Cap. World Growth and Inc. FD #2633	N/A	N/A	3,951,013
Dodge & Cox International Stock Fund #1048	N/A	N/A	9,073,151
Janus Global Research Fund #1175	N/A	N/A	2,250,435
Van Eck Global Hard Assets Fund	N/A	N/A	2,357,890
			$ 88,357,887
Electric Department Employee Pension Fund -			
Federal Farm Credit Bank	5.500 %	10/22/2018	$ 116,618
Federal Farm Credit Bank	3.000	09/28/2018	494,358
Federal Farm Credit Bank	2.500	01/26/2018	148,988
Federal Farm Credit Bank	3.000	03/30/2017	100,795
Federal Farm Credit Bank	3.330	12/28/2018	99,851
Federal Farm Credit Bank	2.625	06/21/2017	200,073
Federal Farm Credit Bank	2.625	07/26/2018	246,737
Federal Home Loan Bank	2.250	08/26/2020	147,769
Federal Home Loan Bank	5.000	08/24/2016	52,373
Federal Home Loan Bank	2.750	03/13/2015	104,481
Federal Home Loan Bank	2.000	02/09/2021	50,077
Federal Home Loan Bank	3.125	12/08/2017	112,775
Federal Home Loan Bank	3.500	03/21/2018	101,252
Fannie Mae	1.000	12/09/2022	200,264
General Electric Capital Corporation	5.625	05/01/2018	109,372
General Electric Company	5.250	12/06/2017	332,346
Goldman Sachs	6.250	09/01/2017	159,994
Hewlett Packard Company	4.750	06/02/2014	125,495
IBM International Group	5.050	10/22/2012	105,869
Kinder Morgan Energy Partners	3.500	03/01/2016	102,956
Morgan Stanley	5.450	01/09/2017	158,630
Oracle Corporation	5.250	01/15/2016	84,638
University of Notre Dame	4.141	09/01/2013	69,211
Wells Fargo Corporation	4.375	01/31/2013	104,952
Abbott Laboratories	5.125	04/01/2019	110,014
American Express Bank	5.500	04/16/2013	267,450
Atmos Energy Corporation	4.950	10/15/2014	273,343
Bank of America	5.125	11/15/2014	106,112
Bank of New York Mellon	4.500	04/01/2013	159,374
Bank of America	4.875	01/15/2013	162,539
Bank of America	4.750	05/15/2016	278,185
BB&T	3.950	04/29/2016	104,651

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate		Maturity Date		Fair Value
Electric Department Employee Pension Fund -					
Bellsouth Corp. Nt	5.200	%	09/15/2014	$	110,170
Caterpillar Financial Services	4.900		08/15/2013		107,690
Citigroup	5.000		09/15/2014		104,796
Comcast Corporation	4.950		06/15/2016		164,661
Dell Inc. Nt	2.300		09/10/2015		276,111
Express Scripts	3.125		05/15/2016		176,078
DFA U.S. Vector Equity Portfolio	N/A		N/A		2,186,762
DFA U.S. Core Equity 2 Portfolio	N/A		N/A		1,312,916
DFA U.S. Large Cap Value Portfolio	N/A		N/A		1,771,913
DFA Emerging Markets Portfolio	N/A		N/A		256,655
DFA Emerging Markets Small Cap	N/A		N/A		339,021
DFA International Small Company Portfolio	N/A		N/A		431,103
DFA International Small Cap Value	N/A		N/A		429,373
DFA Emerging Markets Value	N/A		N/A		249,068
DFA International Value Portfolio	N/A		N/A		846,122
DFA Real Estate Securities Portfolio	N/A		N/A		934,382
				$	14,688,363
Evergreen Cemetery Commission -					
Federal Farm Credit Bank	2.000	%	12/07/2015	$	25,004
Federal Farm Credit Bank	3.400		06/04/2018		51,987
Federal Farm Credit Bank	2.625		07/26/2018		49,348
Federal Farm Credit Bank	2.625		06/21/2017		50,018
Federal Farm Credit Bank	2.500		01/26/2018		99,326
Federal Farm Credit Bank	4.500		01/05/2018		33,579
Federal Home Loan Bank	2.200		08/10/2015		25,204
Federal Home Loan Bank	2.250		08/26/2020		98,513
Federal Home Loan Bank	3.000		09/28/2018		74,154
Federal Home Loan Bank	3.125		03/27/2020		24,442
Federal Home Loan Bank	2.750		03/13/2015		52,241
Federal Home Loan Bank	3.500		03/21/2018		25,313
Federal Home Loan Bank	2.000		05/26/2011		50,078
Abbott Laboratories	5.125		04/01/2019		27,504
American Express Bank	5.500		04/16/2013		53,490
Auto Zone Inc.	4.000		11/15/2020		23,889
Bank of America	4.750		05/15/2016		50,579
Bank of New York Mellon	4.500		04/01/2013		26,562
BB&T Corp.	3.950		04/29/2016		52,326
Bellsouth Corp.	4.750		11/15/2012		26,281
Caterpillar Financial Services	4.900		08/15/2013		26,923
Citigroup	5.000		09/15/2014		26,199
Dell Inc.	2.300		09/15/2015		50,202
Express Scripts	3.125		05/15/2016		25,154
Federated Home Loan Bank	4.125		12/13/2019		26,698
General Electric Capital Corporation	5.625		05/01/2018		82,028
Goldman Sachs Group Incorporated	5.150		01/15/2014		26,693

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Investments by Fund (continued)

June 30, 2011

	Interest Rate		Maturity Date		Fair Value
Evergreen Cemetery Commission (continued) -					
JP Morgan & Chase & Company	5.125	%	09/15/2014	$	27,015
Kinder Morgan Energy Partners	3.500		03/01/2016		25,738
Morgan Stanley	5.375		10/15/2015		32,070
Oracle Corporation	5.250		01/15/2016		28,212
Verizon Communications	5.550		02/15/2016		28,162
Vanguard Total Stock Market Index	N/A		N/A		376,200
Ishares Tr Msci EAFE Index	N/A		N/A		39,091
Ishares Tr Msci Emerging Markets	N/A		N/A		4,760
Federated Prime Obligation Fund	N/A		N/A		4,755
Federated Prime Obligation Fund	N/A		N/A		37,895
				$	1,787,633
Total Investments				$	104,833,883

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2011

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt -					
2012	2009 General Obligation Refunding Bonds	2.00-5.00 %	$ 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
			$ 45,510,000	$ 9,200,000	$ 54,710,000
2012	Tennessee Municipal Bond Fund Loan (1)		$ 2,434,310	$ 64,027	$ 2,498,337
2013			2,531,440	50,105	2,581,545
2014			2,632,440	35,628	2,668,068
2015			2,737,480	20,573	2,758,053
2016			1,099,925	5,747	1,105,672
			$ 11,435,595	$ 176,080	$ 11,611,675
2012	Tennessee Municipal Bond Fund Loan (1)		$ 447,000	$ 6,624	$ 453,624
2013			462,000	4,069	466,069
2014			290,420	1,517	291,937
			$ 1,199,420	$ 12,210	$ 1,211,630
2012	Tennessee Municipal Bond Fund Loan (1)		$ 4,606,000	$ 291,863	$ 4,897,863
2013			4,545,000	265,638	4,810,638
2014			4,704,000	239,656	4,943,656
2015			4,869,000	212,765	5,081,765
2016			5,040,000	184,930	5,224,930
2017			5,216,000	156,119	5,372,119
2018			5,398,000	126,301	5,524,301
2019			5,587,000	95,443	5,682,443
2020			5,783,000	63,504	5,846,504
2021			5,839,907	30,513	5,870,420
			$ 51,587,907	$ 1,666,732	$ 53,254,639
2012	Tennessee Municipal Bond Fund Loan (1)		$ 297,000	$ 20,168	$ 317,168
2013			309,000	18,469	327,469
2014			321,000	16,702	337,702
2015			334,000	14,867	348,867
2016			347,000	12,957	359,957
2017			361,000	10,972	371,972
2018			375,000	8,908	383,908
2019			391,000	6,763	397,763
2020			406,000	4,527	410,527
2021			422,000	2,205	424,205
			$ 3,563,000	$ 116,538	$ 3,679,538

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2011

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
General Long-Term Debt (continued) -					
2012	Tennessee Municipal Bond Fund		$ 3,808,000	$ 191,959	$ 3,999,959
2013	Loan (2)		3,998,000	177,811	4,175,811
2014			4,198,000	162,957	4,360,957
2015			3,253,000	147,716	3,400,716
2016			3,416,000	135,629	3,551,629
2017			3,586,000	122,938	3,708,938
2018			3,766,000	109,614	3,875,614
2019			3,954,000	95,621	4,049,621
2020			4,152,000	80,931	4,232,931
2021			4,359,000	65,505	4,424,505
2022			4,577,000	49,309	4,626,309
2023			4,806,000	32,304	4,838,304
2024			4,325,214	14,670	4,339,884
			$ 52,198,214	$ 1,386,964	$ 53,585,178
2012	Tennessee Municipal Bond Fund	2.89 %	$ 2,584,000	$ 1,338,301	$ 3,922,301
2013	Loan		2,658,000	1,262,555	3,920,555
2014			2,734,000	1,184,640	3,918,640
2015			2,812,000	1,104,500	3,916,500
2016			2,893,000	1,022,063	3,915,063
2017			2,976,000	937,256	3,913,256
2018			3,062,000	850,007	3,912,007
2019			3,150,000	760,243	3,910,243
2020			3,240,000	667,908	3,907,908
2021			3,333,000	572,928	3,905,928
2022			3,429,000	475,217	3,904,217
2023			3,527,000	374,703	3,901,703
2024			3,629,000	271,299	3,900,299
2025			3,733,000	164,918	3,897,918
2026			3,840,000	55,488	3,895,488
			$ 47,600,000	$ 11,042,026	$ 58,642,026
2012	Capital Outlay Note	6.55 %	$ 140,000	$ 74,889	$ 214,889
2013			150,000	65,392	215,392
2014			160,000	55,239	215,239
2015			170,000	44,432	214,432
2016			181,000	32,936	213,936
2017			193,000	20,688	213,688
2018			206,000	7,621	213,621
2019			13,350	437	13,787
			$ 1,213,350	$ 301,634	$ 1,514,984
2012	Capital Outlay Note	6.49	$ 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
			$ 1,141,000	$ 364,233	$ 1,505,233
Total General Long-Term Debt			$ 215,448,486	$ 24,266,417	$ 239,714,903

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2011

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer -					
2012	Tennessee Municipal Bond Fund (3)		$ 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
			$ 5,595,000	$ 1,131,223	$ 6,726,223
2012	Tennessee Municipal Bond Fund (3)		$ 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	624,946	3,070,946
2023			2,556,000	514,876	3,070,876
2024			2,671,000	399,857	3,070,857
2025			2,792,000	279,662	3,071,662
2026			2,917,000	154,023	3,071,023
2027			505,691	22,757	528,448
			$ 33,244,691	$ 13,351,776	$ 46,596,467
2012	State Revolving Loan	4.24 %	$ 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
			$ 33,738,425	$ 7,715,172	$ 41,453,597
2012	State Revolving Loan	4.28 %	$ 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
			$ 446,158	$ 76,212	$ 522,370

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2011

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Water and Sewer (continued) -					
2012	State Revolving Loan	3.71 %	$ 85,224	$ 50,388	$ 135,612
2013			88,440	47,172	135,612
2014			91,788	43,836	135,624
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			132,880	2,688	135,568
			$ 1,397,008	$ 365,988	$ 1,762,996
2012	2009 Tax and Revenue Refunding Bonds	2.00-5.00 %	$ 1,590,000	$ 1,543,050	$ 3,133,050
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			2,520,000	70,400	2,590,400
			$ 36,255,000	$ 12,291,200	$ 48,546,200
Total Murfreesboro Water and Sewer			$ 110,676,282	$ 34,931,571	$ 145,607,853
Murfreesboro Electric Department -					
2012	2009 Tax and Revenue Refunding Bonds	2.00-3.375 %	$ 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
			$ 10,035,000	$ 862,900	$ 10,897,900

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year (continued)

June 30, 2011

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest
Murfreesboro Electric Department (continued)-					
2012	Tennessee Municipal Bond Fund (4)		$ 536,000	$ 213,475	$ 749,475
2013			563,000	200,075	763,075
2014			591,000	186,000	777,000
2015			621,000	171,225	792,225
2016			652,000	155,700	807,700
2017			685,000	139,400	824,400
2018			719,000	122,275	841,275
2019			755,000	104,300	859,300
2020			793,000	85,425	878,425
2021			832,000	65,600	897,600
2022			874,000	44,800	918,800
2023			918,000	22,950	940,950
			$ 8,539,000	$ 1,511,225	$ 10,050,225
Total Murfreesboro Electric Department			$ 18,574,000	$ 2,374,125	$ 20,948,125
Total Indebtedness			$ 344,698,768	$ 61,572,113	$ 406,270,881

(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 .57% was used which was the rate in effect at June 30, 2011.
(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 .37% was used which was the rate in effect at June 30, 2011.
(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 5.00% was used.
(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 2.5% was used.

CITY OF MURFREESBORO, TENNESSEE

Solid Waste
Supplemental Schedule of Activities and Balances
(as required by *Tennessee Code Annotated*)

Year Ended June 30, 2011

Revenues -		
Federal funds	$	265
State funds		6,069
Charges for services		11,428
Miscellaneous		30,827
	$	48,589
Expenditures -		
Labor	$	1,558,287
Operations and maintenance		946,106
Supplies		435,834
Insurance		403,973
Social Security taxes		112,312
Group insurance		405,038
Retirement		168,265
Utilities		47,177
Travel and subsistence		6,228
Training personnel		75
License fees		2,841
Disposal carts		102,810
Other miscellaneous		2,481
	$	4,191,427
Amount funded with general governmental revenues	$	(4,142,838)
Balances at June 30, 2011 -		
Accounts receivable	$	3,081
Due from other governments		191,091
Accrued liabilities		(21,075)

NOTE The above supplemental schedule has been presented to reflect solid waste activities and balances to demonstrate compliance with Tennessee Code Annotated (TCA). The solid waste "fund" is operated and maintained separately by the City of Murfreesboro in compliance with TCA. However, the activities and balances shown above have been reported in the General Fund of the basic financial statements in accordance with GASB 54.

CITY OF MURFREESBORO, TENNESSEE

Senior Citizens

Supplemental Schedule of Activities

Year Ended June 30, 2011

Revenues -		
Interest	$	773
County funds		155,000
State funds		11,100
Federal funds		26,194
Revenue from other agencies		51,495
Program income		175,069
Donations received		8,207
Miscellaneous		53
	$	427,891
Expenditures -		
Labor	$	406,708
Operations and maintenance		26,532
Supplies		84,621
Senior trip expense		76,509
Insurance		32,926
Social Security taxes		29,783
Group insurance		71,196
Retirement		36,036
Utilities		55,690
Contractual services		2,400
Travel and subsistance		834
Training and instruction		21,009
Designated contributions		7,430
Other miscellaneous		4,706
Capital outlay		4,624
	$	861,004
Excess of Revenues Over (Under) Expenditures	$	(433,113)
Other Financing Sources -		
Transfers in		6,000
Amount funded with general governmental revenues	$	(427,113)

NOTE :The above schedule has been presented to reflect the activities of the Senior Citizens Center as a supplement for the Summary of Financial Activities of a Charitable Organization for the State of Tennessee Division of Charitable Solicitations and Gaming. The activities of the Senior Citizens Department have been reported in the General Fund.

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 137

These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 145

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 149

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.

Demographic and Economic Information 154

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 156

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.

Utility Services Information 159

These schedules contain information regarding the utility services provided by the City including its rate structure.

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
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 478,989,381
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	17,316,349
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	14,540,153
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	$ 510,845,883
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	$ 349,921,094
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	25,118,563
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	27,807,561
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	$ 402,847,218
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	$ 828,910,475
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	42,434,912
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	42,347,714
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	$ 913,693,101

* 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
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 11,036,656	$ 11,856,868
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	22,201,545
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	14,608,541
Judicial	258,396	265,194	265,559	383,250	470,194	413,187	428,682	435,877	392,199	362,930
Legal	480,855	384,252	396,578	470,674	605,026	656,445	760,004	770,951	708,421	727,927
Human resources	329,742	344,507	385,962	540,178	667,777	667,665	699,440	641,827	691,601	765,914
Streets and signs	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	13,617,876
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	1,811,333
Building and codes	753,094	792,627	848,527	1,309,877	1,516,166	1,720,215	1,698,151	1,725,111	1,712,753	1,651,344
Solid waste	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	4,905,651
Transportation (1)									3,264,921	2,339,168
Urban environmental	340,057	360,213	401,802	690,795	746,291	653,438	812,456	902,288	964,579	939,172
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	1,782,425
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	6,374,845
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	12,184,112
Community/economic development	734,553	702,044	834,883	825,139	855,376	443,375	1,640,426	1,113,234	2,325,940	1,541,107
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	58,266,523
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	3,399,774
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	4,189,688
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	$ 157,258,622	$ 163,526,743
Business-type activities:										
Water, sewer and stormwater (2)	$ 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	$ 29,964,693
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	145,950,961
Cemetery	319,380	312,599	344,372	377,487	415,208	409,601	470,903	446,550	592,384	484,801
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	$ 176,400,455
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	$ 310,203,147	$ 339,927,198

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Assets (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 100,743
Police	368,771	301,597	293,093	251,479	201,209	206,978	268,899	336,801	217,038	177,723
Fire protection	239,617	373,627	366,113	372,120	385,833	389,146	430,312	621,785	767,033	795,622
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	1,615,803
Streets and signs	9,607	14,382	25,666	12,726	20,508	42,776	18,525	43,846	38,813	39,724
Planning and engineering	19,659	26,781	27,074	69,549	59,094	72,543	43,769	31,327	29,778	29,246
Building and codes	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	1,348,831
Solid waste	15,529	47,209	49,441	41,568	28,502	45,011	31,988	70,379	35,058	11,428
Transportation (1)									86,498	101,016
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	4,076,701
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	3,187,006
Community/economic development	224	96,044	63,593	102,094	91,528	91,879	34,178	38,436	35,199	168,749
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	11,762
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	1,147,656
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	62,827,946
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	4,603,937
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	$ 80,243,893
Business-type activities:										
Charges for services:										
Water, sewer and stormwater (2)	$ 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	$ 33,940,432
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	160,004,748
Cemetery	255,088	312,331	332,604	377,258	354,435	319,566	324,331	386,470	384,919	421,315
Operating grants and contributions	85,815	68,341	14,931	43,458	15,413	76,203	69,514	68,994	146,238	311,112
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	5,533,215
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	$ 200,210,822
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	$ 280,454,715
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)	$ (69,064,823)	$ (83,282,850)
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	23,810,367
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)	$ (47,611,570)	$ (59,472,483)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Net Assets (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 35,703,069
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	29,732,214
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	9,204,463
Grants and contributions not restricted to 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	9,981,203
Unrestricted investment earnings	758,707	514,639	425,609	702,202	1,826,865	2,486,355	1,880,203	505,331	261,512	305,592
Miscellaneous	249,017	282,589	340,537	75,353	232,735	70,211	164,203	124,835	112,948	621,495
Gain on sale of assets		4,378,279	274,956	2,214,818	8,946,150	4,210,874	79,559	1,775,902		
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	2,899,560
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	$ 82,505,271	$ 88,447,596
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	$ 387,778
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	66,961
Transfers	(64,185)	(63,552)	(17,370)	(75,933)	(23,747)	(78,953)	26,400	(55,257)	(2,725,496)	(2,899,560)
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)	$ (2,444,821)
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	$ 80,216,770	$ 86,002,775
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	$ 5,164,746
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	21,365,546
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	$ 26,530,292

(1) 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.

(2) 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
(accrual basis of accounting)

Fiscal Year Ended June 30,	Property Taxes	Sales Taxes	Other Taxes	Total
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
2011	35,703,069	29,732,214	9,204,463	74,639,746

CITY OF MURFREESBORO, TENNESSEE

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Reserved	$ 86,277	$ 104,570	$ 141,536	$ 264,004	$ 2,866,482	$ 2,251,222	$ 1,089,753	$ 540,669	$ 486,661	
Unreserved	22,685,686	22,086,973	27,379,072	30,912,311	32,596,314	28,461,940	33,424,938	38,052,920	39,408,819	
Nonspendable										$ 280,823
Restricted										545,005
Committed										
Assigned										5,395,693
Unassigned										42,230,413
Total general fund	$ 22,771,963	$ 22,191,543	$ 27,520,608	$ 31,176,315	$ 35,462,796	$ 30,713,162	$ 34,514,691	$ 38,593,589	$ 39,895,480	$ 48,451,934
All other governmental funds										
Reserved	$ 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	7,764,893	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	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	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	137,692	148,419	114,026	109,169	68,691	90,946	13,795	18,660	102,466	
Nonspendable										$ 1,825,529
Restricted										29,286,886
Committed										9,144,022
Assigned										5,028,232
Unassigned										(2,327,903)
Total all other governmental funds	$ 17,328,957	$ 17,850,909	$ 10,437,642	$ 1,310,018	$ 14,144,893	$ 6,573,507	$ 12,747,395	$ 25,571,997	$ 16,346,691	$ 42,956,766

Note: The City implemented GASB 54 in fiscal year 2011.

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues -										
Taxes	$ 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	$ 72,505,644
Intergovernmental	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	74,954,915
Charges for services	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	9,430,596
Donations							483,125	477,339	1,941,617	128,331
Interest and investment earnings	809,012	587,604	446,717	741,017	1,710,245	2,380,139	1,775,554	558,217	439,174	504,249
Licenses and permits	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	3,430,795
Miscellaneous	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	6,027,165
	$ 106,263,489	$ 105,876,172	$ 120,568,546	$ 129,897,059	$ 139,608,277	$ 143,498,614	$ 164,639,710	$ 173,742,593	$ 165,857,206	$ 166,981,695
Expenditures -										
General government	$ 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	$ 5,872,815
Police	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	22,096,832
Fire protection	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	14,023,025
Judicial	240,725	253,961	265,283	377,283	424,378	412,307	477,728	452,758	351,734	365,072
Legal	482,339	381,265	392,291	477,862	594,253	649,162	754,962	760,019	681,668	750,236
Human resources	316,453	350,039	377,661	527,178	574,204	643,941	711,621	732,321	646,870	858,324
Streets and signs	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	7,102,496
Planning and engineering	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	1,735,966
Building and codes	750,636	789,533	856,370	1,290,743	1,513,775	1,705,737	1,740,183	1,717,686	1,700,106	1,666,961
Solid waste	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	4,191,427
Transportation **									3,135,125	3,271,637
Urban environmental	311,391	337,918	398,062	666,182	771,954	645,641	780,410	868,624	909,214	926,237
Public health, education and welfare	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	1,502,385
Community services	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	6,088,043
Recreation	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	9,442,486
Community development	732,989	700,350	852,389	866,010	885,812	441,826	817,301	872,671	2,322,141	1,538,719
Economic development							821,688	255,587		
Education	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	57,304,421
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	3,399,774
Capital outlay	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	19,660,427
Debt service										
Principal	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	20,699,775
Interest	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	4,243,000
Debt issuance cost	125,164	121,481	163,453	106,543	128,064	178,981	603,242	194,668	625,583	413,689
Total expenditures	$ 120,562,452	$ 128,694,550	$ 147,794,874	$ 171,015,231	$ 172,486,518	$ 207,363,961	$ 197,945,138	$ 192,716,636	$ 184,943,042	$ 187,153,747
Excess of revenues over (under) expenditures	$ (14,298,963)	$ (22,818,378)	$ (27,226,328)	$ (41,118,172)	$ (32,878,241)	$ (63,865,347)	$ (33,305,428)	$ (18,974,043)	$ (19,085,836)	$ (20,172,052)

(continued)

CITY OF MURFREESBORO, TENNESSEE

Changes in Fund Balances of Governmental Funds (continued)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses) -										
Issuance of debt	$ 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	$ 52,474,806
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		219,699
Transfers in	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	36,236,848
Transfers out	(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)	(33,592,772)
	$ 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	$ 55,338,581
Net change in fund balances	$ 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)	$ 35,166,529
Debt service as a percentage of noncapital expenditures	16.21%	17.36%	18.36%	12.90%	13.90%	14.48%	17.17%	15.09%	16.06%	15.51%

* 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	Alcohol Privilege Taxes	Hotel/Motel Tax	Total Tax Revenue
2002	$ 24,355,979	$ 16,785,657	$ 1,756,813	$ 379,216	$ 1,192,999	$ 58,275	$ 472,073	$ 45,001,012
2003	25,478,328	17,620,360	1,806,197	412,543	1,221,734	56,887	487,494	47,083,543
2004	27,076,804	20,456,883	2,063,053	486,880	1,481,835	56,061	544,874	52,166,390
2005	28,503,582	21,550,526	2,293,265	528,073	1,426,313	56,014	537,141	54,894,914
2006	30,434,528	24,094,087	2,434,181	585,620	1,745,143	56,360	584,877	59,934,796
2007	31,302,662	26,265,473	2,612,015	640,231	1,917,224	66,799	652,641	63,457,045
2008	33,073,516	30,356,728	2,708,850	712,160	2,027,972	72,331	743,601	69,695,158
2009	35,254,735	28,370,349	2,808,781	736,010	1,926,166	77,252	730,976	69,904,269
2010	33,305,297	27,903,293	2,770,148	735,816	1,734,418	87,766	747,523	67,284,261
2011	35,727,238	29,732,214	2,912,207	793,004	2,430,274	88,321	822,386	72,505,644

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		
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%
2011	1.270	2,675,851,829	56,821,961	2,732,673,790	9,371,255,513	29.2%

(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		
		County											
	City	General	Solid Waste	Ambulance	Highway/ Roads	Education	Education Capital projects	General Debt Service	Total County	Total	City	County	Total
2002	$ 1.900	$ 0.590	$ 0.030			$ 1.440		$ 0.720	$ 2.780	$ 4.680	$ 22,268,457	$ 32,581,639	$ 54,850,096
2003	1.720	0.530	0.030			1.300		0.650	2.510	4.230	23,434,512	34,197,530	57,632,042
2004	1.720	0.625	0.030		$ 0.015	1.460		0.670	2.800	4.520	24,495,265	39,875,411	64,370,676
2005	1.720	0.595	0.030		0.015	1.440		0.720	2.800	4.520	25,888,134	42,142,670	68,030,804
2006	1.720	0.595	0.030		0.015	1.440		0.720	2.800	4.520	27,579,046	44,895,290	72,474,336
2007	1.407	0.470			0.010	1.290		0.670	2.440	3.847	28,107,445	48,743,283	76,850,728
2008	1.407	0.500			0.010	1.190	$ 0.050	0.690	2.440	3.847	30,325,680	52,589,917	82,915,597
2009	1.407	0.530			0.010	1.230	0.050	0.740	2.560	3.967	32,313,095	58,792,214	91,105,309
2010	1.407	0.572		$ 0.098	0.010	1.265	0.050	0.740	2.735	4.142	34,129,964	66,343,133	100,473,097
2011	1.270	0.554		0.088	0.009	1.143	0.045	0.626	2.465	3.735	34,709,599	67,365,874	102,075,473

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Principal Taxpayers

June 30, 2011

Taxpayer	2010 Assessed Valuation	Rank	% of Total Assessed Valuation	2001 Assessed Valuation	Rank	% of Total Assessed Valuation
General Mills / Pillsbury Company	$ 52,816,041	1	1.93 %	$ 24,426,888	1	2.08 %
CF Murfreesboro Associates	31,243,835	2	1.14			
Embassy Suites	28,982,581	3	1.06			
Transwestern Stones River	23,371,640	4	0.86			
Gatton C. M. Trustee	19,650,550	5	0.72			
Mahle Filter Systems/Tennex Industries	18,488,432	6	0.68	8,610,715	4	0.73
Pointe at Raiders Campus	17,695,592	7	0.65			
Middle TN Electric Membership	16,382,567	8	0.60			
Adams Place LLC	14,134,900	9	0.52			
State Farm Insurance Company	13,340,588	10	0.49	11,471,770	3	0.98
Bellsouth Tellecommunications				13,267,681	2	1.13
Buford C. Throneberry				8,286,630	5	0.71
Stones River Real Estate				8,190,240	6	0.70
Boston Capital University				7,002,680	7	0.60
Atmos Energy Corporation				5,966,586	8	0.51
Chelsea Place Limited Partnership				5,966,480	9	0.51
ORS Real Estate Limited Partnership				5,798,800	10	0.49
	$ 236,106,726		8.65 %	$ 98,988,470		8.44 %

Source: City of Murfreesboro tax department.

CITY OF MURFREESBORO, TENNESSEE

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levy	Collected within the Fiscal Year of the Levy	Percent of Levy Collected	Collections in Subsequent Years	Total Collections To Date	Total Collections as Percent of Current Levy
2002	$ 22,268,457	$ 21,462,617	96.38 %	$ 774,374	$ 22,236,991	99.86 %
2003	23,434,512	22,591,740	96.40	818,667	23,410,407	99.90
2004	24,495,262	23,783,417	97.09	684,696	24,468,113	99.89
2005	25,888,134	25,199,793	97.34	652,798	25,852,591	99.86
2006	27,579,046	26,659,470	96.67	882,679	27,542,149	99.87
2007	28,107,445	27,444,825	97.64	614,009	28,058,834	99.83
2008	30,325,680	29,565,591	97.49	684,246	30,249,837	99.75
2009	32,313,095	31,353,518	97.03	863,147	32,216,665	99.70
2010	34,129,964	32,987,635	96.65	686,521	33,674,156	98.66
2011	34,709,599	33,626,350	96.88		33,626,350	96.88

Source: City of Murfreesboro Tax Department

CITY OF MURFREESBORO, TENNESSEE

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities							
Fiscal Year Ended June 30,	General Obligation Bonds	TML Loans	Capital Outlay Notes	Capital Leases	General Obligation Bonds	Matured Bonds	TML Loans	Revenue Bonds	State and Other Loans	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2002	$ 16,770,000	$ 73,085,532			$ 1,585,000	$ 36,002	$ 4,281,741	$ 7,500,000	$ 54,475,283	$ 157,733,558	7.89 %	$ 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	7.97	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	7.44	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	8.68	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	9.39	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	10.27	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	10.54	3,300
2009		200,127,211	2,994,000			36,000	96,728,807	2,060,000	41,846,566	343,792,584	10.69	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	9.61	2,920
2011	45,510,000	167,584,136	2,354,350	403,894		36,000	47,378,691	46,290,000	36,411,432	345,968,503	10.02	3,145

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 154 for personal income and population data.

CITY OF MURFREESBORO, TENNESSEE

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Estimated Population (1)	Total Estimated Actual Value	General Bonded Debt	Percentage of Estimated Actual Value of Property	Net Bonded Debt Per Capita
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	108,755	8,520,678,432	181,095,105	2.13	1,665.17
2011	110,000	9,371,255,513	213,094,136	2.27	1,937.22

Note:

(1) Special Census conducted 2003, 2005, and 2008 and federal census conducted 2010, others are estimated.

CITY OF MURFREESBORO, TENNESSEE

Direct and Overlapping Governmental Activities Debt

June 30, 2011

Taxing Jurisdiction	Debt Outstanding (1)	Estimated Percentage Applicable (5)	Direct and Overlapping Debt
City of Murfreesboro direct debt			$ 215,852,380
Rutherford County (2)	$ 354,180,000	41.89%	148,366,002
Total direct and overlapping debt			$ 364,218,382
Ratio of direct and estimated overlapping debt to 2010 assessed valuation (3)			13.33%
Per capita direct and estimated overlapping debt (4)			$ 3,311

(1) As of June 30, 2011.
(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2011, Table 12.
(3) Based upon 2010 Taxable Assessed Valuation of $2,732,673,790
(4) Based upon estimated population of 110,000
(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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	$ 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	$ 409,901,069
Total net debt applicable to limit	86,806,727	85,240,337	89,317,604	109,721,035	134,707,227	165,794,609	186,890,786	198,875,557	178,882,688	211,053,091
Legal debt margin	$ 88,993,484	$ 119,127,373	$ 124,300,668	$ 116,043,267	$ 105,803,253	$ 126,905,702	$ 136,407,885	$ 145,610,071	$ 184,973,619	$ 198,847,978
Total net debt applicable to the limit as a percentage of the debt limit	49.38%	41.71%	41.81%	48.60%	56.01%	56.64%	57.81%	57.73%	49.16%	51.49%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	$ 2,732,673,790
Debt limit (15% of assessed value)	$ 409,901,069
Debt applicable to limit:	
General Obligation Bonds	$ 45,510,000
Capital lease obligation	403,894
Capital Outlay Notes	2,354,350
Tennessee Municipal Bond Fund Loans	167,584,136
Less: debt service fund	(4,799,289)
Total debt applicable to limit	$ 211,053,091
Legal debt margin	$ 198,847,978

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) Principal	Debt Service (3) Interest	Times Coverage
Water and Sewer -						
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
2011	31,790,418	17,342,539	14,447,879	2,240,000	1,655,050	3.71

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

Electric Department -						
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
2011	160,158,760	140,272,996	19,885,764	2,740,000	290,788	6.56

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

Fiscal Year Ended June 30,	Population (1)	Personal Income	Per Capita Income (2)	Median Age (3)	City School Enrollment	Unemployment Rate (2)
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	2,577,752,100	29,700	31.2	6,600	4.20
2007	92,559	2,813,793,600	30,400	31.2	6,720	3.70
2008	100,575	3,147,997,500	31,300	31.2	6,842	4.40
2009	101,753	3,215,394,800	31,600	31.2	6,900	7.90
2010	108,755	3,306,152,000	30,400	31.2	6,900	8.90
2011	110,000	3,454,000,000	31,400	32.1	6,881	8.40

Notes:

(1) Special Census conducted 2003, 2005, and 2008, and Federal Census conducted 2010, 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 2010 census and will be determined again after the 2020 census. These figures represent the entire County of which Murfreesboro is a part.

CITY OF MURFREESBORO, TENNESSEE

Principal Employers

June 30, 2011

Employer	2011 Employees	2011 Rank	2011 % of Total County Employment	2002 Employees	2002 Rank	2002 % of Total County Employment
Rutherford County Government and Board of Education	5,503	1	4.23 %	3,183	2	3.27 %
Nissan Motor Manufacturing Corp. USA	3,400	2	2.61	6,300	1	6.48
Middle Tennessee State University	2,225	3	1.71	1,670	5	1.72
City of Murfreesboro and Board of Education	2,025	4	1.56	1,324	8	1.36
State Farm Insurance	1,626	5	1.25			
Alvin C. York Veterans Administration Medical Center	1,461	6	1.12	1,500	6	1.54
Ingram Book Company	1,324	7	1.02	2,200	3	2.26
Middle Tennessee Medical Center	1,150	8	0.88	1,000	9	1.03
Verizon	1,068	9	0.82			
Asurion	1,050	10	0.81			
Bridgestone/Firestone, Inc.				1,800	4	1.85
Whirlpool Corporation				1,500	7	1.54
Perrigo				1,000	10	1.03
			16.01 %			22.08 %

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, 2011, Table 14

CITY OF MURFREESBORO, TENNESSEE

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government -										
Administrative and General	21	21	21	20	20	21	23	24	28	28
Civic Plaza	1	1	1	1	1	1	1	1	1	1
Police -										
Officers	162	161	161	163	182	187	203	239	240	220
Civilians	41	41	41	42	48	48	53	58	57	53
Fire Protection -										
Firefighters and Officers	166	165	167	176	176	188	187	202	202	184
Civilians	3	3	3	3	3	3	3	3	3	3
Judicial	5	6	6	6	6	6	6	6	6	6
Legal and Risk Management	9	9	9	9	9	10	10	10	10	10
Human Resources	7	7	7	8	8	9	10	9	9	9
Streets and Signs	25	25	25	27	28	28	29	29	29	28
Planning and Engineering	22	22	22	26	27	29	31	30	23	20
Building and Codes	17	17	19	20	23	26	26	25	27	25
Solid Waste	48	45	45	57	58	58	57	57	57	55
Urban Environmental	9	9	10	12	13	13	16	16	16	15
Community Services -										
Fleet Services	2	11	11	11	11	12	13	13	13	13
Senior Citizens	9	9	9	9	9	9	9	9	9	9
Airport	1	1	1	1	1	1	1	1	1	1
Cable Television	4	4	4	4	4	4	4	4	4	4
Mass Transit	-	-	-	-	1	12	12	12	18	16
Recreation and Golf	79	80	78	78	81	84	84	88	88	87
Community Development	3	3	3	3	3	3	2	2	2	2
Education	652	696	684	715	775	801	859	881	864	920
Food Service	30	31	29	29	25	25	27	28	25	24
Water and Sewer	119	128	130	127	135	143	149	151	147	147
Electric	68	73	74	73	73	73	76	79	87	83
Cemetery	6	6	6	7	7	8	8	9	9	9
Total	1,509	1,574	1,566	1,627	1,727	1,802	1,899	1,986	1,975	1,972

Sources: Various city departments

CITY OF MURFREESBORO, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police -										
Arrests	7,187	7,562	7,213	7,553	7,741	11,613	8,641	9,111	8,530	7,944
911 calls	30,089	22,737	31,197	33,509	25,922	35,785	37,185	38,664	37,824	39,195
Traffic violations	20,408	20,043	17,002	16,242	13,424	23,360	25,120	26,095	13,059	13,930
Fire Protection -										
Emergency responses (c)	1,798	2,300	5,535	5,577	6,104	8,035	8,241	8,983	10,354	11,192
Fire safety inspections (a)	5,348	4,770	5,484	5,012	4,555	5,486	5,028	5,391	4,844	4,239
Fire training hours (a)	54,874	61,993	60,184	62,578	63,627	64,107	69,771	73,059	65,895	60,366
Human Resources -										
Full time positions/applications	55 / 2,036	NA	56 / 2,285	NA	80 /3,277	83/3,879	68/3,460	44/2,564	27/2,096	48/2633
Part time positions/applications	93 / 1,371	NA	115 /1,881	NA	102 / 1,590	113/1,604	117/2,489	64/1,594	147/1,954	146/1674
Streets and Signs (a) -										
Street repaving (lane miles)	28	114	64	43	54	58	20	31	42	61
Planning and Engineering (b) -										
Preliminary plats reviewed	49	48	83	73	57	55	27	13	8	11
Final plats reviewed	111	89	133	156	128	144	128	75	60	56
Site plans reviewed	107	111	139	134	131	161	184	157	97	105
Annexations studied	13	22	30	35	20	19	10	9	2	1
Building and Codes -										
Single family home permits issued	1,053	1,514	1,689	1,814	1,922	1,391	711	430	425	329
Total building permits issued	1,696	2,149	2,398	2,582	2,511	2,707	1,824	1,433	1,357	1,277
Substandard and property maintenance complaint notices (d)	1,201	1,131	1,405	2,113	2,102	3,458	3,697	8,425	8,334	10,360
Solid Waste (a) -										
Refuse collected (tons per year)	29,350	32,247	31,087	32,265	34,321	36,892	35,227	33,900	33,284	33,673
Community services -										
Airport										
Gallons of fuel sold (Avgas and Jet A)	166,037	155,895	195,512	208,875	195,244	182,641	184,423	191,152	187,749	191,986
Education -										
K-6 Enrollment	5,789	5,850	6,062	6,260	6,600	6,720	6,842	6,902	6,876	6,881
Water and Sewer -										
Water sold annually in 100 cubic feet	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	3,424,017
Sewer sold annually in 100 cubic feet	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	3,722,554
Electric -										
Number of customers	37,299	38,604	40,298	43,525	46,985	47,858	49,960	50,556	52,001	52,148
Kilowatt hours sold (in thousands)	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	1,646,877

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), Transportation, Recreation, Community Development, Food Service, and Cemetery Functions.

(a) Calendar year information

(b) Calendar year information through 2006/ Fiscal Information 2007 through 2011

(c) Fiscal information through 2006/Calendar Information 2007 through 2011

(d) Information is for notices through 2008/Inspections information 2009 through 2011

NA Information is not available

CITY OF MURFREESBORO, TENNESSEE

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police -										
Patrol Units	112	112	113	119	124	125	141	137	135	139
Fire Protection -										
Fire engines	15	15	15	15	15	15	18	18	18	19
Rescue vehicles		2	2	3	3	3	3	3	3	3
Fire stations	9	9	9	9	9	9	9	9	10	10
Streets and Signs -										
Streets (miles)	417	429	458	467	485	503	513	522	528	531
Traffic signals	94	97	103	106	106	110	119	123	127	131
Solid Waste -										
Collection trucks	24	28	27	34	36	36	36	36	34	33
Community Services -										
Airport										
Tie-downs	66	66	66	85	85	80	80	80	80	80
Hangers	59	59	59	59	59	59	106	106	106	106
Public Transportation										
Buses						9	9	9	9	9
Recreation -										
Park acreage	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	1,225.90
Greenway trails (miles)	4.5	4.5	4.5	4.5	5.1	5.1	5.1	7.1	10.1	11.6
Education -										
Elementary schools	10	10	10	11	11	11	12	12	12	12
Water and Sewer -										
Water pipe (miles)	NA	NA	402	406	414	422	426	428	430	432
Water storage capacity (millions of gallons)	9.0	10.5	10.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Water treatment capacity (millions of gallons per day)	15.7	15.7	15.7	15.7	15.7	15.7	15.7	22.0	22.0	22.0
Sewer pipe (miles)	354.0	NA	456.0	469.0	494.0	524.0	550.0	565.0	569.0	573.0
Wastewater treatment capacity (millions of gallons per day)	16	16	16	16	16	16	16	16	16	16
Sewage pumping stations	32	35	35	35	38	42	45	43	44	44
Public fire hydrants	2,592	2,660	2,751	2,948	3,037	3,122	3,205	3,246	3,286	3,264
CUD Public fire hydrants in City	NA	NA	NA	NA	NA	NA	NA	NA	NA	2,033
Electric -										
Overhead and underground primary and secondary cable (miles)	495.07	510.99	514.47	534.17	572.92	611.67	626.95	649.88	655.27	662.23
Poles	11,002	11,425	11,814	12,079	13,054	13,693	14,221	14,857	15,179	15,289
Transformers	9,896	10,205	10,804	11,320	11,954	12,594	13,226	13,330	13,627	13,726
Substations	8	8	9	9	10	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, 2011

Murfreesboro Water and Sewer Department

As of June 30, 2011, Murfreesboro Water and Sewer Department serves approximately 24,877 water customers and 37,430 sewer customers of which 12,677 are in the Consolidated Utility District ("CUD") water service area. The following rate structure was in place during 2010/2011 fiscal year:

Water:

Section 33-1 Water rate and minimum bill. The water rate is $2.74 per 100 cubic feet ($0.0274 per cubic foot) of consumption over the stated allowances per meter size. The minimum monthly bills applicable to all customers are based upon the following table:

Meter Size	Charge	Allowance
5/8"	$ 8.22	150 cubic feet
1"	19.18	500 cubic feet
1.5"	41.10	1,300 cubic feet
2"	65.76	2,200 cubic feet
3"	164.40	5,800 cubic feet
4"	328.80	11,800 cubic feet
6"	685.00	24,800 cubic feet

One Cubic Foot equals seven and one-half gallons

Sewer:

Section 33-1(G) Sewer Rates. Each customer served by or having access to sanitary sewer service shall be charged sanitary sewer service and operation and maintenance fees. Section 33-1 (G) 1. The sewer rate shall be $3.34 per 100 cubic feet of metered water consumption ($0.0334 per cubic foot) over stated allowance per meter size. In addition to the sanitary sewer service charge, each customer will be charged an operation and maintenance fee equal to ninety cents ($0.90) per one hundred cubic feet of all metered water usage.

The minimum monthly bills applicable to all customers are based upon the following table:

Meter Size	Charge*	Allowance
5/8"	$ 9.22	150 cubic feet
1"	27.98	500 cubic feet
1.5"	61.90	1,300 cubic feet
2"	100.06	2,200 cubic feet
3"	252.70	5,800 cubic feet
4"	507.10	11,800 cubic feet
6"	1,058.30	24,800 cubic feet

One Cubic Foot equals seven and one-half gallons

* Not including O&M charge

Murfreesboro Water and Sewer Department (continued)

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 the above inside City Limit rates. Effective on bills printed July 1, 2010.

Murfreesboro Electric Department

As of June 30, 2011, Murfreesboro Electric Department serves approximately 52,148 customers and had the following rate structure in place:

Residential:

Customer Charge - $11.76 per month (also minimum bill)
Energy Charge - $.06565 per KWH
Fuel Cost Adjustment (FCA) - $.02458 per KWH

Commercial:

General Power (GSA)

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

Customer Charge	$24.86
Energy Charge	$.07539 per KWH
Fuel Cost Adjustment	$.02437 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	$49.00
Energy Charge	
1st 15,000	$.07648 per KWH FCA is $.02437 per KWH
over 15,000	$.03679 per KWH FCA is $.02413 per KWH
Demand Charge	
1st 50	No Charge
over 50	$11.71 per KWH

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

Customer Charge	$122.00
Energy Charge	$.03958 per KWH
FCA charge	$.02413 per KWH
Demand Charge	
1st 1,000 KWD	$10.78 per KW
over 1,000 KWH	$10.74 per KW

CITY OF MURFREESBORO, TENNESSEE

Schedule of Customers and Rate Structure (continued)

Year Ended June 30, 2011

Murfreesboro Electric Department (continued)

General Power (GSB)

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

Customer Charge	$1,500.00
Admin charge	$ 350.00
Energy Charge	$.02476 per KWH
FCA charge	$.02437 per KWH
Demand Charge	$ 21.03 per KWH

General Power (MSC)

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

Customer Charge	$1,500.00
Admin charge	$ 350.00
Demand Charge	$ 17.71
Energy Charge	$.01703 per KWH
FCA charge	$.02437 per KWH

General Power (MSD)

Customer Charge	$1,500.00
Admin charge	$ 350.00
Demand Charge	$ 18.22
Energy Charge	$.01733 per KWH
FCA per KWH	$.02437 per KWH

For time of use rates, please contact the Murfreesboro Electric Department.
Since April 2011 rates change based upon the seasons; summer, winter and transitional months.
Fuel cost adjustments (FCA) vary monthly and apply to energy charges only.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Unaccounted for Water

June 30, 2011

(All amounts in gallons)

A	**Water Treated and Purchased:**		
B	Water Pumped	3,502,206,658	
C	Water Purchased		
D	**Total Water Treated and Purchased (Sum Lines B and C)**		3,502,206,658
E	**Accounted for Water:**		
F	Water sold	2,670,230,344	
G	Metered for Consumption (in house usage)	1,304,626	
H	Fire Department(s) Usage	3,584,450	
I	Flushing	17,003,091	
J	Tank Cleaning/Filling	0	
K	Street Cleaning	0	
L	Bulk Sales	(77,462,258)	
M	Water Bill Adjustments	0	
N	**Total Accounted for Water (Sum Lines F Thru M)**		2,614,660,253
O	**Unaccounted for Water (Line D minus Line N)**		887,546,405
P	**Percent Unaccounted for Water (Line O divided by Line D times 100)**		25.342%

Q **Other (explain)** See Below

Explain Other:

None

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2010 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2011 (Receivable)/ Deferred Revenue
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grant	14.218	B-09-MC-47-0009	$ (162,549)	$ 354,099	$ 191,550		
Community Development Block Grant	14.218	B-10-MC-47-0009		180,776	291,762		$ (110,986)
ARRA - Community Development Block Grant	14.253	B-09-MY-47-0009	(800)	65,171	64,371		
Passed through the Tennessee Housing Development Agency -							
Neighborhood Stabilization Program	14.218	NSPI-09-25%-001	(129,273)	335,619	204,202	$ (2,144) (2)	
Neighborhood Stabilization Program	14.218	NSPI-09-015	(47,975)	60,213	15,591	3,353 (2) ,(1)	
Total CDBG - Entitlement Grants Cluster			$ (340,597)	$ 995,878	$ 767,476	$ 1,209	$ (110,986)
Passed through the Tennessee Housing Development Agency -							
Emergency Shelter Grant	14.231	ESG-09-30	$ (21,940)	$ 21,940			
Emergency Shelter Grant	14.231	ESG-10-31		86,098	$ 110,543		$ (24,445)
Total CFDA #14.231			$ (21,940)	$ 108,038	$ 110,543		$ (24,445)
HOME Program	14.239	HM1036-002		$ 69,628	$ 156,804		$ (87,176)
ARRA - Homeless Prevention and Rapid Re-housing Program	14.257	HPRP-09-07		$ 362,429	$ 389,064		$ (26,635)
Passed through the Murfreesboro Housing Authority - Capital Fund Program	14.872	TN43P02050106		$ 39,957	$ 39,957		
Total Department of Housing and Urban Development			$ (362,537)	$ 1,575,930	$ 1,463,844	$ 1,209	$ (249,242)
DEPARTMENT OF JUSTICE							
Bulletproof Vest Program	16.607	N/A	$ (3,107)	$ 3,107			
Bulletproof Vest Program	16.607	N/A		11,018	$ 15,255		$ (4,237)
Total CFDA #16.607			$ (3,107)	$ 14,125	$ 15,255		$ (4,237)
Edward Byrne Memorial Justice Assistance Grant	16.738	2008-DJ-BX-0279	$ 10,536	$ 10			$ 10,546
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-1321	30,554		$ 28,726		1,828
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0751		46,525			46,525
Passed through the Murfreesboro Housing Authority - Edward Byrne Memorial Justice Assitance Grant	16.738	10899		79,354	102,049		(22,695)
Total CFDA #16.738			$ 41,090	$ 125,889	$ 130,775		$ 36,204
Passed through Rutherford County - ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-2843	$ (32,770)	$ 36,693	$ 3,923		
Total Department of Justice			$ 5,213	$ 176,707	$ 149,953		$ 31,967

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2011

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2010 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2011 (Receivable)/ Deferred Revenue
DEPARTMENT OF TRANSPORTATION							
Passed through the Tennessee Department of Transportation -							
Airport Safety Improvement Project	20.106	3-47-SBGP-27			$ 5,117		$ (5,117)
Airport Safety Improvement Project	20.106	3-47-SBGP-20		$ 1,850	1,850		
Total CFDA #20.106				$ 1,850	$ 6,967		$ (5,117)
Highway Planning and Construction	20.205	1999879	$ (425,647)			$ 425,647 (2)	
Highway Planning and Construction	20.205	040145	(242,874)	$ 1,044,903	$ 469,692	(425,647) (2)	$ (93,310)
Highway Planning and Construction	20.205	090036	(225,282)	234,923	30,989		(21,348)
Highway Planning and Construction	20.205	070098	(885,261)	1,441,026	529,178	(26,587) (3)	
ARRA - Highway Planning and Construction	20.205	090247	(458,665)	574,997	116,332		
ARRA - Highway Planning and Construction	20.205	090221		827,920	982,267		(154,347)
Total CFDA #20.205			$ (2,237,729)	$ 4,123,769	$ 2,128,458	$ (26,587)	$ (269,005)
Section 5303 Metro Planning	20.505	TN-80-X002-00	$ (18,875)	$ 18,875	$ 61,818		$ (61,818)
Total CFDA #20.505			$ (18,875)	$ 18,875	$ 61,818		$ (61,818)
Passed through the Tennessee Department of Environment and Conservation -							
Recreational Trails Program	20.219				$ 49,192		$ (49,192)
Section 5307 Urbanized Area Formula - FY07	20.507	TN-90-X291-00	$ (55,979)	$ 57,395	$ 75,131		$ (73,715)
Section 5307 Urbanized Area Formula - FY08	20.507	TN-90-X295-00	(661,360)	661,379	19		
Section 5307 Urbanized Area Formula - FY08	20.507	TN-90-X332-00		132,125	167,137	$ (18,913) (2)	(53,925)
Section 5307 Urbanized Area Formula - FY09	20.507	TN-90-X315-00	(79,392)		496,756	11,820 (2)	(564,328)
ARRA - Section 5307 Urbanized Area Formula	20.507	TN-96-X010-00	(90,135)	249,715	312,768		(153,188)
Total CFDA #20.507			$ (886,866)	$ 1,100,614	$ 1,051,811	$ (7,093)	$ (845,156)
Total Department of Transportation			$ (3,143,470)	$ 5,245,108	$ 3,298,246	$ (33,680)	$ (1,230,288)
DEPARTMENT OF ENERGY							
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0002702	$ (8,673)	$ 75,004	$ 206,054		$ (139,723)
Total Department of Energy			$ (8,673)	$ 75,004	$ 206,054		$ (139,723)
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		
Total Department of Health and Human Services				$ 24,500	$ 24,500		

(Continued)

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2011

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2010 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2011 (Receivable)/ Deferred Revenue
DEPARTMENT OF HOMELAND SECURITY							
Passed through the Tennessee Emergency Management Agency -							
Public Assistant Grant	97.036	34101-01210	$ (808,502)			$ 4,751 (1)	$ (803,751)
Public Assistant Grant	97.036	34101-18911	(71,754)	$ 183,532	$ 273,517	969 (1)	(160,770)
Total CFDA #97.036			$ (880,256)	$ 183,532	$ 273,517	$ 5,720	$ (964,521)
Assistance to Firefighters Grant Program	97.044	EMW-2009-FO-09224		$ 77,007	$ 77,007		
Total Department of Homeland Security			$ (880,256)	$ 260,539	$ 350,524	$ 5,720	$ (964,521)
TOTAL FEDERAL AWARDS			$ (4,389,723)	$ 7,357,788	$ 5,493,121	$ (26,751)	$ (2,551,808)

Notes -

(1) This is to adjust for federal revenue accrued at June 30, 2010 in excess of expenditures eligible for reimbursement from this grant.

(2) This is to reclassify expenditures from one grant number to the grant number being used for reimbursement.

(3) 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.

CITY OF MURFREESBORO, TENNESSEE

Schedule of Expenditures of State Awards

Year Ended June 30, 2011

Program Name	Contract/Grant Number	Balance June 30, 2010 (Receivable)/ Deferred Revenue	Receipts	Expenditures	Adjustments	Balance June 30, 2011 (Receivable)/ Deferred Revenue
TENNESSEE COMMISSION ON AGING						
Passed through the Greater Nashville Regional Council - Aging Services	GG-10-29083-00		$ 10,600	$ 10,600		
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT						
Fasttrack Infrastructure Development	GG-11-34683-00		$ 17,350	$ 234,110		$ (216,760)
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Airport Maintenance	99-555-1206-4			$ 13,000		$ (13,000)
Airport Taxiway Lighting	Z-09-21-4001-00	$ (7,985)	$ 7,985			
Airport Layout Plan	Z-08-20-0794-00	(14,488)	24,905	30,481		(20,064)
State Match - Section 5303 Metro Planning	GG-07-26349-00	(2,359)	2,359	7,702		(7,702)
State Match - Section 5307 Urbanized Area Formula - FY07	GG-10-29565-00	(246,739)	246,739	9,391		(9,391)
State Match - Section 5307 Urbanized Area Formula - FY08	GG-08-31735-00	(213,656)	213,665	20,901	$ (2,364) (2)	(23,256)
State Match - Section 5307 Urbanized Area Formula - FY09	GG-09-36885-00	(39,696)		216,784	5,910 (2)	(250,570)
		$ (524,923)	$ 495,653	$ 298,259	$ 3,546	$ (323,983)
TENNESSEE EMERGENCY MANAGEMENT AGENCY						
Public Assistance Grant Award	34101-01210	$ (486,291)		$ 44		$ (486,335)
Public Assistance Grant Award	34101-18911	(3,986)		14,359	$ 54 (1)	(18,291)
		$ (490,277)		$ 14,403	$ 54	$ (504,626)
TOTAL STATE AWARDS		$ (1,015,200)	$ 523,603	$ 557,372	$ 3,600	$ (1,045,369)

Notes -

(1) This is to adjust for state revenue accrued at June 30, 2010 in excess of expenditures eligible for reimbursement from this grant.

(2) This is to reclassify expenditures from one grant number to the grant number being used for reimbursement.

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

JOBE, HASTINGS & ASSOCIATES
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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, 2011 which collectively comprise the City of Murfreesboro, Tennessee's basic financial statements and have issued our report thereon dated January 20, 2012. 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 includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other 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, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Murfreesboro, Tennessee's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (2011-1, 2011-2 and 2011-3). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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.

Gobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 20, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 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 could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. 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 of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Murfreesboro, Tennessee's management. Our responsibility is to express an opinion on the City of Murfreesboro, Tennessee's compliance based on our audit.

The City of Murfreesboro, Tennessee's financial statements include the operations of the Murfreesboro City Schools, which received $10,509,947 in federal awards which is not included in the schedule during the year ended June 30, 2011. Our audit, described below, did not include the operations of the Murfreesboro City Schools because this department engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We 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 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 provides 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, the City of Murfreesboro, Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Murfreesboro, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Murfreesboro, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, 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.

Gobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 20, 2012

CITY OF MURFREESBORO, TENNESSEE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Murfreesboro, Tennessee.

2. Three significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*. None of the conditions are reported as material weaknesses.

3. No instances of noncompliance material to the financial statements of the City of Murfreesboro, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.

5. The auditor's report on compliance for the major federal award programs for the City of Murfreesboro, Tennessee expresses an unqualified opinion on all major federal programs.

6. No audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.

7. The programs tested as major programs include:

Federal Program Name	CFDA Numbers
CDBG – Entitlement Grants Cluster:	
Community Development Block Grant and Neighborhood Stabilization Program	14.218
ARRA – Community Development Block Grant	14.253
ARRA – Homeless Prevention and Rapid Re-housing Program	14.257
Highway Planning and Construction	20.205
ARRA – Highway Planning and Construction	20.205
Section 5307 Urbanized Area Formula	20.507
ARRA – Section 5307 Urbanized Area Formula	20.507

8. The threshold used for distinguishing between Types A and B programs as defined by *OMB Circular A-133* was $300,000.

9. The City of Murfreesboro, Tennessee did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2011-1. Evergreen Cemetery Commission – Separation of Duties

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

B. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2011-1. Evergreen Cemetery Commission – Separation of Duties (continued)

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.

2011-2. 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.

2011-3. 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.

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.

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.

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.

Current Status: 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 timesheets were used for the current fiscal year and adjusted for new programs.

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.

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

Current Status: A new intake sheet has been developed 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. The new intake sheet was used during the current fiscal year. As a result, the Department of Housing and Urban Development 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.

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

2010-10. **Documentation of Labor Allocations** (continued)

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.

Current Status: For the fiscal year 2011, the Transportation Director prepared a sample of his time differentiating and quantifying time spent for public transportation versus traffic related activities in order to provide a basis for allocation and the subsequent charge off of federally reimbursable salary and benefit costs.